

Financial Statements

PORTAGE COUNTY SCHOOL CONSORTIUM
PROPERTY AND CASUALTY POOL

June 30, 1999 and 1998



Schlabig & Associates, Ltd
CERTIFIED PUBLIC ACCOUNTANTS

ADVISORS TO FAMILIES IN BUSINESS

Financial Statements

PORTAGE COUNTY SCHOOL CONSORTIUM
PROPERTY AND CASUALTY POOL

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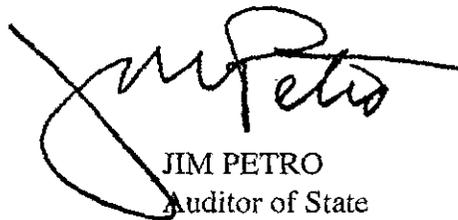
STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Board of Trustees
Portage County School Consortium Property and Casualty Pool

We have reviewed the Independent Auditor's Report of the Portage County School Consortium Property and Casualty Pool, Portage County, prepared by Schlabig & Associates, LTD, for the audit period July 1, 1997 through June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Portage County School Consortium Property and Casualty Pool is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

March 29, 2000

FINANCIAL STATEMENTS

PORTAGE COUNTY SCHOOL CONSORTIUM
PROPERTY AND CASUALTY POOL

June 30, 1999 and 1998

FINANCIAL STATEMENTS

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ADVISORS TO FAMILIES IN BUSINESS

Schlabig & Associates, Ltd
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Portage County School Consortium Property and Casualty Pool

We have audited the accompanying financial statements of Portage County School Consortium Property and Casualty Pool as of and for the years ended June 30, 1999 and 1998. These financial statements are the responsibility of Portage County School Consortium Property and Casualty Pool's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, Portage County School Consortium Property and Casualty Pool prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of the State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Portage County School Consortium Property and Casualty Pool as of June 30, 1999 and 1998, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note A.

In accordance with Government Auditing Standards, we have also issued our report dated February 1, 2000 on our consideration of the Portage County School Consortium Property and Casualty Pool's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Schlabig & Associates, Ltd

February 1, 2000
Akron, Ohio

STATEMENTS OF REVENUE RECEIPTS, EXPENDITURE
DISBURSEMENTS AND CHANGES IN FUND CASH BALANCE

PORTAGE COUNTY SCHOOL CONSORTIUM
PROPERTY AND CASUALTY POOL

	Years ended June 30,	
	<u>1999</u>	<u>1998</u>
REVENUE RECEIPTS:		
Contributions from school districts	\$ 141,357	\$ 146,062
Interest income	<u>2,326</u>	<u>2,444</u>
Total revenue receipts	143,683	148,506
 EXPENDITURE DISBURSEMENTS:		
Insurance premiums	141,454	146,062
Bank charges	0	51
Administration fees	<u>0</u>	<u>2,449</u>
Total expenditure disbursements	<u>141,454</u>	<u>148,562</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>2,229</u>	<u>(56)</u>
Fund cash balance beginning of period	<u>44,132</u>	<u>44,188</u>
Fund cash balance at end of period	<u>\$ 46,361</u>	<u>\$ 44,132</u>

The notes to financial statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

PORTAGE COUNTY SCHOOL CONSORTIUM
PROPERTY AND CASUALTY POOL

June 30, 1999

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Organization: The following descriptions provide only general information. Reference should be made to the Pool agreement for a more complete description.

General: The Portage County School Consortium (the "Consortium") is a regional council of governments established pursuant to Chapter 167 of the Ohio Revised Code, consisting of various school districts in the Portage County, Ohio area. The Consortium's primary purpose is to formulate, develop, and administer, on behalf of the member school districts, a program of insurance to obtain lower costs for that coverage.

The Portage County School Consortium Property and Casualty Pool (the "Pool") was established by the Consortium on August 5, 1988 to provide property and casualty risk management services and risk sharing to members of the Pool. The Pool was established as a local government risk pool under Section 1744.081 of the Ohio Revised Code and is not subject to federal tax filing requirements.

School Districts joining the Pool must agree to participate for a period of one fiscal year; a member may withdraw from the Pool by notifying the Board of Trustees in writing, no less than ninety (90) days prior to the end of the current fiscal year of participation. School districts applying for membership in the pool may do so on approval of a two-thirds vote of the Board of Trustees.

The Pool consists of the following member school districts:

Aurora City Board of Education
Streetsboro City Board of Education
Windham Exempted Village Board of Education
Maplewood Area Joint Vocational Board of Education
Field Local Board of Education
James A. Garfield Board of Education
Rootstown Local Board of Education
Waterloo Local Board of Education
Portage County Board of Mental Retardation

NOTES TO FINANCIAL STATEMENTS--CONTINUED

PORTAGE COUNTY SCHOOL CONSORTIUM
PROPERTY AND CASUALTY POOL

June 30, 1999

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

Administration: The Consortium has an agreement with Benefit Services Agency, Inc. (The "Administrator") to provide overall administrative services for the Pool.

Coverage: The Pool provides various property and casualty insurance coverages for member school districts on a claims-made basis. The Pool maintains annual insurance coverage through a carrier which limits aggregate claims to the Pool to \$50,000. In the event the insurance carrier would be unable to pay their portion of losses, the participants of the Pool would be liable. The Pool reflects no unearned premium reserves as coverage periods are the same as the reported periods. The following specifics relate to insurance coverage provided for the member school districts:

	<u>Coverage Limit</u>	<u>Deductible Amount</u>
Building and grounds (including boiler and machinery)	\$209,190,300	\$ 1,000
Fleet automobile:		
Comprehensive single liability	2,000,000	None
Uninsured motorists	1,000,000	None
Medical	5,000	None
Comprehensive	Actual cost	250
Hired/non-owned auto	2,000,000	None
Collision	Actual cost	500
Inland marine	1,992,914	100
Money and securities	5,000	250
Blanket honesty bond	10,000	None

Buildings and grounds, inland marine and boiler and machinery coverages are at replacement cost with a 90% coinsurance provision. Fleet automobile insurance coverages not at actual cost are at market value, and money and securities and blanket honesty bond coverages are at actual cost.

Contributions: Contributions to the Pool are made by the member districts and are determined by the Administrator based on general and specific allocations of costs incurred. All contribution rates are subject to Board of Trustee approval.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

PORTAGE COUNTY SCHOOL CONSORTIUM
PROPERTY AND CASUALTY POOL

June 30, 1999

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

Accounting Policies: The accounting policies of the Pool conform to the cash basis of accounting.

Fund Accounting: The accounts of the Pool are organized on the basis of a fund. The operations of the fund are accounted for with a set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures. The Pool's accounts are categorized in a governmental fund type, as required by the Government Accounting Standards board.

Cash Deposits: Cash consists of a checking account and an investment account. The checking account balances of \$363 and \$394 as of June 30, 1999 and 1998, respectively, are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation. The investment account balances of \$45,999 and \$43,739 as of June 30, 1999 and 1998, respectively, are on deposit with the State Treasury Asset Reserve of Ohio ("STAR Ohio"), a commingled trust fund. The investment value is based on the proportionate interest in the reported value of the fund. STAR Ohio is a statewide investment pool managed by the Treasurer of the State of Ohio. It invests in high-grade, short-term investments including primarily U. S. Treasury and Federal Agency debt instruments, certificates of deposit and bank repurchase agreements.



ADVISORS TO FAMILIES IN BUSINESS

Schlabig & Associates, Ltd
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of
Portage County School Consortium Property and Casualty Pool

We have audited the accompanying financial statements of Portage County School Consortium Property and Casualty Pool as of and for the years ended June 30, 1999 and 1998, and have issued our report thereon dated February 1, 2000.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Portage County School Consortium Property and Casualty Pool is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the cash basis of accounting. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of Portage County School Consortium Property and Casualty Pool for the years ended June 30, 1999 and 1998, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Trustees, management, others within the Organization and the Auditor of the State of Ohio. However, this report is a matter of public record and its distribution is not limited.

Schlabach & Associates, Ltd
February 1, 2000
Akron, Ohio



ADVISORS TO FAMILIES IN BUSINESS

Schlabig & Associates, Ltd.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of
Portage County School Consortium Property and Casualty Pool

We have audited the accompanying financial statements of Portage County School Consortium Property and Casualty Pool as of and for the years ended June 30, 1999 and 1998, and have issued our report thereon dated February 1, 2000.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Ohio Compliance Supplement issued by the Auditor of the State of Ohio. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Portage County School Consortium Property and Casualty Pool is the responsibility of Portage County School Consortium Property and Casualty Pool's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Portage County School Consortium Property and Casualty Pool's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* and the Ohio Compliance Supplement.

This report is intended for the information of the Board of Trustees, management, others within the Organization and the Auditor of the State of Ohio. However, this report is a matter of public record and its distribution is not limited.

Schlabig & Associates, Ltd.

February 1, 2000
Akron, Ohio



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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SCHOOL CONSORTIUM PROPERTY AND CASUALTY POOL
PORTAGE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

By: Susan Babbitt

Date: APRIL 11, 2000