

JOINT INSURANCE HEALTH PLAN TRUST
FOR THE BENEFIT OF NORTH RIDGEVILLE
CITY SCHOOL DISTRICT EMPLOYEES
(A COMPONENT UNIT OF
NORTH RIDGEVILLE CITY SCHOOL DISTRICT)
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
March 31, 2003 and 2002





**Auditor of State
Betty Montgomery**

Board of Trustees
Joint Insurance Health Plan Trust for the Benefit
of North Ridgeville City School District Employees

We have reviewed the Independent Auditor's Report of the Joint Insurance Health Plan Trust for the Benefit of North Ridgeville City School District Employees, Lorain County, prepared by Bober, Markey, Fedorovich & Company for the audit period April 1, 2002 through March 31, 2003. 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 Joint Insurance Health Plan Trust for the Benefit of North Ridgeville City School District Employees is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

October 22, 2003

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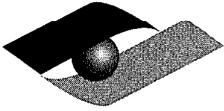
JOINT INSURANCE HEALTH PLAN TRUST FOR THE BENEFIT
OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES
(A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Joint Insurance Health Plan Trust for the Benefit
of North Ridgeville City School District Employees
(A Component Unit of North Ridgeville City School District)
North Ridgeville, Ohio

We have audited the accompanying balance sheets of the Joint Insurance Health Plan Trust for the Benefit of North Ridgeville City School District Employees (A Component Unit of North Ridgeville City School District) (the Trust), as of March 31, 2003 and 2002, and the related statements of revenues, expenses and changes in fund equity and cash flows for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

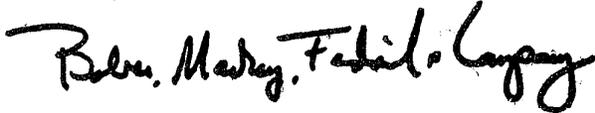
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in the Governmental Auditing Standards, issued by the Comptroller of the United States. Those standards require that we plan and perform 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Trust as of March 31, 2003 and 2002 and its revenues, expenses and changes in fund equity and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Trust adopted the provisions of GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments, as of April 1, 2002.

In accordance with Government Auditing Standards, we have also issued a report dated July 7, 2003 on our consideration of the Trust’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The information in the Management Discussion and Analysis on pages 3 - 5 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.



BOBER, MARKEY, FEDOROVICH & COMPANY

July 7, 2003



**JOINT INSURANCE HEALTH PLAN TRUST FOR THE BENEFIT OF
NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED MARCH 31, 2003**

As Management of the Joint Insurance Health Plan Trust for the Benefit of North Ridgeville City School District Employees (Trust), we present a narrative overview and analysis of the financial activities of the Trust for the year ended March 31, 2003. Please read this in conjunction with additional information found within the body of the audited financial statements.

FINANCIAL HIGHLIGHTS

- The beginning cash and investment balance for the Trust was \$1,101,383 and \$752,551 as of April 1, 2002 and 2001, respectively.
- Health care benefits continue to increase nationwide and the Trust was affected by these escalating expenses.
- The 2002/2003 budget for the Trust was set at \$2,638,000; however, it was funded at the initial funding level of \$2,220,319 per Board authorization. There were expenses in excess of the budget in the amount of \$729,724. The 2001/2002 budget was set at \$2,367,200.
- Large medical claims (those in excess of \$10,000) incurred in 2002/2003 represented 44.39% of medical claims and totaled \$790,855 and in 2001/2002 represented 37.97% of medical claims and totaled \$411,439 respectively.
- The Trust has also felt the effects of an aging population with high utilization of benefits. Fifty-six percent of the Trust membership is in the 48-75 year-old age bracket. This group tends to have higher utilization patterns than other age groups, adding to the cost of medical care.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Trust's basic financial statements which is a component unit of the North Ridgeville City School District. The Trust's basic financial statements are comprised of four components: 1) Balance Sheets, 2) Statements of Revenues, Expenses and Changes in Fund Equity, 3) Statements of Cash Flows and 4) Notes to Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Balance Sheets – Presents information on all the Trust assets and liabilities, with the difference between the two reported as fund equity. Over time, increases or decreases in fund equity may serve as a useful indicator of whether the financial position of the Trust is improving or deteriorating.



**JOINT INSURANCE HEALTH PLAN TRUST FOR THE BENEFIT OF
NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED MARCH 31, 2003**

Statements of Revenues and Changes in Fund Equity –Presents information showing how the Trust fund equity changed during the most recent fiscal year. All changes in fund equity are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Statements of Cash Flows – Presents information on the changes in the cash balances and details as to how cash was provided and used.

Notes to Financial Statements – Provides readers with additional information and required disclosures that are essential to a full understanding of the data provided in the Trust financial statements.

COMMENTS ON BUDGET COMPARISONS

- The Trust's total revenue was \$2,242,508 and \$2,403,293 for the fiscal years ended March 31, 2003 and 2002, respectively.
- The Trust's actual revenue in 2002/2003 compared to the budget revenue varied significantly due to the Trustees' decision to fund the budget, via employer contributions, at the 1998 funding level which resulted in a revenue shortfall of \$417,681.
- The Trust's total expenses were \$2,950,043 and \$2,090,504 for the fiscal years ended March 31, 2003 and 2002, respectively.
- The Trust's actual expenses compared to the budget expenses varied due to higher actual medical claims than projected (\$330,766). This combined with the above actual revenue shortfall has left the Trust in a difficult cash position. As result the Trust has, subsequent to March 31, 2003, implemented significant changes to health care benefits and implemented a required employee contribution to improve the financial security of the Trust.

The following table presents a summary of operating revenue and expense for the fiscal years ended March 31, 2003 and March 31, 2002.

	<u>2003</u>	<u>2002</u>
REVENUES		
Contributions:		
Employer	\$ 2,220,319	\$ 2,367,410
COBRA	14,919	10,424
Total contributions	<u>2,235,238</u>	<u>2,377,834</u>
Interest income	<u>7,270</u>	<u>25,459</u>
 TOTAL REVENUES	 2,242,508	 2,403,293



**JOINT INSURANCE HEALTH PLAN TRUST FOR THE BENEFIT OF
NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED MARCH 31, 2003**

	<u>2003</u>	<u>2002</u>
EXPENSES		
Medical claims	\$ 1,776,778	\$ 1,083,008
Dental claims	168,486	150,205
Vision claims	27,321	32,832
Prescription claims	632,237	496,689
Medical stop-loss	92,721	78,418
Flu and Hepatitis shots	3,479	2,770
Accounting	10,274	8,075
Actuarial	17,111	11,125
Trust management	18,842	17,653
Legal fees	4,826	2,248
Bank fees	4,016	6,317
Insurance	1,307	1,142
Printing costs		143
Miscellaneous	355	64
Medical administration	163,563	150,815
Vision administration	7,254	6,652
Dental administration	15,333	14,248
Prescription administration	<u>9,140</u>	<u>8,100</u>
TOTAL EXPENSES	<u>2,953,043</u>	<u>2,070,504</u>
NET CHANGE IN FUND EQUITY BEFORE OTHER REVENUE AND (EXPENSES)	(710,535)	332,789
Change in claims incurred but not reported	3,000	(20,000)
NET CHANGE IN FUND EQUITY	(707,535)	312,789
FUND EQUITY - BEGINNING OF YEAR	<u>752,404</u>	<u>439,615</u>
FUND EQUITY - END OF YEAR	<u>\$ 44,869</u>	<u>\$ 752,404</u>



JOINT INSURANCE HEALTH PLAN TRUST
 FOR THE BENEFIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES
 (A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)
 BALANCE SHEETS
 MARCH 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 415,682	\$ 1,101,383
Prepaid expenses	<u>29,087</u>	<u>23,897</u>
TOTAL ASSETS	<u>\$ 444,769</u>	<u>\$ 1,125,280</u>
LIABILITIES		
Current Liabilities		
Vouchers payable	\$ 83,900	\$ 53,876
Liability for incurred but not reported claims	<u>316,000</u>	<u>319,000</u>
TOTAL LIABILITIES	399,900	372,876
FUND EQUITY (DEFICIT)		
Reserved	575,000	514,800
Unreserved	<u>(530,131)</u>	<u>237,604</u>
TOTAL FUND EQUITY	<u>44,869</u>	<u>752,404</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 444,769</u>	<u>\$ 1,125,280</u>

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



JOINT INSURANCE HEALTH PLAN TRUST
FOR THE BENEFIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES
(A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
For the Years Ended March 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
REVENUES		
Contributions:		
Employer	\$ 2,220,319	\$ 2,367,410
COBRA	14,919	10,424
Total contributions	<u>2,235,238</u>	<u>2,377,834</u>
Interest income	<u>7,270</u>	<u>25,459</u>
 TOTAL REVENUES	 <u>2,242,508</u>	 <u>2,403,293</u>
EXPENSES		
Medical claims	1,776,778	1,083,008
Dental claims	168,486	150,205
Vision claims	27,321	32,832
Prescription claims	632,237	496,689
Medical stop-loss	92,721	78,418
Flu and Hepatitis shots	3,479	2,770
Accounting	10,274	8,075
Actuarial	17,111	11,125
Trust management	18,842	17,653
Legal fees	4,826	2,248
Bank fees	4,016	6,317
Insurance	1,307	1,142
Printing costs	-	143
Miscellaneous	355	64
Medical administration	163,563	150,815
Vision administration	7,254	6,652
Dental administration	15,333	14,248
Prescription administration	<u>9,140</u>	<u>8,100</u>
 TOTAL OPERATING EXPENSES	 <u>2,953,043</u>	 <u>2,070,504</u>
 NET CHANGE IN FUND EQUITY BEFORE CHANGE IN CLAIMS INCURRED BUT NOT REPORTED	 (710,535)	 332,789
 CHANGE IN CLAIMS INCURRED BUT NOT REPORTED	 3,000	 (20,000)
 NET CHANGE IN FUND EQUITY	 (707,535)	 312,789
 FUND EQUITY - BEGINNING OF YEAR	 <u>752,404</u>	 <u>439,615</u>
 FUND EQUITY - END OF YEAR	 <u>\$ 44,869</u>	 <u>\$ 752,404</u>

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



JOINT INSURANCE HEALTH PLAN TRUST
FOR THE BENEFIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES
(A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)
STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net change in fund equity	\$ (707,535)	\$ 312,789
Adjustments to reconcile net change in fund equity to net cash provided by operating activities:		
Changes in assets and liabilities		
Accounts receivable	-	6,930
Prepaid expenses	(5,190)	2,281
Vouchers payable	30,024	6,832
Liability for incurred but not reported claims	(3,000)	20,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(685,701)</u>	<u>348,832</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(685,701)	348,832
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,101,383</u>	<u>752,551</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 415,682</u>	<u>\$ 1,101,383</u>

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



JOINT INSURANCE HEALTH PLAN TRUST
FOR THE BENEFIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES
(A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)
NOTES TO FINANCIAL STATEMENTS
March 31, 2003 and 2002

NOTE 1 - DESCRIPTION OF THE TRUST

The following description of the Joint Insurance Health Plan Trust for the Benefit of North Ridgeville City School District Employees (Trust) provides only general information. Participants should refer to the Trust document for a more complete description of the Trust's provisions.

General

The Trust was established on January 1, 1998 and was funded on April 1, 1998 to provide health care benefits to the employees of the North Ridgeville City School District (District). The Trust is a component unit of the District, as defined pursuant to Governmental Accounting Standards and Statement No. 14, "The Financial Reporting Entity". The Trust is directed by a ten-member Board of Trustees, four members appointed by the District's Superintendent and six members appointed by Local 276, OAPSE, North Ridgeville Education Association and AFSCME/AFL-CIO (Unions). The District reports the Trust as an internal service fund which is defined as a fund to account for the financing of goods or services provided by one department or agency to governmental units, on a cost-reimbursement basis. The Trust applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Benefits

The Trust provides benefits for hospitalization, medical, dental, vision, and prescription drugs as provided for in the collective bargaining agreement and as may be authorized or permitted by law for eligible District employees, their families and dependents. In order to manage its claims risks, the Trust has purchased stop-loss coverage for individual claims during the policy years in excess of \$100,000 for the years ended March 31, 2003 and 2002.

Contributions

The District makes contributions to the Trust in amounts equal to a budgeted level of funding needs as calculated by an actuary, but is subject to minimum levels as established by the collective bargaining agreement. Additional funds are paid to the Administrator to cover costs of administering the Trust. The District makes certain pre-funding contributions to the Trust, which are to fund future benefit expenses.

Termination

Although it has not expressed any intention to do so, the District has the right to terminate the Trust, under the provisions set forth by the collective bargaining agreement.



JOINT INSURANCE HEALTH PLAN TRUST
FOR THE BENEFIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES
(A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)
NOTES TO FINANCIAL STATEMENTS
March 31, 2003 and 2002

Cost-Sharing

The Trust provides for a sharing of cost between eligible participants in the plan covered by the Trust and the District. The cost-sharing is based upon a calculation of plan income as compared to the larger of the plan's current year budget or the plan's 1998 budget for costs. The participants 50% share may be funded through payroll contributions, benefit reductions, or a combination of both.

Reclassifications

Certain amounts in the 2002 financial statements have been reclassified to conform to 2003 presentation.

Adoption of Accounting Principle

As of April 1, 2002, the Trust adopted Governmental Accounting Standards Board Statement (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments". There was no effect on the basic financial statements due to the adoption of this statement.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting.

Cash and Cash Equivalents and Deposits

The Trust invests their cash in money market funds. The Trust maintains all of its cash balances with one bank. The Federal Deposit Insurance Corporation (FDIC) insures such cash balances to a maximum of \$100,000.

For purposes of the statement of cash flows, the Trust considers all highly liquid instruments purchased with a maturity of ninety days or less to be cash equivalents.

At March 31, 2003 and 2002, the carrying amount of the Trust's deposits was \$415,682 and \$1,101,383, respectively, and the bank balance was the same, all of which was covered by federal depository insurance or by collateral held by a qualified third party trustee in the name of the Trust.

The Trust documents specifically require the maintenance of an insurance reserve, consisting of cash and investments, to provide a minimum funding level within the Trust to provide for future claims. At March 31, 2003 and 2002 this calculated reserve amount was \$575,000 and \$514,800, respectively. The Trustees authorized partial use of this reserve to subsidize Trust expenses with an understanding that the funds would be replenished by increasing employee and District contributions and changes in benefits provided.



JOINT INSURANCE HEALTH PLAN TRUST
FOR THE BENEFIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES
(A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)
NOTES TO FINANCIAL STATEMENTS
March 31, 2003 and 2002

In addition, effective April, 1999 a run-out reserve account was opened and the prior year's budget required a monthly deposit of \$14,750 to fund the required reserve, with full funding, as determined by actuarial calculation, required by January, 2001 of \$299,000. The required balance in the run-out reserve for subsequent years is calculated by the actuary and noted in the current year's budget. The balance in the run-out reserve, which agreed to or exceeded the required amounts, was \$316,000 and \$319,000 at March 31, 2003 and 2002, respectively.

Concentration of Credit Risk

The trust is insured through Travelers Property Casualty for employee dishonesty coverage. A fiduciary bond of \$1,000,000 is maintained for the Trustees, the Trust actuary, and the Trust manager.

Use of Estimates

In preparing the Trust's financial statements, the Trustees are required to make estimates and assumptions that affect the reported amounts of Trust assets, liabilities, and benefit obligations, and the reported increases and reductions of Trust assets during the reporting period. Actual results could differ from those estimates.

Trust Benefits

Trust liabilities for health claims incurred but not reported are reflected in the Trust's balance sheets and the related statements of revenues, expenses and changes in fund equity. The Trust's independent actuary estimated claims incurred but not reported as of March 31, 2003 and 2002 based on historical trends.

Cost Savings

The Trust provides for a cost savings calculation in order to distribute any savings by the plan over the contributed amount, as adjusted by certain items. For the year ended March 31, 2003, the cost savings calculation resulted in an excess of costs over revenue of \$467,993, therefore, there is not an amount distributable to the employees and the District. At March 31, 2002, the cost savings calculation resulted in excess of revenue over costs of \$308,845. The Board passed a resolution, in 2000, to take the excess costs for the year ended March 31, 2000 of \$94,358, out of the insurance reserve, and if there are cost savings in the subsequent year, they would first be used to fund the money taken out of the reserve. Therefore, the March 31, 2001 cost-savings of \$35,558 were used to partially replenish the insurance reserve and \$58,800 of the March 31, 2002 cost-savings were used to complete the repayment to the insurance reserve. The balance in the March 31, 2002 cost-savings was used to reduce the March 31, 2003 budget excess.



JOINT INSURANCE HEALTH PLAN TRUST
 FOR THE BENEFIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES
 (A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2003 and 2002

NOTE 3 - FEDERAL INCOME TAXES

The plan established under the Trust is qualified pursuant to the Section 501(c)(9) of the Internal Revenue Code, and, accordingly, the trust's net investment income is exempt from income taxes. The plan obtained its latest determination letter on January 13, 1999, in which the Internal Revenue Service stated that the plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The plan has been amended since receiving the determination letter. However, the plan administrator and the plan's tax council believe that the plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the plan's financial statements.

NOTE 4 – UNPAID CLAIMS LIABILITIES

The trust establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses, both allocated and unallocated. The following represents changes in those aggregate liabilities for the Trust during the past two years.

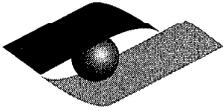
	<u>2003</u>	<u>2002</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 366,349	\$ 336,244
Incurred claims and claim adjustment expenses:		
Provision for insured events of current year	<u>2,920,822</u>	<u>2,081,734</u>
Total incurred claims and claim adjustment expenses	3,287,171	2,417,978



JOINT INSURANCE HEALTH PLAN TRUST
FOR THE BENEFIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT EMPLOYEES
(A COMPONENT UNIT OF NORTH RIDGEVILLE CITY SCHOOL DISTRICT)
NOTES TO FINANCIAL STATEMENTS
March 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of current year	\$ (2,537,786)	\$ (1,715,385)
Claims and claim adjustment expenses attributable to insured events of prior years	<u>(366,349)</u>	<u>(336,244)</u>
Total payments	<u>(2,904,135)</u>	<u>(2,051,629)</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 383,036</u>	<u>\$ 366,349</u>
Schedule of unpaid claims and claim adjustment expenses at end of year:		
Portion of accounts payable that relates to claims expenses	\$ 67,036	\$ 47,349
Liability for incurred but not reported claims	<u>316,000</u>	<u>319,000</u>
	<u>\$ 383,036</u>	<u>\$ 366,349</u>





**Bober, Markey, Fedorovich
& Company**

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Joint Insurance Health Plan Trust for the Benefit
of North Ridgeville City School District Employees
(A Component Unit of North Ridgeville City School District)
North Ridgeville, Ohio

We have audited the financial statements of Joint Insurance Health Plan Trust for the Benefit of North Ridgeville City School District Employees (A Component Unit of North Ridgeville City School District) (the Trust) as of and for the year ended March 31, 2003 and have issued our report thereon dated July 7, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Governmental Auditing Standards*, issued by the Comptroller of the United States.

Compliance

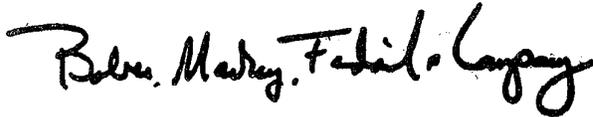
As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and 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 *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Trust's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than these specified parties.



BOBER, MARKEY, FEDOROVICH & COMPANY

July 7, 2003





**Auditor of State
Betty Montgomery**

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NORTH RIDGEVILLE CITY SCHOOL DISTRICT HEALTH TRUST

LORAIN 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.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 6, 2003**