



**Auditor of State
Betty Montgomery**

**PORTAGE AREA SCHOOL CONSORTIUM
PROPERTY & CASUALTY POOL
PORTAGE COUNTY**

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Auditor of State Betty Montgomery

REPORT OF INDEPENDENT ACCOUNTANTS

Portage Area School Consortium
Property & Casualty Pool
Portage County
224 West Riddle Avenue
Ravenna, Ohio 44266

To Members of the Assembly:

We have audited the accompanying financial statements of Portage Area School Consortium Property & Casualty Pool (the Consortium) as of and for the years ended June 30, 2003 and 2002. These financial statements are the responsibility of the Portage Area School Consortium Property & 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 auditing standards generally accepted in the United States of America 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.

The Portage Area School Consortium is comprised of two Stand Alone Pools: the Portage Area School Consortium Property & Casualty Pool (the Property Pool) and the Portage Area School Consortium Health & Welfare Insurance Pool (the Health Pool) which issues a separate report. This report represents only the Property & Casualty Pool.

As discussed in Note 1, the Portage Area School Consortium Property & Casualty Pool prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of 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 the Portage Area School Consortium Property & Casualty Pool as of June 30, 2003 and 2002, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2003 on our consideration of the Portage Area School Consortium Property & Casualty Pool's internal control over financial reporting and 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.

Portage Area School Consortium
Property & Casualty Pool
Portage County
Report of Independent Accountants
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This report is intended solely for the information and use of the audit committee, management, the members of the assembly and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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Betty Montgomery
Auditor of State

December 26, 2003

**PORTAGE AREA SCHOOL CONSORTIUM
PROPERTY & CASUALTY POOL
PORTAGE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED JUNE 30, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
Cash Receipts:		
Contributions From Members	\$546,644	\$195,464
Earnings on Investments	1,015	1,351
	<u>547,659</u>	<u>196,815</u>
Total Cash Receipts		
Cash Disbursements:		
Insurance Premium	546,644	195,464
Audit Fees	974	
	<u>547,618</u>	<u>195,464</u>
Total Cash Disbursements		
Total Receipts Over Disbursements	<u>41</u>	<u>1,351</u>
Cash Balances, July 1	<u>52,323</u>	<u>50,972</u>
Cash Balances, June 30	<u>52,364</u>	<u>52,323</u>

The notes to the financial statements are an integral part of this statement.

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**PORTAGE AREA SCHOOL CONSORTIUM
PROPERTY & CASUALTY POOL
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Portage Area School Consortium (The Consortium) is a regional council of government established pursuant to chapter 167 of the Ohio Revised Code, consisting of various school districts in the Portage County, Ohio area.

The Ohio Revised Code Section 167.04 requires the Portage Area School Consortium to adopt bylaws designating the officers of the Portage Area School Consortium and the method of selection therefore, creating a governing body to act for the Portage Area School Consortium, appointing a fiscal officer, and providing for the conduct of the Portage Area School Consortium's business.

The Assembly is the legislative and managerial body of the Portage Area School Consortium. The Assembly is composed of representation of the member schools. The member school's governing body appoints one representative to the Portage Area School Consortium. In the case of a member that is a board of education, that representative is the member's superintendent. In the case of a member which is not a board of education, that representative shall be an executive appointed by the member's governing body. The Assembly serves without compensation.

The Portage Area School Consortium (The Consortium) is a stand alone entity, comprised of two Stand Alone Pools; The Portage Area School Consortium Property & Casualty Pool (the Property Pool) and The Portage Area School Consortium Health & Welfare Trust Insurance Pool (the Health Pool).

The Portage Area School Consortium Property & Casualty Pool (the Pool) was established by the Portage Area School 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.

The Portage Area School Consortium Property & Casualty Pool's primary purpose is to formulate, develop, and administer, on behalf of the member school district, a program of insurance to obtain lower costs for that coverage.

The member joining the Portage Area School Consortium Property & Casualty Pool must agree to participate for a period of one fiscal year; a member may withdraw from the Portage Area School Consortium Property & Casualty Pool by notifying the Assembly and the Portage Area School Consortium Property & Casualty Pool 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-third vote of the Assembly.

The Portage Area School Consortium Property & Casualty Pool consists of the following member school districts:

**PORTAGE AREA SCHOOL CONSORTIUM
PROPERTY & CASUALTY POOL
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Aurora City Board of Education, Streetsboro City Board of Education, Windham Exempted Village Board of Education, Maplewood Career Center Board of Education, Field Local Board of Education, James A. Garfield Board of Education, Rootstown Local Board of Education, Waterloo Local Board of Education and Portage County Board of Mental Retardation.

Administration: The Portage Area School Consortium Property & Casualty Pool has an agreement with Portage County Educational Service Center (The Fiscal Agent) to provide overall administrative services for the Portage Area School Consortium Property & Casualty Pool.

Contributions and Coverage: The Portage Area School Consortium Property & Casualty Pool is an insurance purchasing pool. GASB 10 states an arrangement by which governments pool funds or resources to purchase property and casualty insurance coverage. The risk is transferred to the insurance company. The insurance carrier is subject to the Assembly's approval. The Insurance policy coverage is different for each member school district. Reference should be made to the individual member school district Indiana Insurance policy. The Contributions to the Portage Area School Consortium Property & Casualty Pool by the member districts is based on the amount of coverage elected by the member district.

The Portage Area School Consortium Property & Casualty Pool's management believes these financial statements present all activities for which the Portage Area School Consortium Property & Casualty Pool is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**PORTAGE AREA SCHOOL CONSORTIUM
PROPERTY & CASUALTY POOL
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

The member governments of the Portage Area School Consortium Property & Casualty Pool are required by Ohio Law to adopt an annual budget. The Portage Area School Consortium Property & Casualty Pool itself is not required to follow the budgetary process but as part of its by-laws, the Portage Area School Consortium Property & Casualty Pool must submit to the Assembly a written estimate of (a) program costs for the next fiscal year, and (b) each member's share of those program costs.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The carrying amount of cash and investments at June 30 was as follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$594	\$591
STAR Ohio	51,770	51,732
Total deposits and investments	<u>\$52,364</u>	<u>\$52,323</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation.

Investments: Investments in Star Ohio are not evidenced by securities that exist in physical or book-entry form.

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Auditor of State Betty Montgomery

REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Portage Area School Consortium
Property & Casualty Pool
Portage County
224 West Riddle Avenue
Ravenna, Ohio 44266

To Members of the Assembly:

We have audited the accompanying financial statements of Portage Area School Consortium Property & Casualty Pool (the Consortium) as of and for the years ended June 30, 2003 and 2002, and have issued our report thereon dated December 26, 2003. We conducted our audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Portage Area School Consortium Property & Casualty Pool'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 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 *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Portage Area School Consortium Property & Casualty Pool'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 over financial reporting 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.

Portage Area School Consortium
Property & Casualty Pool
Portage County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, management, the members of the assembly, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 26, 2003



**Auditor of State
Betty Montgomery**

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PORTAGE AREA SCHOOL CONSORTIUM PROPERTY & 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.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 8, 2004**