

**Buckeye Joint-County Self-Insurance Council**

Lawrence County

Regular Audit

January 1, 2006 through December 31, 2007

Fiscal Years Audited Under GAGAS: 2007 - 2006

**BALESTRA, HARR & SCHERER, CPAs, INC.**

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Mary Taylor, CPA  
Auditor of State

Council Members  
Buckeye Joint County Insurance Council  
P. O. 702  
Ironton, Ohio 45638

We have reviewed the *Independent Auditor's Report* of the Buckeye Joint County Insurance Council, Lawrence County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2006 through December 31, 2007. 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 Buckeye Joint County Insurance Council is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

July 31, 2008

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**BUCKEYE JOINT-COUNTY SELF-INSURANCE COUNCIL  
LAWRENCE COUNTY, OHIO  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

**Independent Auditor's Report**

Buckeye Joint-County Insurance Council  
P.O. Box 702  
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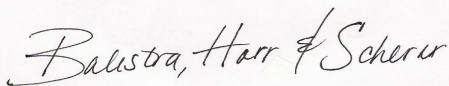
We have audited the financial statements of the Business Type Activities of the Buckeye Joint-County Insurance Council, Lawrence County, Ohio, (the Council) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Government's management. Our 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 reasonably assure 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 our audit provides 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 Business Type Activities of the Council, as of December 31, 2007 and December 31, 2006, and its results of operations and cash flows thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2008, on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 5, are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United State of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Balestra, Harr & Scherer, CPAs, Inc.

April 25, 2008

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## **BUCKEYE JOINT-COUNTY INSURANCE COUNCIL**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007 AND 2006**

The following discussion provides a summary overview of the financial activities of the Buckeye Joint-County Insurance Council (the "Council"). The information should be read in conjunction with the basic financial statements included in this report.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented, and is presented in the MD&A.

#### **Financial Highlights**

- Assets exceeded liabilities on December 31, 2007 by \$ 59,080 and on December 31, 2006 by \$48,652.
- Net assets decreased by \$10,428 in 2007 and increased by \$48,389 in 2006.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The Council's basic financial statements are the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, the Statement of Cash Flows and the accompanying notes to the financial statements. These statements report information about the Council as a whole and about its activities. The Council is a single enterprise fund using proprietary fund accounting, which means these statements are presented in a manner similar to a private-sector business. The statements are presented using the economic resources measurement focus and the accrual basis of accounting.

The Statement of Net Assets presents the Council's financial position and reports the resources owned by the Council (assets), obligations owed by the Council (liabilities) and Council net assets (the difference between assets and liabilities). It provides a way to measure the financial health of the Council by providing the basis for evaluating the capital structure of the Council and assessing the liquidity and financial flexibility of the Council.

The Statement of Revenues, Expenses, and Changes in Net Assets present a summary of how the Council's net assets changed during the year. Revenue is reported when earned and expenses are reported when incurred. This statement measures the success of the Council's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through user fees.

The Statements of Cash Flows provide information about the Council's cash receipts and disbursements during the year. It summarizes net changes in cash resulting from operating, investing and financing activities.

The notes to the financial statements provide additional information that is essential for a full understanding of the financial statements.



**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007 AND 2006

**Financial Analysis of the Council's Financial Position and Results of Operations**

**Table 1**

	2007	2006	Change	2005	Change
<u>Assets</u>					
Cash	\$ 14,471	\$ 6,762	\$ 7,709	\$ 1,683	\$ 5,079
Prepaid Bonds and Insurance	36,735	18,880	17,855	-	18,880
Member Contributions Receivable	7,874	31,034	(23,160)	28,067	2,967
<b>Total Assets</b>	<b>59,080</b>	<b>56,676</b>	<b>2,404</b>	<b>29,750</b>	<b>26,926</b>
<u>Liabilities</u>					
Accounts Payable	-	8,024	(8,024)	59,488	(51,464)
<b>Total Liabilities</b>	<b>-</b>	<b>8,024</b>	<b>(8,024)</b>	<b>59,488</b>	<b>(51,464)</b>
<u>Net Assets</u>					
Unrestricted	59,080	48,652	10,428	(29,738)	78,390
<b>Total Net Assets</b>	<b>\$ 59,080</b>	<b>\$ 48,652</b>	<b>\$ 10,428</b>	<b>\$ (29,738)</b>	<b>\$ 78,390</b>

The Council's Net Assets decreased by \$10,428 (21.4%) in 2007 and increased by \$78,390 (263.6%) in 2006.

The largest portion of the Council's change in net assets is reflected in its Accounts Payable. The Council several years ago changed from self-insurance to purchasing insurance because of the change the Council has since dissolved claims payable.

For the year ended December 31, 2007, total assets of the Council increased by \$2,404 and for the year ended December 31, 2006 total assets increased by \$26,926. Total liabilities of the Council decreased by \$8,024 in 2007 and decreased by \$51,464 in 2006 due mainly to changes in accounts payable.

**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007 AND 2006

**Statement of Revenues, Expenses and Changes in Net Assets**

Table 2 below summarizes the changes in Revenues and Expenses and Net Assets.

**Table 2**

	2007	2006	Change	2005	Change
<u>Revenues</u>					
Member Contributions	\$ 1,054,121	\$ 1,062,587	\$ (8,466)	\$ 1,073,157	\$ (10,570)
Re-Insurance Proceeds	-	5,496	(5,496)	8,047	(2,551)
Interest Income	972	807	165	588	219
<b>Total Revenues</b>	<b>1,055,093</b>	<b>1,068,890</b>	<b>(13,797)</b>	<b>1,081,792</b>	<b>(12,902)</b>
<u>Expenses</u>					
Claims Expense	10,000	18,622	(8,622)	40,603	(21,981)
Insurance Premiums	975,429	915,515	59,914	1,092,739	(177,224)
General and Administrative	59,236	56,364	2,872	39,471	16,893
<b>Total Expenses</b>	<b>1,044,665</b>	<b>990,501</b>	<b>54,164</b>	<b>1,172,813</b>	<b>(182,312)</b>
Change in Net Assets	10,428	78,389	(67,961)	(91,021)	169,410
Net Assets, January 1	48,652	(29,737)	78,389	61,283	(91,021)
<b>Net Assets, December 31</b>	<b>\$ 59,080</b>	<b>\$ 48,652</b>	<b>\$ 10,428</b>	<b>\$ (29,738)</b>	<b>\$ 78,389</b>

Member contributions decreased by \$8,466 (-0.8%) for 2007, and by \$10,570 (-0.9%) for 2006. Insurance Premiums increased by \$59,914 (6.5%) for 2007, and decreased by \$177,224 (-16.2%) for 2006 mainly due to changes in accounts payable.

**Current Financial Related Activities**

The Council is a shared risk pool, formed to carry out a cooperative program for the provision and administration of Property and Casualty. The Council is constantly assessing insurance needs of its members and acting to provide these services cost-effectively.

The Council receives and actuarial opinion statement annually assessing the claims liability of the Council.

**Contacting the Council's Financial Management**

This financial report is designed to provide our clients and creditors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information contact Fiscal Officer, Buckeye Joint-County Insurance Council, P.O. Box 702, Ironton, Ohio 45638.

**BUCKEYE JOINT - COUNTY SELF - INSURANCE COUNCIL  
LAWRENCE COUNTY**

**STATEMENT OF NET ASSETS  
DECEMBER 31, 2007 AND 2006**

	<b>2007</b>	<b>2006</b>
<b>Assets</b>		
Cash	\$ 14,471	\$ 6,762
Prepaid Bonds and Insurance	36,735	18,880
Accounts Receivable	7,874	31,034
<i>Total Assets</i>	59,080	56,676
 <b>Liabilities and Members' Fund Balance</b>		
<b>Liabilities</b>		
Accounts Payable	-	8,024
<i>Total Liabilities</i>	-	8,024
 <b>Net Assets</b>		
Unrestricted	59,080	48,652
<i>Total Net Assets</i>	59,080	48,652
<i>Total Liabilities and Net Assets</i>	\$ 59,080	\$ 56,676

*The accompanying notes to the basic financial statements are an integral part of these financial statements.*

**BUCKEYE JOINT - COUNTY SELF - INSURANCE COUNCIL  
LAWRENCE COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006**

	<b>2007</b>	<b>2006</b>
<b>Operating Revenues</b>		
Member Contributions	\$ 1,054,121	\$ 1,062,587
Re-Insurance Proceeds	-	5,496
<i>Total Operating Revenues</i>	1,054,121	1,068,083
<b>Operating Expenses</b>		
Claims Expense	10,000	18,622
Insurance Premiums	975,429	915,515
General and Administrative	59,236	56,364
<i>Total Operating Expenses</i>	1,044,665	990,501
Operating Gain (Loss)	9,456	77,582
<b>Nonoperating Revenues</b>		
Interest	972	807
<i>Total Nonoperating Revenues</i>	972	807
Change in Net Assets	10,428	78,389
Net Assets, January 1	48,652	(29,737)
<b>Net Assets, December 31</b>	<b>\$ 59,080</b>	<b>\$ 48,652</b>

*The accompanying notes to the basic financial statements are an integral part of these financial statements.*

**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL  
LAWRENCE COUNTY**

**STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2007 and 2006**

	<b>2007</b>	<b>2006</b>
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>		
<i>Cash Flows from Operating Activities:</i>		
Cash Received from Members	\$1,077,281	\$1,065,116
Cash Payments for insurance premiums	(1,001,308)	(985,858)
Cash Payments for claims expense	(10,000)	(18,622)
Cash Payments for general and administrative	(59,236)	(56,364)
<i>Net Cash Used by Operating Activities</i>	6,737	4,272
<i>Cash Flows from Investing Activities:</i>		
Interest Received	972	807
 Increase in Cash and Cash Equivalents	 7,709	 5,079
Cash and Cash Equivalents at Beginning of Year	6,762	1,683
Cash and Cash Equivalents at End of Year	\$14,471	\$6,762
<b><i>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</i></b>		
Operating Income (Loss)	\$9,456	\$77,582
<i>Changes in Assets and Liabilities:</i>		
(Increase) Decrease in receivables	23,160	(2,967)
(Increase) Decrease in prepaid bonds & insurance	(17,855)	(18,880)
Increase (Decrease) in Claim reserve	-	-
Increase (Decrease) in accounts payable	(8,024)	(51,463)
<i>Net Cash Used by Operating Activities</i>	\$6,737	\$4,272

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

**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL  
LAWRENCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**1. DESCRIPTION OF THE ENTITY**

The Buckeye Joint-County Insurance Council, Lawrence County, Ohio (the Council), a Regional Council of Governments organized under Ohio Revised Code, Chapter 167, was established for the purpose of establishing and carrying out a cooperative insurance purchasing pool. The Council is established for the purpose of exercising the rights and privileges conveyed to it by the Bylaws of the Council.

The Buckeye Joint-County Insurance Council is a legally separate Council. The Council is in a jointly governed organization with member governmental entities. The Council was formed for the primary purpose of establishing and carrying out a cooperative insurance purchasing program for its member governmental entities. The governing board consists of County Commissioners or other designee appointed by each of the members of the Council.

Management believes the financial statements included in this report represent all of the financial activity of the Council over which the Council has the ability to exercise direct operating control.

The Council is an insurance-purchasing pool for property and liability insurance, and members are fully insured by the Ohio Government Risk Management Plan who has full responsibility over claims.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Council have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Council also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The Council also has the option to apply FASB Statements and Interpretation issued after November 30, 1989, subject to this same limitation. The Council has elected to apply these FASB Statements and Interpretations. The Council's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39 "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organization that are included to ensure that the basic financial statements of the Council are not misleading. On this basis, no governmental organizations or agencies other than the Council itself are included in the financial reporting entity.

**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL  
LAWRENCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Fund Accounting**

The Council maintains its accounting records in accordance with the principles of “fund” accounting. Fund accounting is a concept developed to meet the needs of government entities in which legal or other restraints require the recording of specific revenues and expenses. The Council uses an enterprise fund to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing good or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for public policy, management control, accountability or other purposes.

**C. Basis of Accounting/Measurement Focus**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

For financial statement presentation purposes, the Council utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

The Council’s activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the Council’s operations are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Net Assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The Council distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from charges to members for insurance premiums, loss fund contributions, claims handling fees and administrative fees. Operating expenses for the Council include the payment of loss and loss adjustment expenses, insurance premiums, administrative fees, claims handling fees, professional fees and miscellaneous expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal non-operating revenue of the Council is investment income.

**D. Assets, Liabilities and Net Assets**

**Cash:**

For purposes of reporting cash flows, the Council considers all cash accounts which are not subject to withdrawal restrictions or penalties, and all highly-liquid debt investments purchased with a maturity of three months or less to be cash.

**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL  
LAWRENCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Receivables:**

All receivables are shown net of an allowance for uncollectible amounts, as applicable. Receivables in excess of 90 days are evaluated for the ability to collect them and an allowance is established, as deemed necessary, based on the best information available and in an amount that management believes is adequate. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

**Net Assets:**

Net assets are the excess of revenues over expenses during the period in which the Council has been in existence. If adequate provision has been made for the payment of all claims and expenses of the Council, the Board of Trustees, at its discretion, may distribute surplus funds to members during that particular year, provided that such members are also members in the year in which the distribution is made. In lieu of distributing surplus funds to the members, the Board may carry forward the surplus to offset annual or supplemental payments in the subsequent fiscal year.

In the event the Council is terminated, all members of the Council are obligated for any necessary supplemental payments applicable to the years during which they were members. After all claims and related expenses have been paid or reserves established for the payment of any such claims, any surplus funds will be distributed to members, past or present, who constituted the Council for that fiscal year.

**E. Revenues and Expenses**

*Premiums, member and supplemental contributions, claims handling fees and administrative fees:* Premiums are determined based on the member's allocated insurance coverage costs as determined by the Council administrator and are recognized ratably as revenue and related expense over the insurance coverage period.

Member and supplemental contributions are determined based on a formula approved by the Board of Trustees and applied to all members to provide sufficient funds within the insurance pool to adequately fund administrative expenses of the Council and to create adequate reserves for claims and unallocated loss adjustments expense.

Under the terms of the cooperative agreement, should the annual contributions not be sufficient to fund operations or obligations of the Council, additional supplementary payments shall be required to be made by every member based on the formula used to determine the annual contributions.

**F. Cash and Investments**

The Council maintains one account, which is presented on the Statement of Net Assets as "Equity in Pooled Cash and Cash Equivalents". The Council does not maintain any investments.



**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL  
LAWRENCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Budgetary Process**

Under Ohio law, the Council is not required to follow a budgetary process and, therefore, no budgetary information is provided in these basic financial statements.

**H. Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**3. CASH AND INVESTMENTS**

The Council pools all available cash of the Council for investment purposes.

During fiscal year 2007, deposits maintained by the Council in financial institutions were covered by the Federal Deposit Insurance Corporation or were exposed to custodial credit risk.

At December 31, 2007, the carrying amount of the Council's deposits was \$14,471. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2007, \$0 of the Council's bank balance of \$14,471 was exposed to custodial risk as discussed below, while \$14,471 was covered by Federal Deposit Insurance Corporation.

At December 31, 2006, the carrying amount of the Council's deposits was \$6,762. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2006, \$0 of the Council's bank balance of \$6,762 was exposed to custodial risk as discussed below, while \$6,762 was covered by Federal Deposit Insurance Corporation.

The Council had no investments at December 31, 2007 or 2006.

**4. RISK MANAGEMENT**

The Buckeye Joint-County Insurance Council is a regional council of government organized under Ohio Revised Code, Chapter 167, for the purpose of establishing and carrying out a cooperative insurance purchasing program. The Council is governed by a Board of Trustees who selects qualified insurance companies that provide the insurance program that is adequate to meet the needs of each member.

As of April 1, 1997 the Council became an insurance purchasing pool for property and liability insurance. The Council contracted with the Ohio Government Risk Management Plan to provide insurance for its members. Each member pays a fee based on their premiums.

**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL  
LAWRENCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**5. CONTINGENCIES**

General:

In the normal course of business, the Council is involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on the financial statements.

Concentration by geographic location and industry:

The Council is exposed to certain risks by writing all its business in the State of Ohio, thus increasing exposure to a single geographic area. Council membership is limited to counties.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Buckeye Joint-County Insurance Council  
Lawrence County, Ohio  
P.O. Box 702  
Ironton, Ohio 45638

We have audited the financial statements of the Business Type Activities of the Buckeye Joint-County Insurance Council (the Council) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated April 25, 2008. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood the Council's internal controls will not prevent or detect a material financial statement misstatement.

Members of the Board

Buckeye Joint-County Insurance Council

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Page 2

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are considered to be material weaknesses. We did not identify any deficiencies in internal controls over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the Council's management in a separate letter dated April 25, 2008.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Council's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2007-001.

We did note a certain non-compliance or other matter that we reported to the Council's management in a separate letter dated April 25, 2008.

The Council's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Council's responses and, accordingly, we express no opinion on it.

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



Balestra, Harr & Scherer, CPAs, Inc.  
April 25, 2008

**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL  
LAWRENCE COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUERED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2007-001**

**Noncompliance Citation**

**Ohio Revised Code Section 167.04** states that the council shall adopt by-laws by a majority vote of its members designating the officers of the council and the method of selection thereof, creating a governing board that many act for the council as provided in such by-laws, and providing for the conduct of its business.

The Council does not have a policies and procedures manual. The Council should prepare and adopt a policies and procedures manual.

**Clients Response:**

The Council will complete a policy and procedures manual.

**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL  
LAWRENCE COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid, Explain:
2005-001	<b>Ohio Administrative Code Section 117-2-02(D)</b> – Accounting records need to be in a manual or computerized format.	Yes	
2005-002	<b>Ohio Revised Code Section 167.04</b> – The officers of the council needs to create and adopt by-laws.	No	Will re-issue as 2007-001
2005-003	Material Weakness – Need to prepare monthly bank reconciliations and have council approval.	Yes	



**Mary Taylor, CPA**  
Auditor of State

**BUCKEYE JOINT COUNTY INSURANCE COUNCIL**

**LAWRENCE 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  
AUGUST 12, 2008**