

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

FINANCIAL STATEMENTS

For the Years Ended December 31, 2011 and 2010



Dave Yost • Auditor of State

Members of the Board
Buckeye Joint County Insurance Council
P.O. Box 702
Ironton, Ohio 45638

We have reviewed the *Independent Auditors' Report* of the Buckeye Joint County Insurance Council, Lawrence County, prepared by Jones, Cochenour & Co., for the audit period January 1, 2010 through December 31, 2011. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 11, 2012

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

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the business-type activities of Buckeye Joint-County Insurance Council, Lawrence County, Ohio (the "Council") as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Council'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 the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Buckeye Joint-County Insurance Council, as of December 31, 2011 and 2010, and the changes in financial position, and cash flows 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 a report dated May 10, 2012, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in accessing the results of our audit.

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**Buckeye Joint-County Insurance Council
Lawrence County
Independent Auditors' Report
Page 2**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages three through five be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in cursive script that reads "Jones, Cochenour & Co.".

**Jones, Cochenour & Co.
May 10, 2012**

BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010
(Unaudited)

The discussion and analysis of the Buckeye Joint-County Insurance Council's financial performance provides an overview and analysis of the Council's financial activities for the years ended December 31, 2011 and 2010. The intent of this discussion and analysis is to look at the Council's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the Council's financial performance.

FINANCIAL HIGHLIGHTS

- The assets exceeded liabilities at December 31, 2011 and 2010 by \$98,648 and \$102,805, respectively.
- Net assets decreased by \$4,157 in 2011 and \$14,993 in 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements are the Statements of Net Assets, the Statements of Revenues, Expenses, and Changes in Net Assets, the Statements 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 Statements 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 Statements of Revenues, Expenditures, 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. These statements measure the success of the Council's operations over the past year and can be used to determine whether the Council 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 JOING-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010 (Unaudited)

FINANCIAL ANALYSIS OF THE COUNCIL'S FINANCIAL POSITION AND RESULTS OF OPERATIONS

Table 1

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>2009</u>	<u>Change</u>
<u>Assets</u>					
Cash	\$ 13,648	\$ 36,012	\$ (22,364)	\$ 10,364	\$ 25,648
Prepaid Bonds, Insurance and Adm.	62,268	65,000	(2,732)	60,000	5,000
Member Contributions Receivable	<u>22,732</u>	<u>1,793</u>	<u>20,939</u>	<u>47,434</u>	<u>(45,641)</u>
Total Assets	<u>98,648</u>	<u>102,805</u>	<u>(4,157)</u>	<u>117,798</u>	<u>(14,993)</u>
<u>Net Assets</u>					
Unrestricted	<u>98,648</u>	<u>102,805</u>	<u>(4,157)</u>	<u>117,798</u>	<u>(14,993)</u>
Total Net Assets	<u>\$ 98,648</u>	<u>\$ 102,805</u>	<u>\$ (4,157)</u>	<u>\$ 117,798</u>	<u>\$ (14,993)</u>

For the year ended December 31, 2011, total assets of the Council decreased by \$4,157 and for the year ended December 31, 2010 total assets decreased by \$14,993. The Council did not have any liabilities during 2011 or 2010.

The Council's Net Assets decreased by \$4,157 (4%) in 2011 and decreased by \$14,993 (13%) in 2010.

The largest portion of the Council's change in net assets is reflected in its increase in insurance premiums cost.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

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

Table 2

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>2009</u>	<u>Change</u>
<u>Revenue</u>					
Member Contributions	\$ 1,117,150	\$ 1,055,432	\$ 61,718	\$ 1,062,903	\$ (7,471)
Interest Income	<u>440</u>	<u>473</u>	<u>(33)</u>	<u>397</u>	<u>76</u>
Total Revenues	<u>1,117,590</u>	<u>1,055,905</u>	<u>61,685</u>	<u>1,063,300</u>	<u>(7,395)</u>
<u>Expenses</u>					
Claims Expense	21,912	34,379	(12,467)	30,972	3,407
Insurance Premiums	1,061,338	994,097	67,241	969,555	24,542
General and Administrative	<u>38,497</u>	<u>42,422</u>	<u>(3,925)</u>	<u>37,278</u>	<u>5,144</u>
Total Expenses	<u>1,121,747</u>	<u>1,070,898</u>	<u>50,849</u>	<u>1,037,805</u>	<u>33,093</u>
Change in Net Assets	(4,157)	(14,993)	10,836	25,495	(40,488)
Net Assets, January 1	<u>102,805</u>	<u>117,798</u>	<u>(14,993)</u>	<u>92,303</u>	<u>25,495</u>
Net Assets, December 31	<u>\$ 98,648</u>	<u>\$ 102,805</u>	<u>(4,157)</u>	<u>\$ 117,798</u>	<u>(14,993)</u>

**BUCKEYE JOING-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
Management's Discussion and Analysis
For the Years Ended December 31, 2011 and 2010 (Unaudited)**

Member contributions increased by \$61,718 (6%) for 2011 and decreased by \$7,471 (1%) for 2010. Insurance Premiums increased by \$67,241 (7%) for 2011 and increased by \$24,542 (3%) for 2010 mainly due to the market price of the cost of insurance.

CURRENT FINANCIAL RELATED ACTIVITIES

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

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 received. If you have questions about this report or need additional information, contact Fiscal Officer, Buckeye Joint-County Insurance Council, P.O. Box 702, Ironton, Ohio 45638.

**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
STATEMENTS OF NET ASSETS
December 31, 2011 and 2010**

	2011	2010
<i><u>Assets:</u></i>		
Equity in pooled cash and cash equivalents	\$ 13,648	\$ 36,012
Member contribution receivable	22,732	1,793
Prepaid bonds, insurance and administrative expenses	62,268	65,000
<i>Total Assets</i>	\$ 98,648	\$ 102,805
 <i><u>Net Assets:</u></i>		
Unrestricted	98,648	102,805
<i>Total Liabilities and Net Assets</i>	\$ 98,648	\$ 102,805

See accompanying notes to the basic financial statements

**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGE IN NET ASSETS
For the Years Ended December 31, 2011 and 2010**

<u>Operating Revenues</u>	<u>2011</u>	<u>2010</u>
Member contributions	<u>\$ 1,117,150</u>	<u>\$ 1,055,432</u>
<i>Total Operating Revenues</i>	<u>1,117,150</u>	<u>1,055,432</u>
<u>Operating Expenditures</u>		
Claims expense	21,912	34,379
Insurance premiums	1,061,338	994,097
General and administrative	<u>38,497</u>	<u>42,422</u>
<i>Total Operating Expenditures</i>	<u>1,121,747</u>	<u>1,070,898</u>
<i>Operating Income</i>	<u>(4,597)</u>	<u>(15,466)</u>
<u>Nonoperating Revenues</u>		
Interest income	<u>440</u>	<u>473</u>
<i>Total Nonoperating Revenues</i>	440	473
<i>Change in Net Assets</i>	(4,157)	(14,993)
<i>Net Assets, January 1</i>	<u>102,805</u>	<u>117,798</u>
<i>Net Assets, December 31</i>	<u>\$ 98,648</u>	<u>\$ 102,805</u>

See accompanying notes to the basic financial statements

**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2011 and 2010**

	2011	2010
<i><u>Increase (Decrease) in Cash and Cash Equivalents:</u></i>		
<i><u>Cash Flows from Operating Activities:</u></i>		
Cash received from members	\$ 1,096,211	\$ 1,101,076
Cash payments for insurance premiums	(1,055,606)	(999,098)
Cash payments for claims expense	(21,912)	(34,379)
Cash payments for general and administrative	(41,497)	(42,423)
<i>Net Cash from Operating Activities</i>	(22,804)	25,176
<i><u>Cash Flows from Investing Activities:</u></i>		
Interest received	440	473
<i>Change in Cash and Cash Equivalents</i>	(22,364)	25,649
Cash and Cash Equivalents Beginning of Year	36,012	10,363
Cash and Cash Equivalents End of Year	\$ 13,648	\$ 36,012
 <i><u>Reconciliation of Operating Income to Net Cash Used By Operating Activities:</u></i>		
Operating Income (Loss)	\$ (4,597)	\$ (15,466)
<i><u>Changes in Assets and Liabilities:</u></i>		
(Increase) Decrease in receivables	(20,939)	45,642
(Increase) Decrease in prepaid bonds, insurance and adm. expenses	2,732	(5,000)
<i>Net Cash from Operating Activities</i>	\$ (22,804)	\$ 25,176

See accompanying notes to the basic financial statements

BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2011 and 2010

NOTE 1 – DESCRIPTION OF THE COUNCIL

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 designees appointed by each of the members of the Council.

Management believes the financial statement included in this report represents 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.

NOTE 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 after November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The Council's significant accounting policies are described below.

The Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments. Certain items of significance in the Statement include the following:

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 organizations 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.

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 goods 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.

BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2011 and 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. Statement of revenues, expenditures and change in net assets present increases (i.e., revenues) and decreases (i.e., expenditures) in total net assets. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenditures are recognized when they are incurred.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. The Council's financial statements are prepared using the accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenue resulting from the nonexchange transactions, in which the Council receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which the Council must provide local resources to be used for a specified purpose, and expense requirements, in which the resources are provided to the Council on a reimbursement basis. Expenditures are recognized at the time they are incurred.

E. Assets, Liabilities and Net Assets

Cash and Investments:

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.

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.

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 represent the difference between assets and liabilities. 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 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 related expenses have been paid or reserves established for the payment of any such expenses, any surplus funds will be distributed to members, past or present, who constituted the Council for that fiscal year.

BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2011 and 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Net Assets - continued

The Council applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

As of December 31, 2011 and 2010, all of the Council's net assets are considered unrestricted.

F. Revenues and Expenditures

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 expenses 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. Claims expense is a result of the deductible each member is responsible for according to the insurance agreement. The deductible is recognized ratably as a revenue and related expense as a claim occurs.

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.

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 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.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the Council's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Council.

At December 31, 2011 and 2010, the carrying amount of all Council deposits was \$13,648 and \$36,012, respectively. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of December 31, 2011 and 2010, all of the Council's bank balance of \$24,517 and \$36,019, respectively was covered by Federal Deposit Insurance Corporation.

Investments: As of December 31, 2011 and 2010, the Council held no investments and the Council does not have an investment policy.

**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2011 and 2010**

NOTE 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.

The Council became an insurance purchasing pool for property and liability insurance on April 10, 1986. The Council contracts with the Ohio Government Risk Management Plan to provide insurance for its members since April 1, 1997. Each member pays a fee based on their premiums.

NOTE 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.

NOTE 6 – SUBSEQUENT EVENTS

There were no subsequent events noted to be disclosed through the report date of May 10, 2012. Any subsequent events after that date have not been considered in this audit response.



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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***

**Board of Trustees
Buckeye Joint-County Insurance Council
Ironton, Ohio**

We have audited the financial statements of Buckeye Joint-County Insurance Council as of and for the years ended December 31, 2011 and 2010 and have issued our report thereon dated May 10, 2012. 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 Buckeye Joint-County Insurance 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 Buckeye Joint-County Insurance Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Buckeye Joint-County Insurance Council's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did identify one deficiency in internal control over financial reporting that we consider to be a material weakness, as defined above, reported as finding number 2011-5212-001 on the Schedule of Current Findings.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buckeye Joint-County Insurance Council's 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 no instances of noncompliance or others matters that are required to be reported under *Government Auditing Standards*.

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



Jones, Cochenour & Co.
May 10, 2012

much more than an accounting firm

**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
SCHEDULE OF CURRENT FINDINGS, PRIOR FINDINGS AND RESPONSES
December 31, 2011 and 2010**

CURRENT YEAR COMMENT

MATERIAL WEAKNESS

Finding Number 2011-5212-001 – Financial Reporting System

Criteria: It is management's responsibility to design and follow internal controls that provide reasonable assurance regarding the reliability of financial reporting.

Condition: Material adjusting entries were required to the Council's general ledger during the audit.

Effect: The net income was understated by \$56,180.

Cause: The cause for the misstatement was recording of errors and not adequately monitoring the financial statement preparation for detect and errors and ensure the accuracy and reasonableness of financial reporting.

Recommendation: We recommend that in the future, more care is taken in the preparation of the financial statements and a review process is implemented and followed to ensure the statements are presented accurately before given for audit.

Views of the responsible officials and planned corrective actions: The Council will review balances for reasonableness before the next audit.

**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2011 and 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid, Explain
2009-001	Ohio Revised Code Section 167.04 – The officers of the Council needs to create and adopt by-laws.	Yes	By-Laws were provided but they need to continue to update.

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Dave Yost • 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
SEPTEMBER 25, 2012**