

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

AUDITED FINANCIAL STATEMENTS

Years Ended December 31, 2013 and 2012



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 JC & Co., for the audit period January 1, 2012 through December 31, 2013. 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.

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Dave Yost
Auditor of State

April 14, 2014

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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

Report on the Financial Statements

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, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Buckeye Joint-County Insurance Council, as of December 31, 2013 and 2012, and the respective changes in financial position, and where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2014, 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* in considering the Council's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "JC & Co." with a stylized flourish at the end of the "C".

JC & Co.
Lancaster, Ohio
March 27, 2014

BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
Management's Discussion and Analysis
Years Ended December 31, 2013 and 2012
(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, 2013 and 2012. 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, 2013 and 2012 by \$67,610 and \$84,855, respectively.
- Net position decreased by \$17,245 in 2013 and \$13,793 in 2012.

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 Position, the Statements of Revenues, Expenses, and Changes in Net Position, 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 Position presents the Council's financial position and reports the resources owned by the Council (assets), obligations owed by the Council (liabilities) and Council net position (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 Position present a summary of how the Council's net position 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 JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
Management's Discussion and Analysis
Years Ended December 31, 2013 and 2012 (Unaudited)

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

Table 1

	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2011</u>	<u>Change</u>
<u>Assets</u>					
Cash	\$ 13,813	\$ 12,281	\$ 1,532	\$ 13,648	\$ (1,367)
Prepaid Bonds, Insurance and Adm.	50,880	67,574	(16,694)	62,268	5,306
Member Contributions Receivable	<u>2,917</u>	<u>5,000</u>	<u>(2,083)</u>	<u>22,732</u>	<u>(17,732)</u>
Total Assets	<u>67,610</u>	<u>84,855</u>	<u>(17,245)</u>	<u>98,648</u>	<u>(13,793)</u>
<u>Net Position</u>					
Unrestricted	<u>67,610</u>	<u>84,855</u>	<u>(17,245)</u>	<u>98,648</u>	<u>(13,793)</u>
Total Net Position	<u>\$ 67,610</u>	<u>\$ 84,855</u>	<u>\$ (17,245)</u>	<u>\$ 98,648</u>	<u>\$ (13,793)</u>

For the year ended December 31, 2013, total assets of the Council decreased by \$18,777 and for the year ended December 31, 2012 total assets decreased by \$12,426. The Council did not have any liabilities during 2013 or 2012.

The Council's Net Position decreased by \$17,245 (10%) in 2013 and decreased by \$13,793 (14%) in 2012.

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

Table 2

	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2011</u>	<u>Change</u>
<u>Revenue</u>					
Member Contributions	\$ 963,425	\$ 1,128,527	\$ (165,102)	\$ 1,117,150	\$ 11,377
Interest Income	<u>118</u>	<u>247</u>	<u>(129)</u>	<u>440</u>	<u>(193)</u>
Total Revenues	<u>963,543</u>	<u>1,128,774</u>	<u>(165,231)</u>	<u>1,117,590</u>	<u>11,184</u>
<u>Expenses</u>					
Claims Expense	6,535	15,594	(9,059)	21,912	(6,318)
Insurance Premiums	924,894	1,083,812	(158,918)	1,061,338	22,474
General and Administrative	<u>49,359</u>	<u>43,161</u>	<u>6,198</u>	<u>38,497</u>	<u>4,664</u>
Total Expenses	<u>980,788</u>	<u>1,142,567</u>	<u>(161,779)</u>	<u>1,121,747</u>	<u>20,820</u>
Change in Net Position	(17,245)	(13,793)	(3,452)	(4,157)	(9,636)
Net Position, January 1	<u>84,855</u>	<u>98,648</u>	<u>(13,793)</u>	<u>102,805</u>	<u>(4,157)</u>
Net Position, December 31	<u>\$ 67,610</u>	<u>\$ 84,855</u>	<u>\$ (17,245)</u>	<u>\$ 98,648</u>	<u>\$ (13,793)</u>

**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
Management's Discussion and Analysis
Years Ended December 31, 2013 and 2012 (Unaudited)**

Member contributions decreased by \$165,102 (15%) for 2013 and increased by \$11,377 (1%) for 2012. Insurance premiums decreased by \$158,918 (15%) for 2013 and increased by \$22,474 (2%) for 2012 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 POSITION
December 31, 2013 and 2012**

	2013	2012
<i><u>Assets:</u></i>		
Equity in pooled cash and cash equivalents	\$ 13,813	\$ 12,281
Member contribution receivable	2,917	5,000
Prepaid bonds, insurance and administrative expenses	50,880	67,574
<i>Total Assets</i>	\$ 67,610	\$ 84,855
 <i><u>Net Position:</u></i>		
Unrestricted	67,610	84,855
<i>Total Liabilities and Net Position</i>	\$ 67,610	\$ 84,855

See accompanying notes to the basic financial statements

BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
Years Ended December 31, 2013 and 2012

<u>Operating Revenues</u>	<u>2013</u>	<u>2012</u>
Member contributions	\$ 963,425	\$ 1,128,527
 <i>Total Operating Revenues</i>	 <u>963,425</u>	 <u>1,128,527</u>
 <u>Operating Expenditures</u>		
Claims expense	6,535	15,594
Insurance premiums	924,894	1,083,812
General and administrative	49,359	43,161
 <i>Total Operating Expenditures</i>	 <u>980,788</u>	 <u>1,142,567</u>
 <i>Operating Income</i>	 <u>(17,363)</u>	 <u>(14,040)</u>
 <u>Nonoperating Revenues</u>		
Interest income	118	247
 <i>Total Nonoperating Revenues</i>	 118	 247
 <i>Changes in Net Position</i>	 (17,245)	 (13,793)
 <i>Net Position, January 1</i>	 <u>84,855</u>	 <u>98,648</u>
 <i>Net Position, December 31</i>	 <u>\$ 67,610</u>	 <u>\$ 84,855</u>

See accompanying notes to the basic financial statements

BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2013 and 2012

	2013	2012
<i><u>Increase (Decrease) in Cash and Cash Equivalents:</u></i>		
<i><u>Cash Flows from Operating Activities:</u></i>		
Cash received from members	\$ 965,508	\$ 1,146,259
Cash payments for insurance premiums	(908,200)	(1,089,118)
Cash payments for claims expense	(6,535)	(15,594)
Cash payments for general and administrative	(49,359)	(43,161)
	1,414	(1,614)
<i><u>Cash Flows from Investing Activities:</u></i>		
Interest received	118	247
	1,532	(1,367)
<i>Change in Cash and Cash Equivalents</i>		
Cash and Cash Equivalents Beginning of Year	12,281	13,648
Cash and Cash Equivalents End of Year	\$ 13,813	\$ 12,281
 <i><u>Reconciliation of Operating Income</u></i> <i><u>to Net Cash Used By Operating Activities:</u></i>		
Operating Income (Loss)	\$ (17,363)	\$ (14,040)
<i><u>Changes in Assets and Liabilities:</u></i>		
(Increase) Decrease in receivables	2,083	17,732
(Increase) Decrease in prepaid bonds, insurance and adm. expenses	16,694	(5,306)
	1,414	(1,614)
<i>Net Cash from Operating Activities</i>	\$ 1,414	\$ (1,614)

See accompanying notes to the basic financial statements

BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012

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.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Insurance Council consists of all funds, departments, boards, and agencies that are not legally separate from the Insurance Council. For Buckeye Joint-County Insurance Council this is the general operations.

Component units are legally separate organizations for which the Insurance Council is financially accountable. The Insurance Council is financially accountable for an organization if the Insurance Council appoints a voting majority of the organization's governing board and (1) the Insurance Council is able to significantly influence the programs or services performed or provided by the organization; or (2) the Insurance Council is legally entitled to or can otherwise access the organization's resources; the Insurance Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Insurance Council is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Insurance Council in that the Insurance Council approves the budget, the issuance of debt, or the levying of taxes. The Insurance Council has no component units.

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'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. Basis of Presentation

The Council's basic financial statements consist of a statement of net position; a statement of revenues, expenses and changes in net position; and a statement of cash flows.

The Council uses a single enterprise presentation for its financial records. Enterprise reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2013 and 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. 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 statements of net position. Statements of revenues, expenditures and changes in net position present increases (i.e., revenues) and decreases (i.e., expenditures) in total net position. 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.

C. 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.

D. Assets, Liabilities and Net Position

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 Statements of Net Position 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 Position:

Net position represents 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
Years Ended December 31, 2013 and 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Net Position - continued

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

As of December 31, 2013 and 2012, all of the Council's net position are considered unrestricted.

E. 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.

F. 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.

G. 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, 2013 and 2012, the carrying amount of all Council deposits was \$13,813 and \$12,281, respectively. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of December 31, 2013 and 2012, all of the Council's bank balance of \$13,813 and \$12,281, respectively was covered by Federal Deposit Insurance Corporation.

Investments: As of December 31, 2013 and 2012, 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
Years Ended December 31, 2013 and 2012**

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 – CHANGE IN ACCOUNTING PRINCIPLES

In 2013, the Council adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements and GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

GASB Statement No. 62, incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

GASB Statement No. 63 identifies net positions, rather than net assets, as the residual of all other elements presented in a statement of financial position. There was no effect on beginning net position/fund balance.

NOTE 7 – SUBSEQUENT EVENTS

There were no subsequent events noted to be disclosed through the report date of March 27, 2014. Any subsequent events after that date have not been considered in this audit response.



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**INDEPENDENT AUDITORS' 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, in accordance with the 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, the financial statements of the business-type activities of Buckeye Joint-County Insurance Council, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise Buckeye Joint-County Insurance Council's basic financial statements, and have issued our report thereon dated March 27, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Buckeye Joint-County Insurance Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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. Accordingly, we do not express an opinion on the effectiveness of Buckeye Joint-County Insurance Council's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buckeye Joint-County Insurance Council's financial statements are free from 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 other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "JC & Co." The letters are stylized and connected.

JC & Co.
Lancaster, Ohio
March 27, 2014

**BUCKEYE JOINT-COUNTY INSURANCE COUNCIL
LAWRENCE COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2013 and 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid, Explain
2011-5212-001	Financial Reporting System - Material adjusting entries were required to the Council's general ledger during the audit.	Yes	N/A

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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
MAY 8, 2014**