

**PORTAGE AREA SCHOOLS CONSORTIUM PROPERTY & CASUALTY POOL  
PORTAGE COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS  
(AUDITED)***

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016***

**TODD CARPENTER, TREASURER**





# Dave Yost • Auditor of State

Member of Assembly  
Portage Area School Consortium Property and Casualty Pool  
1464 Industry Road  
Atwater, Ohio 44201

We have reviewed the *Independent Auditor's Report* of the Portage Area School Consortium Property and Casualty Pool, Portage County, prepared by Julian & Grube, Inc., for the audit period July 1, 2015 through June 30, 2016. 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 Portage Area School Consortium Property and Casualty Pool is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

February 8, 2018

**This page intentionally left blank.**

**PORTAGE AREA SCHOOLS CONSORTIUM PROPERTY & CASUALTY POOL  
PORTAGE COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor's Report .....	1 - 2
Management's Discussion and Analysis .....	3 - 6
Basic Financial Statements:	
Statement of Net Position - Cash Basis .....	7
Statement of Cash Receipts, Cash Disbursements and Changes in Net Position - Cash Basis.....	8
Notes to the Basic Financial Statements.....	9 - 13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i> .....	14 - 15

**This page intentionally left blank.**



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Portage Area Schools Consortium Property & Casualty Pool  
Portage County  
1464 Industry Road  
Atwater, Ohio 44201

To the Members of the Assembly:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the Portage Area Schools Consortium Property & Casualty Pool, Portage County, Ohio, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Portage Area Schools Consortium Property & Casualty Pool's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Portage Area Schools Consortium Property & Casualty Pool's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Portage Area Schools Consortium Property & Casualty Pool's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the Portage Area Schools Consortium Property & Casualty Pool, Portage County, Ohio, as of June 30, 2016, and the respective changes in cash financial position thereof for the fiscal year then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Emphasis of Matter***

As discussed in Note 1 to the financial statements, the Portage Area Schools Consortium is comprised of two stand-alone pools: The Portage Area Schools Consortium Property & Casualty Pool and the Portage Area Schools Consortium Health & Welfare Pool, which issues a separate report. This report represents only the Property & Casualty Pool. We did not modify our opinion regarding this matter.

***Other Matters***

***Other Information***

We applied no procedures to the Management's Discussion & Analysis presented on pages 3 - 6 of the report, and accordingly, we express no opinion or any other assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2017, on our consideration of the Portage Area Schools Consortium Property & Casualty Pool'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 internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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 Portage Area Schools Consortium Property & Casualty Pool's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
November 27, 2017



**PORTAGE AREA SCHOOLS CONSORTIUM PROPERTY & CASUALTY POOL  
PORTAGE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The management's discussion and analysis of the Portage Area Schools Consortium Property & Casualty Pool (the "Consortium") financial performance provides an overall review of the Consortium's financial activities for the fiscal year 2016, within the limitations of the Consortium's cash basis of accounting. The intent of this discussion and analysis is to look at the Consortium's financial performance as a whole; readers should also review the notes to the basic financial statements and cash-basis financial statements to enhance their understanding of the Consortium's financial performance.

**Financial Highlights**

Key Financial highlights for fiscal 2016 are as follows:

- In total, net position was \$7,056 at June 30, 2016, which represents a 20.08% decrease from fiscal year 2015.
- The Consortium had operating cash receipts of \$350,116 for fiscal year 2016. The Consortium had operating cash disbursements of \$351,902 for fiscal year 2016. The Consortium also received \$14 in interest income non-operating cash receipts during fiscal year 2016. The total change in net position for fiscal year 2016 was a decrease of \$1,772.

**Using these Cash-Basis Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Consortium's cash basis of accounting. This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Consortium's financial activities. The *Statement of Net Position-Cash Basis* and the *Statement of Cash Receipts, Cash Disbursements, and Changes in Net Position-Cash Basis* provide information about the activities of the Consortium.

**Reporting the Consortium Financial Activities**

**Statement of Net Position-Cash Basis and Statements of Cash Receipts, Cash Disbursements, and Changes in Net Position-Cash Basis**

These documents look at all financial transactions and ask the question, "How did we do financially during 2016?" The Statement of Net Position- Cash Basis and Statement of Cash Receipts, Cash Disbursements, and Changes in Net Position-Cash Basis - answer this question.

These statements include *only net position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principals generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid. These two statements report the Consortium's net position and changes in net position on a cash basis. This change in net position is important because it tells the reader that, for the Consortium as a whole, the cash basis financial position of the Consortium has improved or diminished.

**PORTAGE AREA SCHOOLS CONSORTIUM PROPERTY & CASUALTY POOL  
PORTAGE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and liabilities and their related expenses (such as accounts payable) are not recorded in these cash-basis financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

The table below provides a summary of the Consortium's net cash position at June 30, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
<b><u>Assets</u></b>		
Equity in pooled cash and cash equivalents	\$ 7,056	\$ 8,828
Total assets	<u>\$ 7,056</u>	<u>\$ 8,828</u>
<b><u>Net Cash Position</u></b>		
Unrestricted	\$ 7,056	\$ 8,828
Total net cash position	<u>\$ 7,056</u>	<u>\$ 8,828</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2016 and June 30, 2015, the Consortium's net position totaled \$7,056 and \$8,828, respectively.

This table below shows the changes in net position for fiscal years 2016 and 2015.

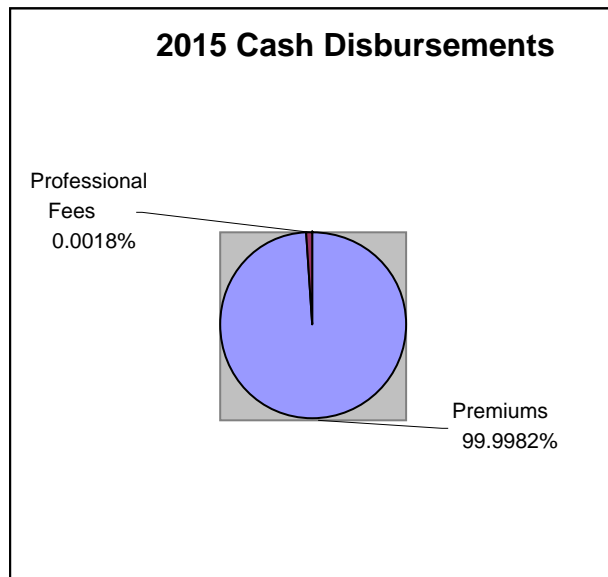
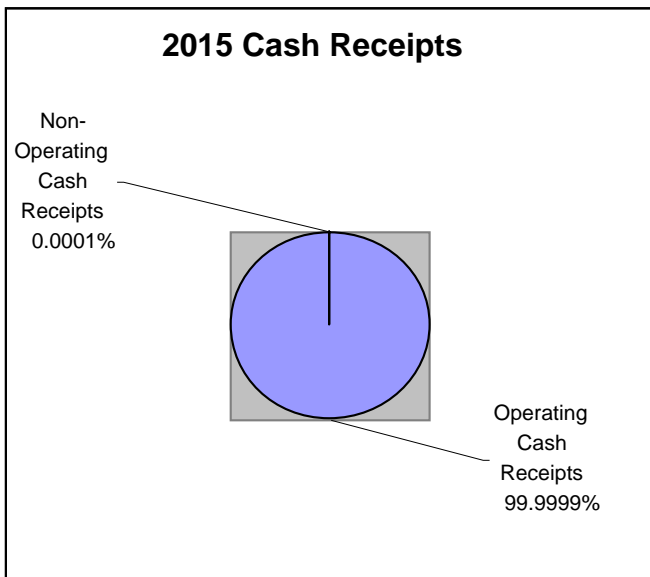
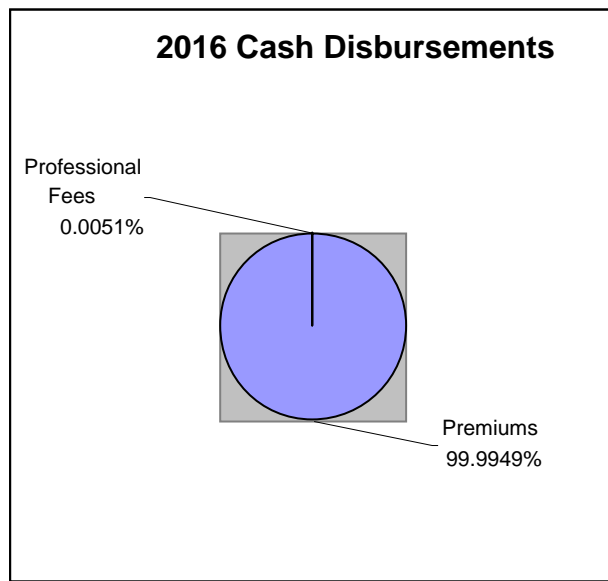
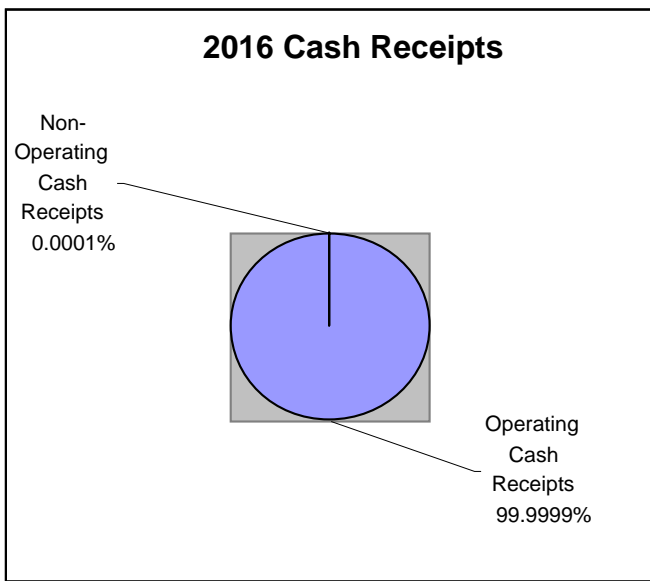
	2016	2015
<b><u>Operating cash receipts</u></b>		
Contributions from members	\$ 350,116	\$ 346,374
Total operating cash receipts	<u>350,116</u>	<u>346,374</u>
<b><u>Operating Cash Disbursements:</u></b>		
Insurance Premiums	350,115	346,374
Professional fees	1,787	62
Total operating cash disbursements	<u>351,902</u>	<u>346,436</u>
<b><u>Non-operating cash receipts:</u></b>		
Interest income	14	6
Total non-operating cash receipts	<u>14</u>	<u>6</u>
Change in net position	(1,772)	(56)
Net position at beginning of year	<u>8,828</u>	<u>8,884</u>
Net position at end of year	<u>\$ 7,056</u>	<u>\$ 8,828</u>

**PORTAGE AREA SCHOOLS CONSORTIUM PROPERTY & CASUALTY POOL  
PORTAGE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

For fiscal year 2016, operating cash receipts and operating cash disbursements increased by 1.08% and 1.58% respectively, over fiscal year 2015. Normally each participating member pays 2 semi-annual contributions. Premiums increased for member districts in fiscal year 2016. The operating cash receipts and disbursements usually increase due to new construction and additional contents coverage in some of the member districts. The operating cash receipts and disbursements will increase and decrease from year-to-year due to property values.

The charts below illustrate the cash receipts and operating cash disbursements for the Consortium for fiscal years 2016 and 2015.



**PORTAGE AREA SCHOOLS CONSORTIUM PROPERTY & CASUALTY POOL  
PORTAGE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Current Financial Related Activities**

The Consortium is owned and operated by 6 school districts in Portage County, Ohio. The Consortium's main source of revenue is premiums paid by the member school districts. The Consortium also receives interest revenue through investments.

The Consortium is an insurance purchasing pool. It is an arrangement by which governments pool funds or resources to purchase property and casualty insurance coverage. The risk is transferred to the insurance company. The insurance carrier is subject to the Trustee's approval. The insurance policy of coverage is different for each member school district at their own administrative decision.

The Consortium was established to provide property and casualty risk management services and risk sharing to participating members. The primary purpose is to formulate, develop, and administer, on behalf of the member schools districts, a program of insurance to obtain lower costs for that coverage.

The Consortium Trustees and its Insurance Agent, Reed & Bauer Insurance Agency, continually discuss program enhancements to the existing product line, in addition to watching for new opportunities for consortium members.

Rates are evaluated on an annual basis.

Establishing premiums that satisfy all insurance premiums, administration fees, and other expenses for the Consortium, in addition to enhancing the net assets position is important for the short-term and long-term interests of the Consortium.

**Contacting the Consortium's Financial Management**

This financial report is designed to provide our member districts and citizens with a general overview of the Consortium's finances and to show the Consortium's accountability for the money it receives. Effective July 1, 2015, Todd Carpenter took over as Treasurer. If you have any questions about this report or need additional financial information contact: Mr. Todd Carpenter, Treasurer, Portage Area Schools Consortium, 1464 Industry Road, Atwater, Ohio 44201.

**PORTAGE AREA SCHOOLS CONSORTIUM PROPERTY & CASUALTY POOL  
PORTAGE COUNTY, OHIO**

**STATEMENT OF NET POSITION - CASH BASIS  
JUNE 30, 2016**

<b>Assets:</b>	
Equity in pooled cash and cash equivalents.....	<u>\$ 7,056</u>
Total assets.....	<u>7,056</u>
<b>Net Cash Position:</b>	
Unrestricted.....	<u>7,056</u>
Total net cash position.....	<u><u>\$ 7,056</u></u>

See accompanying notes to the basic financial statements

**PORTAGE AREA SCHOOLS CONSORTIUM PROPERTY & CASUALTY POOL  
PORTAGE COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN NET POSITION - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**Operating cash receipts:**

Contributions from members	\$ 350,116
Total operating cash receipts	<u>350,116</u>

**Operating cash disbursements:**

Insurance premiums	350,115
Professional fees	<u>1,787</u>
Total operating cash disbursements	<u>351,902</u>

Excess of operating cash receipts over/(under) operating cash disbursements	<u>(1,786)</u>
--	----------------

**Non-operating cash receipts:**

Interest income	<u>14</u>
Total non-operating cash receipts	<u>14</u>

Change in cash net position	(1,772)
-----------------------------	---------

<b>Net cash position at beginning of year</b>	<u>8,828</u>
<b>Net cash position at end of year</b>	<u><u>\$ 7,056</u></u>

See accompanying notes to the basic financial statements

**PORTAGE AREA SCHOOLS CONSORTIUM PROPERTY & CASUALTY POOL  
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1 - DESCRIPTION OF THE CONSORTIUM**

The Portage Area Schools Consortium, Portage County, is a Council of Governments established pursuant to Ohio Revised Code Chapter 167. The Portage Area Schools Consortium is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio as defined by Chapter 167 of the Ohio Revised Code.

The Portage Area Schools Consortium is a shared risk pool as defined by Government Accounting Standards Board Statement No. 10 and amended by GASB No. 30.

The governing body of the Portage Area Schools Consortium is an Assembly composed of Superintendents (Trustees) of the members and any other representative (Alternate Trustees) of members who have been appointed by the respective governing bodies of the members. All representatives shall serve without compensation. The Operations Committee shall function as an advisory board to the Trustees. It shall consist of Superintendents and Treasurers of the participating member districts. The chairperson of the Portage Area Schools Consortium shall be a Superintendent of a participating member district. The Chairperson is elected by the Trustees each year on a rotating basis. The Waterloo Local School District serves as the Portage Area Schools Consortium's fiscal agent and the Treasurer of the Consortium shall be the Treasurer of the Fiscal Agent. The Fiscal Agent is re-elected each year by the Trustees.

The Portage Area Schools Consortium is a stand alone entity, comprised of two stand alone pools: the Property & Casualty Pool and the Health & Welfare Pool. This report is only concerning the Property & Casualty Pool. The Portage Area School Consortium Property & Casualty Pool (the Consortium) was established by the Portage Area School Consortium on August 5, 1988 to provide property and casualty risk management services and risk sharing to members of the Property & Casualty Pool. The Property & Casualty Pool was established as a local government risk pool under Section 1744.081 of the Ohio Revised Code and is not subject to federal tax filing requirements.

The Consortium's primary purpose is to formulate, develop, and administer, on behalf of the member school districts, a program of insurance to obtain lower costs for that coverage.

The members joining the Consortium must agree to participate for a period of one fiscal year; a member may withdraw from the Consortium by notifying the Assembly and the Consortium in writing, no less than ninety (90) days prior to the end of the current fiscal year of participation. School districts applying for membership in the pool may do so on approval of a two-thirds vote of the Assembly.

As of June 30, 2016, there were 6 participating members: Aurora City Schools, Crestwood Local Schools, Field Local Schools, Portage County Board of DD, Waterloo Local Schools, and Windham Exempted Village Schools. It should be noted that while the Board of DD is a member, they are not a contributing member. Indiana Insurance will not insure some of the vehicles that they own. Therefore, they purchase their coverage elsewhere currently but have not withdrawn from the Consortium in case they can get coverage in the future through the Consortium. It should also be noted that James A. Garfield Local School District, the Portage County Educational Service Center, and Rootstown Local School District left the Consortium in fiscal year 2016. It should also be noted that Field Local Schools joined the Consortium in fiscal year 2016.

The Consortium's management believes these cash basis financial statements present all activities for which the Consortium is financially accountable.

**PORTAGE AREA SCHOOLS CONSORTIUM PROPERTY & CASUALTY POOL  
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL ENDED JUNE 30, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.B, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United State of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these cash basis statements contain items that are the same as, or similar to, those items in the financial statements prepared in conformity with GAAP, similar informative disclosures are provided.

**A. Basis of Presentation**

The Consortium's financial statements consist of a statement of net position - cash basis and statement of cash receipts, cash disbursements and changes in net position - cash basis.

**B. Basis of Accounting**

The Consortium's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Consortium's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received, but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

The Consortium 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.

Operating revenues are those revenues that are generated directly from the primary activity of the Consortium. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Consortium. All revenues and expenses not meeting this definition are reported as non-operating.

**C. Cash and Investments**

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

The Consortium has invested funds in STAR Ohio during fiscal year 2016. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2016.



**PORTAGE AREA SCHOOLS CONSORTIUM PROPERTY & CASUALTY POOL  
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**D. Budgetary Process**

The Consortium is not required to follow the budgetary process by law, but incorporated in the bylaws that on or before November 30, a written estimate shall be submitted to the Trustees of the program costs for the ensuing fiscal year and members' shares of those program costs.

**E. Net Cash Position**

Net cash position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Consortium or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Consortium had no restricted net cash position at fiscal year end.

**NOTE 3 - DEPOSIT AND INVESTMENTS**

State statutes classify monies held by the Consortium into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Consortium treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Consortium has identified as not required for use within the current period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim moneys are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more that one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of Consortium's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreements must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio;

**PORTAGE AREA SCHOOLS CONSORTIUM PROPERTY & CASUALTY POOL  
PORTAGE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)**

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that the investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment an any one time: and,
8. Under limited circumstances, corporate debt interests rated either of the two highest classifications by at least two national recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purposes of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Consortium, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investment to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

*Deposits:* As of June 30, 2016 the Consortium's bank balance was \$1,712 which was also the carrying amount. This amount was covered by Federal Deposit Insurance Corporation.

As of June 30, 2016, the Consortium had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investments Maturities</u>			
		<u>6 months or less</u>	<u>7 to 12 Months</u>	<u>13 to 18 Months</u>	<u>19 to 24 Months</u>
Star Ohio	\$ 5,344	\$ 5,344	\$ -	\$ -	\$ -
	<u>\$ 5,344</u>	<u>\$ 5,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Consortium's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The Consortium's investments were rated AAAM by Standard & Poor's. Ohio law requires that StarOhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Consortium's investment policy does not specifically address credit risk beyond requiring the Consortium to only invest in securities authorized by State statute.

*Concentration of Credit Risk:* The Consortium places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Consortium at June 30:

<u>Investment Type</u>	<u>June 30, 2016</u>	
	<u>Fair Value</u>	<u>% of Total</u>
StarOhio	\$ 5,344	100%
	<u>\$ 5,344</u>	<u>100%</u>

**PORTAGE AREA SCHOOLS CONSORTIUM PROPERTY & CASUALTY POOL  
PORTAGE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 4 - RISK MANAGEMENT**

The Consortium contracts with Indiana Insurance through Reed & Bauer Insurance Agency for property and fleet insurance. The Consortium also allows members to purchase their educational liability insurance with Indiana through the Consortium if so desired. Members pay premiums to the Consortium based upon amounts approved by the individual members and the Trustees. The Fiscal Officer issues payments to Reed & Bauer for insurance coverage. Premiums are paid two times per year.

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from the pervious year.

The insurance carrier is elected annually by the Trustees. Risk is transferred to the insurance carrier.

**NOTE 5 - CONTRACTED SERVICES**

The Consortium uses Reed & Bauer Insurance Agency to assist them with the annual renewals of their coverage. Reed & Bauer helps the Consortium and its members with maintaining the current levels of coverage that are needed by their individual district. Fees for Reed & Bauer are built into the premiums that are paid by the members.

**NOTE 6 - SUBSEQUENT EVENTS**

- i.* There are no subsequent events to report.



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Portage Area Schools Consortium Property & Casualty Pool  
Portage County  
1464 Industry Road  
Atwater, Ohio 44201

To the Members of the Assembly:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the Portage Area Schools Consortium Property & Casualty Pool, Portage County, Ohio as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Portage Area Schools Consortium Property & Casualty Pool's basic financial statements and have issued our report thereon dated November 27, 2017, wherein we noted the Portage Area Schools Consortium Property & Casualty Pool uses a special purpose framework other than generally accepted accounting principles.

#### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Portage Area Schools Consortium Property & Casualty Pool's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Portage Area Schools Consortium Property & Casualty Pool's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Portage Area Schools Consortium Property & Casualty Pool's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Members of the Assembly  
Portage Area Schools Consortium Property & Casualty Pool

***Compliance and Other Matters***

As part of reasonably assuring whether the Portage Area Schools Consortium Property & Casualty Pool's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Portage Area Schools Consortium Property & Casualty Pool's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Portage Area Schools Consortium Property & Casualty Pool's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in black ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.  
November 27, 2017

**This page intentionally left blank.**



# Dave Yost • Auditor of State

PORTAGE AREA SCHOOL CONSORTIUM PROPERTY AND CASUALTY POOL

PORTAGE COUNTY

## CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
FEBRUARY 20, 2018