OHIO SCHOOL PLAN

FINANCIAL STATEMENTS
December 31, 2006 and 2005

Mary Taylor, CPA
Auditor of State

Board of Directors
Ohio School Plan
c/o Hylant Administrative Services
811 Madison Ave
P.O.Box 2083
Toledo, Ohio 43624

We have reviewed the *Report on Independent Auditors* of the Ohio School Plan, Lucas County, prepared by Crowe Chizek and Company, LLC, for the audit period January 1, 2006 through December 31, 2006. 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 Ohio School Plan is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 6, 2007

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OHIO SCHOOL PLAN
Columbus, Ohio

FINANCIAL STATEMENTS
December 31, 2006 and 2005

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Crowe Chizek and Company LLC
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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Ohio School Plan
Columbus, Ohio

We have audited the accompanying statements of financial position of Ohio School Plan (the "Plan") as of December 31, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Plan as of December 31, 2005 were audited by other auditors whose report dated April 1, 2006, expressed an unqualified opinion on those statements.

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 of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ohio School Plan as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (MD&A) on pages 3 through 4 and the Ten-Year Claims Development Information on page 15 are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 17, 2007, on our consideration of the Plan's internal control over financial reporting and our tests of it 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Crowe Chizek and Company LLC

Columbus, Ohio
April 17, 2007

This section of the Ohio School Plan's (the "Plan") financial statements presents our discussion and analysis of the Plan's financial performance during the fiscal years that ended December 31, 2006 and 2005. Please read it in conjunction with the Plan's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements* (including footnotes), and *required supplementary information*.

FINANCIAL HIGHLIGHTS

- The Plan's total assets increased $778,045 or 82% and $102,129 or 12% in 2006 and 2005, respectively. The 2006 increase is due to the Plan's overall operations and a lower level of claims in 2006 which allowed the Plan to invest more of its assets. The 2005 increase is due to an increase in premium levels during 2005 and correspondingly more membership fees being earned.

- In 2006, bonds increased $365,140 as the Plan continued to invest excess funds in fixed income securities of the U.S. Government.

- Premiums receivable is relatively unchanged. Premiums receivable has decreased $131,815 or 78% in 2005. The decrease is due to a shift in the effective date of members' policies to July as well as more short-term policies being written in the fourth quarter of 2005.

- Reinsurance recoverable has decreased $436,483 or 81% in 2006 due to the level of claim payments being less than the level from the same period in 2005. Conversely, reinsurance recoverable increased $492,776 or 1,150% in 2005. In December 2005, the level of claim payments exceeded the premiums owed to the reinsurers. The level of claims payments also was greater than the level from the same period in 2004.

- Unearned premiums and membership fees have increased $271,911 or 130% and $20,744 or 11% in 2006 and 2005, respectively. Effective July 1, 2006, the Plan began retaining 50% of the first $150,000 property treaty. As such, the Plan is retaining premium associated with risk and earning the retained premiums over the life of the members' policies. The 2005 increase is due to premium growth.

- Loss reserves of $430,254 have been recorded at December 31, 2006 as effective July 1, 2006 the Plan began retaining 50% of the first $150,000 layer property treaty. The Plan also incurred expenses of $235,464 associated to its share of the property risk. Approximately, $250,000 of total loss reserves pertain to the Plan's net retention of the 2004-2005 casualty quota share loss corridor.

- The Plan's accumulated surplus increased $50,438 or 7% and $398,265 or 117% in 2006 and 2005, respectively due to the Plan's operations.

- Written premiums decreased $714,519 or 6% in 2006 due to the competitive environment for Ohio public schools. Conversely, written premiums increased $1,104,427 or 10% in 2005. The 2005 increase is due to growth in the lines of coverage being written for existing OSP members.

CONTACTING THE PLAN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our members, agents, and reinsurers with a general overview of the Plan's financial standing. If you have questions about this report or need additional financial information, contact the Plan's administrator, Hylant Administrative Services, LLC., 811 Madison Avenue, Toledo, Ohio 43624.

OHIO SCHOOL PLAN
BALANCE SHEETS
December 31, 2006 and 2005

	2006	2005
ASSETS		
Cash	$ 914,622	$ 74,196
Short-term investments, at fair value	4,147	7,061
Bonds at market value	663,828	298,688
Premiums receivable	43,179	36,650
Reinsurance receivable	99,113	535,596
Interest receivable	5,347	--
Total assets	$ 1,730,236	$ 952,191
LIABILITIES AND MEMBERS' EQUITY		
Loss and loss adjustment expense reserves	$ 430,254	$ --
Reinsurance payable	5,084	--
Accrued liabilities and fees	24,798	4,440
Unearned premiums and membership fees	480,890	208,979
Total liabilities	941,026	213,419
MEMBERS' EQUITY		
Accumulated surplus	789,210	738,772
Total liabilities and members' equity	$ 1,730,236	$ 952,191

See accompanying notes to financial statements

OHIO SCHOOL PLAN
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN MEMBERS' EQUITY
For the years ended December 31, 2006 and 2005

	2006	2005
REVENUES		
Premiums written	$ 11,178,549	$ 11,893,068
Reinsurance premiums ceded	(8,469,541)	(9,693,397)
Net premiums written	2,709,008	2,199,671
Change in unearned premiums	(257,080)	--
Net premiums earned	2,451,928	2,199,671
Membership fees earned	536,576	589,372
Net investment income	54,160	26,945
Total revenues	3,042,664	2,815,988
EXPENSES		
Loss and loss adjustment expenses	485,710	--
Management fees	1,708,952	1,613,529
Commission expense	558,927	586,142
Professional fees	51,397	36,790
Plan marketing fees	152,968	150,000
Directors' and officers' coverage	22,014	19,153
Directors' travel and meetings	4,549	1,293
Other	7,709	10,816
Total expenses	2,992,226	2,417,723
Excess of revenues over expenses	50,438	398,265
Members' equity		
Beginning of year	738,772	340,507
End of year	$ 789,210	$ 738,772

See accompanying notes to financial statements

OHIO SCHOOL PLAN
STATEMENTS OF CASH FLOWS
Years ended December 31, 2006 and 2005

	2006	2005
Cash flows from operating activities		
Receipt of premiums	$ 11,172,020	$ 12,024,798
Receipt of membership fees	551,407	610,116
Losses paid	(55,456)	--
Premiums paid to reinsurers	(8,027,974)	(10,470,105)
Expenses paid	(2,486,158)	(2,450,674)
Net cash (used in) provided by operating activities	1,153,839	(285,865)
Cash flows from investing activities		
Change in short-term investments	2,914	(4,858)
Sales of bonds	465,893	346,390
Maturities of bonds	770,000	350,000
Purchase of bonds	(1,591,315)	(791,532)
Receipt of investment income	39,095	21,265
Net cash used in investing activities	(313,413)	(78,735)
Net change in cash	840,426	(364,600)
Cash, beginning of year	74,196	438,796
Cash, end of year	$ 914,622	$ 74,196
Cash flows from operating activities		
Excess of revenues over expenses	$ 50,438	$ 398,265
Net (gains) on securities	(9,718)	(5,680)
Investment income	(39,095)	(21,265)
Changes in operating assets and liabilities		
Premiums receivable	(6,529)	131,730
Reinsurance receivable	436,483	(492,776)
Loss and loss adjustment expense reserves	430,254	--
Reinsurance payable	5,084	(283,932)
Unearned premiums and membership fees	271,911	20,744
Accrued liabilities and fees	20,358	(32,951)
Interest receivable	(5,347)	--
Net cash (used in) provided by operating activities	$ 1,153,839	$ (285,865)

See accompanying notes to financial statements

NOTE 1 – DESCRIPTION OF THE ORGANIZATION

Organization: The Ohio School Plan (the "Plan") was organized in January of 2002, as authorized by Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated non-profit association of its members and an instrumentality for each member for the sole purpose of enabling members of the Plan to provide for a formalized, jointly administered self-insurance program to maintain adequate self-insurance protection, risk management programs and other administrative services. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity for the purpose of enabling its members to obtain self-insurance through a jointly administered self-insurance fund. Members of the Plan include public school districts, educational service centers, joint vocational schools, centers of government, and mental retardation/developmentally disabled boards in the State of Ohio which are eligible to participate under applicable statute, ruling or law subject to certain underwriting standards as deemed appropriate by the Plan and its administrator.

The Plan was established to provide property, liability, automobile, violence, and other coverages to its members sold through designated agents in the State of Ohio. Coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. The Plan has agreed to pay judgments, settlements and other expenses resulting from claims arising related to the coverage provided, in excess of the member's deductible.

The Plan has developed the policy forms and endorsements of coverage and substantially reinsured these coverages. The individual members are only responsible for their self-retention (deductible) amounts that vary from member to member. See Note 4 for further discussion.

The members are charged an annual membership fee, which is based on a percentage of each member’s annual premium. These fees are charged to cover professional fees, directors' travel and meeting expenses and other administrative and marketing expenses. Earned membership fees were $536,576 and $589,652, for the years ended December 31, 2006 an 2005.

The Plan had 328 and 381 members as of December 31, 2006 and 2005.

The Plan has an agreement with Hylant Administrative Services, LLC. ("HAS") to provide underwriting, claims management, risk management, accounting, system support services, sales and marketing for the Plan. HAS also coordinates reinsurance brokerage services for the Plan. All of these services are paid for by the Plan. See Note 2 for further discussion.

The Plan is comprised exclusively of Ohio public educational entities. Although its exposure is concentrated to a single geographical area, such exposure is reduced by the practice of substantially reinsuring coverage provided.

(Continued)

NOTE 1 – DESCRIPTION OF THE ORGANIZATION (Continued)

Effective January 1, 2004, the Plan elected to participate in a paid loss ratio corridor deductible in its first $1 million layer of casualty reinsurance. The corridor includes losses paid between 65% and 80% of premiums earned under this treaty. If the Plan's paid loss ratio reaches 65%, the Plan would pay all the losses incurred related to this treaty up to the next 15% of premiums earned. Reinsurance coverage would resume after a paid loss ratio of 80% is exceeded. Effective November 1, 2005, the Plan's loss corridor includes losses paid between 65% and 75% of premium earned under this treaty. Effective November 1, 2006, the Plan's loss corridor includes losses paid between 65% and 73% of premium earned under this treaty. Effective July 1, 2006, the Plan began retaining 50% of the first $150,000 layer of property reinsurance. The Plan's annual loss aggregate under this property treaty is $375,000.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Plan conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Use of Estimates: The preparation of the financial statements in conformity with GAAP requires the Plan to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents: The Plan has adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3*. This statement amends certain custodial risk provisions of GASB Statement No. 3 and addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Cash represents a bank account balance of $1,128,349 and $370,553 as of December 31, 2006 and 2005, respectively. The bank account balance is insured up to $100,000 by the Federal Deposit Insurance Corporation (the "FDIC").

Investments: The Plan recognizes its bonds at fair value with all related investment income, including the change in the fair value of investments and realized gains and losses, reflected in the Plan's revenues in the Statement of Revenues, Expenses and Changes in Members' Equity.

Bonds represent U.S. Treasury Notes and other obligations of the U.S. Federal Government and its agencies with maturities greater than one year. Bonds are held for indefinite periods of time and may be sold in response to changes in interest rates, liquidity needs or other market conditions.

(Continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment transactions are recorded on a trade date basis. Fair value is based on quoted market prices. Realized gains and losses on the sale of securities are determined based on the sales proceeds less the historical cost of the specific asset sold.

Net investment income represents interest income, realized gains and losses, and the change in the fair value of investments, net of management and investment expenses of $907 and $469 in 2006 and 2005, respectively.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Market values of securities fluctuate based on the magnitude of changing market conditions; significant changes in market conditions could materially affect the fair value of the Plan's investments.

Reinsurance: Insurance coverages provided by the Plan are substantially reinsured. Ceding commissions are paid to the Plan at 20% and 18% of gross premiums written, amounting to $2,267,879 and $2,199,671, for the years ended December 31, 2006 and 2005, respectively.

In accordance with the accounting principles prescribed by GASB Statement No. 10, unpaid losses and loss adjustment expense reserves have been presented net of ceded unpaid losses and loss adjustment expense reserves.

Policy acquisition costs: The Plan does not defer agent commissions and certain other administration, and underwriting expenses as ceding commissions received from the reinsurers have offset these costs. The net difference between the administration expenses and the ceding commissions does not vary with the individual issuance and maintenance of the contracts of insurance. Therefore, such costs are expenses as incurred. Agent commissions are paid at 5% of gross premiums written, amounting to $558,927 and $586,142 for the years ended December 31, 2006 and 2005, respectively.

Management fees: Fees for all administrative, management and brokerage related services provided to the Plan are incurred at a cost of 15% and 13% of gross premiums written. Fees for such services amounted to $1,708,952 and $1,613,529 for the years ended December 31, 2006 and 2005, respectively.

(Continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unpaid losses and loss adjustment expense reserves: The Plan has established claim liabilities gross of reinsurance that are based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled ("case" reserves) and of claims that have been incurred but not reported ("IBNR" reserves), net of estimated salvage and subrogation. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts, particularly for coverages such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual and industry data that reflects past inflation and on other factors and are considered to be appropriate modifiers of past experience (See Notes 4 and 5 for further discussion).

The methods of making such estimates and establishing the ultimate liability for losses and loss adjustment expenses are reviewed regularly. Management believes that the estimate of the ultimate liability for losses and loss adjustment expenses as of December 31, 2006 is reasonable and reflective of anticipated ultimate experience. However, it is possible that the Plan's actual incurred losses and loss adjustment expenses will not conform to the assumptions inherent in the determination of the liability. Accordingly, it is reasonably possible that the ultimate settlement of losses and the related loss adjustment expenses may vary significantly from the estimated amounts included in the accompanying financial statements.

Unearned premiums: Unearned premiums represent the portion of net premiums written by the Plan related to the unexpired risk period of underlying policies. Net premiums are earned on a pro-rata basis over the term of the related policies.

Other income: Member fees are earned by the Plan on a prorata basis over the life of the policy.

(Continued)

NOTE 3 – INVESTMENTS

As of December 30, 2006 and 2005, the Plan has the following investments.

Investment Type	Fair Value 2006	2005
U.S. Government Agency Bonds	$ 663,828	$ 298,688
Money Market Funds	4,147	7,061
	$ 667,975	$ 305,749

U.S. Government Agency bonds have a weighted average maturity of 1.6 and 0.9 years and money market funds have maturities of 30 days or less as of December 31, 2006 and 2005 respectively.

The Plan's investments have credit quality ratings of AAA.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan's investment policy requires any investment to mature within five years from the date of settlement as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Plan's investment policy does place a limit on the amount it may invest in any single issuer.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan does not have a formal policy for custodial credit risk. As of December 31, 2006, all of the Plan's investments were held by the investment's counterparty.

(Continued)

NOTE 4 – REINSURANCE

With the exception of the property treaty effective July 1, 2006 and the paid loss corridor deductible, the Plan fully reinsures its coverages with various reinsurance companies. Effective November 1, 2004, casualty and auto liability coverages were reinsured up to a limit of $5,000,000 per occurrence, per member. Effective March 15, 2003, the Plan began offering property coverage to its members. These coverages are reinsured up to a limit of $250,000,000 per occurrence.

Effective January 1, 2004, the Plan elected to participate in a paid loss ratio corridor deductible in its first $1 million layer of casualty reinsurance. The corridor includes losses paid between 65% and 80% of premiums earned under this treaty. If the Plan's paid loss ratio reaches 65%, the Plan would pay all the losses incurred related to this treaty up to the next 15% of premiums earned. Reinsurance coverage would resume after a paid loss ratio of 80% is exceeded. Effective November 1, 2005, the Plan's loss corridor includes losses paid between 65% and 75% of premium earned under this treaty. Effective November 1, 2006, the Plan's loss corridor includes losses paid between 65% and 73% of premium earned under this treaty. Effective July 1, 2006, the Plan began retaining 50% of the first $150,000 property reinsurance layer. The Plan's annual aggregate under this property treaty is $375,000.

In the event that the reinsurance company should be unable to meet their obligations under the existing reinsurance agreements, the Plan would be liable for such defaulted amounts. Conversely, should the Plan be unable to meet its obligations under the existing reinsurance agreement, the reinsurers would be liable for their share of such defaulted amounts. The Plan evaluates the financial condition of its reinsurers and monitors the concentrations of credit risk to minimize its exposure to significant losses from reinsurer insolvencies.

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NOTE 5 – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSE RESERVES

Activity in the losses and loss adjustment expense reserves is summarized as follows:

	2006	2005
Balance at January 1	$ --	$ --
Incurred related to:		
Current year	235,464	--
Prior year	250,246	--
Total incurred	485,710	--
Paid related to:		
Current year	55,456	--
Prior year	--	--
Total paid	55,456	--
Net balance at December 31	$ 430,254	$ --

During 2006, the net retention of the 2004-2005 casualty quota share loss corridor accounted for approximately $250,000 of the increase in loss reserves. The remainder of the increase in loss reserves is related to the Plan's retention of 50% of the first $150,000 layer of property reinsurance.

The Plan has no net balance of unpaid losses and loss adjustment expense reserves at December 31, 2005, due to the fact that no losses incurred have exceeded the reinsurance coverage in place.

NOTE 6 – TAX STATUS

Effective January 4, 2005, the Plan received notification that it is a qualified plan under the applicable sections of the Internal Revenue Code and is therefore not subject to federal income tax under present tax laws.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The individual members of the Plan are named as defendants in various lawsuits. These actions were considered by the Plan in establishing its losses and loss adjustment expense reserves. The Plan believes the ultimate disposition of these and other pending lawsuits against the Plan's members will not materially impact the Plan's financial position, results of operations or cash flows.

OHIO SCHOOL PLAN
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION
FOR THE YEARS ENDING 2002 THROUGH 2006

The following table illustrates how the Plan's earned revenue (net of reinsurance) and investment income compare to related costs of loss net of loss assumed by reinsures of the Plan. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts commonly is used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

	2002	2003	2004	2005	2006
Revenues					
Earned*	$ 10,208,223	$ 10,051,064	$ 11,272,623	$ 12,509,385	$ 11,512,205
Ceded	(7,575,856)	(7,704,333)	(8,633,826)	(9,693,397)	(8,469,541)
Net Earned	2,632,367	2,346,731	2,638,797	2,815,988	3,042,664
Estimated net incurred claims and expenses at end of policy year	--	--	--	--	235,464
Net paid (cumulative) as of:					
End of policy year	--	--	--	--	55,456
Reestimated net incurred claims and expenses as of:					
End of policy year	--	--	--	--	235,464
One year later	--	--	--	208,538	
Two years later	--	--	41,708		
Increase in estimated net incurred claims and expenses from end of policy year:			41,708	208,538	--

* Includes earned premiums, investment revenues, membership and group fees, ad other income.
NOTE: The Plan commenced operations in 2002. Accordingly, there is no prior years' development.

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 Directors
Ohio School Plan
Columbus, Ohio

We have audited the financial statements of Ohio School Plan as of and for the year ended December 31, 2006, and have issued our report thereon dated the same date as this report. 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 Ohio School Plan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ohio School Plan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ohio School Plan's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ohio School Plan'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 other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Ohio School Plan's board of directors, management of the Plan and its members and is not intended to be and should not be used by anyone other than those specified parties.

Crowe Chizek and Company LLC

Crowe Chizek and Company LLC

Columbus, Ohio
April 17, 2007

Mary Taylor, CPA
Auditor of State

OHIO SCHOOL PLAN

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 16, 2007