

SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)

Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District

REGULAR AUDIT

JULY 1, 2012 THROUGH JUNE 30, 2013

PREPARED BY: MANNING & ASSOCIATES CPAs, LLC



Dave Yost • Auditor of State

Board of Directors
Summit Regional Health Care Consortium
3797 Ridgewood Road
Copley, OH 44321

We have reviewed the *Independent Auditors' Report* of the Summit Regional Health Care Consortium, Summit County, prepared by Manning & Associates CPAs, LLC, for the audit period July 1, 2012 through June 30, 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 Summit Regional Health Care Consortium is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

January 17, 2014

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FINANCIAL STATEMENT

Summit Regional Health Care Consortium (SRHCC)

Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District

June 30, 2013

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Manning & Associates

Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

Board of Directors

Summit Regional Health Care Consortium (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
Summit County, Ohio

Independent Auditors' Report

Report on the Financial Statement

We have audited the accompanying financial statement and related notes of the Summit Regional Health Care Consortium (SRHCC) (the Consortium) as of and for the year ended June 30, 2013.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting this financial statement in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statement free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on this financial statement 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 financial statement is free of 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 Summit Regional Health Care Consortium's (SRHCC) preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of Summit Regional Health Care Consortium's (SRHCC) 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statement, Summit Regional Health Care Consortium (SRHCC) prepared this financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

Board of Directors
Summit Regional Health Care Consortium (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
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Summit County, Ohio

Independent Auditors' Report
Page 2

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles (cont'd)

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in *Basis for Adverse Opinion on Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Summit Regional Health Care Consortium (SRHCC) as of June 30, 2013 or changes financial position or cash flows statement thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above present fairly, in all material respects, the combined cash balances of Summit Regional Health Care Consortium (SRHCC), as of June 30, 2013 and its combined cash receipts and disbursements for the year then ended in accordance with financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, as described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013 on our consideration of Summit Regional Health Care Consortium's (SRHCC) 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 Summit Regional Health Care Consortium's (SRHCC) internal control over financial reporting and compliance.

Manning &
Associates CPAs, LLC
Manning & Associates CPAs, LLC
Dayton, Ohio

Digitally signed by Manning & Associates
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December 20, 2013

STATEMENT OF RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND CASH BALANCES
 SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
 Barberton City School District, Copley-Fairlawn City School District Norton City
 School District, Revere Local School District and Wadsworth City School District
 YEAR ENDED JUNE 30, 2013

RECEIPTS	
Receipts from members	\$ 19,649,622
Investment income	<u>4,188</u>
 TOTAL RECEIPTS	 \$ <u>19,653,810</u>
DISBURSEMENTS	
Payments to third-party administrator:	
Claims payments	\$ 16,823,187
Administrative fees	860,651
Stop-Loss Insurance premiums	1,171,967
Miscellaneous Other Costs	<u>8,166</u>
 TOTAL DISBURSEMENTS	 \$ <u>18,863,971</u>
 EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	 \$ 789,839
 Beginning fund cash balance	 <u>4,042,280</u>
 Ending fund cash balance	 <u><u>\$ 4,832,119</u></u>

See accompanying notes to financial statement

NOTES TO FINANCIAL STATEMENT
SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
June 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Description of Entity

The following description of the Summit Regional Health Care Consortium (SRHCC) (Consortium) provides only general information of both the Consortium and its Health Benefits Program (Program). Participants should refer to the Consortium and Health Benefits Program Agreements for a more complete description of their provisions.

General – The Consortium was established during 2007, formed by the Boards of Education of three school districts in North Central Ohio, for the purpose of promoting cooperative agreements and activities among its members in purchasing supplies and services and dealing with problems of mutual concern. On July 1, 2007 the Consortium was formed and operates as a legally separate entity as provided under Ohio Revised Code Chapter 167. In addition, the Consortium has each participating member sign an agreement regarding Health Benefits Program (Agreement). The Consortium became operational on July 1, 2010 with its Health Benefits Program. The current five members are Barberton City School District, Copley-Fairlawn City School District, Norton City School District, Revere Local School District and Wadsworth City School District. The Health Benefits Program is currently the only program offered by the Consortium to its members, as a joint self-insurance pool Consortium which began on July 1, 2010.

Board of Directors – The Assembly is the legislative body of the Council. The Assembly and the Board of Directors are one and the same body so that the Assembly is both the legislative and governing body of the Council. The board of education of each Member appoints its Superintendent or designee, to be its representative on the Summit Regional Health Care Consortium (SRHCC) (Consortium) Assembly. All of the authority of the Consortium is exercised by or under the direction of the Board of Directors, the Managerial Board. The Assembly sets and approves all benefit programs to be offered by or through the Program, and all policies and other contracts are accepted or entered into by the Board of Directors. The Board of Directors sets all premiums and other amounts to be paid by the Members, and the Board of Directors has the authority to waive premiums and other payments. All members of the Board of Directors serve without compensation.

The Board of Directors has the full powers to manage and conduct affairs of the Program between meetings of the Assembly. The Board of Directors is specifically authorized and directed to review and decide all appeals and challenges by employees, their eligible dependents and designated beneficiaries of adverse determinations by the Plan Administrator or care or coverage under benefit programs offered by the Program. The Assembly may ratify any action authorized or taken by the Board or may rescind and overrule any such action.

NOTES TO FINANCIAL STATEMENT (CONTINUED)
SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
June 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Description of Entity (continued)

Fiscal Agent – The Fiscal Agent of the Program shall be from the Board of Education of a participating member approved by the Assembly and is responsible for administering the financial transactions of the Program. The Fiscal Agent carries out the responsibilities of the Program Fund, enters into contracts on behalf of the Program as authorized by the Directors and carries out such other responsibilities as approved by the Directors and agreed to by the Fiscal Agent. The Copley-Fairlawn City School District, Copley, Ohio provides fiscal agent and treasury services. In consideration for its services, the Fiscal Agent may receive a fee from the Consortium in such amount as the assembly shall approve. At the present and during the year ended June 30, 2013, the Fiscal Agent served without compensation.

Benefits – Member contributions are used on a cooperative basis for the provision of health, dental, and/or other health care benefits as provided for in the Program Agreement and as established by law. The Assembly determines the insurance benefits to be provided by or through the Program. Benefit selections may vary among the Program Members for any type of benefit program. The participating Members have adopted a uniform plan document and the Program is administered by a third-party administrator. The Board of Directors determines, at their discretion, which third-party administrator insurance carriers and policies to utilize to provide benefits pursuant to the Program Agreement.

Enrollment by Members – Each Member decides which benefit program(s) offered by or through the Program shall be extended to its employees. Upon joining the Consortium, each member can participate in the Health Benefit Program.

Operating Fund – The Operating Fund consists of all payments made to the Fiscal Agent in accordance with the Program Agreement, policy dividends or rate refunds (whether received by the Program or left with the insurance carriers to accumulate with interest), investments made by the Fiscal Agent and income there from, and any other money or property which shall come into the hands of the Program in connection with the administration of the Program.

The Fiscal Agent shall maintain records which separately identify by Participating Member all contributions from the respective Participating Member for Program Costs. The Fiscal Agent shall maintain or cause to be maintained records which account for all disbursements or transfers from the Operating Fund and Reserve Fund made on behalf of each Participating Member.

NOTES TO FINANCIAL STATEMENT (CONTINUED)
SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
June 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Description of Entity (continued)

Operating Fund (continued)

The Fiscal Agent may use the Operating Fund for purposes such as but not limited to:

- a) Transfer of funds to a Third-Party Administrator for payment of claims,
- b) Payment of premiums for Stop-Loss Insurance Coverage
- c) Additional disbursements may be made from the Operating Fund by the Fiscal Agent at the direction of the Board of Directors or the Assembly for any proper purpose of the Health Benefits program, including but not limited to payment of fees of any Third-Party Administrator, the Fiscal Agent, consultants and lawyers and payment of other operating expenses.
- d) Make monthly reports to the Board of Directors on or before the 20th day of each month concerning all contributions to and disbursements from the Operating Fund during the preceding calendar month

Termination/Withdrawal of a Consortium Member – It is the express intention of the Consortium Members that the Agreement and the Consortium shall continue for an indefinite term, but may be terminated as provided in the Agreement. Any Consortium Member wishing to withdraw from participation in the Consortium or the Program shall notify the Fiscal Agent at least 180 days prior to renewal of any Benefit Program normally July 1st. Specifics governing the withdrawal of a Program Member and the run out of all claims for such Program Member are addressed in Section 9 of the Agreement.

Contributions – Each Member enrolled in a benefit program may require contributions from its employees toward the cost of any benefit program being offered by such Member, and such contributions are included in the payments from such Member to the Fiscal Agent for the benefit program. Contributions are to be submitted by each Member, to the Fiscal Agent, required under the terms of the Program Agreement and any benefit program in which such Member is enrolled to the Fiscal Agent on a monthly basis, or as otherwise required in accordance with any benefit program in which such Member is enrolled. All general administrative costs incurred by the Program that are not covered by the premium payments shall be shared by the Program Members as approved by the Directors.

NOTES TO FINANCIAL STATEMENT (CONTINUED)
SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
June 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Summary of Accounting Policies

Reporting Entity – A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the basic financial statement of the Program are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Program. For Summit Regional Health Care Consortium (SRHCC), this consists of a single enterprise fund.

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

Basis of Accounting – The Consortium's financial statement follows the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

The Consortium's statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

Fund Accounting – The Consortium maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of government entities in which legal or other restraints require the recording of specific receipts and disbursements. The Consortium maintains a general fund to account for its expendable financial resources and related current expenses.

NOTES TO FINANCIAL STATEMENT (CONTINUED)
SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
June 30, 2013

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Summary of Accounting Policies (continued)

Budgetary Process – The Consortium is not required to follow the budgetary process and has decided not to adopt a formal budget annually as part of their amended agreement and bylaws.

a) **Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund/function level of control. Independent insurance consultants annually recommend appropriation measures and they are approved by the Consortium annually along with any subsequent amendments.

b) **Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of July 1.

c) **Encumbrances**

The Consortium does not reserve encumbrances.

Cash and Investments - Investments are reported as assets and are carried at cost, which approximates fair value. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses are recorded as receipts or disbursements when a sale occurs.

Extraordinary and Special Items – Extraordinary items are transactions or events that are both unusual and infrequent in occurrence. Special items are transactions or events that are within the control of the Consortium’s Board of Directors and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

Subsequent Events- the Consortium assessed events occurring subsequent to June 30, 2013 through December 20, 2013 for potential recognition and disclosure in the financial statement. No events were identified that would require adjustment to or disclosure in the financial statement.

NOTES TO FINANCIAL STATEMENT (CONTINUED)
SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
June 30, 2013

NOTE B – DEPOSITS AND INVESTMENTS

Deposits – Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. The Consortium’s practice is to place deposits with commercial banks within its service area. At June 30, 2013, the carrying amount of the Consortium’s deposits including a sweep repurchase account was \$4,832,119 which \$250,000 was covered by Federal depository insurance.

Protection of the remainder of the Program’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by 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.

Investments – The Consortium has adopted GASB Statement No. 40, Deposit and Investment Risk Disclosures. This statement amends GASB Statement No. 3 and addresses additional cash and investment risks to which governments are exposed. Generally, this statement requires that state and local governments communicate key information about such risks. The Consortium is not required by law to have an investment policy.

The carrying amount of the Consortium’s cash and investments at June 30, 2013, was as follows:

Demand deposits including repurchase agreement	\$ <u>4,832,119</u>
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NOTE C – CONTINGENCY

The Consortium is involved in various claims whose effects are determined as immaterial.

NOTE D – RISK MANAGEMENT

The Consortium is a jointly governed organization, which acts as a government risk pool for health insurance for its 5 members.

The Consortium entered into a contract, effective February 24, 2012, with a consultant, Arthur J. Gallagher Risk Management Services, Inc. to assist the Consortium in administering the Program. Under the terms of the contract it may be terminated upon 30 days prior written notice. Also, the contract provides for a monthly fee of \$4 per participant, effective July 1, 2012, which is invoiced each member and remitted to the consultant.

NOTES TO FINANCIAL STATEMENT (CONTINUED)
 SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
 Barberton City School District, Copley-Fairlawn City School District,
 Norton City School District, Revere Local School District
 and Wadsworth City School District
 June 30, 2013

NOTE D – RISK MANAGEMENT (continued)

The Consortium contracted with a third party administrator, Anthem Blue Cross/Blue Shield , for the year ended June 30, 2013, to process and pay health benefit claims incurred by its members. Payments are made by members to the Consortium for monthly health insurance premiums, COBRA administration, monthly stop-loss premiums, and administrative charges. The Fiscal Officer approves monthly payments to the third party administrators for actual insurance claims processed, stop-loss premiums, COBRA administration, and administrative charges incurred on behalf of the Consortium members.

No employer, employee, or person claiming benefit by or through an employee shall have any claim against the Consortium or any property of the Consortium. The rights and interest of employees and persons claimed by or through employees shall be limited to benefits offered by or through the Program in accordance with the Agreement. The Consortium purchases or otherwise provides for the benefit of itself, the Directors and/or the Fiscal Agent such liability insurance with such limits of coverage deemed necessary and as approved by the Board of Directors. A third-party insured the Consortium for specific stop-loss claims in excess of \$200,000 per covered person for the year ended June 30, 2013. Effective July 2, 2012, the stop-loss claims was reduced to \$100,000 per covered person. The annual maximum specific stop-loss claims per covered person for 2013 were \$2,000,000. A third-party also insured the Consortium for annual aggregate stop-loss claims in excess of \$24,470,304.

Any Program Member who withdraws from the Consortium pursuant to the Program Agreement has no claim to the Consortium's assets.

It is not necessary for each member district of the Consortium to prepare a Governmental Accounting Standards Board (GASB) report. The Consortium holds all reserves including Incurred But Not Reported (IBNR), Shock, Stabilization, and Fluctuation reserves. However, these reserves are allocated to members on a capitated basis for accounting purposes.

The Summit Regional Health Care Consortium (SRHCC) is self-insured for member district employee health insurance claims but maintains aggregate stop loss insurance with Anthem Blue Cross/Blue Shield of Ohio. The Self Insurance Fund pays covered claims to service providers and recovers these costs from premium charges to member districts based on calculations provided by the Program's consultant (Healthcare Analytics, a Division of Gallagher Benefit Services, Inc.). The June 30, 2013 loss reserves estimated by the Program's actuary are as follows:

Cash and Repurchase Agreement	\$4,832,119
IBNR actuarial liability	(1,318,400)
Excess funds	<u>\$3,513,719</u>

NOTES TO FINANCIAL STATEMENT (CONTINUED)
SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
June 30, 2013

NOTE E – WELLNESS PROGRAM

The Consortium approved a three year Wellness Plan (Plan) effective April 1, 2011. This plan was established in connection with an agreement with the Consortium's third-party administrator who agreed to reimburse the Consortium up to \$75,000 for the year ending June 30, 2013. Under the plan, the Consortium entered into a one year contract, effective August 1, 2012, with a wellness program consultant (Be Well Solutions) with an annual fee of \$42,300. In addition, fees for each participant are charged for other services provided, such as screening, health fairs and flu shots.

Manning & Associates

Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Board of Directors
Summit Regional Health Care Consortium (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
Summit County, Ohio

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 financial statement of the Summit Regional Health Care Consortium (SRHCC), Summit County, Ohio, as of June 30, 2013 and the related notes to the financial statement and have issued our report thereon dated December 20, 2013, wherein we noted Summit Regional Health Care Consortium (SRHCC) followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 2.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Summit Regional Health Care Consortium's (SRHCC) 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 statement, but not to the extent necessary to opine on the effectiveness of Summit Regional Health Care Consortium's (SRHCC) 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 a 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 Summit Regional Health Care Consortium's (SRHCC) financial statement. 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, material weaknesses may exist that have not been identified.

Board of Directors
Summit Regional Health Care Consortium (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
Summit County, Ohio

Independent Auditors' Report on Internal
Control Over Financial Reporting and on
Compliance and Other Matters Required
by Government Auditing Standards

Page 2

Compliance and Other Matters

As part of reasonable assuring whether Summit Regional Health Care Consortium's (SRHCC) financial statement is 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 Summit Regional Health Care Consortium's (SRHCC) internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering Summit Regional Health Care Consortium's (SRHCC) internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Manning &
Associates
CPAs, LLC
Manning & Associates CPAs, LLC
Dayton, Ohio

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Associates CPAs, LLC
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Date: 2013.12.20 11:55:07 -0500

December 20, 2013

STATUS OF PRIOR YEAR AUDIT CITATIONS AND RECOMMENDATIONS

**SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District**

Year ended June 30, 2012

The prior audit report for the year ended June 30, 2012 did not include material citations or recommendations.

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Dave Yost • Auditor of State

SUMMIT REGIONAL HEALTH CARE CONSORTIUM

SUMMIT 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
JANUARY 30, 2014**