THE JEFFERSON HEALTH PLAN

FINANCIAL STATEMENTS
WITH REQUIRED SUPPLEMENTAL INFORMATION
AND INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2022

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Directors
Jefferson Health Plan
2023 Sunset Boulevard
Steubenville, Ohio 43952

We have reviewed the *Independent Auditor's Report* of the Jefferson Health Plan, Jefferson County, prepared by Schneider Downs & Co., Inc., for the audit period July 1, 2021 through June 30, 2022. 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 Jefferson Health Plan is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

February 07, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Jefferson Health Plan
Steubenville, Ohio

Opinions

We have audited the accompanying financial statements of The Jefferson Health Plan (the Consortium) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Consortium, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Consortium and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Consortium's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consortium's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Consortium's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Ten-Year Claims Development Information, the Schedule of the Consortium's Proportionate Share of the Net Pension Liability - Ohio Public Employees Retirement System - Traditional Plan, the Schedule of the Consortium's Contributions to the Ohio Public Employees Retirement System - Traditional Plan, the Schedule of the Consortium's Proportionate Share of the Net OPEB Liability, and the Schedule of the Consortium's OPEB Contributions, listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2022, on our consideration of the Consortium's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Consortium's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Stands in considering the Consortium's internal control over financial reporting and compliance.

Schneider Downs & Co., Inc.

Columbus, Ohio
December 8, 2022

THE JEFFERSON HEALTH PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

Our discussion and analysis of The Jefferson Health Plan (the Consortium) financial performance provides an overview of the Consortium's financial activities for the fiscal year ended June 30, 2022. Management's Discussion and Analysis is intended to provide an overview of the Consortium's financial performance as a whole. The readers should also review the basic financial statements and the notes to the basic financial statements in conjunction with the Management's Discussion and Analysis.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements, notes to the financial statements and required supplemental information. The statement of net position and the statement of revenues, expenses, and change in net position provide information about the activities of the Consortium as a whole and present a longer-term view of the Consortium's finances.

- **Statement of Net Position** – statement includes Consortium assets and liabilities as well as deferred inflows and outflows. The statement provides information about the nature and amount of resources (assets) owned by the Consortium, and obligations owed by the Consortium (liabilities) at June 30, 2022. The Consortium's net position is the difference between the assets and liabilities.

- **Statement of Revenues, Expenses, and Change in Net Position** – statement includes information on the Consortium's operating and non-operating revenues and expenses for the fiscal year ended June 30, 2022. Operating revenues consist primarily of contributions from members, and the major sources of operating expenses consist of claims payments and administrative fees. Non-operating revenue consists of investment earnings (losses) and infrastructure loan interest.

- **Statement of Cash Flows** – statement is prepared on the direct method of reporting and provides information about the Consortium's cash receipts and cash disbursements. The statement is summarized with net changes in cash from operating, investing, and financing activities.

Governmental Accounting Standards Board (GASB) standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the Consortium's proportionate share of the plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" - that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Consortium is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by state statute. A change in these caps requires action of both Houses of the General Assembly and approval of the governor of the State of Ohio. Benefit provisions are also determined by state statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, state statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the condensed statement of net position.

In accordance with GASB 68 and GASB 75, the Consortium's statements prepared on an accrual basis of accounting include an annual pension expense and other post-employment benefits expense, respectively, for its proportionate share of each plan's change in net pension liability and net other post-employment benefits liability (asset), respectively, not accounted for as deferred inflows/outflows.

Under GASB 68 and GASB 75, the Consortium is reporting net pension and net post-employment benefits liabilities and deferred inflows/outflows of resources related to pension and other post-employment benefits on the accrual basis of accounting.

FINANCIAL HIGHLIGHTS

- As described in Note 1 to the financial statements the Consortium has prepared its financial statements using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) to meet the reporting requirements of the Ohio Administrative Code 117-2-03(B).

- The Consortium's net position was $140,086,184 and $154,930,185 at June 30, 2022 and 2021, respectively. This represents a decrease to the net position of $14,844,001 from July 1, 2021 to June 30, 2022.

- The Consortium utilizes various third-party administrators (TPAs) to adjudicate and pay medical claims. Reserves are established for claims that have occurred, but are not yet known to the Consortium, as well as for reported claims that are expected to develop. These incurred but not reported (IBNR) claims are reserved for after an independent actuarial analysis. An actuary conducted said analysis to determine a funding rate and the adequacy and reasonableness of the reserves. The reserves are $40,552,142 and $35,265,631 at June 30, 2022 and 2021, respectively.

- At June 30, 2022 and 2021, the Consortium had infrastructure loan receivables from 4 members. Infrastructure loans are available only to allocated members of the Consortium who have been a member of the Consortium for at least two years and are in good standing. If a member meets the requirements, they may apply to obtain an infrastructure loan for the construction of new infrastructure or reconstruction, rehabilitation, restoration, or replacement projects. The infrastructure loan receivable balances were $2,340,770 and $3,237,244 as of June 30, 2022 and 2021.

- For the fiscal year ended June 30, 2022, the Consortium had operating revenues of $391,593,491 and operating expenses of $396,423,791 with operating loss of $4,830,300. For the fiscal year ended June 30, 2021, the Consortium had operating revenues of $352,847,098 and operating expenses of $345,708,098 with operating income of $7,139,000. Operating revenues were net of moratoriums of $8,781,814 and $9,334,727 for the fiscal years ended June 30, 2022 and 2021, respectively. Operating losses increased due to an increase in claims expense between fiscal years ended June 30, 2022 and 2021. For the fiscal year ended June 30, 2022, the Consortium had investment losses of $4,162,952 and had interest income from infrastructure loans of $57,610. For the fiscal year ended June 30, 2021, the Consortium had investment gains of $352,416 and had interest income from infrastructure loans of $38,723. Other changes in net position for the fiscal year ended June 30, 2022 includes $5,908,359 of reimbursement of member balances, representing a payout of their account balances.

CONDENSED FINANCIAL INFORMATION

Summarized financial information is as follows:

Condensed Statements of Net Position

Assets	2022	2021
Cash and cash equivalents	$ 15,897,404	$ 18,334,886
Investments	177,815,664	184,425,538
Receivables	3,720,311	5,110,796
Other assets	689,269	630,578
Capital assets - net of depreciation	864,948	1,158,362
Total assets	198,987,596	209,660,160
Deferred Outflows of Resources		
Pension	191,616	87,414
OPEB	0	61,073
Total deferred outflows of resources	191,616	148,487
Liabilities		
Accounts payable, accrued liabilities, and other liabilities	2,400,638	3,536,232
Reserve for claims	40,552,142	35,265,631
Unearned revenue	15,240,549	15,354,273
Total liabilities	58,193,329	54,156,136
Deferred Inflows of Resources		
Pension	625,581	342,755
OPEB	274,118	379,571
Total deferred inflows of resources	899,699	722,326
Net Position		
Invested in capital assets	132,948	426,363
Unrestricted	139,953,236	154,503,822
Total net position	$ 140,086,184	$ 154,930,185

CONDENSED FINANCIAL INFORMATION (Continued)

Condensed Statements of Change in Net Position

Revenues	2022	2021
Operating revenues	$ 391,593,491	$ 352,847,098
Non operating revenues (loss)	(4,105,342)	391,139
Total revenues	387,488,149	353,238,237
Expenses and other changes in net position		
Claims expenses	373,235,406	324,227,598
Administrative fees	19,723,969	17,525,285
Purchased services	1,331,476	1,385,689
Stop-loss premiums	1,073,162	1,398,089
Life, vision, and EAP premiums	626,923	604,772
Depreciation and amortization	339,275	341,510
Affordable Care Act fees and taxes	93,580	83,171
Reimbursement of member balances	5,908,359	141,984
Total expenses	402,332,150	345,708,098
Change in net position	$ (14,844,001)	$ 7,530,139

CONDENSED COMPARATIVE FINANCIAL HIGHLIGHTS

- Total assets decreased by $10,672,565 between 2021 and 2022. The decrease relates to a decrease in cash and cash equivalents and a decrease in the investments of the Consortium.

- Total deferred outflows of resources increased by $43,129 between 2021 and 2022. The increase can be attributed to a favorable change in the Consortium's portion of the State of Ohio's pension as of June 30, 2022. As a result of the recent experience study completed by the Ohio Pension Board and the current financial market, the net difference between the projected and actual investment earnings on pension plan investments was favorable. The funded ratio increased from 104.2% at the end of 2019 to 110.4% in 2020 (post-experience study) due to a combination of investment gains from 2021 and the realization of the impact from changes to the plan. The 2020 post-experience study funded ratio increased compared to the pre-experience study funded ratio due to the change in actuarial assumptions, including the reduction in the wage inflation assumption from 3.25% to 2.75%, and a reduction in long-term expected price inflation from 2.50% to 2.35%.

- The Consortium's liabilities increased by $4,037,192 between 2021 and 2022. The increase is primarily due to an increase in reserve for claims.

CONDENSED COMPARATIVE FINANCIAL HIGHLIGHTS (Continued)

- Total deferred inflows of resources increased by $177,373 between 2021 and 2022. The increase can be attributed to an unfavorable change in the Consortium's portion of the State of Ohio's pension as of June 30, 2022. A recent experience study was completed by the Ohio Pension Board which resulted in adjustments to assumptions utilized in the calculation. As a result of this study, the assumption changes and the difference between expected and actual experience was unfavorable. As a result of the study, OPERS updated both demographic and economic assumptions, with the most notable being a reduction in the actuarial assumed rate of return for pension from 7.2% to 6.9%. The net impact of all actuarial assumption changes was to increase the pension liability.

- The difference between assets and liabilities, or "net position," decreased by $14,844,001 between 2021 and 2022. The decrease is attributable to an increase in reserve for claims, increase in reimbursement of member claims, and a loss on investment performance

CAPITAL ASSETS AND DEBT ADMINISTRATION

At June 30, 2022, the Consortium had $184,842 invested in five vehicles and computer equipment. The Consortium did not finance the vehicles or computer equipment. On January 1, 2018, the Consortium purchased intellectual property for $2,196,000. Depreciation and amortization are calculated on the straight-line basis over the estimated useful lives of capital assets. Vehicles have useful lives of five years and the computer equipment have useful lives of three years with total depreciation expense of $25,561 and $27,796 for the years ended June 30, 2022 and 2021, respectively. The Consortium had the addition of one vehicle in the amount of $45,861 and no disposals during the year ending June 30, 2022. Intellectual property has a useful life of seven years with total amortization expense of $313,714 for the years ended June 30, 2022 and 2021. The Consortium has an intellectual property payable of $732,000 as of June 30, 2022 and 2021. Intellectual property is related to proprietary underwriting methodologies and models. The payable is for consideration of rights and assignment of the intellectual property.

BUDGET HIGHLIGHTS

The Consortium is not required to follow the budgetary provisions set forth in the Ohio Revised Code Chapter 5705.

CONTACTING THE CONSORTIUM'S FINANCIAL MANAGEMENT

This financial report is designated to provide citizens, taxpayers, and investors and creditors with a general overview of the Consortium's finances, and to show the Consortium's accountability for the money it received. If you have any questions about this report, or need additional information, contact the fiscal agent, Jefferson County Educational Service Center; attention: Ethan Tice, 2023 Sunset Blvd., Steubenville, Ohio, 43952**.**

THE JEFFERSON HEALTH PLAN FY 2022
STATEMENT OF NET POSITION
June 30, 2022

ASSETS AND DEFERRED OUTFLOWS

Non-capital assets		
Cash and cash equivalents	$	15,897,404
Investments		177,815,664
Receivables:		
Accounts receivable		1,065,066
Investment income receivable		304,594
Infrastructure loan receivable		2,340,770
Interest income receivable - infrastructure loans		9,881
Net OPEB asset		265,309
Prepaid expenses and other current assets		44,760
Deposits		379,200
Total non-capital assets		198,122,648
Capital assets net of accumulated depreciation and amortization		864,948
Total assets		198,987,596
Deferred outflows of resources		
Deferred outflows - pension		191,616
Total deferred outflows of resources		191,616
Total assets and deferred outflows of resources	$	199,179,212

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION

Liabilities		
Accounts payable and other accrued liabilities	$	995,502
Accrued payroll and payroll taxes		156,722
Reserve for claims		40,552,142
Intellectual property payable		732,000
Net pension liability		516,414
Unearned revenue		15,240,549
Total liabilities		58,193,329
Deferred inflows of resources		
Deferred inflows - pension		625,581
Deferred inflows - OPEB		274,118
Total deferred inflows of resources		899,699
Net position		
Unrestricted		139,953,236
Investment in capital assets, net of related payable		132,948
Total net position	$	140,086,184

The accompanying notes are an integral part of these financial statements.

THE JEFFERSON HEALTH PLAN FY 2022
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
For the Year Ended June 30, 2022

Operating revenues		
Contributions from members - net		$ 378,072,669
Rebates		12,480,806
Other revenues		1,040,016
	Total operating revenues	391,593,491
Operating expenses		
Claims expenses		373,235,406
Administrative fees		19,723,969
Purchased services		1,331,476
Stop-loss premiums		1,073,162
Life, vision, and EAP premiums		626,923
Depreciation and amortization		339,275
Affordable Care Act fees and taxes		93,580
	Total operating expenses	396,423,791
	Operating loss	(4,830,300)
Non-operating revenue (loss)		
Investment loss		(4,162,952)
Infrastructure loan interest		57,610
	Total non-operating loss	(4,105,342)
Other changes in net position - reimbursement of member balances		(5,908,359)
Change in net position		(14,844,001)
Net position		
Beginning of year		154,930,185
End of year		$ 140,086,184

The accompanying notes are an integral part of these financial statements.

THE JEFFERSON HEALTH PLAN FY 2022
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

Cash Flows from Operating Activities		
Cash received from members	$	378,429,081
Cash received from other		1,040,016
Cash received from rebates		12,480,806
Cash paid for claims		(368,747,091)
Cash paid for administrative and general expenses		(23,110,955)
Net cash provided by operating activities		91,857
Cash Flows from Investing Activities		
Investment income received		1,188,801
Receipts from repayments on infrastructure loans		896,474
Interest received from infrastructure loans		57,437
Purchase of capital assets		(45,861)
Purchase of investments		(169,019,326)
Proceeds from sales and maturities of investments		170,301,495
Net cash provided by investing activities		3,379,020
Cash Flows from Financing Activities		
Reimbursement of member balances		(5,908,359)
Net cash used in financing activities		(5,908,359)
Net Decrease in Cash and Cash Equivalents		(2,437,482)
Cash and Cash Equivalents - Beginning of year		18,334,886
Cash and Cash Equivalents - End of year	$	15,897,404

A reconciliation of operating loss to net cash provided by operating activities is as follows

Reconciliation of Operating Loss to Net Cash used in Operating Activities		
Operating loss	$	(4,830,300)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization		339,275
Changes in assets and liabilities:		
Accounts receivable		470,136
Prepaid expenses and other current assets		82,389
Accounts payable and other accrued liabilities		(869,998)
Accrued payroll and payroll taxes		12,133
Pension and OPEB liability, deferred outflows, and deferred inflows		(284,565)
Reserve for claims		5,286,511
Unearned revenue		(113,724)
Net cash provided by operating activities	$	91,857

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Jefferson Health Plan (the Consortium) is a claims servicing pool established pursuant to Ohio Revised Code (ORC) Chapter 167 and Section 9.833. The legislative body of the Consortium is an assembly consisting of a designee from each of its 123 members. The membership of the assembly appoints a nine-member Board of Directors, which acts as the managerial body of the Consortium. The Consortium provides a cooperative program to administer medical, prescription, vision, and dental benefits for employees of participating entities and their eligible dependents. In connection with amendments to Ohio House Bill 64, the Consortium expanded its marketing efforts to other states where permitted by state law.

Member contributions are calculated to annually produce a sufficient sum of money within the self-insurance pool adequate to fund administrative expenses of the Consortium and to create adequate reserves for claims and allocated expenses. The Consortium has a stop-loss policy from a third party for claims in excess of $1,500,000 per participant at June 30, 2022. The Consortium has an aggregate stop-loss policy of $694,004,755 as of June 30, 2022.

Besides standard monthly contributions, the Consortium may extend an assessment to each member based on the ratio of total expense to total income for each member during the previous three fiscal years ended June 30. Each participant's medical, prescription, vision, and dental balances are separately reviewed for potential assessments. Conversely, a participant may be eligible for a month or two-month waiver of its monthly contributions based on the above calculation.

A participant may withdraw from the Consortium or any particular benefits program. Five participants withdrew from the Consortium, while seven participants enrolled during the period July 1, 2021 through June 30, 2022. For the fiscal year ended June 30, 2022, the Consortium paid out the ending balances for the five participants that withdrew or collected balances of these members if they owed money back to the Consortium.

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

The Jefferson County Education Service Center acts as fiscal agent for the Consortium and is a separate reporting entity with separate financial statements. As the Jefferson County Education Service Center is the fiscal agent and a member of the Consortium, the amounts paid to the Jefferson County Education Service Center are considered related party transactions. For the fiscal year ended June 30, 2022, the Consortium had fiscal agent expenses of $906,200 and an accounts payable balance of $211,384.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

The Board of Directors declared a one-time special dividend for certain eligible participating member organizations during fiscal year 2014. The one-time special dividend was still available for election by qualifying member organizations that have not previously made an election through June 30, 2018. The one-time special dividend was declared to have the effect of transferring the payment of run out claims for a period not longer than six months from the effective date of termination for the member organization to the Consortium.

Member organizations that take part in the one-time special dividend are required to execute a new agreement modifying their original agreement with the Consortium to permanently transfer their payment of run out claims for a period not longer than six months from the effective date of termination to the Consortium from the participating member organization in return for membership in the Consortium for three additional years. The one-time special dividend would transfer a substantial debt from member organizations to the Consortium. Members leaving the Consortium not having given a six month notice of termination are not eligible to participate. At June 30, 2022, thirty-one members retained the one-time special dividend.

B. Basis of Accounting

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

C. Cash and Cash Equivalents

For the purpose of the statement of cash flows and for presentation on the statement of net position, the Consortium considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Valuation of Investments

The Consortium's investments consist of bonds, negotiable certificates of deposit (CDs), and the State Treasurer's Asset Reserve (STAR Ohio) investment pool. The bonds and negotiable CDs are measured at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The investment pool is valued at amortized cost and is described in greater detail below.

Investment income or loss (including realized/unrealized gains and losses on investments, and interest) is recognized in the statement of revenues, expenses, and change in net position as a component of non-operating revenue.

The Consortium participates in STAR Ohio. 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 has adopted GASB Statement No. 79, "Certain External Investment Pools and Participants." The Consortium measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term.

An analysis of the Consortium's investment accounts at year end is provided in Note 4.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Receivables and Contributions

Receivables are shown net of an allowance for uncollectible amounts, if any. Receivables are recorded as an asset in the period that they are earned. Receivables are written off when deemed uncollectible. The Consortium had no amounts deemed uncollectible at June 30, 2022.

All members are required to remit monthly contributions to the Consortium, which are used to pay claims and administrative expenses. The monthly contribution is determined for each member in accordance with the number of covered employees and dependents and the prior loss experience of the respective member group that is set each plan year. Member contributions are recorded in revenue in the period that they are earned. A premium moratorium is used to offset member cash remittals to the consortium and can be granted up to a three-month limit at any one time. A member may request a premium moratorium once they have achieved sufficient reserves in their account.

Contributions from members are shown on the statement of revenues, expenses, and change in net position net of approved premium moratoria. For the fiscal year ended June 30, 2022, members were granted moratoria of $8,781,814.

F. Capital Assets

Capital assets, which consist of vehicles, computer equipment, and intellectual property are carried at cost, less accumulated depreciation and amortization. Depreciation and amortization are calculated on the straight-line basis over the estimated useful lives of depreciable assets. Vehicles have useful lives of five years, computer equipment have useful lives of three years, and the intellectual property has a useful life of seven years. Costs of maintenance and repairs are charged to expense when incurred.

G. Reserve for Claims

Reserves for claims represent the Consortium's reserves for incurred claims, plus an estimate of provisions for loss development and claims incurred but not reported (IBNR) and allocated and unallocated loss adjustment expenses. See Note 6 for additional information related to the Consortium's reserve for claims.

H. Unearned Revenue

Unearned revenues represent contributions paid in advance of the coverage date by members at June 30, 2022. The contributions will be recognized as revenue in the month to which they pertain.

I. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability and net OPEB asset, deferred outflows of resources and deferred inflows of resources related to pension and OPEB, and pension expense and OPEB income, information about the fiduciary net position of the retirement system and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the retirement system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The retirement system reports investments at fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources until then. For the Consortium, deferred outflows of resources are reported for components associated with the net pension liability explained in Notes 7 and 8, respectively.

In addition to the liability, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources until then. For the Consortium, deferred inflows of resources are reported for components associated with the net pension liability and net OPEB asset explained in Notes 7 and 8.

K. Net Position

Unrestricted net position consists of net position that does not meet the definition of "restricted" or "invested in capital assets, net of related payable."

At June 30, 2022, the Consortium does not have a "restricted" net position.

L. Large Claim Reimbursement Program

The Consortium operates a reinsurance agreement with its members to reduce its exposure to large losses. This Large Claim Reimbursement Program (LCRP) allows the Consortium to recover a portion of losses incurred. The Consortium does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by the LCRP. Certain members only participate in the LCRP program.

M. Other Revenues

Other revenues recorded on the statement of revenues, expenses, and change in net position consist of promotional sponsorships and miscellaneous revenues.

N. Reimbursement of Member Balances

Reimbursement of member balances represents payments to members that have left the Consortium and completed the six-month run out phase. If a member retains a balance at this point, the balance is paid back to the respective member. During fiscal year ending June 30, 2022, the Consortium paid out $5,908,359 and is presented on the statement of revenues, expenses, and change in net position within the other changes in net position section.

O. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. Budgetary Process

The budgetary process is not a requirement of the Consortium.

2. RISK MANAGEMENT

Self-Insurance

The Consortium is a claims servicing self-insurance pool organized under ORC Chapter 167 and Section 9.833 for the purpose of establishing and carrying out a cooperative program to administer medical, prescription, vision and dental benefits for employees of the participating entities and their eligible dependents. The Consortium contracts with third-party administrators to process and pay medical, prescription, vision, and dental claims incurred by its members. The Consortium also purchases stop-loss coverage for claims in excess of a set amount for individual claims.

Each member of the Consortium is obligated to pay a fee based on an estimate of the member's share of the Consortium costs for the fiscal year. Included in this estimate are claims by eligible employees, which are payable by each member, the member's share of the medical, prescription, vision and dental premiums, and their proportionate share of the administrative costs of the Consortium. The actual balance of each member's account is determined on a monthly basis. Each member is required to meet or exceed the claims that have been incurred but not reported and to maintain adequate reserves or current funding to meet or exceed their claims fluctuation reserve requirements. If a member is in a deficit position, the participating member has two fiscal years to make up a negative reserve amount or an insufficient IBNR and three fiscal years to make up insufficient claims fluctuation reserves.

Members are required to provide a six month notice of withdrawal from the Consortium for their termination allowing the Consortium time to determine any withdrawal balance owed to or by the departing member. Any outstanding reserve balances are held by the Consortium for a maximum period of six months to satisfy the payment of claims incurred before termination. The terminating member has the option to pay all of the claims incurred prior to the termination of membership so that any reserves could be released sooner. Members found to be in a deficit position wishing to leave the Consortium will be required to repay the deficit in full within 90 days of the effective withdrawal date. Additionally, such terminating member will be required to pay any claims incurred prior to termination notification.

3. INFRASTRUCTURE BANK

During 2016, the Consortium established an infrastructure bank for its members. In connection with amendments to Ohio House Bill 64 related to regional council of governments, the Consortium is permitted to facilitate projects with qualifying political subdivisions to address urgent local infrastructure needs through an establishment of an infrastructure bank. As of June 30, 2022, the Consortium had four outstanding infrastructure loans. The infrastructure loans are collateralized by the projects for which the loans were made. See table for the infrastructure loan receivable balances as of June 30, 2022:

Infrastructure loan is to a member dated July 2016 in the amount of $900,000 with payments of $72,299 for March and November 2017, and $36,149 and $72,299 due semi-annually beginning March 2018, which includes interest of 2.275%, with a final payment scheduled for November 2025.	$	107,182
Infrastructure loan is to a member dated October 2017 in the amount of $1,500,000 with payments of $26,687, which includes interest of 2.60%, due each month with a final payment scheduled for October 2022.		362,643
Infrastructure loan is to a member dated August 2020 in the amount of $400,000 with semi-annual payments of $22,341, which includes interest of 2.1125%, beginning February 2021. The final payment is scheduled for August 2030.		259,918
Infrastructure loan is to a member dated June 2021 in the amount of $2,000,000. The infrastructure loan calls for semi-annual payments of $211,110, including interest at 2.1125%. Payments on this loan began in October 2021.		1,611,027
Total infrastructure loan receivable		2,340,770

The aggregate annual maturities of the infrastructure loans receivable for the five years and thereafter subsequent to June 30, 2022 are as follows:

2023	$	637,558
2024		541,616
2025		553,350
2026		510,918
2027		42,841
Thereafter		54,487
Total	$	2,340,770

4. DEPOSITS AND INVESTMENTS

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of Consortium cash and deposits is provided by the FDIC as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the Consortium places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the FDIC. The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the Consortium and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

At June 30, 2022, the bank balance of the Consortium's cash deposits was $1,475,601. Based on criteria described at GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2022, $1,225,601 of the Consortium's checking balance of $1,475,601 was exposed to custodial credit risk as discussed above, while $250,000 was covered by the FDIC. The remainder not insured by the FDIC was covered through OPCS.

Concentration of Credit Risk

Concentration of credit risk is the risk of inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party. Investment managers are expected to maintain diversified portfolios by sector and issuer. The Consortium has no more than 5% of the fixed income portfolio invested in the securities of any one issuer.

Investments of the Consortium are comprised of the following at June 30, 2022:

	Market	Cost
Bonds	$ 104,229,209	$ 109,088,786
Commercial Paper	62,762,999	62,822,765
Negotiable CDs	5,796,238	5,958,450
STAR Ohio	5,027,218	5,027,218
Total	$ 177,815,664	$ 182,897,219

Interest Rate Risk

Interest rate risk is the risk that an interest rate change could adversely affect an investment's fair value. The Consortium does not have a policy to limit interest rate risk. The reporting of effective duration in the table below quantifies, to the fullest extent possible, the interest rate risk of the Consortium's fixed income assets.

4. DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2022, the Consortium had the following investment maturities:

	Investment Maturities					
Investment Type	Measurement Value	6 Months or Less	7 to 12 Months	13 to 18 Months	19 to 24 Months	Greater than 24 Months
Fair Value:						
Bonds	$ 104,229,209	$ 6,002,380	$ 6,211,521	$ 22,078,400	$ 21,280,047	$ 48,656,861
Commercial Paper	62,762,999	49,761,717	13,001,282	0	0	0
Negotiable CDs	5,796,238	497,704	1,709,786	1,208,268	235,549	2,144,931
STAR Ohio Amortized Cost:						
STAR Ohio	5,027,218	5,027,218	0	0	0	0
	$ 177,815,664	$ 61,289,019	$ 20,922,589	$ 23,286,668	$ 21,515,596	$ 50,801,792

Investment income (loss) in the Consortium's investments is summarized as follows for the fiscal year ended June 30, 2022:

Investment income	$ 1,164,753
Net unrealized and realized loss on investments	(5,327,705)
Net investment loss	$ (4,162,952)

Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels are described as follows:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Consortium has the ability to access.

Level 2. Inputs to the valuation methodology include:

a. Quoted prices for similar assets or liabilities in active markets;

b. Quoted prices for identical or similar assets or liabilities in inactive markets;

c. Inputs other than quoted prices that are observable for the asset or liability;

d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

4. DEPOSITS AND INVESTMENTS (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022.

Bonds: Valued using quoted market prices based on various market and industry inputs.

Commercial Paper: Valued using quoted market prices based on various market and industry inputs.

Negotiable Certificates of Deposit: Valued using quoted market prices based on various market and industry inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Consortium believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies and assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level, within the fair value hierarchy, the Consortium's assets carried at fair value:

		Fair Value Measurements at June 30, 2022		
Description	**Total**	**Level 1**	**Level 2**	**Level 3**
Bonds:				
Government Agency	57,656,456	0	57,656,456	0
Municipal	13,654,613	0	13,654,613	0
Treasury	32,918,140	0	32,918,140	0
Commercial Paper	62,762,999	0	62,762,999	0
Negotiable CDs	5,796,238	0	5,796,238	0
Total	$ 172,788,446	$ 0	$ 172,788,446	$ 0

5. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2022 was as follows:

Capital Assets	Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
Vehicles	$ 131,817	$ 45,861	$ 0	$ 177,678
Computer equipment	7,164	0	0	7,164
Intellectual property	2,196,000	0	0	2,196,000
Total gross property	2,334,981	45,861	0	2,380,842
Accumulated depreciation/amortization	(1,176,619)	(339,275)	0	(1,515,894)
Net	$ 1,158,362	$ (293,414)	0	$ 864,948

On January 1, 2018, the Consortium purchased intellectual property for $2,196,000. The Consortium has all rights, title, and interest in the intellectual property. The Consortium has a license to use the intellectual property until December 31, 2024. See Note 10 regarding the consideration for the sale of rights and assignment of the intellectual property.

6. RESERVE FOR CLAIMS

The IBNR claims (actuarial liability) at June 30 are used by the Consortium to help determine the rates to charge members. Additionally, the estimation of IBNR, as of a valuation date, allows the consortium to compare the liability to the funds reserved and to determine whether the amounts reserved meet the requirements of ORC Section 9.833. The Consortium has also established a formal funding policy for claims fluctuation reserves to aid in tempering potential significant fluctuations in premiums and contribution levels that may be required. The IBNR claims liability is based on actuarial assumptions that produce a liability estimate consistent with the plan of benefits in force and with administrative practices and has been calculated on actuarial assumptions that are reasonable and appropriate under the circumstances. Premium charges to members are based on calculations provided by the Consortium's Actuary.

6. RESERVE FOR CLAIMS (continued)

The following table represents changes in the reserve for unpaid claims for the Consortium for the fiscal year ended June 30, 2022.

Reserves for Unpaid Claims and Claim Adjustment Expenses - Beginning of year	$ 35,265,631
Incurred Claims and Claim Adjustment Expenses	
Provision for claims incurred in current year	346,288,863
Change in provision for claims incurred in prior years	19,156,529
Total incurred claims and claim adjustment expenses	365,445,392
Payments	
Claims and claim adjustment expenses paid for claims incurred in current year	(305,736,721)
Claims and claim adjustment expenses paid for claims incurred in prior years	(54,422,160)
Total payments	(360,158,881)
Reserves for Unpaid Claims and Claim Adjustment Expenses - End of year	$ 40,552,142

7. PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN

The Consortium has personnel who are eligible to participant in the Ohio Public Employees Retirement System (OPERS).

Plan Description – OPERS

Plan Description - Consortium employees participate in OPERS. OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Consortium employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the ORC. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group.

7. PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN (Continued)

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A **Eligible to retire prior to January 7, 2013 or five years after January 7, 2013**	**Group B** **20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013**	**Group C** **Members not in other Groups and members hired on or after January 7, 2013**
State and Local **Age and Service Requirements:**	**State and Local** **Age and Service Requirements:**	**State and Local** **Age and Service Requirements:**
Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. When benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring subsequent to January 7, 2013, the COLA will be 3% simple annual COLA through 2022 then 2.05% simple annual COLA.

Funding Policy

The ORC provides statutory authority for member and employer contributions as follows:

2021 Statutory Maximum Contribution Rates	**State and Local (%)**
Employer	14
Employee	10
2021 Actual Contribution Rates	
Employer	14
Employee	10

7. PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Consortium's contractually required contribution for the Traditional Pension Plan was $100,713 for the fiscal year June 30, 2022. Of this amount, $23,151 is reported in accrued payroll and payroll taxes at June 30, 2022.

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Consortium's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The ORC limits the Consortium's obligation for this liability to annually required payments. The Consortium cannot control benefit terms or the manner in which pensions are financed; however, the Consortium does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes any net pension liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accounts payable and accrued liabilities on the accrual basis of accounting.

7. PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for the OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Consortium's proportion of the net pension liability was based on the Consortium's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPERS pension expense:

Proportionate Share of Net Pension Liability	$	516,414
Proportion of the Net Pension Liability		0.00594%
Change in Proportion Share		-0.00057%
Pension Expense	$	101,304

At June 30, 2022, the Consortium reported deferred outflows of resources and deferred inflows of resources related to OPERS pension from the following sources:

Deferred outflows of resources		
Differences between expected and actual experience	$	26,326
Change in assumptions		64,577
Contributions subsequent to the measurement date		100,713
Total deferred outflows of resources	$	191,616
Deferred inflows of resources		
Differences between expected and actual experience	$	11,326
Net difference between projected and actual earnings on pension plan investments		614,255
Total deferred inflows of resources	$	625,581

7. PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN (Continued)

$100,713 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows (inflows) of resources related to pension will be recognized in OPERS pension expense as follows:

Fiscal Year Ended June 30:		
2023	$	(81,243)
2024		(211,286)
2025		(144,436)
2026		(97,714)
Total	$	(534,678)

Actuarial Assumptions – OPERS
Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Assumptions	December 31, 2021 Valuation
Wage inflation	2.75%
Future salary increases, Including inflation	2.75%-10.75%
COLA or Ad Hoc COLA	Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 3.00% Simple through 2022, then 2.05% Simple
Investment rate of return	6.90%
Actuarial cost method	Individual entry age
Mortality tables	Pub-2010

7. PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN (Continued)

Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

The long-term rate of return on defined benefit investment assets was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board approved asset allocation policy for 2021 and the long-term expected real rates of return:

Asset Class	**Target Allocation (%)**	**Weighted Average Long-Term Expected Real Rate of Return (Geometic)(%)**
Fixed income	24	1.03
Domestic equities	21	3.78
Real estate	11	3.66
Private equity	12	7.43
International equities	23	4.88
Risk parity	5	2.92
Other investments	4	2.85
Total	100	4.21

7. PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Consortium's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Consortium's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9%, as well as what the Consortium's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9%) or one percentage - point higher (7.9%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Consortium's proportionate share of the net pension liability	$ 1,361,611	$ 516,414	$ (186,859)

8. DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

Plan Description – OPEB

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and Combined plans. This trust is also used to fund health care for Member-Directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an OPEB as described in GASB Statement No. 75. See OPERS' CAFR referenced below for additional information.

The ORC permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the ORC.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy

The ORC provides statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by the ORC. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension and Combined plans was 0.0%. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0%.

For the year ended December 31, 2021, OPERS did not allocate any employer contributions to postemployment health care.

8. DEFINED BENEFIT OTHER POSTEMEPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Net OPEB Asset
The net OPEB asset reported on the statement of net position as of June 30, 2022 represents an asset for employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB asset represents the Consortium's proportionate share of the OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments, health care cost trends and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

ORC limits the Consortium's obligation for this liability to annual required payments. The Consortium cannot control benefit terms or the manner in which OPEB are financed; however, the Consortium does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The ORC permits but does not require the retirement systems to provide health care to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB asset. Resulting adjustments to the net OPEB asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of the OPEB plan's unfunded benefits is presented as a net OPEB asset on the accrual basis of accounting. Any liability for contractually required OPEB contributions outstanding at the end of the year is included in accrued payroll on the accrual basis of accounting.

Net OPEB Asset, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB
The net OPEB asset was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Consortium's proportion of the net OPEB asset was based on the Consortium's share of contributions to the retirement system relative to the contributions of all participating entities.

8. DEFINED BENEFIT OTHER POSTEMEPLOYMENT BENEFIT (OPEB) PLAN (Continued)

The following is information related to the proportionate share and OPEB income:

Proportionate Share of Net OPEB Asset	$	265,309
Proportion of Net OPEB Asset		0.008470%
Change in Proportion		0.6888295%
OPEB Income	$	(185,460)

At December 31, 2021, the Consortium reported deferred inflows of resources related to OPEB from the following sources:

Deferred inflows of resources		
Differences between expected and actual experience	$	40,243
Net difference between projected and actual earnings on		126,480
Change in assumptions		107,395
Total deferred inflows of resources	$	274,118

These amounts reported as deferred inflows of resources related to pension will be recognized in OPEB income as follows:

Fiscal Year Ended June 30:		
2023	$	(169,527)
2024		(58,791)
2025		(27,635)
2026		(18,165)
Total	$	(274,118)

8. DEFINED BENEFIT OTHER POSTEMEPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial Assumptions—OPEB

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPEB and plan members. The total OPEB asset was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 75:

Assumptions	December 31, 2021 Valuation
Wage inflation	2.75%
Projected salary increases, (Including Inflation)	2.75%-10.75% (includes wage inflation 2.75%)
Single discount rate:	6.00%
Investment rate of return	6.00%
Municipal bond rate	1.84%
Health care cost trend rate	5.50% initial, 3.50% ultimate in 2034

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

8. DEFINED BENEFIT OTHER POSTEMEPLOYMENT BENEFIT (OPEB) PLAN (Continued)

The most recent experience study was completed for the five-year period ended December 31, 2020.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets within the Health Care portfolio is approved by the OPERS Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the OPERS Board-approved asset allocation policy for 2021 and the long-term expected real rates of return.

Asset Class	Target Allocation (%)	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)(%)
Fixed Income	34	0.91
Domestic Equities	25	3.78
REITs	7	3.71
International Equities	25	4.88
Risk Parity	2	2.92
Other Investments	7	1.93
TOTAL	100	3.45

Discount Rate

A single discount rate of 6.00% was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, and the municipal bond rate was applied to all health care costs after that date.

8. DEFINED BENEFIT OTHER POSTEMEPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Sensitivity of the Consortium's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following table presents the Consortium's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the Consortium's proportionate share of the net OPEB asset if it were calculated using a discount rate that is 1.0% point lower (5.00%) or 1.0% point higher (7.00%) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Consortium's proportionate share of the net OPEB asset	$ (156,034)	$ (265,309)	$ (356,032)

Sensitivity of the Consortium's Proportionate Share of the Net OPEB asset to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Consortium's proportionate share of the net OPEB asset	$ (268,189)	$ (265,309)	$ (261,920)

9. COMPENSATED ABSENCES

Consortium employees earn vacation and sick leave at varying rates depending on contractual agreements. Unless otherwise provided in the employee's contract, unused vacation leave in a given contract year shall be lost and cannot be carried-over into a subsequent year of employment.

Sick leave may be accrued up to 210 days. However, earned but unused sick leave benefits are payable only upon retirement from the Consortium with ten or more years of service with the state, any political subdivision or any combination thereof. The amount of sick leave benefit payable at retirement is one fourth of the value of the accrued but unused sick leave (capped at fifty (50) days).

10. INTELLECTUAL PROPERTY PAYABLE

As of January 1, 2018, the Consortium entered into an Intellectual Property Sale Agreement. According to this agreement, the Consortium acquires the rights, title, and interest in the identified intellectual property and gains exclusive use, except as otherwise provided within the contract. The Consortium shall pay the sum of $2,196,000 with payments of $366,000 per year with the final payment scheduled in 2023 for the consideration of the rights and assignments.

Intellectual property relates to proprietary underwriting methodologies and models. At June 30, 2022, the Consortium had $732,000 of intellectual property payable outstanding.

11. CONTINGENCIES

As of December 28, 2017, the Consortium has been involved in a dispute with the Ohio Public Entity Consortium Healthcare Cooperative (OPEC-HC) and certain of its members concerning administration of health care benefits. In June 2014, OPEC-HC joined the Consortium by signing the membership agreement to administrate the OPEC-HC Pool. In June 2017, OPEC-HC's Board of Directors terminated the Consortium as its administrator, effective July 1, 2017. Certain members of OPEC-HC, as Plaintiffs, filed suit to challenge this action and to seek damages against OPEC-HC and its broker agent. The Consortium was later added to the suit whereby the plaintiffs are requesting a complete and detailed accounting of all money received and expended by the Consortium and OPEC-HC as it relates to the plaintiffs, as well as a declaratory judgment that the Consortium may not impose any monetary penalties against the Plaintiffs.

The case is currently in the discovery phase. The Consortium intends to vigorously defend itself, and potentially pursue the recovery of funds, which it believes are owed, by OPEC-HC and the OPEC-HC membership. At this stage of the proceedings, the Consortium cannot conclude with any degree of legal certainty the outcome of the case.

12. SUBSEQUENT EVENTS

The Consortium has evaluated all events or transactions subsequent to the statement of net position date of June 30, 2022 through December 8, 2022, which is the date these financial statements were available to be issued, and determined no other items should be disclosed or recorded.

Required Supplemental Information

THE JEFFERSON HEALTH PLAN
CLAIMS DEVELOPMENT
June 30, 2022

Claims Development Information

The following table illustrates how the Consortium's earned revenue and investment income compare to related costs of loss and other expenses assumed by the Consortium as of the end of each of the last 10 years. The columns of the table show data for successive policy years.

The rows of the table are defined as follows:

1. This line shows the total of each fiscal year's earned contribution revenue and investment revenue, contribution revenue ceded to excess insurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs of the Consortium including overhead and claims expense not allocable to individual claims.
3. This line shows the Consortium's gross incurred claims and allocated claim adjustment expenses, claims assumed by excess insurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. This section of 10 rows shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest re-estimated amount of claims assumed by excess insurers as of the end of the current year for each accident year.
6. This section of 10 rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, re-evaluation of existing information on known claims, as well as emergence of new claims not previously known.
7. This line compares the latest re-estimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years matures, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

THE JEFFERSON HEALTH PLAN
SCHEDULE OF CLAIMS DEVELOPMENT

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1. Required contributions and investment income:										
Earned	$ 155,562,774	$ 129,085,873	$ 180,427,044	$ 242,496,728	$ 275,786,307	$ 275,787,616	$ 287,282,229	$ 315,582,329	$ 348,035,006	$ 378,789,487
Ceded	7,024,558	3,704,364	4,365,154	5,208,571	3,091,244	7,404,394	8,073,497	6,077,281	9,334,727	8,781,814
Net	148,538,216	125,381,509	176,061,890	237,288,157	272,695,063	268,383,222	279,208,732	309,505,048	338,700,279	370,007,673
2. Expenses other than allocated claim adjustment expenses	14,226,106	12,099,161	17,793,432	17,678,574	22,170,930	20,362,684	20,200,143	22,062,992	24,970,845	99,939,443
3. Estimated claims and allocated claim adjustment expenses - End of policy year:										
Incurred:	110,499,438	116,656,705	164,313,118	219,007,551	264,496,467	238,759,720	260,464,507	277,191,539	319,427,188	347,854,787
Ceded	814,924	413,646	12,259	279,886	1,486,412	65,844	53,302	2,695	1,523,136	1,565,924
Net	109,684,514	116,243,059	164,300,859	218,727,665	263,010,055	238,693,876	260,411,205	277,188,844	317,904,052	346,288,863
4. Cumulative paid claims and allocated claim adjustment expenses										
End of policy year	94,918,262	104,814,284	146,486,040	192,470,710	230,385,509	210,790,504	229,228,895	247,841,476	282,638,421	302,286,936
One year later	106,912,856	116,640,750	160,932,916	213,272,208	263,429,827	233,650,744	248,195,282	279,880,061	337,060,581	
Two years later	106,944,683	116,691,166	161,058,258	213,272,208	263,429,827	233,650,744	248,195,282	279,880,061		
Three years later	106,944,683	116,691,166	161,058,258	213,272,208	263,429,827	233,650,744	248,195,282	-		
Four years later	106,944,683	116,691,166	161,058,258	213,272,208	263,429,827	233,650,744	-	-		
Five years later	106,944,683	116,691,166	161,058,258	213,272,208	263,429,827	-	-	-		
Six years later	106,944,683	116,691,166	161,058,258	213,272,208	-	-	-	-		
Seven years later	106,944,683	116,691,166	161,058,258	-	-	-	-	-		
Eight years later	106,944,683	116,691,166	-	-	-	-	-	-		
Nine years later	106,944,683	-	-	-	-	-	-	-		
5. Re-estimated ceded claims and expenses	814,924	413,646	12,259	279,886	1,486,412	65,844	53,302	2,695	1,523,136	1,565,924
6. Re-estimated incurred claims and allocated claim adjustment expenses										
End of policy year	109,684,514	116,243,059	164,300,859	218,727,665	263,010,055	238,693,876	260,411,205	277,188,844	317,904,052	346,288,863
One year later	106,912,856	116,640,750	160,932,916	213,272,208	263,409,827	233,650,744	248,195,282	279,880,061	337,060,581	
Two years later	106,944,683	116,691,166	161,058,258	213,272,208	263,409,827	233,650,744	248,195,282	279,880,061		
Three years later	106,944,683	116,691,166	161,058,258	213,272,208	263,409,827	233,650,744	248,195,282	-		
Four years later	106,944,683	116,691,166	161,058,258	213,272,208	263,409,827	233,650,744	-	-		
Five years later	106,944,683	116,691,166	161,058,258	213,272,208	263,409,827	-	-	-		
Six years later	106,944,683	116,691,166	161,058,258	213,272,208	-	-	-	-		
Seven years later	106,944,683	116,691,166	161,058,258	-	-	-	-	-		
Eight years later	106,944,683	116,691,166	-	-	-	-	-	-		
Nine years later	106,944,683	-	-	-	-	-	-	-		
7. (Decrease) increase in estimated incurred claims and allocated claim adjustment expenses subsequent to initial policy year end	$ 2,739,831	$ (448,107)	$ 3,242,601	$ 5,455,456	$ (399,772)	$ 5,043,132	$ 12,215,923	$ (2,691,217)	$ (19,156,529)	$ -

THE JEFFERSON HEALTH PLAN FY 2022
SCHEDULE OF THE CONSORTIUM'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PLAN

	2022	2021	2020	2019	* 2018
Traditional pension plan					
Consortium's proportion of the net pension liability	0.0059355 %	0.005363 %	0.004276 %	0.005886 %	0.004833 %
Consortium's proportionate share of the net pension liability	$ 516,414	$ 794,143	$ 779,022	$ 1,622,797	$ 770,023
Consortium's covered payroll	$ 1,320,885	$ 1,187,469	$ 944,357	$ 926,604	$ 1,149,621
Consortium's proportionate share of the net pension liability as a percentage of its covered payrol	39.10 %	66.88 %	82.49 %	175.13 %	66.98 %
Plan fiduciary net position as a percentage of the total pension liability	92.62 %	86.88 %	82.17 %	74.70 %	84.66 %

Note: The above amounts presented for each year were determined as of the Consortium's measurement date, which is the prior calendar year-en

* Information prior to 2018 was not available. The Consortium will continue to present information for years available until a full ten-year trend is compile

THE JEFFERSON HEALTH PLAN FY 2022
SCHEDULE OF THE CONSORTIUM'S PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PLAN

	2022	2021	2020	2019	2018	* / ** 2017	* 2016	* 2015	* 2014	* 2013
Contractually required contributions	$ 184,924	$ 147,643	$ 132,210	$ 129,725	$ 160,947	-	-	-	-	-
Contributions in relation to the contractually required contributions	(184,924)	(147,643)	(132,210)	(129,725)	(160,947)	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Consortium covered payroll	$ 1,320,885	$ 1,187,469	$ 944,357	$ 926,604	$ 1,149,621					
Contributions as a percentage of covered payroll	14.00%	12.43%	14.00%	14.00%	14.00%					

Note: The above amounts presented for each year were determined as of the Consortium's measurement date, which is the prior calendar year-enc

* The Consortium did not have employees until March 1, 2017.

** OPERS information unavailable for Fiscal Year 2017.

THE JEFFERSON HEALTH PLAN FY 2022
SCHEDULE OF THE CONSORTIUM'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY (ASSET)

	2022	2021	2020	2019
Consortium's proportion of the net OPEB liability (asset)	0.0084705 %	0.006973 %	0.005795 %	0.006442 %
Consortium's proportionate share of the net OPEB liability (asset)	$ (265,309)	$ (124,229)	$ 904,939	$ 839,885
Consortium's covered payroll	$ 1,320,885	$ 1,187,469	$ 944,357	$ 926,604
Consortium's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-20.09 %	-10.46 %	95.83 %	90.64 %
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	128.23 %	115.57 %	47.80 %	46.33 %

Note: The above amounts presented for each year were determined as of the Consortium's measurement date, which is the prior calendar year-end

THE JEFFERSON HEALTH PLAN FY 2022
SCHEDULE OF THE CONSORTIUM'S OPEB CONTRIBUTIONS

	2022	2021	2020	2019	* 2018	* 2017	* 2016	* 2015	* 2014	* 2013
Contractually required contributions	184,924	147,643	122,561	-	-	-	-	-	-	-
Contributions in relation to the contractually required contributions	(184,924)	(147,643)	(122,561)	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Consortium covered payroll	$ 1,320,885	$ 1,187,469	$ 944,357	$ 926,604						
Contributions as a percentage of covered payroll	14.00%	12.43%	12.98%	0.00%						

Note: The above amounts presented for each year were determined as of the Consortium's measurement date, which is the prior calendar year-end.
* OPEB information unavailable for Fiscal Years prior to 2019.

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INDEPENDENT AUDITOR'S 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*

To the Board of Directors
The Jefferson Health Plan
Steubenville, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Jefferson Health Plan (the Consortium), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements, and have issued our report thereon dated December 8, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Consortium's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Consortium's internal control. Accordingly, we do not express an opinion on the effectiveness of the Consortium's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Consortium's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Schneider Downs & Co., Inc.

Columbus, Ohio
December 8, 2022

OHIO AUDITOR OF STATE
KEITH FABER

JEFFERSON HEALTH PLAN

JEFFERSON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 2/21/2023

88 East Broad Street, Columbus, Ohio 43215
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