

**SCHOOL EMPLOYEES INSURANCE  
CONSORTIUM  
ROSS COUNTY, OHIO**

***REGULAR AUDIT***

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**



Rea & associates

[www.reacpa.com](http://www.reacpa.com)



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Directors  
Ross County School Employees Insurance Consortium  
475 Western Avenue Ste E  
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of Ross County School Employees Insurance Consortium, Ross County, prepared by Rea & Associates, Inc., for the audit period July 1, 2022 through June 30, 2023. 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. Ross County School Employees Insurance Consortium is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

February 15, 2024

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**School Employees Insurance Consortium  
Ross County, Ohio**

**Table of Contents**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor’s Report.....	1
Financial Statements	
Statement of Cash Receipts, Disbursements and Change in Cash Balance .....	3
Notes to the Basic Financial Statements .....	4
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 <i>Government Auditing Standards</i> .....	10
Schedule of Findings.....	12
Summary Schedule of Prior Year Findings .....	13

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
School Employees Insurance Consortium  
Ross County, Ohio  
475 Western Ave. Ste. E  
Chillicothe, Ohio 45601

### Report on the Audit of the Financial Statements

#### *Adverse Opinion*

We have audited the financial statements of the cash balances, receipts and disbursements of the School Employees Insurance Consortium, Ross County, Ohio (the Consortium), as of and for the year ended June 30, 2023, and the related notes to the financial statements.

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on the Financial Statements as a Whole* section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Consortium, as of June 30, 2023, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

#### *Basis for Adverse Opinion on the Financial Statements as a Whole*

As described in Note 2 of the financial statements, the financial statements are prepared by the Consortium on the basis of the financial provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. However, Ohio Administrative Code Section 117-2-03(B) requires these statements to follow accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 adverse 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit; 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.

***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 opinion. 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 GAAS and the financial audit standards in the Comptroller General of the United States' *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 GAAS 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023, on our consideration of the Consortium's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 Standards* in considering the Consortium's internal control over financial reporting and compliance.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Dublin, Ohio  
December 27, 2023

**School Employees Insurance Consortium  
Ross County, Ohio**

Statement of Cash Receipts, Disbursements, and Change in Cash Balance  
For the Fiscal Year Ended June 30, 2023

<b>Operating cash receipts:</b>	
Charges for Services	\$ 13,039,297
Rebates	843,910
Stop Loss Reimbursements	855,748
Other Revenue	<u>27,977</u>
Total operating cash receipts	<u>14,766,932</u>
<b>Operating cash disbursements:</b>	
Claims	13,648,837
Stop Loss Insurance	862,410
Third Party Administrative	314,910
Purchased Services	<u>262,643</u>
Total operating cash disbursements	<u>15,088,800</u>
Excess of Operating Cash Receipts over Cash Disbursements	<u>(321,868)</u>
<b>Non-operating cash receipts:</b>	
Earnings on Investments	<u>8,041</u>
Change in Cash Balance	(313,827)
<b>Cash Balance, July 1, 2022</b>	<u>979,501</u>
<b>Cash Balance, June 30, 2023</b>	<u><u>\$ 665,674</u></u>

See accompanying notes to the basic financial statements

**School Employees Insurance Consortium  
Ross County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023*

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**NOTE 1 – DESCRIPTION OF THE REPORTING ENTITY**

The School Employees Insurance Consortium, Ross County, (the “Consortium”) is a Regional Council of Governments organized under Ohio Revised Code Chapter 167. The Consortium administers a cooperative health insurance program. The Consortium is a body politic and corporate established for the purposes of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Board of Directors is the legislative and managerial body of the Consortium. The Board of Directors is composed of a representative from member school districts who have been appointed by their respective school district. The representatives for the schools are usually the Superintendent. At June 30, 2023, three school districts, one educational service center and one career & technical center were actively participating in the Consortium.

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

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

Although required by Ohio Administrative Code 117-2-03(B) to prepare its financial report in accordance with accounting principles generally accepted in the United States of America, the Consortium has chosen to prepare its financial statements on a basis of accounting not in accordance with generally accepted accounting principles. The basis of accounting is similar to the cash receipts and cash disbursements basis of accounting. Receipts are recognized when received rather than when they are earned, and disbursements are recognized when paid rather than when the liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

A. Basis of Accounting

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

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

The Consortium uses an enterprise fund to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for public policy, management control, accountability or other purposes.

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

**School Employees Insurance Consortium**  
**Ross County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*  
*(Continued)*

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B. Cash and Investments

The Consortium's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Consortium values U.S. Treasury securities at cost. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured 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 an NAV per share that approximates fair value.

During fiscal year 2023, the Consortium's investments consisted of Federal National Mortgage Association notes, Federal Home Loan Mortgage notes, Federal Farm Credit Bank notes, Federal Home Loan Bank Deposit notes, and STAR Ohio.

C. Budgetary Process

The Consortium is not required to adopt a budget; however, member school districts are required by Ohio law to adopt an annual budget.

D. Member Contributions

Member school districts contribute monthly premiums to the Consortium based upon amounts recommended by independent insurance consultants and approved annually by the Board of Directors. The premiums are recorded and pooled by the Fiscal Agent in a single fund from which eligible claims are paid from member school district employees and their covered dependents.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

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

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

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

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

Protection of the Consortium's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

**School Employees Insurance Consortium**  
**Ross County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*  
*(Continued)*

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The Board authorizes the Fiscal Agent to make investments of available monies from the funds of the Consortium in securities authorized by Ohio State laws. Investments shall be made that reflect the cash flow needs of the fund type being invested. The investments shall include:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for payment of principal and interest thereon but does not include stripped principal or interest obligations of such obligations;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
3. Interim deposits in Board approved depositories;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section or repurchase agreements secured by such obligations, provided such investments are made only through banks and savings and loan institutions authorized by ORC 135.03;
6. The State Treasurer's investment pool (STAR Ohio);

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

Custodial credit risk for deposits is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of Consortium cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the Consortium will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. These securities, held by the counterparty and not in the Consortium's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The Consortium's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

**Cash on Hand:** At year end, the Consortium had no undeposited cash on hand.

**School Employees Insurance Consortium**  
**Ross County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*  
(Continued)

**Investments:** Investments are reported at cost value. As of June 30, 2023, the Consortium had the following investments:

<u>Rating</u>	<u>Investment</u>	<u>Cost Amount</u>	<u>Investment Maturities in Months</u>			<u>% Total</u>
			<u>0 - 12</u>	<u>13-36</u>	<u>Over 36</u>	
AA+	Federal National Mortgage Association	\$ 39,970	\$0	\$ 39,970	\$0	6.0%
AA+	Federal Home Loan Mortgage	149,963	0	149,963	0	22.6%
AA+	Federal Farm Credit Bank	74,914	0	74,914	0	11.3%
A-1+	Federal Home Loan Bank Discount	74,375	0	74,375	0	11.2%
AAAm	STAR Ohio	325,139	325,139	0	0	48.9%
		<u>\$ 664,361</u>	<u>\$ 325,139</u>	<u>\$ 339,222</u>	<u>\$ -</u>	<u>100.0%</u>

**Interest Rate Risk:** The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The Consortium’s policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the Consortium.

**Credit Risk:** The Consortium’s investments at June 30, 2023 are rated as shown above by Standard & Poor’s. Federal money markets are exempt from ratings since they are explicitly guaranteed by a U.S. Government Agency. The Consortium’s policy on Credit Risk allows only for those investments as stated within the Ohio Revised Code. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2023, is 39 days.

**Concentration of Credit Risk:** The Consortium places no limit on the amount the Consortium may invest in any one issuer. The Consortium’s policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

**NOTE 4 – RISK MANAGEMENT**

A. Medical and Prescription Benefits

The Consortium contracts with a third party administrator, Medical Mutual of Ohio, to process and pay health claims and contracts with Express Scripts, Inc. to process and pay prescription claims incurred by its members. Members pay monthly premiums to the Consortium’s Fiscal Agent which are recorded in a single fund for accounting purposes. The Fiscal Agent then wires claim payments to the third party administrator weekly for health and prescription claims processed.

B. Stop-Loss Coverage

The Consortium employs reinsurance agreements (stop-loss coverage) to reduce its risk that large losses may be incurred on medical claims. This allows the Consortium to recover a portion of losses on claims from re-insurers, although it does not discharge their primary liability.

**School Employees Insurance Consortium**  
**Ross County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*  
*(Continued)*

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C. Actuarial Valuation

An actuarial valuation of the health care plan is prepared annually under guidelines set forth in Actuarial Standard of Practice No. 5, *Incurred Health Claims Liabilities* (ASB 5) of the Actuarial Standards Board of the American Academy of Actuaries. The purpose of the valuation is to compare this liability to funds reserved. The method and assumptions utilized for measuring an actuarial liability are critical to the determination as to whether funds are adequate.

A comparison of the Consortium’s cash and investments to the actuarially-measured liability as of June 30 follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Cash and Investments	\$ 665,674	\$ 979,501
Actuarial Liabilities	598,000	536,000

D. Member-District Withdrawal

Member school districts may withdrawal from the Consortium at the end of any fiscal year, and may be removed for failure to make the required payments. A member may be subject to *mandatory withdrawal* if the member fails to remit any of its monthly contributions within thirty days after the same unless 1) the Member has petitioned the Board of Directors for an extension of time for payment, and 2) the Board of Directors has by resolution approved an extension to a date certain. If an extension is not authorized the Member shall be effective retroactive to the first day of the month on which the Member failed to remit its monthly contributions. A member may *voluntary withdraw* only after providing the Fiscal Agent 180 days’ notice and also authorization by the Board of Directors. Upon the opinion of the Board of Directors, if the amounts of money in the Consortium reserves are adequate, the Board of Directors shall authorize payment to the withdrawing Member as follows:

1) If a Member leaves less than three years from the date it joined the Consortium, the Consortium shall keep 100% of the Member’s attributable reserves; 2) If a Member leaves three to ten years from the date it joined the Consortium, the Consortium shall keep 50% of the Member’s attributable reserves; 3) If a Member leaves more than ten years from the date it joined the Consortium, the Consortium shall keep 25% of the Member’s attributable reserves. Authorization of such disbursement is solely within the discretion of the Board of Directors and shall not be unreasonably withheld.

**NOTE 5 – COMPLIANCE**

Ohio Administrative Code, Section 117-2-03(B), requires the Consortium to file annual financial reports, which are prepared using generally accepted accounting principles (GAAP). The accompanying financial statements and notes omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code, Section 117.35, the Consortium may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The Consortium does not intend to report in accordance with generally accepted accounting principles (GAAP). Management believes the cost savings far outweighs reporting on GAAP.

**School Employees Insurance Consortium**  
**Ross County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*  
*(Continued)*

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**NOTE 6 – JOINTLY GOVERNED ORGANIZATION**

The Consortium is a legally separate entity. The Consortium is a jointly governed organization with member school districts. The governing board consists of the superintendent or other designee appointed by each of the members of the Consortium. The Consortium does not have an ongoing financial interest in or ongoing financial responsibility for the member school districts other than the claims paid on behalf of the member school district employees.

The Consortium utilizes the Ross-Pike Educational Service Center (the Fiscal Agent) as its fiscal agent.

**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  
School Employees Insurance Consortium  
Ross County, Ohio  
475 Western Ave. Ste. E  
Chillicothe, Ohio 45601

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 (*Government Auditing Standards*), the financial statements of School Employees Insurance Consortium, Ross County, Ohio (the Consortium), as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2023, wherein we issued an adverse opinion on the Consortium’s financial statements because the Consortium did not follow accounting principles generally accepted in the United State of America as required by Ohio Administrative Code Section 117-2-03(B).

**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 Consortium’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 or significant deficiencies may exist that were not identified.

### **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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-001.

### **Consortium's Response to the Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Consortium's response to the finding identified in our audit and described in the accompanying schedule of findings. The Consortium's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 Consortium'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 Consortium's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rea & Associates, Inc.*

Rea & Associates, Inc.  
Dublin, Ohio  
December 27, 2023

**School Employees Insurance Consortium**  
**Ross County, Ohio**  
*Schedule of Findings*  
*June 30, 2023*

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED  
TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**Finding Number: 2023-001 – Material Noncompliance**

**Criteria:** Ohio Admin. Code Section 117-2-03(B) requires the Consortium to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). The Consortium prepared its financial statements in accordance with the regulatory basis of accounting. This presentation differs from GAAP. There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. Failure to prepare proper GAAP financial statements may result in the Consortium being fined or other administrative remedies. Ohio Rev. Code Section 117.38 requires entities filing on a cash-basis must file annual reports within 60 days of their fiscal year end.

**Condition:** The Consortium did not prepare its financial statements in accordance with Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(B) within 60 days of their fiscal year end.

**Cause:** For fiscal year 2023, the Consortium prepared its financial statements in accordance with standards established by the Auditor of State; however, the Consortium was required to prepare its annual report in accordance with generally accepted accounting principles (GAAP). The accompanying financial statements and notes omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, and disclosures that, while material, cannot be determined at this time. The Consortium did not file the financial report timely.

**Effect:** Pursuant to Ohio Rev. Code Section 117.38, the Consortium may be fined and subject to various other administrative remedies for its failure to file the required financial report.

**Recommendation:** We recommend the Consortium prepare its financial statements in accordance with Ohio Administrative Code and Ohio Revised Code in a timely manner.

**Management's Response:** The Consortium does not intend to develop a Corrective Action Plan or to report in accordance with generally accepted accounting principles (GAAP). Management believes the cost savings far outweigh reporting on GAAP.

**School Employees Insurance Consortium  
Ross County, Ohio**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2023**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2022-001	Noncompliance with ORC 117.38 and Ohio Admin. Code 117-2-03(B)	Not Corrected	There is no intention of the Consortium to report the financial statements in accordance with generally accepted accounting principles (GAAP) due to the cost saving benefits of reporting on a regulatory basis.

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# OHIO AUDITOR OF STATE KEITH FABER



**ROSS COUNTY SCHOOL EMPLOYEES INSURANCE CONSORTIUM**

**ROSS 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 2/27/2024**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)