CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

THE JEFFERSON HEALTH PLAN

JEFFERSON COUNTY, OHIO

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board of Directors
Jefferson Health Plan
2023 Sunset Blvd
Steubenville, OH 43952

We have reviewed the *Independent Auditor's Report* of the Jefferson Health Plan, Jefferson County, prepared by Clark, Schaefer, Hackett & Co., 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. The Jefferson Health Plan is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

January 30, 2024

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CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Jefferson Health Plan
Steubenville, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Jefferson Health Plan (the Consortium), as of and for the year ended June 30, 2023, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Consortium as of June 30, 2023, and the change in financial position and its cash flows 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' 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.

Auditors' 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 auditors' 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 *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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of claims development, and schedules of the Consortium's pension and OPEB amounts and contributions, as 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 GAAS, 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 27, 2023 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 Standards* in considering the Consortium's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 27, 2023

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, 2023. 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, 2023. The Consortium's net position is the difference between the assets and liabilities, as well as deferred inflows and outflows.

- **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, 2023. 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), infrastructure loan interest, and loss on disposal of asset.

- **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 (GAAP). 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

USING THIS ANNUAL REPORT (Continued)

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 or other post-employment benefits (OPEB) liability. As explained above, changes in pension and OPEB benefits, contribution rates, and return on investments affect the balance of the net pension and OPEB 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 and OPEB liability are satisfied, these liabilities are 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 OPEB expense, respectively, for its proportionate share of each plan's change in net pension liability and net OPEB liability (asset), respectively, not accounted for as deferred inflows/outflows.

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

CONDENSED FINANCIAL INFORMATION

Summarized financial information is as follows:

Condensed Statements of Net Position

Assets	2023	2022
Cash and cash equivalents	$ 25,943,238	$ 15,897,404
Investments	190,040,142	177,815,664
Receivables	5,395,786	3,720,311
Other assets	568,136	689,269
Capital assets - net of depreciation and amortization	639,429	864,948
Total assets	222,586,731	198,987,596
Deferred Outflows of Resources		
Pension	786,770	191,616
OPEB	171,658	0
Total deferred outflows of resources	958,428	191,616
Liabilities		
Accounts payable, accrued liabilities, and other liabilities	4,254,466	2,400,638
Reserve for claims	43,093,447	40,552,142
Unearned revenue	15,353,732	15,240,549
Total liabilities	62,701,645	58,193,329
Deferred Inflows of Resources		
Pension	0	625,581
OPEB	19,109	274,118
Total deferred inflows of resources	19,109	899,699
Net Position		
Net investment in capital assets	639,429	132,948
Unrestricted	160,184,976	139,953,236
Total net position	$ 160,824,405	$ 140,086,184

CONDENSED FINANCIAL INFORMATION (Continued)

Condensed Statements of Change in Net Position

Revenues	2023	2022
Operating revenues	$ 433,453,988	$ 391,593,491
Non operating revenues (loss)	3,823,206	(4,105,342)
Total revenues	437,277,194	387,488,149
Expenses and other changes in net position		
Claims expenses	392,791,329	373,235,406
Administrative fees	20,670,956	19,723,969
Purchased services	1,591,122	1,331,476
Stop-loss premiums	117,482	1,073,162
Life, vision, and EAP premiums	777,192	626,923
Depreciation and amortization	324,806	339,275
Affordable Care Act fees and taxes	109,154	93,580
Reimbursement of member balances	156,932	5,908,359
Total expenses	416,538,973	402,332,150
Change in net position	$ 20,738,221	$ (14,844,001)

CONDENSED COMPARATIVE 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 GAAP to meet the reporting requirements of the Ohio Administrative Code 117-2-03(B).

- The Consortium's net position was $160,824,405 and $140,086,184 at June 30, 2023 and 2022, respectively. This represents an increase to the net position of $20,738,221 from June 30, 2022 to 2023. The increase is attributable to increases in operating and non-operating revenues offset by an increase in claims expenses.

- Total assets increased by $23,599,136 between 2022 and 2023. The increase relates to an increase in cash and cash equivalents and an increase in the investments of the Consortium.

- The Consortium's liabilities increased by $4,508,317 between 2022 and 2023. The increase is primarily due to an increase in reserve for claims and accounts payable and accrued liabilities.

- Total deferred outflows of resources increased by $766,812 between 2022 and 2023. Total deferred inflows of resources decreased by $880,590 between 2022 and 2023. The changes in deferred outflows of resources and deferred inflows of resources is attributed to a change in the Consortium's portion of the State of Ohio's pension and OPEB as of June 30, 2023.

CONDENSED COMPARATIVE FINANCIAL HIGHLIGHTS (Continued)

- 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 $43,093,447 and $40,552,142 at June 30, 2023 and 2022, respectively.

- At June 30, 2023 and 2022, 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, including interest, were $4,387,491 and $2,350,651 as of June 30, 2023 and 2022, respectively.

- For the fiscal year ended June 30, 2023, the Consortium had operating revenues of $433,453,988 and operating expenses of $416,382,041 with operating income of $17,071,947. 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 an operating loss of $4,830,300 . Operating revenues are reflected net of moratoriums of $10,458,589 and $8,781,814 for the fiscal years ended June 30, 2023 and 2022, respectively. Operating income increased due to an increase in operating revenues driven by an increase in members between fiscal years ended June 30, 2023 and 2022.

- For the fiscal year ended June 30, 2023, the Consortium had investment income of $3,700,381 and had interest income from infrastructure loans of $139,956. 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 . Other changes in net position for the fiscal years ended June 30, 2023 and 2022 includes $156,932 and $5,908,359, respectively, of reimbursement of member balances, representing a payout of their account balances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At June 30, 2023, the Consortium had $284,129 invested in 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. Intellectual property is related to proprietary underwriting methodologies and models. Vehicles have useful lives of five years, the computer equipment have useful lives of three years, and intellectual property has a useful life of seven years. Depreciation and amortization are calculated on the straight-line basis over the estimated useful lives of capital assets, with total expense amounting to $324,806 and $339,275 for the years ended June 30, 2023 and 2022, respectively. Additionally, the Consortium has an intellectual property payable of $0 and $732,000 as of June 30, 2023 and 2022. 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.

JEFFERSON HEALTH PLAN
STATEMENT OF NET POSITION
June 30, 2023

ASSETS AND DEFERRED OUTFLOWS

Non-capital assets		
Cash and cash equivalents	$	25,943,238
Investments		190,040,142
Receivables:		
Accounts receivable		260,496
Investment income receivable		747,799
Infrastructure loan receivable		4,368,831
Interest income receivable - infrastructure loans		18,660
Prepaid expenses		150,773
Deposits		417,363
Total non-capital assets		221,947,302
Capital assets net of accumulated depreciation and amortization		639,429
Total assets		222,586,731
Deferred outflows of resources		
Deferred outflows - pension		786,770
Deferred outflows - OPEB		171,658
Total deferred outflows of resources		958,428
Total assets and deferred outflows of resources	$	223,545,159

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION

Liabilities		
Accounts payable and other accrued liabilities	$	2,030,100
Accrued payroll and payroll taxes		140,764
Reserve for claims		43,093,447
Net pension liability		2,025,664
Net OPEB liability		57,938
Unearned revenue		15,353,732
Total liabilities		62,701,645
Deferred inflows of resources		
Deferred inflows - OPEB		19,109
Total deferred inflows of resources		19,109
Net position		
Unrestricted		160,184,976
Investment in capital assets		639,429
Total net position		160,824,405
Total liabilities, deferred inflows, and net position	$	223,545,159

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

JEFFERSON HEALTH PLAN
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
For the Year Ended June 30, 2023

Operating revenues		
Contributions from members - net		$ 412,808,363
Rebates		20,128,857
Other revenues		516,768
	Total operating revenues	433,453,988
Operating expenses		
Claims expenses		385,744,123
Large claim reimbursement expense		7,047,206
Administrative fees		20,670,956
Purchased services		1,591,122
Stop-loss premiums		117,482
Life, vision, and EAP premiums		777,192
Depreciation and amortization		324,806
Affordable Care Act fees and taxes		109,154
	Total operating expenses	416,382,041
	Operating income	17,071,947
Non-operating revenue (loss)		
Investment income		3,700,381
Infrastructure loan interest		139,956
Loss on disposal of assets		(17,131)
	Total non-operating income	3,823,206
Other changes in net position - reimbursement of member balances		(156,932)
Change in net position		20,738,221
Net position		
Beginning of year		140,086,184
End of year		$ 160,824,405

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

JEFFERSON HEALTH PLAN
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023

Cash Flows from Operating Activities		
Cash received from members	$	413,721,865
Cash received from rebates		20,128,857
Cash received from other		482,855
Cash paid for claims		(383,202,818)
Cash paid for large claim reimbursements		(6,254,466)
Cash paid to employees for services		(2,297,342)
Cash paid for administrative and general expenses		(20,663,581)
Net cash provided by operating activities		21,915,370
Cash Flows from Investing Activities		
Investment income received		3,847,797
Issuance of new infrastructure loan		(3,000,000)
Receipts from repayments on infrastructure loans		971,939
Interest received from infrastructure loans		131,177
Purchase of investments		(130,707,439)
Proceeds from sales and maturities of investments		117,892,340
Net cash used in investing activities		(10,864,186)
Cash Flows from Financing Activities		
Reimbursement of member balances		(156,932)
Purchase of capital assets		(116,418)
Payments on intellectual property payable		(732,000)
Net cash used in financing activities		(1,005,350)
Net Increase in Cash and Cash Equivalents		10,045,834
Cash and Cash Equivalents - Beginning of year		15,897,404
Cash and Cash Equivalents - End of year	$	25,943,238

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

Reconciliation of Operating Income to Net Cash provided by Operating Activities		
Operating income	$	17,071,947
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization		324,806
Changes in assets and liabilities:		
Accounts receivable		804,570
Prepaid expenses and other current assets		(106,013)
Deposits		(38,163)
Accounts payable and other accrued liabilities		1,034,598
Accrued payroll and payroll taxes		(15,958)
Pension and OPEB liability, deferred outflows, and deferred inflows		185,095
Reserve for claims		2,541,305
Unearned revenue		113,183
Net cash provided by operating activities	$	21,915,370
Supplemental Disclosures for Noncash Financing Activities:		
Vehicle trade in value	$	22,500

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 145 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, 2023. The Consortium has an aggregate stop-loss policy of $885,653,281 as of June 30, 2023.

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 up to three months of waiver from its monthly contributions based on the above calculation.

A participant may withdraw from the Consortium or any particular benefits program. Three participants withdrew from the Consortium, while eighteen participants enrolled during the period July 1, 2022 through June 30, 2023. For the fiscal year ended June 30, 2023, the Consortium paid out the ending balances for one of the three 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, 2023, the Consortium had fiscal agent expenses of $937,280 and an accounts payable balance of $128,571.

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, 2023, 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).

The Consortium distinguishes operating revenues and expenses from nonoperating items. Operating revenues generally result from participants contributions for insurance coverage, prescription drug rebates and subrogation reimbursements. Operating expenses for the Consortium include the payment of claims, carrier stop loss premiums and administrative and other fees. Nonoperating revenues and expenses are mainly investment income and interest earned from infrastructure loans.

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, commercial paper, negotiable certificates of deposit (CDs), and the State Treasurer's Asset Reserve (STAR Ohio) investment pool. The bonds, commercial paper, 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 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice is encouraged to be given 24 hours in advance of all deposits and withdrawals exceeding $100 million. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount be transacted the following business day(s), but only to the $250 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.

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, 2023.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Receivables and Contributions (Continued)

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, 2023, members were granted moratoria of $10,458,589.

F. Capital Assets

Capital assets, which consist of vehicles, computer equipment, and intellectual property are carried at cost, less accumulated depreciation and amortization. Capital assets are added if the useful life is expected to exceed 12 months and the cost is in excess of $1,500. 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, 2023. 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 and OPEB liability, 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.

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 assets 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 and OPEB 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 assets 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 and OPEB liability explained in Notes 7 and 8.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Net Position

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

At June 30, 2023, 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, 2023, the Consortium paid out $156,932 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 accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures 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.

Q. Adoption of New Accounting Standards

<u>GASB Statement No. 96, *Subscription-Based Information Technology*</u>

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. The Consortium adopted the requirements of the guidance; however, the standard had an insignificant impact on the financials.

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, 2023, 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, 2023:

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.	$ 262,098
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.	210,399
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. The final payment is scheduled for September 2025.	1,019,727
Infrastructure loan is to a member dated November 2022 in the amount of $3,000,000. The infrastructure loan calls for semi-annual payments of $184,330.33, including interest at 4.063%. Payments on this loan began in May 2023. The final payment is scheduled for November 2032.	2,876,607
Total infrastructure loan receivable	$ 4,368,831

The aggregate annual maturities of the infrastructure loans receivable for the five years and thereafter subsequent to June 30, 2023 are as follows:

2024	$ 800,468
2025	822,671
2026	577,490
2027	330,072
2028	342,056
Thereafter	1,496,074
Total	$ 4,368,831

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, 2023, the bank balance of the Consortium's cash deposits was $2,409,220. Based on criteria described at GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2023, $2,159,220 of the Consortium's checking balance of $2,409,220 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. Additionally, the Consortium had $23,311,128 included in cash and cash equivalents that was deposited in money market funds and is not insured by the FDIC.

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, 2023:

	Fair Value	Cost
Bonds	$ 139,929,102	$ 145,846,487
Commercial Paper	31,918,493	31,354,851
Negotiable CDs	12,994,769	13,313,201
STAR Ohio	5,197,778	5,197,778
Total	$ 190,040,142	$ 195,712,317

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, 2023 the Consortium had the following investment maturities:

Investment Type	Measurement Value	Investment Maturities: 6 Months or Less	7 to 12 Months	13 to 18 Months	19 to 24 Months	Greater than 24 Months
Fair Value:						
Bonds	$ 139,929,102	$ 25,732,794	$ 33,634,219	$ 20,515,839	$ 17,110,889	$ 42,935,361
Commercial Paper	31,918,493	30,174,912	1,743,581	0	0	0
Negotiable CDs	12,994,769	1,485,325	485,238	3,591,943	3,139,835	4,292,428
Total Fair Value	184,842,364	57,393,031	35,863,038	24,107,782	20,250,724	47,227,789
STAR Ohio Amortized Cost:						
STAR Ohio	5,197,778	5,197,778	0	0	0	0
	$ 190,040,142	$ 62,590,809	$ 35,863,038	$ 24,107,782	$ 20,250,724	$ 47,227,789

Investment income (loss) in the Consortium's investments is summarized as follows for the fiscal year ended June 30, 2023:

Investment income	$ 4,291,002
Net unrealized and realized loss on investments	(590,621)
Net investment income	$ 3,700,381

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, 2023.

Bonds: Valued using quoted market prices based on various market and industry inputs. Ratings ranging from A2 to Aaa based off Moody's Investor Services rating.

Commercial Paper: Valued using quoted market prices based on various market and industry inputs. Rating of P-1 based off Moody's Investor Services rating.

Negotiable Certificates of Deposit: Valued using quoted market prices based on various market and industry inputs. The negotiable certificates of deposit are not rated but were fully covered by the FDIC.

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, 2023		
Description	**Total**	**Level 1**	**Level 2**	**Level 3**
Bonds:				
Government Agency	$ 77,443,276	$ 0	$ 77,443,276	$ 0
Municipal	18,246,432	0	18,246,432	0
Treasury	44,239,394	0	44,239,394	0
Commercial Paper	31,918,493	0	31,918,493	0
Negotiable CDs	12,994,769	0	12,994,769	0
Total	$ 184,842,364	$ 0	$ 184,842,364	$ 0

5. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2023 was as follows:

Capital Assets	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Vehicles	$ 177,678	$ 138,918	$ 39,631	$ 276,965
Computer equipment	7,164	0	0	7,164
Intellectual property	2,196,000	0	0	2,196,000
Total gross property	2,380,842	138,918	39,631	2,480,129
Accumulated depreciation/amortization	(1,515,894)	(324,806)	0	(1,840,700)
Net	$ 864,948	$ (185,888)	$ 39,631	$ 639,429

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 years ended June 30, 2023 and June 30, 2022.

	2023	2022
Reserves for Unpaid Claims and Claim Adjustment Expenses - Beginning of year	$ 40,552,142	$ 35,265,631
Incurred Claims and Claim Adjustment Expenses		
Provision for claims incurred in current year	367,241,847	346,288,863
Change in provision for claims incurred in prior years	18,502,276	19,156,529
Total incurred claims and claim adjustment expenses	385,744,123	365,445,392
Payments		
Claims and claim adjustment expenses paid for claims incurred in current year	(324,148,400)	(305,736,721)
Claims and claim adjustment expenses paid for claims incurred in prior years	(59,054,418)	(54,422,160)
Total payments	(383,202,818)	(360,158,881)
Reserves for Unpaid Claims and Claim Adjustment Expenses - End of year	$ 43,093,447	$ 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. Effective January 1, 2022, the Combined Plan is no longer available for member selection. 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 ACFR 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:** Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	**State and Local** **Age and Service Requirements:** Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	**State and Local** **Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
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	**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	**Formula:** 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 2023 then 2.05% simple annual COLA.

Funding Policy

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

2023 Statutory Maximum Contribution Rates	**State and Local (%)**
Employer	14
Employee	10
2023 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 $234,109 for the fiscal year June 30, 2023. Of this amount, $27,577 is reported in accrued payroll and payroll taxes at June 30, 2023.

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 the 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 accrued payroll and payroll taxes 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

The net pension liability for the OPERS was measured as of December 31, 2022, 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	$	2,025,664
Proportion of the Net Pension Liability		0.00686%
Change in Proportion Share		0.00092%
Pension Expense	$	527,050

At June 30, 2023, the Consortium reported deferred outflows of resources related to OPERS pension from the following sources:

Deferred outflows of resources		
Differences between expected and actual experience	$	67,284
Net difference between projected and actual earnings on pension plan investments		577,378
Change in assumptions		21,400
Contributions subsequent to the measurement date		120,708
Total deferred outflows of resources	$	786,770

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

$120,708 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, 2024. Other amounts reported as deferred outflows of resources related to pension will be recognized in OPERS pension expense as follows:

Fiscal Year Ended June 30:		
2024	$	78,390
2025		134,881
2026		169,950
2027		282,841
Total	$	666,062

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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:

Assumptions	December 31, 2022 Valuation	December 31, 2021 Valuation
Wage inflation	2.75%	2.75%
Future salary increases, Including inflation	2.75%-10.75%	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 2023, then 2.05% Simple	Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 3.00% Simple through 2023, then 2.05% Simple
Investment rate of return	6.90%	6.90%
Actuarial cost method	Individual entry age	Individual entry age
Mortality tables	Pub-2010	Pub-2010

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

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.

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.1% for 2022.

The allocation of investment assets within the Defined Benefit portfolio is approved by the OPERS Board of Trustees 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 long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation (%)	Weighted Average Long-Term Expected Real Rate of Return (Geometic)(%)
Fixed income	22	2.62
Domestic equities	22	4.6
Real estate	13	3.27
Private equity	15	7.53
International equities	21	5.51
Risk parity	2	4.37
Other investments	5	3.27
Total	100	

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	$ 3,034,381	$ 2,025,664	$ 1,186,597

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.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via a Health Reimbursement Arrangement allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must be 60 years of age with 20 or more years of qualifying service credit or 30 years of qualifying service at any age. 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' ACFR 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 2022, 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 was 0.0% and for Combined plans was 2.0%. 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 2023 was 4.0%.

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

Funding Policy (continued)
For the year ended December 31, 2022, OPERS did not allocate any employer contributions to postemployment health care.

Net OPEB Liability
The net OPEB liability reported on the statement of net position as of June 30, 2023 represents a liability 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 liability 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 liability 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 liabilty 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 and payroll taxes on the accrual basis of accounting.

Net OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB
The net OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, 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 liability 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 Liability	$	57,938
Proportion of Net OPEB Liability		0.009189%
Change in Proportion		0.0007190%
OPEB Income	$	103,420

At June 30, 2023, the Consortium reported deferred inflows and outflows of resources related to OPEB from the following sources:

Deferred outflows:		
Net difference between projected and actual earnings	$	115,068
Change in assumptions		56,590
Total deferred outflows of resources	$	171,658
Deferred inflows:		
Differences between expected and actual experience	$	(14,452)
Change in assumptions		(4,657)
Total deferred inflows of resources	$	(19,109)

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

Fiscal Year Ended June 30:		
2024	$	18,998
2025		42,082
2026		35,882
2027		55,587
Total	$	152,549

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 liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Assumptions	December 31, 2022 Valuation	December 31, 2021 Valuation
Wage inflation	2.75%	2.75%
Projected salary increases, (Including Inflation)	2.75%-10.75% (includes wage inflation 2.75%)	2.75%-10.75% (includes wage inflation 2.75%)
Single discount rate:	5.22%	6.00%
Investment rate of return	6.00%	6.00%
Municipal bond rate	4.05%	1.84%
Health care cost trend rate	5.50% initial, 3.50% ultimate in 2036	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.

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on actual payroll payable at the time contributions are made, and health care related payments all occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6% for 2022.

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

The allocation of investment assets within the Health Care portfolio is approved by the OPERS Board of Trustees 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 long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation (%)	Weighted Average Long-Term Expected Real Rate of Return (Geometric)(%)
Fixed Income	34	2.56
Domestic Equities	26	4.60
REITs	7	4.70
International Equities	25	5.51
Risk Parity	2	4.37
Other Investments	6	1.84
TOTAL	100	

Discount Rate

A single discount rate of 5.22% was used to measure the OPEB liability on the measurement date of December 31, 2022. 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 4.05%. 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 2054. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2054, 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 Liability 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 5.22%, 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 (4.22%) or 1.0% point higher (6.22%) than the current rate:

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
Consortium's proportionate share of the net OPEB liability (asset)	$ 197,046	$ 57,938	$ (56,928)

Sensitivity of the Consortium's Proportionate Share of the Net OPEB liability 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 2023 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 liability	$ 54,266	$ 57,938	$ 61,979

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 was made in 2023 for the consideration of the rights and assignments.

Intellectual property relates to proprietary underwriting methodologies and models. At June 30, 2023, the Consortium had $0 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, 2023 through December 27, 2023, 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, 2023

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.

JEFFERSON HEALTH PLAN
SCHEDULE OF CLAIMS DEVELOPMENT

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1. Required contributions and investment income:										
Earned	$ 132,768,430	$ 181,660,385	$ 249,887,807	$ 278,392,633	$ 283,192,010	$ 295,355,726	$ 322,386,958	$ 351,888,494	$ 382,691,531	$ 426,967,333
Ceded	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	10,458,589
Net	129,064,066	177,295,231	244,679,236	275,301,389	275,787,616	287,282,229	316,309,677	342,553,767	373,909,717	416,508,744
2. Expenses other than allocated claim adjustment expenses	12,099,161	17,793,432	17,678,574	22,170,930	20,362,684	20,200,143	22,062,992	24,970,845	30,978,400	30,637,918
3. Estimated claims and allocated claim adjustment expenses - End of policy year:										
Incurred:	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	367,424,912
Ceded	413,646	12,259	279,886	1,486,412	65,844	53,302	2,695	1,523,136	1,565,924	183,065
Net	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	367,241,847
4. Cumulative paid claims and allocated claim adjustment expenses										
End of policy year	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	320,326,601
One year later	116,640,750	160,932,916	213,272,208	263,429,827	233,650,744	248,195,282	279,880,061	337,060,581	361,341,354	
Two years later	116,691,166	161,058,258	213,272,208	263,429,827	233,650,744	248,195,282	279,880,061	337,060,581		
Three years later	116,691,166	161,058,258	213,272,208	263,429,827	233,650,744	248,195,282	279,880,061			
Four years later	116,691,166	161,058,258	213,272,208	263,429,827	233,650,744	248,195,282	-			
Five years later	116,691,166	161,058,258	213,272,208	263,429,827	233,650,744	-	-			
Six years later	116,691,166	161,058,258	213,272,208	263,429,827	-	-	-			
Seven years later	116,691,166	161,058,258	213,272,208	-	-	-	-			
Eight years later	116,691,166	161,058,258	-	-	-	-	-			
Nine years later	116,691,166	-	-	-	-	-	-			
5. Re-estimated ceded claims and expenses	413,646	12,259	279,886	1,486,412	65,844	53,302	2,695	1,523,136	1,565,924	183,065
6. Re-estimated incurred claims and allocated claim adjustment expenses										
End of policy year	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	367,241,847
One year later	116,640,750	160,932,916	213,272,208	263,409,827	233,650,744	248,195,282	279,880,061	337,060,581	364,791,139	
Two years later	116,691,166	161,058,258	213,272,208	263,409,827	233,650,744	248,195,282	279,880,061	337,060,581		
Three years later	116,691,166	161,058,258	213,272,208	263,409,827	233,650,744	248,195,282	279,880,061			
Four years later	116,691,166	161,058,258	213,272,208	263,409,827	233,650,744	248,195,282	-			
Five years later	116,691,166	161,058,258	213,272,208	263,409,827	233,650,744	-	-			
Six years later	116,691,166	161,058,258	213,272,208	263,409,827	-	-	-			
Seven years later	116,691,166	161,058,258	213,272,208	-	-	-	-			
Eight years later	116,691,166	161,058,258	-	-	-	-	-			
Nine years later	116,691,166	-	-	-	-	-	-			
7. (Decrease) increase in estimated incurred claims and allocated claim adjustment expenses subsequent to initial policy year end	$ (448,107)	$ 3,242,601	$ 5,455,456	$ (399,772)	$ 5,043,132	$ 12,215,923	$ (2,691,217)	$ (19,156,529)	$ (18,502,276)	$ -

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

	2023	2022	2021	2020	2019	* 2018
Traditional pension plan						
Consortium's proportion of the net pension liability	0.0068573 %	0.0059355 %	0.005363 %	0.004276 %	0.005886 %	0.004833 %
Consortium's proportionate share of the net pension liability	$ 2,025,664	$ 516,414	$ 794,143	$ 779,022	$ 1,622,797	$ 770,023
Consortium's covered payroll	$ 1,529,388	$ 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 payroll	132.45 %	39.10 %	66.88 %	82.49 %	175.13 %	66.98 %
Plan fiduciary net position as a percentage of the total pension liability	75.74 %	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-end.

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

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

	2023	2022	2021	2020	2019	2018	* / ** 2017	* 2016	* 2015	* 2014
Contractually required contributions	$ 214,114	184,924	$ 147,643	$ 132,210	$ 129,725	$ 160,947	-	-	-	-
Contributions in relation to the contractually required contributions	(214,114)	(184,924)	(147,643)	(132,210)	(129,725)	(160,947)	-	-	-	-
Contribution deficiency (excess)	$ -	-	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Consortium covered payroll	$ 1,529,388	1,320,885	$ 1,187,469	$ 944,357	$ 926,604	$ 1,149,621				
Contributions as a percentage of covered payroll	14.00%	14.00%	12.43%	14.00%	14.00%	14.00%	0.00%	0.00%	0.00%	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.

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

** OPERS information unavailable for Fiscal Year 2017.

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

	2023	2022	2021	2020	2019
Consortium's proportion of the net OPEB liability (asset)	0.009189 %	0.0084705 %	0.006973 %	0.005795 %	0.006442 %
Consortium's proportionate share of the net OPEB liability (asset)	$ 57,938	$ (265,309)	$ (124,229)	$ 904,939	$ 839,885
Consortium's covered payroll	$ 1,529,388	$ 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	3.79 %	-20.09 %	-10.46 %	95.83 %	90.64 %
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	94.79	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.

JEFFERSON HEALTH PLAN
SCHEDULE OF THE CONSORTIUM'S OPEB CONTRIBUTIONS

	2023	2022	2021	2020	2019	* 2018	* 2017	* 2016	* 2015	* 2014
Contractually required contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contributions	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Consortium covered payroll	$ 1,529,388	$ 1,320,885	$ 1,187,469	$ 944,357	$ 926,604	$ 0	$	$	$	$
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	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.

OHIO PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Notes to Pension Information
Changes of Benefit Terms
None noted.

Changes of Assumptions
For measurement year 2016, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.00% to 7.50%, a reduction in the wage inflation rate from 3.75% to 3.25%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.50% due to lower inflation. The health and disabled mortality assumptions were transitioned from the RP-2000 mortality tables to the RP-2014 mortality tables. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For measurement year 2018, a reduction of the discount rate was made from 7.50% to 7.20%.

For measurement year 2021, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction of the discount rate from 7.20% to 6.90%, a reduction in the wage inflation rate from 3.25% to 2.75%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.50% due to lower inflation. The health and disabled mortality assumptions were transitioned from the RP-2014 mortality tables to the Pub-2010 mortality tables.

Notes to OPEB Information
Changes of Benefit Terms
None noted.

Changes of Assumptions
For measurement year 2017, the single discount rate changed from 4.23% to 3.85%.

For measurement year 2018, the single discount rate increased from 3.85% to 3.96%, the investment rate of return was reduced from 6.50% to 6.00%, and the health care cost trend rate changed from 7.5% initial, 3.25% ultimate in 2028 to 10.0% initial, 3.25% ultimate in 2029.

For measurement year 2019, the single discount rate was reduced from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2029 to 10.5% initial, 3.50% ultimate in 2030.

For measurement year 2020, the single discount rate increased from 3.16% to 6.00% and the health care cost trend rate changed from 10.5% initial, 3.50% ultimate in 2030 to 8.5% initial, 3.50% ultimate in 2035.

For measurement year 2021, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction in the wage inflation rate from 3.25% to 2.75%, lowering of the total salary increases rate by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.50% due to lower inflation, and the health care cost trend rate changing from 8.5% initial, 3.50% ultimate in 2035 to 5.5% initial, 3.50% ultimate in 2034.

For measurement year 2022, the single discount rate changed from 6.00% to 5.22%.

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
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 (*Government Auditing Standards*), the financial statements of The Jefferson Health Plan (the Consortium), as of and for the year ended June 30, 2023, 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 27, 2023.

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 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 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 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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 27, 2023

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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 2/13/2024