

# ***OHIO GOVERNMENT BENEFIT COOPERATIVE***

**LAKE COUNTY, OHIO**

**REGULAR AUDIT**

**For the Year Ended December 31, 2024**







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Columbus, Ohio 43215  
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Board of Directors  
Ohio Government Benefit Cooperative  
One Public Square  
Willoughby, Ohio 44094

We have reviewed the *Independent Auditor's Report* of the Ohio Government Benefit Cooperative, Lake County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2024 through December 31, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ohio Government Benefit Cooperative is responsible for compliance with these laws and regulations.

KEITH FABER  
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

September 10, 2025

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**OHIO GOVERNMENT BENEFIT COOPERATIVE  
LAKE COUNTY  
REGULAR AUDIT  
For the Year Ending December 31, 2024**

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**INDEPENDENT AUDITOR'S REPORT**

Ohio Government Benefit Cooperative  
Lake County  
One Public Square  
Willoughby, Ohio 44094

To the Board of Directors:

***Report on the Audit of the Financial Statements***

***Opinion***

We have audited the financial statements of the Ohio Government Benefit Cooperative, Lake County, Ohio (the Consortium), as of and for the year ended December 31, 2024, 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 Ohio Government Benefit Cooperative, Lake County, Ohio as of December 31, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with the 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Consortium, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***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.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 on pages 5 to 7 and Claims Development Information Schedule (the Schedule) on pages 19 to 20 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2025, on our consideration of the Consortium's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Consortium's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Consortium's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
June 23, 2025

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# **OHIO GOVERNMENT BENEFIT COOPERATIVE**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)**

The discussion and analysis of the Ohio Government Benefit Cooperative's ("the Consortium") financial performance provides an overall review of the Consortium's financial activities for the year ended December 31, 2024. The intent this discussion and analysis is to look at the Consortium's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Consortium's financial performance.

### **Financial Highlights**

Key financial highlights for 2024 are as follows:

- Cash and investments were \$1,310,944 at December 31, 2024.
- The Consortium has retained an independent actuary to determine the loss and loss adjustment expense reserves. Based upon the actuary's report, the loss and loss adjustment expense reserves were \$1,539,000 at December 31, 2024.
- The Consortium had operating and nonoperating revenues of \$19,648,373 and operating expenses of \$22,359,004 for 2024.
- 2024 was the Consortium's seventh year of operation.

### **Using this Annual Report**

This discussion and analysis is intended to serve as an introduction to the Consortium's basic financial statements. The Consortium uses the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

The basic financial statements, which follow this section, provide both long and short-term information about the Consortium's financial status. The statement of net position and the statement of revenue, expenses, and changes in net position provide information about the financial activities of the Consortium. These are followed by the statement of cash flows, which represents detailed information about the changes in the Consortium's cash position during the year.

### **Financial Overview**

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplemental information.

The three basic financial statements presented are as follows:

**Statement of Net Position** - This statement presents information reflecting the Consortium's assets, liabilities, and net position and is categorized into current assets and liabilities.

## OHIO GOVERNMENT BENEFIT COOPERATIVE

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

**Statement of Revenues, Expenses, and Changes in Net Position** - This statement reflects the operating and nonoperating revenue and expenses for the current year. Operating revenue consists primarily of member contributions and reimbursements, with the major sources of operating expenses being claims expenses, excess loss insurance premiums, and general and administrative expenses.

**Statement of Cash Flows** - This statement is presented on the direct method of reporting and reflects cash flows from operating activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents for the year.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 11-17 of this report.

The table below provides a summary of the Consortium's net position of December 31, 2024 and 2023.

	2024	2023
Total Assets	\$ 1,310,944	\$ 3,096,293
Total Liabilities	2,191,662	1,266,380
Net Position		
Unrestricted	(880,718)	1,829,913
Total Net Position	\$ (880,718)	\$ 1,829,913

The table below shows the change in net position for the Consortium's as of December 31, 2024 and 2023.

	2024	2023
Total Revenues	\$ 19,648,373	\$ 18,378,589
Total Expenses	22,359,004	17,889,591
Net Change In Net Position	(2,710,631)	488,998
Net Position at Beginning of Year	1,829,913	1,340,915
Net Position at End of Year	\$ (880,718)	\$ 1,829,913

The decrease in assets is due to the decrease in cash and cash equivalents due to the increase in expenses. The increase in liabilities is due to the increase in unearned revenue and claims payable in the current year. Unearned revenue increased due to a member contribution received in 2024 that is related to 2025. The increase in revenues is due to an increase in contributions and stop loss premiums. The increase in expenses is due to the increase in claims expense.

#### **Capital Assets and Debt Administration**

At December 31, 2024, the Consortium had no capital assets or outstanding debt obligations.

# **OHIO GOVERNMENT BENEFIT COOPERATIVE**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)**

### **Budget Highlights**

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

### **Required Supplemental Information**

Seven years of claims development information can be found on pages 19-20 of this report.

### **Current Financial Related Activities**

The Ohio Government Benefit Cooperative has completed its seventh year of operations. For 2024, the Consortium had an increase of almost thirty percent in claims expense, which contributed to the large decrease in reserves.

### **Contacting the Consortium's Financial Management**

This financial report is designed to provide our members with a general overview of the Ohio Government Benefit Cooperative's finances and to reflect the Consortium's accountability for taxpayer monies that it receives from its members. Questions concerning any of the information in this report or requests for additional financial information should be directed to Cher Hoffman, Treasurer, One Public Square, Willoughby, Ohio 44094.

**OHIO GOVERNMENT BENEFIT COOPERATIVE  
LAKE COUNTY, OHIO**

**STATEMENT OF NET POSITION  
December 31, 2024**

**ASSETS**

**Current Assets:**

Equity in Pooled Cash and Cash Equivalents	\$ 1,310,944
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<b>Total Assets</b>	<u>1,310,944</u>
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**LIABILITIES**

**Current Liabilities:**

Accounts Payable	29,564
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Unearned Revenue	623,098
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Claims Payable	<u>1,539,000</u>
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<b>Total Liabilities</b>	<u>2,191,662</u>
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**NET POSITION**

Unrestricted	<u>(880,718)</u>
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<b>Total Net Position</b>	<u><u>\$ (880,718)</u></u>
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The notes to the financial statements are an integral part of this statement.

**OHIO GOVERNMENT BENEFIT COOPERATIVE  
LAKE COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**OPERATING REVENUES**

Member Contributions	\$ 16,897,513
Prescription Drug Rebates	421,487
Stop Loss Premiums	<u>2,217,504</u>
<b>Total Operating Revenues</b>	<u>19,536,504</u>

**OPERATING EXPENSES**

Claims Expense	17,078,849
Excess Loss Insurance Premiums	3,722,941
Legal and Professional Fees	980,700
Administrative Fees	<u>576,514</u>
<b>Total Operating Expense</b>	<u>22,359,004</u>

Operating Loss	<u>(2,822,500)</u>
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**NONOPERATING REVENUE**

Investment Income	<u>111,869</u>
<b>Total Nonoperating Revenue</b>	<u>111,869</u>
Change in Net Position	<u>(2,710,631)</u>

Net Position - Beginning of Year	<u>1,829,913</u>
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<b>Net Position - End of Year</b>	<u><u>\$ (880,718)</u></u>
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The notes to the financial statements are an integral part of this statement.

**OHIO GOVERNMENT BENEFIT COOPERATIVE  
LAKE COUNTY, OHIO**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**Cash Flows from Operating Activities**

Cash Received for Premiums	\$ 19,536,504
Cash Paid for Premiums and Claims	(19,876,791)
Cash Payments to Vendors for Services	<u>(1,556,931)</u>

<b>Net Cash (Used in) Operating Activities</b>	<b><u>(1,897,218)</u></b>
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**Cash Flows from Investing Activities**

Interest on Investments	<u>111,869</u>
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<b>Net Cash Provided by Investing Activities</b>	<b><u>111,869</u></b>
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Net Decrease in Cash and Cash Equivalents	(1,785,349)
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Cash and Cash Equivalents - Beginning of Year	<u>3,096,293</u>
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<b>Cash and Cash Equivalents - End of Year</b>	<b><u>\$ 1,310,944</u></b>
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**Reconciliation of Operating Loss to Net**

**Cash (Used in) Operating Activities**

Operating Loss	\$ (2,822,500)
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Adjustments:

Increase/(Decrease) in Liabilities:

Accounts Payable	283
Unearned Revenue	623,098
Reserve for Unpaid Claims	<u>301,901</u>

<b>Net Cash (Used in) Operating Activities</b>	<b><u>\$ (1,897,218)</u></b>
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The notes to the financial statements are an integral part of this statement.



**OHIO GOVERNMENT BENEFIT COOPERATIVE  
LAKE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 1 - DESCRIPTION OF THE CONSORTIUM**

The Ohio Government Benefit Cooperative (the “Consortium”) is a legally separate entity organized under Ohio Revised Code Section 9.833. The Consortium was established on December 1<sup>st</sup>, 2017, as a joint self-insurance program formed by several political subdivisions throughout Northeast Ohio. The purpose of the Consortium is to maximize benefits and reduce the costs of medical and prescription drug, vision, dental, life and/or group insurance coverages for their employees and eligible dependents. These coverages are described in the summary of coverage benefits, which has been distributed to all member officers and employees covered by the Plan. Participants should refer to the plan agreement for a complete description of the Plan’s provisions. The Consortium members as of December 31, 2024 were the City of Strongsville, City of Mayfield Heights, City of South Euclid, City of Willoughby, City of Wadsworth, City of Highland Heights, City of Macedonia, City of Conneaut, and the City of Pepper Pike.

**A. Board of Directors**

The Board of Directors is the governing body of the Consortium. Each Consortium member appoints one individual to be its representative on the Board of Directors. The officers of the Board of Directors consist of a Chairman, Vice-Chairman, and Recording Secretary, who are elected at the annual meeting of the Board of Directors and serve until the next annual meeting. All of the authority of the Consortium is exercised by or under the direction of the Board of Directors. The Board of Directors sets and approves all benefit programs to be offered through the Consortium, and all policies and other contracts are accepted or entered into by the Consortium. The Board of Directors sets all premium and other amounts to be paid by the Consortium members. All members of the Board of Directors serve without compensation.

**B. Enrollment by Members**

Participants pay an initial \$500 membership fee to OGBC. OGBC offers two options to participants. Participants may enroll in the joint insurance purchasing program for medical prescription drug, vision dental and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OGBC’s third party administrator. Medical Mutual is the Administrator of the OGBC.

**C. Withdrawal of a Consortium Member**

Any Consortium member, except the Fiscal Agent, may withdraw from the Consortium at least thirty days prior to the effective date of the withdrawal. Upon withdrawal by notice of any self-insured Consortium member, or upon automatic withdrawal for non-payment by any self-insured Consortium member, such self-insured Consortium member shall be solely responsible for the payment of all of its benefit claims run-out.

**OHIO GOVERNMENT BENEFIT COOPERATIVE  
LAKE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 1 - DESCRIPTION OF THE CONSORTIUM - (Continued)**

Upon any withdrawal by any fully-funded Consortium Member, the Consortium shall be solely responsible for all benefit claims run-out for such fully-funded Consortium Member, and such fully-funded Consortium Member shall have no responsibility for its claims run-out.

**D. Contributions**

All members are required to remit monthly contributions to the fiscal agent, which are used to pay claims and related claim settlement expenses, to purchase excess loss insurance for the Plan and to establish and maintain sufficient loss reserves. Each member may require contributions from its employees toward the cost of any benefit program being offered, and such contributions are included in the payments from such member to the fiscal agent. 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. The members' contributions represent an amount in excess of the expected costs of the Plan, which has allowed the Plan to establish reserves for future operations. The funds are maintained in a custodial bank account established for the sole purpose and benefit of the Plan's operations.

**E. Administration of the Plan**

The Plan has entered into an agreement with Mutual Health Services, a division of Medical Mutual Services, LLC, an independent third-party administrator (the "Administrator") to perform claims processing and administrative services. These duties include full responsibility for the approval and payment of claims submitted under the Plan, authority to pay reinsurance, and administrative cost. In addition, the Administrator is required to maintain both a fidelity bond covering all of its agents and employees and an errors and omissions insurance policy.

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

The summary of significant accounting policies of the Consortium is presented to assist in understanding the accompanying financial statements. The financial statements and notes are representations of management who is responsible for their integrity and objectivity.

**A. Basis of Presentation**

The basic financial statements of the Consortium have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**OHIO GOVERNMENT BENEFIT COOPERATIVE  
LAKE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**B. Basis of Accounting**

For financial reporting purposes, the Consortium is engaged in business-type activities and utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recognized when incurred.

The Consortium distinguishes operating revenues and expenses from non-operating items. Operating revenues generally result from charges to members for insurance premiums, loss contributions, and prescription drug rebates. Operating expenses include loss and loss adjustment expenses, insurance premiums, administrative fees and professional fees.

**C. Cash and Investments**

The fiscal agent for the consortium is the finance director of the City of Willoughby. During 2024, the Consortium's investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio). The Consortium's investment in State Treasury Asset Reserve of 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 and is recognized as an external investment pool by the Consortium. The Consortium measures their investment in STAR Ohio as 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 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice should be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the daily transactions to \$250 million, requiring excess amount to 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.

Investments will be reported at fair value, which is based on quoted market prices. For the purposes of the statements of cash flows, the Consortium considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents.

**D. Fair Value Measurements**

The Consortium categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**OHIO GOVERNMENT BENEFIT COOPERATIVE  
LAKE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**E. Reserve for Unpaid Claims**

The Consortium's reserve for unpaid claims is determined using actuarial analysis and is computed in accordance with accepted loss reserving standards. The reserve represents an estimate of the ultimate net cost of all claims incurred which were unpaid at December 31, 2024. This includes an estimate of claims incurred but not yet reported (IBNR) as of December 31, 2024. A 2% margin has been added to the IBNR to reflect expected variability. Loss adjustment expense were calculated as 6% of expected claims.

Although the Consortium considers its experience and industry data in determining such reserves, assumptions and projections as to future events are necessary and ultimate losses may differ significantly from amounts projected. The effects of changes in reserve estimates are included in the statements of revenue, expenses and changes in net position in the period in which estimates are charged. Reserves are not discounted.

**F. Excess Loss Agreement**

The Consortium uses a reinsurance agreement to reduce its exposure to large losses. This excess loss agreement 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 excess loss agreement.

**G. Net Position**

Net position is the excess of revenues over expenses during the period in which the Consortium has been in existence. If adequate provision has been made for the payment of all claims and expenses of the Consortium, the Board of Directors, at its discretion, may distribute surplus funds to members subject to certain restrictions. In lieu of distributing surplus funds, the Board may carry forward the surplus to future years.

**H. Member Contributions**

Member contributions are recognized on an accrual basis and are recorded in the month earned. Contributions receivable represent contributions due, but not received in the current period. Contributions collected in advance of the applicable coverage periods are classified as prepaid assets and unearned revenue.

**I. Estimates**

The preparation of financial statements requires the Consortium to make estimates and assumptions that affect the reported amounts of Consortium assets, liabilities and benefit obligations, and the reported increases and decreases of Consortium assets during the reporting periods. Actual results could differ from those estimates.

**OHIO GOVERNMENT BENEFIT COOPERATIVE  
LAKE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**J. Federal Income Tax**

The Consortium has received an exemption from Federal income tax as an organization formed under Section 501(c)(9) of the Internal Revenue Code. The Consortium is not classified as a private foundation. Under ASC No. 740-10, the Consortium's tax returns for the years are subject to examination by tax authorities.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

**A. Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the Consortium will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the Consortium's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. Ohio law requires that deposits either be insured or protected by:

Eligible securities pledged to the Consortium and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent 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 fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The Consortium's financial institution had enrolled in OPCS as of December 31, 2024.

At December 31, 2024, the bank balance of the Consortium's deposits was \$800,150. \$405,393 of the City's bank balance was covered by Federal Depository Insurance and \$394,757 was uninsured and collateralized. The carrying amount of Consortium's deposits was \$800,150.

The Consortium may invest in the following instruments: U.S. Government Securities, U.S. Government Agency Securities and Instrumentalities of Government Sponsored Agencies, Interest-Bearing Certificates of Deposit, Mutual Funds, and State Treasury Asset Reserve of Ohio, Repurchase Agreements, and Commercial Paper.

**B. Investments**

The Consortium invested in STAR Ohio with a net asset value of \$510,794 as of December 31, 2024.

**OHIO GOVERNMENT BENEFIT COOPERATIVE  
LAKE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 3 - DEPOSITS AND INVESTMENTS – (Continued)**

**Interest Rate Risk**

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Consortium's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase, and that the Consortium's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt obligations. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

**Credit Risk**

The Consortium has no investment policy that would further limit its investment choices other than the limitations imposed by the Ohio Revised Code.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Consortium will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Consortium has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**NOTE 4 – RISK MANAGEMENT**

**A. Medical and Dental Benefits**

The Consortium contracts with a third-party administrator, Mutual Health Services, to process and pay health claims and dental claims incurred by its members. Members pay monthly premiums to the Consortium, based on each member's individual rating. The Fiscal Agent issues payments to the third-party administrator for actual insurance claims processed, stop-loss premiums, and administrative charges.

**B. Stop-Loss Coverage**

The consortium has purchased specific excess insurance coverage from a reinsurer to reduce its exposure to large specific losses. The excess insurance contract permits recovery of a portion of losses in excess of \$200,000 per subscriber. The consortium has also purchased aggregate excess insurance coverage from a reinsurer to reduce its exposure to aggregate losses. The excess insurance contract permits recovery of a portion of losses in excess of 125 percent corridor.

For the year ended December 31, 2024, the amount charged to expense was \$3,722,941.

**OHIO GOVERNMENT BENEFIT COOPERATIVE  
LAKE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 5 – CLAIMS PAYABLE**

The Consortium established a reserve liability that includes a provision for reported and unreported insured events and an estimate of future payment of losses and loss adjustment expenses. The liability was provided by the Consortium's independent actuary, UHAS Health Actuaries, for the last three years as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims</u>	<u>Payments</u>	<u>Ending Balance</u>
2022	\$ 1,795,000	\$ 14,022,093	\$ 14,348,614	\$ 1,468,479
2023	1,468,479	16,245,469	16,613,948	1,100,000
2024	1,100,000	13,392,058	12,953,058	1,539,000

**NOTE 6 – LITIGATION**

The Consortium is not party to any litigation.

**NOTE 7 - THIRD PARTY ADMINISTRATION**

The Consortium has agreements with third party administrators for the purpose of claims administration, claims adjustments, loss control and financial record keeping. For the year ended December 31, 2024, the amount charged to expense was \$576,514.

**NOTE 8 – SUBSEQUENT EVENTS**

The City of South Euclid left the Consortium as of January 1, 2025.

**NOTE 9 – MANAGEMENT'S PLAN**

For fiscal year 2024, the Consortium had a net position deficit of \$(880,718), a change in net position of \$(2,710,631) from fiscal year 2023. The Consortium has increased medical premiums for each of its members for 2024 to help recover from its prior deficit. Cash and cash equivalents has increased and claims liability has decreased from the balance sheet date.

## Required Supplementary Information



## OHIO GOVERNMENT BENEFIT COOPERATIVE

### REQUIRED SUPPLEMENTARY INFORMATION SEVEN-YEAR CLAIMS DEVELOPMENT INFORMATION

The following table illustrates how the Consortium's earned revenues (net of reinsurance) and investment income compares to related costs of loss and other expenses assumed by the Consortium as of the end of the year. The rows of the table are defined as follows:

- (1) This line shows the total of each year's gross earned contributions and reported investment income.
- (2) This line shows each year's other operating costs of the Consortium including overhead and loss expenses not allocable to individual claims.
- (3) This line shows the Consortium's incurred losses originally reported at the end of the year in which the event that triggered coverage occurred (called policy year).
- (4) This section shows the cumulative amounts paid as of the end successive years for each policy year.
- (5) This section shows how each policy year's incurred losses 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 and emergence of new losses not previously known.
- (6) This line compares the latest re-estimated incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred losses currently recognized in less mature policy years. The columns of the table show data for successive policy years.

# OHIO GOVERNMENT BENEFIT COOPERATIVE

## SCHEDULE OF CLAIMS DEVELOPMENT AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023	2022	2021	2020	2019	2018
1. Required Contributions and Investment Revenue:							
Earned	\$ 17,430,869	\$ 16,489,133	\$ 18,448,333	\$ 18,360,355	\$ 12,275,492	\$ 12,087,961	\$ 3,008,949
Ceded	-	-	-	-	-	-	-
Net Earned	17,430,869	16,489,133	18,448,333	18,360,355	12,275,492	12,087,961	3,008,949
2. Unallocated Expenses	1,557,214	1,763,320	1,902,216	2,366,130	1,350,707	1,290,785	554,878
3. Estimated Claims & Expenses. End of Policy Year							
Incurred	17,215,948	12,953,058	14,348,614	16,093,156	9,348,938	8,531,501	1,971,966
Ceded	-	-	-	-	-	-	-
Net Incurred	17,215,948	12,953,058	14,348,614	16,093,156	9,348,938	8,531,501	1,971,966
4. Net Paid (Cumulative) as of:							
End of Policy Year	15,911,802	12,409,214	13,594,598	14,387,709	8,428,508	7,848,357	1,690,966
One Year Later	-	12,353,240	11,488,094	10,781,250	9,482,234	8,621,787	1,852,110
Two Years Later	-	-	11,488,094	10,781,250	9,482,234	8,621,787	1,852,110
Three Years Later	-	-	-	10,781,250	9,482,234	8,621,787	1,852,110
Four Years Later	-	-	-	-	9,482,234	8,621,787	1,852,110
Five Years Later	-	-	-	-	-	8,621,787	1,852,110
Six Years Later	-	-	-	-	-	-	1,852,110
Seven Years Later	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-
5. Re-Estimated Ceded Claims & Expenses	-	-	-	-	-	-	-
6. Re-Estimated Net Incurred Claims & Expenses:							
End of Policy Year	17,215,948	12,953,058	14,348,614	16,093,156	16,093,156	9,348,938	1,971,966
One Year Later	-	12,353,240	11,488,094	10,781,250	10,342,681	9,482,234	1,852,110
Two Years Later	-	-	11,488,094	10,781,250	10,342,681	9,482,234	1,852,110
Three Years Later	-	-	-	10,781,250	10,342,681	9,482,234	1,852,110
Four Years Later	-	-	-	-	10,342,681	9,482,234	1,852,110
Five Years Later	-	-	-	-	-	9,482,234	1,852,110
Six Years Later	-	-	-	-	-	-	1,852,110
Seven Years Later	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-
7. Increase (Decrease) in Estimated Net Incurred Claims & Expenses from End of Policy Year	-	599,818	2,860,520	5,311,906	5,750,475	(133,296)	119,856

\* 2018 was first year of existence

The accompanying notes are an integral part of these Financial Statements

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

Ohio Government Benefit Cooperative  
Lake County  
One Public Square  
Willoughby, Ohio 44094

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Ohio Government Benefits Cooperative, Lake County, Ohio (the Consortium), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements, and have issued our report thereon dated June 23, 2025.

***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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Consortium's internal control. Accordingly, we do not express an opinion on the effectiveness of the Consortium's internal control.

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

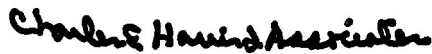
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### ***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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***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.



***Charles E. Harris & Associates, Inc.***  
June 23, 2025

# OHIO AUDITOR OF STATE KEITH FABER



## OHIO GOVERNMENT BENEFIT COOPERATIVE

### LAKE 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 9/23/2025**

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

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