

PUTNAM COUNTY SCHOOLS INSURANCE GROUP

PUTNAM COUNTY

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2024**

PLATTENBURG
Certified Public Accountants



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Trustees
Putnam County Schools Insurance Group
124 Putnam Pkwy
Ottawa, OH 45875-8657

We have reviewed the *Independent Auditor's Report* of the Putnam County Schools Insurance Group, prepared by Plattenburg & 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 Putnam County Schools Insurance Group is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

May 16, 2025

This page intentionally left blank.

**PUTNAM COUNTY SCHOOLS INSURANCE GROUP
PUTNAM COUNTY
FOR THE YEAR ENDED DECEMEBR 31, 2024**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis	4
Financial Statements:	
Statement of Net Position – Cash Basis	8
Statement of Cash Receipts, Disbursements and Changes in Net Cash Position	9
Notes to the Basic Financial Statements	10
Required Supplementary Information:	
Ten-Year Schedule of Loss Development Information	15
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	16
Schedule of Findings	18

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Putnam County Schools Insurance Group

Report on the Audit of the Financial Statements

Opinion

We have audited the cash basis financial statements of the Putnam County Schools Insurance Group (the Group) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Group'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 respective cash basis financial position of the Group, as of December 31, 2024, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the cash basis of accounting described in Note 2.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Group 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.

Emphasis of Matter – Accounting Basis

Ohio Administrative Code 117-2-03(B) requires the Group to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis other than accounting other than accounting principles generally accepted in the United States. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible 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 Group's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole that collectively comprise the Group's basic financial statements.

The Loss Development information is presented for purposes of additional analysis as required by Government Auditing Standards Board and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

We applied no procedures to management's discussion & analysis. Accordingly, we express no opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2025, on our consideration of the Group'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 Group'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 Group's internal control over financial reporting and compliance.

Plattensburg & Associates, Inc.

Plattensburg & Associates, Inc.
Cincinnati, Ohio
March 21, 2025

**PUTNAM COUNTY SCHOOLS INSURANCE GROUP
PUTNAM COUNTY, OHIO**

Management's Discussion and Analysis
For the Calendar Year Ending December 31, 2024

Unaudited

The following report reflects on the financial condition of the Putnam County Schools Insurance Group (the "Group") for the calendar year ended December 31, 2024. Within the limitations of the Group's cash basis of accounting, this information is provided to enhance the information in the financial statements and corresponding notes and should be reviewed in concert with that report.

Financial Highlights, Year Ending December 31, 2024

- Total revenues were \$13.3 million, representing contributions from eleven members during the period from January 1, 2024 through December 31, 2024.
- Total non-operating revenues were \$677,382 during the year.
- Total expenses were \$11.9 million, with claims payments representing \$10.3 million, or 86.7%;
- Stop loss premiums represented \$870,920 or 7.2%; administrative expenses represented \$627,122 or 5.1% and professional fees represented \$148,513 or 1.0%.
- Projected claims and administrative expense liabilities were \$1.4 million at December 31, 2024.

Using these Cash-Basis Financial Statements

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Group's cash basis of accounting. This annual report consists of financial statements and notes to those statements. These statements are organized so the reader can understand the Group's activities. The *Statement of Net Assets – Cash Basis* and the *Statement of Cash Receipts, Cash Disbursements, and Changes in Net Position – Cash Basis* provide information about the activities of the Group.

Reporting the Group's Financial Activities

Statement of Net Position – Cash Basis and Statement of Cash Receipts, Cash Disbursements, and Changes in Net Position -Cash Basis

These statements look at all financial transactions and ask the question, "How did we do financially during 2024?" The Statement of Net Position – Cash Basis and the Statement of Cash Receipts, Cash Disbursements, and Changes in Net Position -Cash Basis answer these questions.

PUTNAM COUNTY SCHOOLS INSURANCE GROUP
PUTNAM COUNTY, OHIO

Management's Discussion and Analysis
For the Calendar Year Ending December 31, 2024

Unaudited

These statements include only net cash position using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid. These two statements report the Group's net position and changes in net position on a cash basis. This change in net cash position is important because it tells the reader that, for the Group as a whole, the cash basis financial position of the Group has improved or diminished.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and liabilities and their related expenses (such as claims payable) are not recorded in these cash basis financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

The table below provides a summary of the Group's net position for 2024 compared to 2023.

Financial Analysis

Statement of Net Position – Cash Basis

	<u>2024</u>	<u>2023</u>
Assets		
Equity in pooled cash & investments	<u>\$ 15,854,114</u>	<u>\$ 13,821,737</u>
Total assets	<u>\$ 15,854,114</u>	<u>\$ 13,821,737</u>
Net Position		
Unrestricted	<u>\$ 15,854,114</u>	<u>\$ 13,821,737</u>
Total net cash position	<u>\$ 15,854,114</u>	<u>\$ 13,821,737</u>

Over time, the net position can serve as a useful indicator of a government's financial position. At December 31, 2024 and 2023 the Group's net cash position totaled \$15,854,114 and \$13,821,737 respectively.

**PUTNAM COUNTY SCHOOLS INSURANCE GROUP
PUTNAM COUNTY, OHIO**

Management's Discussion and Analysis
For the Calendar Year Ending December 31, 2024

Unaudited

The table below shows the changes in net cash position for the years ending December 31, 2024 and 2023. Net position increased \$2,032,377 in 2024.

Change in Net Position -Cash Basis

	<u>2024</u>	<u>2023</u>
Operating cash receipts		
Member contributions	\$13,276,348	\$13,478,298
Total operating receipts	<u>13,276,348</u>	<u>13,478,298</u>
Operating cash disbursements		
Claims	10,274,798	11,224,329
Insurance premiums	870,920	1,005,848
Administrative fees	627,122	526,497
Other fees and charges	34,087	67,193
Liability Insurance	5,370	5,155
Professional fees	109,056	91,174
Total operating cash disbursements	<u>11,921,353</u>	<u>12,920,196</u>
Operating income	<u>1,354,995</u>	<u>558,102</u>
Non-operating cash receipts		
Interest income	677,382	467,493
Total non-operating cash receipts	<u>677,382</u>	<u>467,493</u>
Change in net position	2,032,377	1,025,595
Beginning net position	<u>13,821,737</u>	<u>12,796,142</u>
Ending net position	<u>\$ 15,854,114</u>	<u>\$ 13,821,737</u>

PUTNAM COUNTY SCHOOLS INSURANCE GROUP
PUTNAM COUNTY, OHIO

Management's Discussion and Analysis
For the Calendar Year Ending December 31, 2024

Unaudited

Current Financial Related Activities

The Group is a not-for-profit insurance group owned and operated by nine school districts, an Educational Service Center and one Board of Developmental Disabilities in Putnam County, Ohio. The Group's main source of receipts is premiums paid by the member school districts. The Group also receives interest receipts through investments.

The Insurance Group is committed to providing its member districts with the advantages of a larger buying cooperative, while maintaining control by the local district leadership. Providing coverage for all County schools is a priority for the Group and it is committed to managing the pool to protect the long-term financial interests of its members.

The Group requires its members to participate in the medical/prescription insurance program with individual district choice as to participation in the dental program. The Board of Trustees and its consultant, Huntington Insurance, continually discuss program enhancements, long-term viability and management risks inherent in these insurance programs.

Like all employer-sponsored medical/dental insurance programs, the Group's most significant challenge is the current trend of double-digit increases in health care costs. As costs escalate, the Board is faced with the challenge of balancing the financial constraints facing Ohio's public school districts with offering a quality benefit program for its member's employees. This is further complicated by the fact that each school district in the Group (other than Putnam County Board of DD) must collectively bargain benefit levels with the respective employee unions. Even with these challenges, a collective approach to managing health care within the Group provides many advantages over individually by school district.

Contacting the Group's Financial Management

This financial report is designed to provide our member districts and citizens with a general overview of the Group's finances and to show the Group's accountability for the money it receives. If you have questions about this report or need additional financial information contact Dr. Jan Osborn, Superintendent, Putnam County ESC, 124 Putnam Parkway, Ottawa, Ohio 45875.

Putnam County Schools Insurance Group
Putnam County, Ohio

Statement of Net Position - Cash Basis
December 31, 2024

Assets:

Equity in pooled cash and investments	<u>\$ 15,854,114</u>
Total assets	<u><u>\$ 15,854,114</u></u>

Net Position

Unrestricted	<u>\$ 15,854,114</u>
Total net position	<u><u>\$ 15,854,114</u></u>

The accompanying notes are an integral part of these financial statements

**Putnam County Schools Insurance Group
Putnam County , Ohio**

**Statement of Cash Receipts, Cash Disbursements, and
Changes in Net Cash Position
For the Calendar Year Ended December 31, 2024**

Operating cash receipts:

Contributions from members	\$ 13,276,348
----------------------------	---------------

Total operating cash receipts	<u>13,276,348</u>
-------------------------------	-------------------

Operating cash disbursements:

Professional Fees	109,056
Administrative Fees	627,122
Insurance Premium for Coverages	870,920
Claims	10,274,798
Employee Health Screening, Flu Shots, Physicals, EAP	34,087
Liability Insurance	<u>5,370</u>

Total operating cash disbursements	<u>11,921,353</u>
------------------------------------	-------------------

Operating income	<u>1,354,995</u>
------------------	------------------

Non-operating cash receipts:

Interest Income	<u>677,382</u>
-----------------	----------------

Total non-operating cash receipts	<u>677,382</u>
-----------------------------------	----------------

Change in net position	2,032,377
------------------------	-----------

Net cash position at beginning of year	<u>13,821,737</u>
--	-------------------

Net position at end of year	<u><u>\$ 15,854,114</u></u>
-----------------------------	-----------------------------

The accompanying notes are an integral part of these financial statements

PUTNAM COUNTY SCHOOLS INSURANCE GROUP
Putnam County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 1 – Financial Reporting Entity

The Putnam County Schools Insurance Group, Putnam County, (the “Group”) is a shared risk pool as defined by Government Accounting Standards Board Statement No. 10 and amended by GASB Statement No. 30 created to enable its eleven members (political subdivisions) to obtain insurance coverage, provide methods of paying claims and provide a formalized jointly administered self-insurance pool. Specifically, this Pool provides health and dental benefits to employees of its members.

The governing body of the Group is the Board of Trustees composed of the representatives of members who have been appointed by the respective governing bodies of the members. All representatives shall serve without compensation. As of December 31, 2024, there were eleven participating members of the Group. The Board of Trustees and the treasurer of the fiscal agent (a non-voting, ex-officio member of the Board) shall function as the advisory body to the Group. It shall consist of one representative, being the Superintendent of each member.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.B, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) Pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these cash basis statements contain items that are the same as, or similar to, those items in the financial statements prepared in conformity with GAAP, similar informative disclosures are provided.

A. Basis of Presentation

For the year ended December 31, 2024, the Group has prepared the financial statements in accordance with GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments” format.

The Group’s financial statements consist of a statement of net position and statement of cash receipts, cash disbursements and changes in net cash position.

B. Basis of Accounting

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

PUTNAM COUNTY SCHOOLS INSURANCE GROUP
Putnam County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively. Money market funds and federal agency securities are valued at cost.

D. Budgetary Process

The Group is not required to follow the budgetary process by law, but incorporated in the bylaws that on or before November 30 of each year the trustees shall determine the total estimated group costs for the next fiscal year, separately identifying the portion of the total estimated group costs to be allocated to each member.

E. Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Group had no restricted net position at fiscal year end.

PUTNAM COUNTY SCHOOLS INSURANCE GROUP
Putnam County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 3 – Deposits and Investments

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

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

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

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

The Group primarily funds to meet the basic monetary demands of its claims and administration payments and has not had any Inactive or Interim deposits to invest.

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

PUTNAM COUNTY SCHOOLS INSURANCE GROUP
Putnam County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 3 – Deposits and Investments (continued)

Protection of the Group's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

Deposits

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

At December 31, 2024, the carrying amount of the Group's deposits and the bank balance was \$15,854,114. Of the bank balance, \$15,827,414 was covered by federal depository insurance and \$26,700 was exposed to custodial risk because those deposits were uninsured and uncollateralized. The Group's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance. Although the securities serving as collateral were held by the pledging financial institution's trust department in the District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

Investments

As of December 31, 2024, the District did not hold any investments.

Credit Risk

When market conditions warrant making investments, the Group invests in U.S. Agencies, Treasuries and Mortgage-Backed Securities and places no limit on the amount it may invest in any one issuer. PCSIG's investments may exceed federally insured limits. PCSIG has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on investments.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Group will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Group 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.

PUTNAM COUNTY SCHOOLS INSURANCE GROUP
Putnam County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 4 – Risk Management

The Group contracts with a third party administrator, Medical Mutual of Ohio, to process and pay health claims and dental claims incurred by its members. Members pay monthly premiums to the Group based upon an annual estimate determined by the Executive Board. The Fiscal Officer issues payment to the third party administrator for actual insurance claims processed, stop-loss premiums, and administrative charges.

The Group employs reinsurance agreements (stop-loss coverage of \$200,000) to reduce its risk that large losses may be incurred on medical claims. This allows the Group to recover a portion of losses on claims from re-insurers, although it does not discharge their primary liability.

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

A comparison of the Group's cash and investments to the actuarially-measured liability as of December 31 follows:

	December 31, 2024	December 31, 2023
Cash and Investments	\$ 15,854,114	\$ 13,821,737
Actuarial liabilities	1,455,576	1,557,445

Note 5 – Contracted Services

The Group contracts with Huntington Insurance to assist them with the annual renewals of its health and welfare plans. Huntington Insurance also helps the Group and its members with maintaining the current plan of benefits including design, claim adjudication, customer service, billings and compliance issues. In addition, they review alternative plan design and determine that claims are paid in accordance to specifications of the plan.

Note 6 – Reserve for Claims Losses

Putnam County Schools Insurance Group, under its terms of membership, shall establish adequate reserves for claims and unallocated loss adjustment expenses. In 2024, the Loss Reserve decreased \$101,869 to \$1,455,576. The loss reserve percentage decreased to 11.5%. Total expenses for the years ended December 31, 2024 and 2023, respectively were approximately \$11.9 million and \$12.9 million.

Changes in the Group's reserve for claims losses amount for the two previous years are as follows:

<u>Year</u>	<u>Balance</u>	<u>Claims</u>	<u>Payments</u>	<u>Balance</u>
2023	\$1,378,181	\$11,403,593	\$11,224,329	\$1,557,445
2024	1,557,445	10,172,929	10,274,798	1,455,576

PUTNAM COUNTY SCHOOLS INSURANCE GROUP
Putnam County, Ohio

Required Supplementary Information
Ten-Year Loss Development Information

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Premiums and investment revenue:										
Earned	\$ 7,946,288	\$ 8,656,810	\$ 9,442,361	\$ 10,748,895	\$ 12,717,588	\$ 13,187,791	\$ 13,356,623	\$ 13,519,455	\$ 13,945,791	\$ 13,953,730
Ceded	(517,205)	(548,607)	(476,000)	(484,147)	(773,577)	(819,418)	(1,018,439)	(1,082,167)	(1,082,167)	(870,920)
Net earned	\$ 7,429,083	\$ 8,108,203	\$ 8,966,361	\$ 10,264,748	\$ 11,944,011	\$ 12,368,373	\$ 12,338,184	\$ 12,437,288	\$ 12,863,624	\$ 13,082,810
Unallocated expenses	0	0	0	0	0	0	0	0	0	0
Estimated losses and expenses, end of accident year:										
Incurred	7,898,056	8,623,820	8,730,186	9,944,478	8,269,948	9,006,007	9,306,840	10,572,503	11,224,329	10,274,798
Ceded	0	0	0	0	0	0	0	0	0	0
Net incurred	7,898,056	8,623,820	8,730,186	9,944,478	8,269,948	9,006,007	9,306,840	10,572,503	11,224,329	10,274,798
Net paid cumulative as of:										
End of accident year	8,607,051	9,515,196	9,674,817	11,046,249	8,965,188	10,606,188	10,306,954	11,960,857	12,074,320	11,573,269
One year later	9,316,046	10,406,572	10,619,448	12,148,020	10,565,369	12,206,369	11,307,068	13,349,211	12,924,311	
Two years later	9,316,046	10,406,572	10,619,448	12,148,020	10,565,369	12,206,369	11,307,068	13,349,211		
Three years later	9,316,046	10,406,572	10,619,448	12,148,020	10,565,369	12,206,369	11,307,068			
Four years later	9,316,046	10,406,572	10,619,448	12,148,020	10,565,369	12,206,369				
Five years later	9,316,046	10,406,572	10,619,448	12,148,020	10,565,369					
Six years later	9,316,046	10,406,572	10,619,448	12,148,020						
Seven years later	9,316,046	10,406,572	10,619,448							
Eight years later	9,316,046	10,406,572								
Nine years later	9,316,406	10,406,752								
Re-estimated ceded losses and expenses	0	0	0	0	0	0	0	0	0	0
Re-estimated net incurred losses and expenses:										
End of accident year	7,898,056	8,623,820	8,730,186	9,944,478	8,269,948	9,006,007	9,306,840	10,572,503	11,224,329	10,274,798
One year later	7,898,056	8,623,820	8,730,186	9,944,478	8,269,948	9,006,007	9,306,840	10,572,503	11,224,329	
Two years later	7,898,056	8,623,820	8,730,186	9,944,478	8,269,948	9,006,007	9,306,840	10,572,503		
Three years later	7,898,056	8,623,820	8,730,186	9,944,478	8,269,948	9,006,007	9,306,840			
Four years later	7,898,056	8,623,820	8,730,186	9,944,478	8,269,948	9,006,007				
Five years later	7,898,056	8,623,820	8,730,186	9,944,478	8,269,948					
Six years later	7,898,056	8,623,820	8,730,186							
Seven years later	7,898,056	8,623,820								
Eight years later	7,898,056									
Nine years later	7,898,056	8,623,820								
Increase (decrease) in estimated net incurred losses and expenses from end of accident year	0	0	0	0	0	0	0	0	0	0

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

To the Board of Trustees
Putnam County Schools Insurance Group

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 Putnam County Schools Insurance Group (the Group), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Group's basic financial statements, and have issued our report thereon dated March 21, 2025, wherein we noted the Group uses the cash basis of accounting, which is an accounting basis other than generally accepted accounting principles.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Group'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. Accordingly, we do not express an opinion on the effectiveness of the Group'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 Group's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-001.

Group's Response to Findings

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

Purpose of This Report

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
March 21, 2025

PUTNAM COUNTY SCHOOLS INSURANCE GROUP
SCHEDULE OF AUDIT FINDINGS
December 31, 2024

2024– 001 Finding Type — Noncompliance — GAAP Reporting

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report to the form utilized by the public office. Ohio Administrative Code Section 117-2-03(B) further clarifies the requirements of Ohio Rev. Code 117.38. It was revised in 2015 to require insurance pools to prepare annual GAAP financial report filings. The Group did not prepare its financial statements in accordance with Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(B).

Recommendation:

We recommend the Group prepare its financial statements on the GAAP basis of accounting.

Management's Response:

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient and does not present a higher risk for the Group's assets.

OHIO AUDITOR OF STATE KEITH FABER



PUTNAM COUNTY SCHOOLS INSURANCE GROUP

PUTNAM 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 5/29/2025

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