

# ***SUBURBAN HEALTH CONSORTIUM***

**CUYAHOGA COUNTY, OHIO**

**REGULAR AUDIT**

**For the Year Ended September 30, 2024**







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

Board of Directors  
Suburban Health Consortium  
32000 Chagrin Blvd  
Pepper Pike, OH 44124

We have reviewed the *Independent Auditor's Report* of the Suburban Health Consortium, Cuyahoga County, prepared by Charles E. Harris & Associates, Inc., for the audit period October 1, 2023 through September 30, 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 Suburban Health Consortium is responsible for compliance with these laws and regulations.

KEITH FABER  
Ohio Auditor of State

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

**June 20, 2025**

**This page intentionally left blank.**

**SUBURBAN HEALTH CONSORTIUM  
CUYAHOGA COUNTY  
REGULAR AUDIT  
For the Year Ending September 30, 2024**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Statement of Net Position.....	9
Statement of Revenues, Expenses and Changes in Net Position.....	10
Statement of Cash Flows.....	11
Notes to the Basic Financial Statements.....	12
Required Supplementary Information:	
Ten-Year Loss Development Information.....	23
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	26

**This page intentionally left blank.**

**INDEPENDENT AUDITOR'S REPORT**

Suburban Health Consortium  
Cuyahoga County  
32000 Chagrin Blvd  
Pepper Pike, OH 44124

To the Board of Directors:

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

***Opinion***

We have audited the financial statements of the Suburban Health Consortium, Cuyahoga County, Ohio (Consortium), as of and for the year ended September 30, 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 Consortium as of September 30, 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 and Ten-Year Loss Development Information 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 March 18, 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.***  
March 18, 2025

**SUBURBAN HEALTH CONSORTIUM  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024  
(UNAUDITED)**

The management's discussion and analysis of the Suburban Health Consortium's (the "Consortium") financial performance provides an overall review of the Consortium's financial activities for the fiscal year ended September 30, 2024. The intent of 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 fiscal year 2024 are as follows:

- In total, net position was a deficit of \$3,554,369 at September 30, 2024. This represents an decrease of \$7,062,054, or 201.33%, from September 30, 2023.
- The Consortium had operating revenues of \$112,839,885 and operating expenses of \$120,432,484 for fiscal year 2024. The Consortium had \$88,628 in interest revenue and an increase of \$441,917 in the fair value of the Consortium's investments. Operating loss and the decrease in net position for the fiscal year was \$7,592,599 and \$7,062,054, respectively.

**Using these Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Consortium's financial activities. The *statement of net position* and *statement of revenues, expenses, and changes in net position* provide information about the activities of the Consortium, including all short-term and long-term financial resources and obligations. The *statement of cash flows* provides information about cash provided by or used in various activities of the Consortium.

**Reporting the Consortium Financial Activities**

***Statement of net position, statement of revenues, expenses, and changes in net position and the statement of cash flows***

These documents look at all financial transactions and ask the question, "How did we do financially during fiscal year 2024?" The statement of net position and the statement of revenues, expenses, and changes in net position answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

The statement of net position and the statement of revenues, expenses and changes in net position report the Consortium's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the Consortium as a whole, the *financial position* of the Consortium has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. The Consortium's statement of net position and statement of revenues, expenses, and changes in net position can be found on pages 9-10 of this report.

The statement of cash flows provides information about how the Consortium finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 11 of this report.

**SUBURBAN HEALTH CONSORTIUM  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024  
(UNAUDITED)

***Notes to the Basic Financial Statements***

The notes 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 12-21 of this report.

***Required Supplementary Information***

Ten years of loss development information can be found on pages 23-25 of this report.

**Net Position and Changes in Net Position**

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

	<b>Net Position</b>	
	<u>2024</u>	<u>2023</u>
<b><u>Assets</u></b>		
Current:		
Cash and cash equivalents with fiscal agent	\$ 412,821	\$ 617,804
Investments with fiscal agent	3,555,714	7,435,276
Receivables (net of allowance for uncollectibles):		
Accounts	3,572,532	2,830,872
Accrued interest	<u>15,997</u>	<u>30,949</u>
Total current assets	<u>7,557,064</u>	<u>10,914,901</u>
Noncurrent:		
Investments with fiscal agent	<u>2,106,483</u>	<u>5,374,319</u>
Total assets	<u>9,663,547</u>	<u>16,289,220</u>
<b><u>Liabilities:</u></b>		
Current:		
Claims payable	11,695,700	12,148,370
Unearned revenue	<u>1,522,216</u>	<u>633,165</u>
Total liabilities	<u>13,217,916</u>	<u>12,781,535</u>
<b><u>Net Position:</u></b>		
Unrestricted	<u>\$ (3,554,369)</u>	<u>\$ 3,507,685</u>

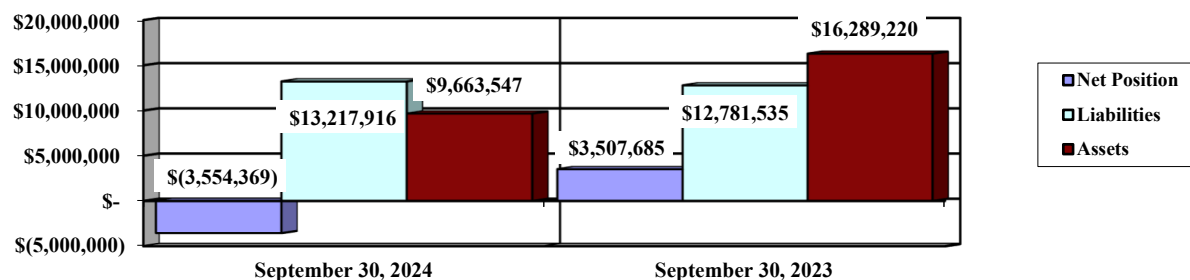
Total assets of the Consortium decreased \$6,625,673, or 40.68%, from September 30, 2023 primarily due to increased claims activity during the fiscal year coupled with three member districts leaving the Consortium effective April 1, 2024. The Consortium has established premiums at a level to build reserves should claims payments increase in a given year. The Consortium will continue to monitor and assess premiums for their sufficiency to cover claims expenses and continue to support reserve levels.

Total liabilities of the Consortium increased \$436,391, or 3.41%, from September 30, 2023 primarily due to an increase in unearned revenue from the prior year. The Consortium had two member districts pay their October 2025 premium in September resulting in the unearned revenue. The liability for claims payable is calculated by the Consortium's independent actuary and estimates the claims incurred and due at September 30, 2024 that will not be paid until after that date.

**SUBURBAN HEALTH CONSORTIUM  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR  
THE FISCAL YEAR ENDED SEPTEMBER 30, 2024  
(UNAUDITED)**

The chart below shows a breakdown of the Consortiums assets, liabilities, and net position for 2024 versus 2023.



The table below shows the changes in net position for fiscal year 2024 and fiscal year 2023.

**Change in Net Position**

	2024	2023	Increase (Decrease)
<u>Operating revenues:</u>			
Participant contributions	\$ 105,445,693	\$ 109,167,807	\$ (3,722,114)
Prescription drug rebates	7,175,225	6,429,052	746,173
Subrogation reimbursements	218,967	102,558	116,409
Total operating revenue	<u>112,839,885</u>	<u>115,699,417</u>	<u>(2,859,532)</u>
<u>Operating expenses:</u>			
Claims	113,885,841	120,770,559	(6,884,718)
Life insurance premiums	43,249	70,338	(27,089)
Carrier stop loss premiums	3,051,279	2,604,515	446,764
Liability insurance premiums	16,992	15,003	1,989
Administration fees	2,870,283	3,048,887	(178,604)
Consulting fees	105,500	90,667	14,833
Legal and professional fees	146,626	133,363	13,263
Miscellaneous fees	312,714	376,424	(63,710)
Total operating expenses	<u>120,432,484</u>	<u>127,109,756</u>	<u>(6,677,272)</u>
Operating loss	<u>(7,592,599)</u>	<u>(11,410,339)</u>	<u>3,817,740</u>
<u>Nonoperating revenues:</u>			
Interest	88,628	205,196	(116,568)
Increase in fair value of investments	441,917	451,935	(10,018)
Total nonoperating revenues	<u>530,545</u>	<u>657,131</u>	<u>(126,586)</u>
Change in net position	<u>(7,062,054)</u>	<u>(10,753,208)</u>	<u>3,691,154</u>
Net position, October 1	<u>3,507,685</u>	<u>14,260,893</u>	
Net position, September 30	<u>\$ (3,554,369)</u>	<u>\$ 3,507,685</u>	

**SUBURBAN HEALTH CONSORTIUM  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024  
(UNAUDITED)**

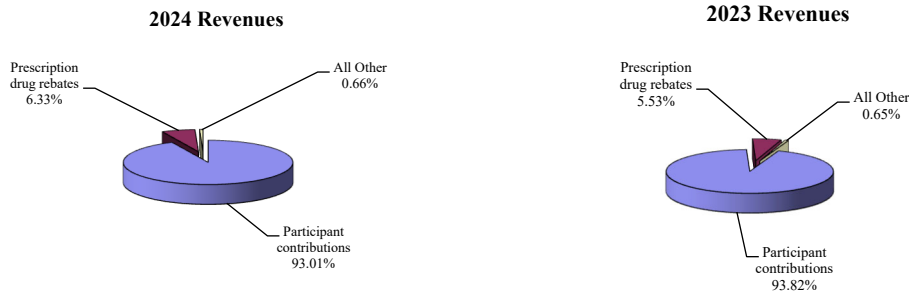
Participant contributions revenue decreased \$3,722,144, or 3.41%, from fiscal year 2023. Sufficient participant contributions are required to ensure that the Consortium is able to meet increasing claims expenses. The decrease in participant contributions can be attributable to three member districts leaving the Consortium effective April 1, 2024. Prescription drug rebates from Express Scripts increased in fiscal year 2024 due to an increase in prescription drug claims subject to rebate. The Consortium's subrogation reimbursements increased from fiscal year 2023 to fiscal year 2024 due to the increase in claims activity.

Interest revenue decreased \$116,568, or 56.81%, from fiscal year 2023 due to less money being invested by the Consortium due to the increased claims activity and the need for liquidity. The Consortium invested primarily in federal agency securities, municipal bonds, negotiable CD's and STAR Ohio during fiscal year 2024. The change in fair value of investments decreased \$10,018 from the prior year. The Consortium intends to hold all investments to maturity thus eliminating the risk due to fluctuations in their fair value while capturing the interest offered by the investments.

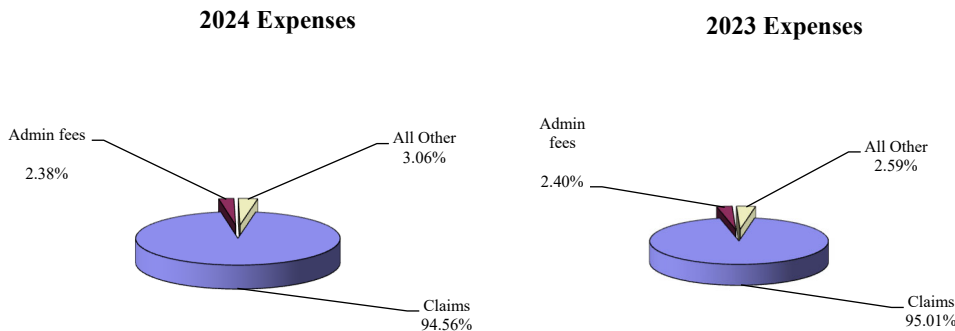
Claims expense decreased primarily due to three member districts leaving the Consortium effective April 1, 2024. For fiscal year 2024, claims expense continued to exceed participant contributions. Administrative fees decreased as the Consortium switched from Medical Mutual of Ohio to Anthem effective April 1, 2024. Carrier stop-loss premiums increased due to increased stop-loss activity. Miscellaneous fees decreased primarily due to costs associated with a dependent eligibility review and audit conducted in fiscal year 2023. All other expenses were comparable to the prior year.

The Consortium aims to maintain premium revenues at a level sufficient to exceed current year claims expense. Claims expense was 108.00% of fiscal year 2024 participant contributions revenue while claims expense was 110.63% of fiscal year 2023 participant contributions revenue. The Consortium switched from Medical Mutual of Ohio to Anthem as their third-party administrator effective April 1, 2024.

The charts below reflect the percentage of the revenues in fiscal year 2024 versus fiscal year 2023.



The charts below reflect the percentage of the expenses in 2024 versus 2023:



**SUBURBAN HEALTH CONSORTIUM  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024  
(UNAUDITED)**

**Current Financial Related Activities**

The Consortium is committed to providing its member school districts with the advantages of a large buying cooperative, while maintaining control by the local district leadership. The Consortium will continue to look at potential members who meet the established criteria. Underwriting considerations are of utmost importance in reviewing new membership applications, as the Consortium is committed to protecting the long-term financial interests of its core members and will not admit a new member that will adversely impact premiums and claims payments.

The Consortium requires its member school districts to participate in the medical and prescription drug insurance programs. It is an individual district choice as to participation in the dental, vision, and life programs. The Consortium Board of Directors and its administrative agent, Assured Partners, continually discuss program enhancements to the existing product line, in addition to watching for new opportunities for member school districts. For fiscal year 2024, the Consortium's net position decreased \$7,062,054 as claims expenses exceeded participant contributions. Establishing premiums that satisfy all claims, administration fees, and other expenses of the Consortium, in addition to enhancing the net position is important for the short-term and long-term interests of the Consortium. Effective October 1, 2024, the Consortium increased member premiums to improve its financial position going forward.

The most significant challenge facing the Consortium's Board of Directors is the current trend of increasing health care costs, primarily medical and prescription drug. The medical and prescription drug programs were the impetus that brought the member school districts together to benefit from the economies of scale that could be reaped from a group of approximately 4,600 covered employees, in lieu of each individual district independently entering the insurance marketplace. As the claim costs for medical and prescription drug continue to escalate, the Board of Directors is faced with the unenviable task of attempting to balance a quality benefits offering within the financial constraints facing Ohio's public school districts. This is much the same as the dilemma facing American businesses today and is complicated by the fact that each member school district in the Consortium must collectively bargain benefit levels with the respective employee unions. The challenge is set before the Consortium and its Board of Directors, and the future looks better from the collective, as opposed to individual, view of the 17-member school districts.

**Contacting the Consortium's Financial Management**

This financial report is designed to provide our member school districts, potential member school districts and investors and creditors with a general overview of the Consortium's finances and to show the Consortium's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Todd Puster, Treasurer, Orange City School District, 32000 Chagrin Blvd., Pepper Pike, Ohio 44124-5974 or by email at [tpuster@orangecsd.org](mailto:tpuster@orangecsd.org).

**SUBURBAN HEALTH CONSORTIUM**  
**CUYAHOGA COUNTY, OHIO**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2024**

**ASSETS:**

**Current assets:**

Cash and cash equivalents with fiscal agent	\$ 412,821
Investments with fiscal agent	3,555,714
Receivables:	
Accounts	3,572,532
Accrued interest	15,997
	<hr/>
Total current assets	7,557,064
	<hr/>

**Noncurrent assets:**

Investments with fiscal agent	2,106,483
	<hr/>
Total assets	9,663,547
	<hr/>

**LIABILITIES:**

**Current liabilities:**

Claims payable	11,695,700
Unearned revenue	1,522,216
	<hr/>
Total liabilities	13,217,916
	<hr/>

**NET POSITION:**

Unrestricted	\$ (3,554,369)
	<hr/> <hr/>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**SUBURBAN HEALTH CONSORTIUM**  
**CUYAHOGA COUNTY, OHIO**  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Operating revenues:	
Participant contributions	\$ 105,445,693
Prescription drug rebates	7,175,225
Subrogation reimbursements	218,967
	<hr/>
Total operating revenues	112,839,885
	<hr/>
Operating expenses:	
Claims	113,885,841
Life insurance premiums	43,249
Carrier stop loss premiums	3,051,279
Liability insurance premium	16,992
Administration fees	2,870,283
Consulting fees	105,500
Legal and professional fees	146,626
Miscellaneous	312,714
	<hr/>
Total operating expenses	120,432,484
	<hr/>
Operating loss	(7,592,599)
	<hr/>
Nonoperating revenues:	
Interest	88,628
Increase in fair value on investments	441,917
	<hr/>
Total nonoperating revenues	530,545
	<hr/>
Change in net position	(7,062,054)
Net position, October 1	3,507,685
	<hr/>
Net position, September 30	\$ (3,554,369)
	<hr/>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**SUBURBAN HEALTH CONSORTIUM**  
**CUYAHOGA COUNTY, OHIO**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

**Cash flows from operating activities:**

Cash received from participants	\$ 106,334,744
Cash received from prescription drug rebates	6,433,565
Cash received from subrogation reimbursements	218,967
Cash payments for claims	(114,338,511)
Cash payments for life insurance premiums	(43,249)
Cash payments for carrier stop loss premiums	(3,051,279)
Cash payments for liability insurance premiums	(16,992)
Cash payments for administration fees	(2,870,283)
Cash payments for consulting fees	(105,500)
Cash payments for legal and professional fees	(146,626)
Cash payments for miscellaneous expenses	(312,714)
	<hr/>
Net cash (used in) operating activities	(7,897,878)
	<hr/>

**Cash flows from investing activities:**

Redemption of investments	7,589,315
Interest received	103,580
	<hr/>
Net cash provided by investing activities	7,692,895
	<hr/>

Net decrease in cash and cash equivalents with fiscal agent (204,983)

**Cash and cash equivalents with fiscal agent, October 1 617,804**

**Cash and cash equivalents with fiscal agent, September 30 \$ 412,821**

**Reconciliation of operating loss to net cash (used in) operating activities:**

Operating loss	\$ (7,592,599)
Adjustments to reconcile operating loss to net cash (used in) operating activities:	
Changes in assets and liabilities:	
(Increase) in accounts receivable	(741,660)
Increase in unearned revenue	889,051
(Decrease) in claims payable	(452,670)
	<hr/>
Net cash (used in) operating activities	\$ (7,897,878)
	<hr/>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**SUBURBAN HEALTH CONSORTIUM  
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 1 - DESCRIPTION OF THE ENTITY**

The Suburban Health Consortium (the “Consortium”) is a legally separate entity organized under Ohio Revised Code Section 9.833. The Consortium was established on October 1, 2001, formed by the Boards of Education of several school districts in northeast Ohio, for the purposes of maximizing benefits and/or reducing costs of group health, life, dental and/or other insurance coverage for their employees and the eligible dependents and designated beneficiaries of such employees.

Some of the more significant provisions of the Consortium are as follows:

**A. Board of Directors**

The Board of Directors shall be the governing body of the Consortium. The Board of Education of each Consortium Member appoints its Superintendent or such Superintendent’s designee, to be its representative on the Consortium’s 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 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 by or through the Consortium, and all policies and other contracts are accepted or entered into by the Consortium. The Board of Directors sets all premiums and other amounts to be paid by the member school districts, and the Board of Directors has the authority to waive premiums and other payments. All members of the Board of Directors serve without compensation.

**B. Executive Committee**

The Executive Committee consists of three members of the Board of Directors: the Chairman, and two other members. The Executive Committee has the full powers of the Board of Directors to manage and conduct affairs of the Consortium between meetings of the Board of Directors. The Executive Committee is specifically authorized and directed to review and decide all appeals and challenges by employees, their eligible dependents and designated beneficiaries of adverse determinations by the Plan Administrator or care or coverage under benefit programs offered by the Consortium.

The Board of Directors may ratify any action authorized or taken by the Executive Committee or may rescind and overrule any such action.

**C. Fiscal Agent**

The Fiscal Agent is responsible for administering the financial transactions of the Consortium. For fiscal year 2024, the Orange City School District (the “School District”) served as Fiscal Agent for the Consortium. The Fiscal Agent carries out the responsibilities of the Consortium Fund, enters into contracts on behalf of the Consortium as authorized by the Board of Directors and carries out such other responsibilities as approved by the Board of Directors and agreed to by the Fiscal Agent. The Treasurer of the Fiscal Agent is the Treasurer of the Consortium. The Fiscal Agent is reimbursed for such costs incurred by it in carrying out its responsibilities as may be approved by the Board of Directors.

**D. Benefits**

Member school district contributions are used to provide and/or purchase health, dental, life and/or other insurance benefits as provided for in the Consortium Agreement and as established by law. The Board of Directors determines, at their discretion, the insurance benefits to be provided by or through the Consortium. Benefit selections may vary among the member school districts for any type of benefit program. The Board of Directors determines, at their discretion, which insurance carriers and policies to utilize to provide benefits pursuant to the Consortium Agreement.

**SUBURBAN HEALTH CONSORTIUM  
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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

**E. Enrollment by Member School Districts**

Each member school district decides which benefit program(s) offered by or through the Consortium shall be extended to its employees. Upon joining the Consortium, each member school district is required to enroll in a health benefit program (except as otherwise agreed by at least two-thirds of the Board of Directors).

**F. Consortium Fund**

The Consortium Fund consists of all payments made to the Fiscal Agent in accordance with the Consortium Agreement, policy dividends or rate refunds (whether received by the Consortium or left with the insurance carriers to accumulate with interest), investments made by the Fiscal Agent and income there from, and any other money or property which shall come into the hands of the Consortium in connection with the administration of benefit programs and the Consortium.

The Fiscal Agent may use the Consortium Fund for purposes such as, but not limited to:

1. To pay all expenses which the Board of Directors consider necessary in establishing and administering the Consortium;
2. To pay premiums of the Consortium's policies;
3. To make investments in accordance with the Consortium Agreement;
4. To make refunds to member school district; and,
5. To provide and/or purchase health insurance, life insurance, dental insurance and/or other insurance benefits.

**G. Termination / Withdrawal of a Member School District**

It is the express intention of the member school districts that the Consortium Agreement and the Consortium shall continue for an indefinite term but may be terminated as provided in the Consortium Agreement. Any member school district, except for the Fiscal Agent, wishing to withdraw from participation in the Consortium or any benefit program shall notify the Fiscal Agent at least one-hundred-eighty (180) days prior to the effective date of withdrawal. The Fiscal Agent may resign as the Fiscal Agent of the Consortium and/or withdraw from the Consortium or any benefit program at any time by giving written notice of the date of such resignation and/or withdrawal to each member school district and to the Chairman of the Board of Directors at least one hundred eighty (180) days prior to the date of resignation and/or withdrawal. Specifics governing the withdrawal of a member school district and the run out of all claims for such member school district are addressed in Section 10 of the Consortium Agreement.

**H. Contributions**

Each member school district enrolled in a benefit program may require contributions from its employees toward the cost of any benefit program being offered by such member school district, and such contributions are included in the payments from such member school district to the Fiscal Agent for the benefit program. Contributions are to be submitted by each member school district, to the Fiscal Agent, required under the terms of the Consortium Agreement and any benefit program in which such member school district is enrolled to the Fiscal Agent on a monthly basis, or as otherwise required in accordance with any benefit program in which such member school district is enrolled. All general administrative costs incurred by the Consortium that are not covered by the premium payments shall be shared equally by the member school districts as approved by the Board of Directors and shall be paid by each member school district upon receipt of notice from the Fiscal Agent that such payment is due.

**SUBURBAN HEALTH CONSORTIUM  
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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

The 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. The Consortium's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the Consortium are not misleading. On this basis, no governmental organizations other than the Consortium itself are included in the financial reporting entity.

**B. Fund Accounting**

The Consortium maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of government entities in which legal or other restraints require the recording of specific receipts and disbursements. The Consortium uses an enterprise fund to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or 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.

**C. Basis of Accounting/Measurement Focus**

The basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

For financial statement presentation purposes, the Consortium utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

The Consortium's activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the Consortium's operations are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position.

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. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**SUBURBAN HEALTH CONSORTIUM  
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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

**D. Cash and Investments with Fiscal Agent**

The Consortium's Fiscal Agent maintains the Consortium financial activity under a specific fund designated for Consortium activity. The Fiscal Agent is responsible for administering the financial transactions of the Consortium. For fiscal year 2024, the Orange City School District served as Fiscal Agent for the Consortium.

The Treasurer of the Consortium, who also serves as Treasurer of the Fiscal Agent (the Orange City School District) has established a separate depository account for Consortium activities and purchases specific investments for the Consortium. The interest earnings on these Consortium accounts are distributed to the Consortium.

During fiscal year 2024, investments purchased by the Fiscal Agent for the Consortium were limited to Federal National Mortgage Association (FNMA) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Home Loan Bank (FHLB) securities, Federal Farm Credit Bank (FFCB) securities, municipal bonds, U.S. Treasury notes, negotiable certificates of deposit (negotiable CDs), a U.S. government money market mutual fund, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for investments in STAR Ohio, investments are reported at fair value.

The fair value of investments was \$122,289 less than their cost basis at September 30, 2024 and was \$564,206 less than their cost basis at September 30, 2023. The fluctuation in the fair values of investments of \$441,917 is reported as a nonoperating revenue in the financial statements.

The Consortium invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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 Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Consortium measures their 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 an NAV per share that approximates fair value.

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding \$100 million is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the 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.

For purposes of the statement of net position and the statement of cash flows, investments purchased by the Fiscal Agent for the Consortium with original maturities of three months or less at the time they are purchased are considered to be "cash equivalents". Investments purchased by the Fiscal Agent for the Consortium with original maturities of more than three months at the time they are purchased are considered to be "investments". An analysis of the Consortiums cash and investments with its Fiscal Agent at fiscal year-end is provided in Note 3.

**E. Budgetary Process**

Each member school district of the Consortium are required by Ohio law to adopt an annual budget. The Consortium itself is not required to follow the budgetary process and, therefore, no budgetary information is provided in these basic financial statements.

**SUBURBAN HEALTH CONSORTIUM  
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

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

**F. Estimates**

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**G. Fair Value Measurements**

The Consortium categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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.

**NOTE 3 - CASH AND INVESTMENTS WITH FISCAL AGENT**

The Treasurer of the Consortium, who also serves as Treasurer of the Fiscal Agent, maintains a specific depository account and purchases specific investments for the Consortium. The deposit and investment of Consortium monies follows the investment policy of the School District. The following disclosures are required by GASB Statement No. 40, "Deposits and Investment Risk Disclosures".

State statutes allow the School District as Fiscal Agent for the Consortium to deposit or invest the Consortium's monies in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation 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, and Government National Mortgage 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, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,

**SUBURBAN HEALTH CONSORTIUM  
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 3 - CASH AND INVESTMENTS WITH FISCAL AGENT - (Continued)**

8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

As Fiscal Agent, the School District maintains a separate depository account and a separate investment account for monies specific to the Consortium. The amounts held in the depository account and the investment account at fiscal year-end are described below.

**A. Deposits with Fiscal Agent held in Financial Institutions**

At June 30, 2024, the carrying amount and bank balance of all Consortium deposits was \$78,007. The entire bank balance was covered by the FDIC. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Consortium to a successful claim by the FDIC.

**B. Investments with Fiscal Agent**

At September 30, 2024, the Consortium had the following investments purchased by the Fiscal Agent:

Measurement/ <u>Investment type</u>	Measurement Value	Investment Maturities		
		6 months or less	7 to 12 months	13 to 18 months
<i>Fair Value:</i>				
FNMA	\$ 1,755,809	\$ 596,531	\$ 386,122	\$ 773,156
FHLMC	480,341	-	-	480,341
FHLB	2,121,089	1,116,092	152,011	852,986
Municipal bonds	367,096	367,096	-	-
Negotiable CD's	937,862	243,600	694,262	-
U.S. Government money market mutual funds	233,295	233,295	-	-
<i>Amortized Cost:</i>				
STAR Ohio	<u>101,519</u>	<u>101,519</u>	<u>-</u>	<u>-</u>
Total	\$ 5,997,011	\$ 2,658,133	\$ 1,232,395	\$ 2,106,483

**SUBURBAN HEALTH CONSORTIUM  
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 3 - CASH AND INVESTMENTS WITH FISCAL AGENT - (Continued)**

The weighted average maturity of investments is 0.67 years. The weighted average of maturity of investments in STAR Ohio is 45 days.

The Consortium's investments purchased by the Fiscal Agent in U.S. Government Money Market Mutual Funds are valued using quoted market prices in active markets (Level 1 inputs). The Consortium's investments purchased by the Fiscal Agent in federal agency securities (FNMA, FHLMC, FHLB), negotiable CDs, and municipal bonds are valued using quoted market prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs). As discussed in Note 2.D, investments in STAR Ohio is reported at its net asset value.

Disclosures regarding investments of the Consortium are as follows:

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the School District's investment policy (which the Consortium follows) limits investment portfolio maturities to five years or less.

*Credit Risk:* The Consortiums investments in federal agency securities (FNMA, FHLMC, FHLB) were rated Aaa by Moody's Investor Services and AAA/AA+ by Standard & Poor's. STAR Ohio and the U.S. government money market mutual funds were rated AAAM by Standard & Poor's. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard service. The municipal bonds were rated Aa2 and AA/AA+ by Moody's and Standard & Poor's, respectively. The negotiable CDs are not rated but were fully covered by the FDIC. The School District's investment policy (which the Consortium follows) does not specifically address credit risk beyond the adherence to all relevant sections of 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 School District, as Fiscal Agent for the Consortium, will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Consortium's investments in federal agency securities (FNMA, FHLMC, FHLB), and municipal bonds are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the School District's or Consortium's name. The School District's investment policy (which the Consortium follows) does not deal with investment custodial credit risk beyond the requirements in State statute that prohibits payment for investments prior to delivery of the securities representing such investments to the treasurer or qualified trustee.



**SUBURBAN HEALTH CONSORTIUM  
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 3 - CASH AND INVESTMENTS WITH FISCAL AGENT - (Continued)**

*Concentration of Credit Risk:* The School District's investment policy (which the Consortium follows) places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Consortium at September 30, 2024:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FNMA	\$ 1,755,809	29.28
FHLMC	480,341	8.01
FHLB	2,121,089	35.37
Municipal bonds	367,096	6.12
Negotiable CDs	937,862	15.64
U.S. Government money market mutual funds	233,295	3.89
<i>Amortized Cost:</i>		
STAR Ohio	101,519	1.69
Total	<u>\$ 5,997,011</u>	<u>100.00</u>

**C. Reconciliation of Cash and Investments with Fiscal Agent to the Statement of Net Position**

The following is a reconciliation of cash and investments with Fiscal Agent as reported in the note above to cash and investments with Fiscal Agent reported on the statement of net position as of September 30, 2024:

<u>Cash and investments with Fiscal Agent per note</u>	
Carrying amount of deposits with Fiscal Agent	\$ 78,007
Investments with Fiscal Agent	<u>5,997,011</u>
Total	<u>\$ 6,075,018</u>
<u>Cash and investments with Fiscal Agent per financial statements</u>	
Cash and cash equivalents with Fiscal Agent	\$ 412,821
Investments with Fiscal Agent - current	3,555,714
Investments with Fiscal Agent - noncurrent	<u>2,106,483</u>
Total	<u>\$ 6,075,018</u>

**NOTE 4 - RISK MANAGEMENT**

The Consortium is a jointly governed organization which acts as a governmental risk pool for health, life, dental and/or other insurance coverage for its 17-member school districts. The risk of loss for loss transfers from the member school districts to the Consortium upon payment of the monthly premium.

The Consortium employs the services of an outside consultant, Assured Partners, to assist them in administering the Consortium. For the period October 1, 2023 through March 31, 2024, the Consortium used Medical Mutual of Ohio as their third-party administrator. Effective April 1, 2024, the Consortium switched their third-party administrator from Medical Mutual of Ohio to Anthem. Anthem administers the following lines of coverage: hospital base, medical/surgical, supplemental major medical, comprehensive major medical, dental, vision and super medical select. Prescription drug benefits are provided and administered by Express Scripts.

**SUBURBAN HEALTH CONSORTIUM  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

**NOTE 4 - RISK MANAGEMENT - (Continued)**

No employer, employee, or person claiming benefit by or through an employee shall have any claim against the Consortium or any property of the Consortium. The rights and interest of employees and persons claiming by or through employees shall be limited receipt benefits offered by or through the Consortium in accordance with the Consortium Agreement. The Consortium purchases or otherwise provides for the benefit of itself, the Board of Directors and/or the Fiscal Agent such liability insurance with such limits of coverage as approved by the Board of Directors. The aggregate claims liability of the Consortium shall not exceed one-hundred twenty percent (120%) of expected claims. Any member school district which withdraws from the Consortium pursuant to the Consortium Agreement has no claim to the Consortium's assets.

It is not necessary for each member school district to hold a reserve for Incurred But Not Reported (IBNR) claims. The IBNR information is presented by the Consortium as required by GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", and is not available on a District-by-District basis.

The Consortium is self-insured for member school district employee health insurance claims but maintains stop gap loss insurance with Anthem for \$500,000 on an individual basis. The Self Insurance Fund pays covered claims to service providers and recovers these costs from premium charges to member school districts based on calculations provided with the consortium's consultant Group Healthcare Consultants in conjunction with Anthem which is the third-party administrator.

The claims liability of \$11,695,700 reported at September 30, 2024, is based on an actuarial estimate provided by the third party administrator and the requirements of GASB Statement No. 10 as amended by GASB Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Changes in claims activity for the fiscal years ended September 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Claims payable at beginning of fiscal year	\$ 12,148,370	\$ 9,970,255
<u>Claims expenses:</u>		
Claims expenses for insured events of the current period	116,109,180	120,332,403
Increase (decrease) in claims expenses for insured events of the prior years	<u>(2,223,339)</u>	<u>438,156</u>
Total claims expenses	<u>113,885,841</u>	<u>120,770,559</u>
<u>Payments:</u>		
Claims expenses paid attributable to insured events of the current year	105,324,837	109,133,905
Claims expenses paid attributable to insured events of prior years	<u>9,013,674</u>	<u>9,458,539</u>
Total claims payments	<u>114,338,511</u>	<u>118,592,444</u>
Claims payable at end of fiscal year	<u>\$ 11,695,700</u>	<u>\$ 12,148,370</u>

**NOTE 5 - LITIGATION**

The Consortium is not party to legal proceedings which, in the opinion of Consortium management, would have a material effect, if any, on the financial condition of the Consortium.

**SUBURBAN HEALTH CONSORTIUM  
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024**

**NOTE 6 - RECEIVABLES**

All receivables are shown net of an allowance for uncollectible amounts, as applicable, and are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. At September 30, 2024, the Consortium reported a \$15,997 accrued interest receivable for accrued interest on investments and \$3,572,532 accounts receivable for prescription drug rebates due to the Consortium related to fiscal year 2024 activity. All receivables are expected to be collected within one year and have been recorded as current assets.

**NOTE 7 - CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2024, the Consortium has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*" and Implementation Guide No. 2023-1.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously report by the Consortium.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the Consortium.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the Consortium.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the Consortium.

THIS PAGE IS INTENTIONALLY LEFT BLANK

**SUBURBAN HEALTH CONSORTIUM  
CUYAHOGA COUNTY, OHIO**

**TEN-YEAR LOSS DEVELOPMENT INFORMATION**

The following table illustrates how the Consortium's earned revenue 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 fiscal year's gross earned premiums and reported investment income.
- (2) This line shows each fiscal year's other operating costs of the Consortium including overhead and loss adjustment expenses not allocable to individual claims.
- (3) This line shows the Consortium's gross incurred losses and allocated loss adjustment expense as originally reported at the end of the year in which the event that triggered coverage occurred (called *accident year* ).
- (4) This section shows the cumulative net amounts paid as of the end of the accident year.
- (5) This section shows how each accident year's net incurred losses increased or decreased as of the end of the year. (This annual re-estimation results from new information received on known losses, re-evaluation of existing information on known losses and emergence of new losses not previously known).
- (6) This line compares the latest re-estimated net 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 accident years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature accident years. The columns of the table show data for successive accident years. Loss development information for the fiscal years ended September 30, 2015 through 2024 is provided on the next page.

**SUBURBAN HEALTH CONSORTIUM  
CUYAHOGA COUNTY, OHIO**

**TEN-YEAR LOSS DEVELOPMENT INFORMATION (CONTINUED)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>1. Premiums and investment income</b>	\$ 73,535,544	\$ 76,098,020	\$ 82,535,391	\$ 90,867,806	\$ 98,870,711
<b>2. Unallocated expenses</b>	4,903,270	5,372,109	4,735,516	4,829,063	5,137,567
<b>3. Estimated losses incurred and expense, end of year</b>	76,719,407	79,009,686	83,370,821	87,792,064	94,064,140
<b>4. Paid, cumulative as of:</b>					
End of accident year	67,968,103	72,560,865	78,401,037	81,507,736	86,797,903
One year later	72,978,872	79,137,508	83,301,405	87,975,675	93,922,531
Two years later	73,117,091	78,818,317	83,284,640	88,002,360	93,962,887
Three years later	73,091,212	78,913,707	83,285,049	87,993,114	93,973,302
Four years later	73,091,212	78,913,841	83,291,681	87,998,397	93,975,566
Five years later	73,091,467	78,925,684	83,291,681	87,998,911	93,981,768
Six years later	73,098,252	78,926,582	83,291,863	88,001,011	-
Seven years later	73,098,674	78,926,582	83,291,863	-	-
Eight years later	73,098,674	78,926,582	-	-	-
Nine years later	73,098,674	-	-	-	-
<b>5. Re-estimated incurred losses and expense:</b>					
End of accident year	76,719,407	79,009,686	83,370,821	87,792,064	94,064,140
One year later	73,552,755	79,678,545	83,789,225	88,666,388	94,697,842
Two years later	73,128,753	78,783,986	83,293,037	88,005,351	93,968,229
Three years later	73,154,632	78,913,707	83,285,049	87,993,114	93,973,302
Four years later	73,091,212	78,913,841	83,291,681	87,998,397	93,975,566
Five years later	73,091,467	78,925,684	83,291,681	87,998,911	93,981,768
Six years later	73,098,252	78,926,582	83,291,863	88,001,011	-
Seven years later	73,098,674	78,926,582	83,291,863	-	-
Eight years later	73,098,674	78,926,582	-	-	-
Nine years later	73,098,674	-	-	-	-
<b>6. Increase (decrease) in estimated incurred losses and expenses from end of accident year</b>	(3,620,733)	(83,104)	(78,958)	208,947	(82,372)

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 104,806,179	\$ 103,139,457	\$ 104,155,928	\$ 109,373,003	\$ 105,534,321
5,463,428	5,776,305	6,319,361	6,339,197	6,546,643
96,159,143	101,615,539	110,960,877	120,332,403	116,109,180
88,887,240	92,692,452	101,835,305	109,133,905	105,324,837
97,257,760	102,472,620	111,125,210	118,093,572	-
97,114,913	102,595,972	111,158,641	-	-
97,157,235	102,603,790	-	-	-
97,161,691	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
96,159,143	101,615,539	110,960,877	120,332,403	116,109,180
98,051,090	103,328,312	112,058,147	118,999,469	-
97,103,904	102,612,907	111,162,021	-	-
97,157,235	102,605,870	-	-	-
97,161,691	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,002,548	990,331	201,144	(1,332,934)	-

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

Suburban Health Consortium  
Cuyahoga County  
32000 Chagrin Blvd  
Pepper Pike, OH 44124

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 Suburban Health Consortium, Cuyahoga County, Ohio (the Consortium), as of and for the year ended September 30, 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 March 18, 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.

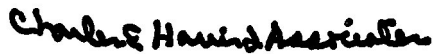


***Compliance and Other Matters***

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.***  
March 18, 2025

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



**SUBURBAN HEALTH CONSORTIUM**

**CUYAHOGA 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 7/3/2025**

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)