

**VAN WERT AREA
SCHOOLS INSURANCE GROUP**

VAN WERT COUNTY, OHIO

REGULAR AUDIT

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



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

Board of Trustees
Van Wert Area Schools Insurance Group
531 E Tully Street
Convoy, Ohio 45832

We have reviewed the *Independent Auditor's Report* of the Van Wert Area Schools Insurance Group, Van Wert County, prepared by Julian & Grube, 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 Van Wert Area Schools Insurance Group 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 27, 2025

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**VAN WERT AREA SCHOOLS INSURANCE GROUP
VAN WERT COUNTY, OHIO**

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Independent Auditor's Report

Van Wert Area Schools Insurance Group
Van Wert County
531 E Tully Street
Convoy, Ohio 45832

To the Members of the Board of Trustees:

Report on the Audit of the Financial Statement

Adverse Opinion

We have audited the financial statement of the cash balances, receipts and disbursements for the proprietary fund type combined total of the Van Wert Area Schools Insurance Group, Van Wert County, Ohio, as of and for the year ended December 31, 2024, and the related notes to the financial statement.

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Financial Statements as a Whole" section of our report, the accompanying financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Van Wert Area Schools Insurance Group, as of December 31, 2024, or the changes in financial position or its cash flows thereof for the year then ended.

Basis for Adverse Opinion on the Financial Statements as a Whole

As described in Note 1 of the financial statement, the financial statement is prepared by the Van Wert Area Schools Insurance Group on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. However, Ohio Administrative Code Section 117-2-03(B) requires these statements to follow accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are required to be independent of the Van Wert Area Schools Insurance 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 adverse audit opinion.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that are free from material misstatements, whether due to fraud or error.

Van Wert Area Schools Insurance Group
Van Wert County
Independent Auditor's Report

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Van Wert Area Schools Insurance 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 Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 statement.

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 statement, 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 statement.
- 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 Van Wert Area Schools Insurance 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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Van Wert Area Schools Insurance 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2025 on our consideration of the Van Wert Area Schools Insurance Group's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Van Wert Area Schools Insurance 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 Van Wert Area Schools Insurance Group's internal control over financial reporting and compliance.



Julian & Grube, Inc.
April 24, 2025

Van Wert Area Schools Insurance Group
Van Wert County, Ohio
Statement of Receipts, Disbursements and Changes in
Fund Cash Balance (Regulatory Cash Basis)
Enterprise Fund
For the Year Ended December 31, 2024

	<u>Proprietary</u>
	<u>Enterprise</u>
<u>Operating Cash Receipts</u>	
Charges for Services	\$ 9,398,191
Stop Loss Reimbursements	1,322,737
Other	<u>30,000</u>
<i>Total Operating Cash Receipts</i>	<u>10,750,928</u>
<u>Operating Cash Disbursements</u>	
<i>Payments to Third-Party Administrator</i>	
Claims	10,369,186
Administration Fees	301,425
Stop Loss Premiums	1,151,556
Professional Fees	90,206
Other	<u>224,033</u>
<i>Total Operating Cash Disbursements</i>	<u>12,136,406</u>
<i>Operating Loss</i>	(1,385,478)
<u>Non-Operating Cash Receipts</u>	
Investment Income	<u>363,882</u>
<i>Change in Fund Cash Balance</i>	(1,021,596)
<i>Fund Cash Balance, January 1</i>	<u>7,738,575</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$ 6,716,979</u></u>

The Notes to the Financial Statement is an Integral Part of this Financial Statement.

**VAN WERT AREA SCHOOLS INSURANCE GROUP
VAN WERT COUNTY, OHIO**

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

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Van Wert Area Schools Insurance Group (the "Group") is a joint self-insurance pool established pursuant to the rights and privileges conveyed to it by the constitution and laws of the State of Ohio as defined by Ohio Revised Code Section 9.833. The Group is a shared risk pool as defined by Government Accounting Standards Board Statement No. 10. It was formed to carry out a cooperative program for the provisions and administration of health care benefits for member employees and covered dependents in accordance with the Group's agreement and bylaws. In addition to the self-insurance pool, the Group provides risk management service and established loss prevention procedures and programs. The members of the Group include the following Boards of Education within Van Wert County, State of Ohio: Van Wert City, Crestview Local, Lincolnview Local, and Vantage Career Center, Northwest Ohio Area Computer Services Cooperative and Western Buckeye Educational Service Center, which serves Van Wert and Paulding County Boards of Education.

The Board of Trustees is the legislative and managerial body of the Group. This body consists of the representatives of the members based on a proportional numerical representation outlined in the Group's by-laws. Officers of the Group are elected from the Board of Trustees for a one-year term.

Member premiums are calculated to annually produce a sufficient sum of money within the self-insurance pool adequate to fund administrative costs of the Group and to create adequate reserves for claims and allocated loss adjustment costs.

Under the terms of membership, should annual member premiums not be sufficient to fund ultimate losses, establish adequate reserves and cover administrative costs, the Board of Trustees can require supplementary contributions. Supplementary contributions can be assessed during the entire life of the Group and any later period when claims or expenses need to be paid which are attributable to any membership year during which the event or claim occurred.

The Group uses reinsurance agreements to reduce its exposure to large losses on all types of insured events. Reinsurance permits recovery of a portion of losses from reinsurance, although it does not discharge the primary liability of the Group as direct insurer of the risks reinsured. The Group is contingently liable with respect to certain loss coverage, which would become a liability in the event these insurance carriers are unable to meet the obligations under these contracts.

Members may withdraw from the Group or from any particular benefits program with at least 12 months notice. No members withdrew from the Group during 2024.

All administrative costs incurred for the maintenance of the Group are paid through the benefit pool account balances through December 31, 2024. Management believes this financial statement presents all activities for which the Group is financially accountable.

B. Basis of Presentation

The Group's financial statement consists of a combined statement of receipts, disbursements and changes in fund cash balance (regulatory cash basis) for its proprietary fund type.

**VAN WERT AREA SCHOOLS INSURANCE GROUP
VAN WERT COUNTY, OHIO**

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

NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Fund Accounting

The Group uses fund accounting to segregate cash and investments that are restricted as to use. The Group classifies its fund as follows:

Proprietary Fund

The Group's only proprietary fund is an enterprise fund. The Group uses an enterprise fund to account for operations 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.

D. Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Group recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

E. Budgetary Process

The Group is not required to follow the budgetary process and has decided not to adopt a formal budget annually as part of their amended agreement and bylaws.

F. Deposits and Investments

Investments are reported as assets and are carried at cost. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses are recorded as receipts or disbursements when a sale occurs.

The Group values demand deposits, money market sweep accounts, and U.S. Treasury Notes at cost.

During the year 2024, the Group 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 Group 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.

STAR Ohio reserves the right to limit transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

**VAN WERT AREA SCHOOLS INSURANCE GROUP
VAN WERT COUNTY, OHIO**

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Crestview Local School District (the “School”) was the fiscal agent for the Group. The School maintains specific deposits for the Group. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of the Group's deposits and investments at December 31, 2024 was as follows:

Demand Deposits	\$ 1,218,748
U.S. Treasury Notes	221,014
STAR Ohio	5,270,084
First Financial (Money Market Sweep)	<u>7,133</u>
Total Deposits and Investments	<u><u>\$ 6,716,979</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Group; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments: The Federal Reserve holds the Group’s U.S. Treasury Notes in book entry form in the name of the Group’s financial institution. The financial institution maintains records identifying the Group as owner of these securities.

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

NOTE 3 - RISK MANAGEMENT

The Group has contracted with third-party administrator Anthem to process and pay health benefit claims incurred by its members. The members contribute monthly premiums into the benefit pool fund of the Group. The treasurer approves payments to the third-party administrators for actual insurance claims processed, insurance premiums and administrative charges incurred on behalf of the Group members. Besides the standard monthly contributions, the Group may extend an assessment to each member. The Group purchases stop-loss coverage through Stealth Partner Group, LLC.

Members that withdraw from the Group are obligated for payment of any negative balance in their account and the remaining claims of any of its eligible members and dependents are the responsibility of each individual member upon withdrawal from the Group.

NOTE 4 - CLAIMS LIABILITY

The Group receives an annual actuarial report that estimates an amount for the runoff liability for claims incurred but not reported (IBNR) based on an analysis of historic claims data using generally accepted actuarial principles. The actuarial reports reflected that the minimum requirement of the Ohio Revised Code Section 9.833 had been satisfied for the period ended December 31, 2024. The reported reserve fund available to pay the IBNR claims and the IBNR claims liability per the actuarial report at December 31, 2024:

Pooled Cash	\$ 6,716,979
IBNR Actuarial Liability	<u>1,347,994</u>
Excess Funds	<u><u>\$ 5,368,985</u></u>

**VAN WERT AREA SCHOOLS INSURANCE GROUP
VAN WERT COUNTY, OHIO**

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

NOTE 5 - PROFESSIONAL FEES

The Group is contracted with Huntington Insurance, Inc. to provide various management, underwriting, claim adjustments and loss control services. Huntington Insurance's fees for the year ended December 31, 2024 were \$65,000. The annual fee paid by the Group to its fiscal agent, Crestview Local School District, who is a member of the Group, was \$15,450. In addition, the Group paid \$9,756 for legal, accounting, and actuarial professional services.

NOTE 6 - ACCOUNTABILITY AND COMPLIANCE

Ohio Administrative Code Section 117-2-03(B) requires the Group to prepare its annual financial report in accordance with generally accepted accounting principles. However, the Group prepared its basic financial statements on a regulatory cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying basic financial statement omits assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The Group can be fined and various other administrative remedies may be taken against the Group.

**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***

Van Wert Area Schools Insurance Group
Van Wert County
531 E Tully Street
Convoy, Ohio 45832

To the Members of the Board of Trustees:

We have audited, 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, the financial statement of the Van Wert Area Schools Insurance Group, Van Wert County, Ohio, as of and for the year ended December 31, 2024, and the related notes to the financial statement and have issued our report thereon dated April 24, 2025, wherein we issued an adverse opinion on the Van Wert Area Schools Insurance Group's financial statement because accounting principles generally accepted in the United States of America were not followed as required by Ohio Administrative Code Section 117-2-03(B).

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Van Wert Area Schools Insurance 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Van Wert Area Schools Insurance Group's internal control. Accordingly, we do not express an opinion on the effectiveness of the Van Wert Area Schools Insurance 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 Van Wert Area Schools Insurance Group's financial statement 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.

Van Wert Area Schools Insurance Group

Van Wert County

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*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Van Wert Area Schools Insurance Group's financial statement is 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 statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2024-001.

Van Wert Area Schools Insurance Group's Response to the Finding

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

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 Van Wert Area Schools Insurance Group'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 Van Wert Area Schools Insurance Group's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

April 24, 2025

**VAN WERT AREA SCHOOLS INSURANCE GROUP
VAN WERT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2024**

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2024-001

Noncompliance

Ohio Revised Code Section 117.38 provides 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 on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Revised Code Section 117.38. Ohio Administrative Code Section 117-2-03(B) requires the Group to file its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Group did not prepare its annual financial statement in accordance with Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(B).

Failure to prepare a proper GAAP financial statement may result in the Group being fined or other administrative remedies.

The Group should prepare its annual financial statement in accordance with GAAP.

Officials' Response: The Group does not intend to report in accordance with GAAP. Management believes the cost savings far outweigh the benefit.

**VAN WERT AREA SCHOOLS INSURANCE GROUP
VAN WERT COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2024**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2023-001	2016	Noncompliance - Ohio Revised Code Section 117.38 and Admin. Code § 117-2-03(B) require the preparation of its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). However, a financial statement on the regulatory basis, which is a comprehensive basis of accounting other than GAAP was prepared.	Not Corrected	Finding repeated as 2024-001 as there is no intention to prepare a financial statement in accordance with GAAP due to the cost saving benefits or reporting on a regulatory basis.

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OHIO AUDITOR OF STATE KEITH FABER



VAN WERT AREA SCHOOLS INSURANCE GROUP

VAN WERT 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 7/10/2025

65 East State Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov