

**CENTRAL OHO SCHOOL STOP LOSS  
ORGANIZATION**

**FRANKLIN COUNTY, OHIO**

**FINANCIAL STATEMENT**

*For Fourteen-Month Period Ended December 31, 2017*

Unaudited Draft

Unaudited Draft

**CENTRAL OHIO SCHOOL STOP LOSS ORGANIZATION**  
For the Fourteen-Month Period Ended December 31, 2017

**FRANKLIN COUNTY, OHIO**

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Unaudited Draft

**Central Ohio School Stop Loss Organization**  
**Statement of Receipts, Disbursements, and Changes in Fund Balance (Regulatory Cash Basis)**  
**Proprietary Fund**  
**For Fourteen-Month Period Ended December 31, 2017**

<b>Operating Cash Receipts</b>	
Charges for Services	\$ 4,599,852
<i>Total Operating Cash Receipts</i>	4,599,852
<b>Operating Cash Disbursements</b>	
Stop Loss Premiums Paid	4,109,811
Professional Services	69,720
<i>Total Operating Cash Disbursements</i>	4,179,531
<i>Net Receipts Over Disbursements</i>	420,321
<i>Cash Balance, November 8, 2016</i>	-
<i>Cash Balance, December 31, 2017</i>	\$ 420,321

See accompanying notes to the financial statements

Unaudited Draft

**Central Ohio School Stop Loss Organization  
Franklin County, OH**

Notes to the Financial Statements  
For the Fourteen-Month Period Ended December 31, 2017

**Note 1 – Reporting Entity**

The Central Ohio School Stop Loss Organization (COSSO) (the Cooperative), Franklin County, is a Council of Government established under Ohio Revised Code Section 167.04. The Cooperative was formed on November 8, 2016 when four local school districts, Dublin City, Upper Arlington City, Westerville City, and Worthington City, joined together to purchase stop-loss reinsurance for each member district's health insurance program. Any Board of Education of a public school district located within Ohio may be invited to join as a new member upon approval by a majority of all then-current Members of the Governing Board and upon execution of a resolution that accepts the Cooperative's constitution and by-laws. Any member may withdraw at any time after it has been a member for two years by providing its intentions in writing at least 90 days prior to the renewal of the insurance. Upon withdrawal, no dues or assessments paid by the Member shall be refunded, and said member shall not be entitled to any cash or assets in the custody or control of the Cooperative. No additional members were added during fiscal year 2017.

The Cooperative is a jointly governed organization formed for the purpose of pooling purchasing power in order to obtain the best price and quality of re-insurance services. Each of the governments of these members supports the Cooperative. The Governing Board consists of representatives from the active membership as follows: The Treasurer or designee from each Founding Member shall be appointed to an initial term through June 30, 2020. Elections of representatives who will serve on the Governing Board on or after July 1, 2020 shall be held during the annual meeting following commencement of any then-Representatives term and will be open to any Treasurer of a Member District. The degree of control exercised by any member is limited to its representation of the Board.

The Cooperative's management believes these financial statements present all activities for which the Cooperative is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Cooperative uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Cooperative uses an enterprise fund to account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Cooperative's financial statements consist of a statement of receipts, disbursements and changes in fund balances (cash basis) for its sole enterprise (proprietary) fund consisting of charges for services from member districts.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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).

**Central Ohio School Stop Loss Organization  
Franklin County, OH**

Notes to the Financial Statements  
For the Fourteen-Month Period Ended December 31, 2017

These statements include 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 (D) permit.

***Budgetary Process***

The Cooperative is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Governing Board approves member contributions annually, generally in December for the following year, to produce a sufficient sum of money to fund the premium due to the re-insuring agency along with other minor professional fees. The Governing Board can amend required monthly membership contributions to sufficiently cover administrative expenses as they occur.

**Note 3 – Cash and Deposits**

The Fiscal Officer of the Consortium is an elected member of the Governing Board as outlined in the by-laws, currently the Treasurer of Worthington City School District. Funds are maintained in a segregated bank account separate from the District's and in the name of the Consortium.

At December 31, 2017 the carrying amount and bank balance of the Consortium's deposits was \$420,321. Deposits are either insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Consortium, or collateralized by the financial institution's public entity deposit pool. The cash balance represents premium payments made by Member Districts for coverage in January 2018 that will be paid in January 2018.

**Note 4 – Risk Management**

Each Member District contracts with a third party administrator to process and pay medical and prescription drug claims incurred by its employees.

The Consortium contracts with a third party for stop-loss coverage to reduce each member's risk that large losses may be incurred on medical claims. This allows the Member Districts to recover a portion of the losses on claims from the re-insurer, although it does not discharge their primary liability.

The reinsurance contract is issued to the Consortium, and each Member District reimburses the consortium a portion of the total premium based on several factors including the number of employees, claims experience, and deductible amount. Any claims exceeding the deductible are reimbursed directly to the Member District that has incurred the claim.

The Consortium contracts with a consultant, Gallagher Benefits, to manage and facilitate the program.