

SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)

Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District

REGULAR AUDIT

JULY 1, 2011 THROUGH JUNE 30, 2012

PREPARED BY: MANNING & ASSOCIATES CPAs, LLC



Dave Yost • Auditor of State

Board of Directors
Summit Regional Health Care Consortium
3797 Ridgewood Road
Copley, Ohio 44321

We have reviewed the *Independent Auditors' Report* of the Summit Regional Health Care Consortium, Summit County, prepared by Manning & Associates CPAs, LLC, for the audit period July 1, 2011 through June 30, 2012. 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

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Summit Regional Health Care Consortium is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

February 20, 2013

This Page is Intentionally Left Blank.

FINANCIAL STATEMENTS

Summit Regional Health Care Consortium (SRHCC)

Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District

June 30, 2012

CONTENTS

PAGE

INDEPENDENT AUDITORS' REPORT	1-2
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES	3
NOTES TO FINANCIAL STATEMENT	4-11
INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS	12-13
STATUS OF PRIOR YEARS AUDIT CITATIONS AND RECOMMENDATIONS	14

This page intentionally left blank.

Manning & Associates Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

Board of Directors
Summit Regional Health Care Consortium (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
Summit County, Ohio

Independent Auditors' Report

We have audited the accompanying financial statement of the Summit Regional Health Care Consortium (SRHCC) (the Consortium) as of and for the year ended June 30, 2012. This financial statement is the responsibility of the Consortium's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the Consortium has prepared its financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Consortium's larger (i.e. major) funds separately. While the Consortium does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require the Consortium to reformat their statements. The Consortium has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

Board of Directors
Summit Regional Health Care Consortium (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
Summit County, Ohio

Independent Auditors' Report
Page 2

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended June 30, 2012 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Consortium as of June 30, 2012, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Summit Regional Health Care Consortium (SRHCC), as of June 30, 2012, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The Consortium has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated , December 22, 2012 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC
Dayton, Ohio

December 22, 2012

STATEMENTS OF RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND CASH BALANCES
 SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
 Barberton City School District, Copley-Fairlawn City School District Norton City
 School District, Revere Local School District and Wadsworth City School District
 YEAR ENDED JUNE 30, 2012

RECEIPTS	
Receipts from members	\$ 18,946,590
Investment income	<u>5,177</u>
TOTAL RECEIPTS	\$ <u>18,951,767</u>
 DISBURSEMENTS	
Payments to third-party administrator:	
Claims payments	\$ 18,591,558
Administrative fees	842,735
Stop-Loss Insurance premiums	495,093
Miscellaneous Other Costs	<u>2,860</u>
TOTAL DISBURSEMENTS	\$ <u>19,932,246</u>
 EXCESS OF RECEIPTS OVER (UNDER) DISBURSEMENTS	 \$ (980,479)
Beginning fund cash balance	<u>5,022,759</u>
Ending fund cash balance	<u><u>\$ 4,042,280</u></u>

See accompanying notes to financial statement

NOTES TO FINANCIAL STATEMENT
SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Description of Entity

The following description of the Summit Regional Health Care Consortium (SRHCC) (Consortium) provides only general information of both the Consortium and its Health Benefits Program (Program). Participants should refer to the Consortium and Health Benefits Program Agreements for a more complete description of their provisions.

General – The Consortium was established during 2007, formed by the Boards of Education of three school districts in North Central Ohio, for the purpose of promoting cooperative agreements and activities among its members in purchasing supplies and services and dealing with problems of mutual concern. On July 1, 2007 the Consortium was formed and operates as a legally separate entity as provided under Ohio Revised Code Chapter 167. In addition, the Consortium has each participating member sign an agreement regarding Health Benefits Program (Agreement). The Consortium became operational on July 1, 2010 with its Health Benefits Program. The current five members are Barberton City School District, Copley-Fairlawn City School District, Norton City School District, Revere Local School District and Wadsworth City School District. The Health Benefits Program is currently the only program offered by the Consortium to its members, as a joint self-insurance pool Consortium which began on July 1, 2010.

Board of Directors – The Assembly is the legislative body of the Council. The Assembly and the Board of Directors are one and the same body so that the Assembly is both the legislative and governing body of the Council. The board of education of each Member appoints its Superintendent or designee, to be its representative on the Summit Regional Health Care Consortium (SRHCC) (Consortium) Assembly. All of the authority of the Consortium is exercised by or under the direction of the Board of Directors, the Managerial Board. The Assembly sets and approves all benefit programs to be offered by or through the Program, and all policies and other contracts are accepted or entered into by the Board of Directors. The Board of Directors sets all premiums and other amounts to be paid by the Members, and the Board of Directors has the authority to waive premiums and other payments. All members of the Board of Directors serve without compensation.

The Board of Directors has the full powers to manage and conduct affairs of the Program between meetings of the Assembly. The Board of Directors 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 Program. The Assembly may ratify any action authorized or taken by the Board or may rescind and overrule any such action.

NOTES TO FINANCIAL STATEMENT (CONTINUED)
SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Description of Entity (continued)

Fiscal Agent – The Fiscal Agent of the Program shall be from the Board of Education of a participating member approved by the Assembly and is responsible for administering the financial transactions of the Program. The Fiscal Agent carries out the responsibilities of the Program Fund, enters into contracts on behalf of the Program as authorized by the Directors and carries out such other responsibilities as approved by the Directors and agreed to by the Fiscal Agent. The Copley-Fairlawn City School District, Copley, Ohio provides fiscal agent and treasury services. In consideration for its services, the Fiscal Agent may receive a fee from the Consortium in such amount as the assembly shall approve. At the present and during the year ended June 30, 2012, the Fiscal Agent served without compensation.

Benefits – Member contributions are used on a cooperative basis for the provision of health, dental, and/or other health care benefits as provided for in the Program Agreement and as established by law. The Assembly determines the insurance benefits to be provided by or through the Program. Benefit selections may vary among the Program Members for any type of benefit program. The participating Members have adopted a uniform plan document and the Program is administered by a third-party administrator. The Board of Directors determines, at their discretion, which third-party administrator insurance carriers and policies to utilize to provide benefits pursuant to the Program Agreement.

Enrollment by Members – Each Member decides which benefit program(s) offered by or through the Program shall be extended to its employees. Upon joining the Consortium, each member can participate in the Health Benefit Program.

Operating Fund – The Operating Fund consists of all payments made to the Fiscal Agent in accordance with the Program Agreement, policy dividends or rate refunds (whether received by the Program 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 Program in connection with the administration of the Program.

The Fiscal Agent shall maintain records which separately identify by Participating Member all contributions from the respective Participating Member for Program Costs. The Fiscal Agent shall maintain or cause to be maintained records which account for all disbursements or transfers from the Operating Fund and Reserve Fund made on behalf of each Participating Member.

NOTES TO FINANCIAL STATEMENT (CONTINUED)
SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Description of Entity (continued)

Operating Fund (continued)

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

- a) Transfer of funds to a Third-Party Administrator for payment of claims,
- b) Payment of premiums for Stop-Loss Insurance Coverage
- c) Additional disbursements may be made from the Operating Fund by the Fiscal Agent at the direction of the Board of Directors or the Assembly for any proper purpose of the Health Benefits program, including but not limited to payment of fees of any Third-Party Administrator, the Fiscal Agent, consultants and lawyers and payment of other operating expenses.
- d) Make monthly reports to the Board of Directors on or before the 20th day of each month concerning all contributions to and disbursements from the Operating Fund during the preceding calendar month

Termination/Withdrawal of a Consortium Member – It is the express intention of the Consortium Members that the Agreement and the Consortium shall continue for an indefinite term, but may be terminated as provided in the Agreement. Any Consortium Member wishing to withdraw from participation in the Consortium or the Program shall notify the Fiscal Agent at least 180 days prior to renewal of any Benefit Program normally July 1st. Specifics governing the withdrawal of a Program Member and the run out of all claims for such Program Member are addressed in Section 9 of the Agreement.

Contributions – Each Member enrolled in a benefit program may require contributions from its employees toward the cost of any benefit program being offered by such Member, and such contributions are included in the payments from such Member to the Fiscal Agent for the benefit program. Contributions are to be submitted by each Member, to the Fiscal Agent, required under the terms of the Program Agreement and any benefit program in which such Member is enrolled to the Fiscal Agent on a monthly basis, or as otherwise required in accordance with any benefit program in which such Member is enrolled. All general administrative costs incurred by the Program that are not covered by the premium payments shall be shared by the Program Members as approved by the Directors.

NOTES TO FINANCIAL STATEMENT (CONTINUED)
SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Summary of Accounting Policies

Reporting Entity – A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the basic financial statements of the Program are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Program. For Summit Regional Health Care Consortium (SRHCC), this consists of a single enterprise fund.

Component units are legally separate organizations for which the Program is financially accountable. The Program is financially accountable for an organization if the organization appoints a voting majority of the organization’s governing board and (1) the Program is able to significantly influence the programs or services performed or provided by the organization; or (2) the Program is legally entitled to or can otherwise access the organization’s resources; the Program is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Program is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Program in that the Program approves the budget, the issuance of debt or the levying of taxes. The Program has no component units.

Basis of Accounting – The Consortium’s financial statement follows the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

The Consortium’s statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

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 maintains a general fund to account for its expendable financial resources and related current expenses.

NOTES TO FINANCIAL STATEMENT (CONTINUED)
SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Summary of Accounting Policies (continued)

Budgetary Process – The Consortium 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.

a) Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund/function level of control. Independent insurance consultants annually recommend appropriation measures and they are approved by the Consortium annually along with any subsequent amendments.

b) Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of July 1.

c) Encumbrances

The Consortium does not reserve encumbrances.

Cash and Investments - Investments are reported as assets and are carried at cost, which approximates fair value. 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.

Extraordinary and Special Items – Extraordinary items are transactions or events that are both unusual and infrequent in occurrence. Special items are transactions or events that are within the control of the Consortium’s Board of Directors and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2012.

Subsequent Events- The Consortium assessed events occurring subsequent to June 30, 2012 through December 22, 2012 for potential recognition and disclosure in the financial statements. No events were identified that would require adjustment to or disclosure in the financial statements.

NOTES TO FINANCIAL STATEMENT (CONTINUED)
SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
June 30, 2012

NOTE B – DEPOSITS AND INVESTMENTS

Deposits – Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. The Consortium’s practice is to place deposits with commercial banks within its service area. At June 30, 2012, the carrying amount of the Consortium’s deposits including a sweep repurchase account was \$4,042,280 which \$250,000 was covered by Federal depository insurance.

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

Investments – The Consortium has adopted GASB Statement No. 40, Deposit and Investment Risk Disclosures. This statement amends GASB Statement No. 3 and addresses additional cash and investment risks to which governments are exposed. Generally, this statement requires that state and local governments communicate key information about such risks. The Consortium is not required by law to have an investment policy.

The carrying amount of the Consortium’s cash and investments at June 30, 2012, was as follows:

Demand deposits including repurchase agreement	<u>\$ 4,042,280</u>
--	---------------------

NOTE C – CONTINGENCY

The Consortium is involved in various claims whose effects are determined as immaterial.

NOTE D – RISK MANAGEMENT

The Consortium is a jointly governed organization, which acts as a government risk pool for health insurance for its 5 members.

Each participating Member of the Consortium employed the services of an outside consultant (Benefit Design, LLC dba Dorman Farrell) to assist them in administering the program for the year ended June 30, 2012. The participating members cancelled their individual contracts effective April 1, 2012. The Consortium entered into a contract, effective February 24, 2012, with a consultant, Arthur J. Gallagher Risk Management Services, Inc. to assist the Consortium in administering the Program. Under the terms of the contract it may be terminated upon 30 days prior written notice. Also, the contract provides for a monthly fee of \$4 per participant, effective July 1, 2012, which is invoiced to each member and remitted to the consultant.

NOTES TO FINANCIAL STATEMENT (CONTINUED)
 SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
 Barberton City School District, Copley-Fairlawn City School District,
 Norton City School District, Revere Local School District
 and Wadsworth City School District
 June 30, 2012

NOTE D – RISK MANAGEMENT (continued)

The Consortium contracted with a third party administrator, Anthem Blue Cross/Blue Shield , for the year ended June 30, 2012, to process and pay health benefit claims incurred by its members. Payments are made by members to the Consortium for monthly health insurance premiums, COBRA administration, monthly stop-loss premiums, and administrative charges. The Fiscal Officer approves monthly payments to the third party administrators for actual insurance claims processed, stop-loss premiums, COBRA administration, and administrative charges incurred on behalf of the Consortium members.

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 claimed by or through employees shall be limited to benefits offered by or through the Program in accordance with the Agreement. The Consortium purchases or otherwise provides for the benefit of itself, the Directors and/or the Fiscal Agent such liability insurance with such limits of coverage deemed necessary and as approved by the Board of Directors. A third-party insured the Consortium for specific stop-loss claims in excess of \$200,000 per covered person for the year ended June 30, 2012. Effective July 1, 2012, the stop-loss claims was reduced to \$100,000 per covered person. The annual maximum specific stop-loss claims per covered person for 2012 were \$2,000,000. A third-party also insured the Consortium for annual aggregate stop-loss claims in excess of \$22,156,918.

Any Program Member who withdraws from the Consortium pursuant to the Program Agreement has no claim to the Consortium’s assets.

It is not necessary for each member district of the Consortium to prepare a Governmental Accounting Standards Board (GASB) report. The Consortium holds all reserves including Incurred But Not Reported (IBNR), Shock, Stabilization, and Fluctuation reserves. However, these reserves are allocated to members on a capitated basis for accounting purposes.

The Summit Regional Health Care Consortium (SRHCC) is self-insured for member district employee health insurance claims but maintains aggregate stop loss insurance with Anthem Blue Cross/Blue Shield of Ohio. The Self Insurance Fund pays covered claims to service providers and recovers these costs from premium charges to member districts based on calculations provided by the Program’s consultant (Timothy P. Berghoff, FSA, MAAA). An estimate June 30, 2012 loss reserves estimated by the Program’s actuary are as follows:

Cash and Repurchase Agreement	\$ 4,042,280
IBNR actuarial liability	<u>(1,035,500)</u>
Excess funds	<u>\$ 3,006,780</u>

NOTES TO FINANCIAL STATEMENT (CONTINUED)
SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
June 30, 2012

NOTE E – WELLNESS PROGRAM

The Consortium approved a three year Wellness Plan (Plan) effective April 1, 2011. This plan was established in connection with an agreement with the Consortium's third-party administrator who agreed to reimburse the Consortium up to \$75,000 for the year ending June 30, 2013. Under the plan, the Consortium entered into a one year contract, effective August 1, 2012, with a wellness program consultant (Be Well Solutions) with a monthly fee of \$3,525. In addition, fees for each participant are charged for other services provided, such as screening, health fairs and flu shots.

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

Board of Directors
Summit Regional Health Care Consortium (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
Summit County, Ohio

We have audited the financial statement of the Summit Regional Health Care Consortium (SRHCC) (the Consortium) as of and for the year ended June 30, 2012 and have issued our report thereon dated December 22, 2012 wherein we noted the Consortium followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Summit Regional Health Care Consortium (SRHCC) internal control over financial reporting as a basis for designing our auditing procedures 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 Consortium's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Consortium's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

Board of Directors
Summit Regional Health Care Consortium (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District
Summit County, Ohio

Independent Auditors' Report on Internal
Control Over Financial Reporting and on
Compliance and Other Matters Required
by Government Auditing Standards

Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Summit Regional Health Care Consortium's (SRHCC) financial statement is free of material misstatement, we tested 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 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*.

This report is intended solely for the information and use of the board of directors, management, and Auditor of the State, Dave Yost, and is not intended to be and should not be used by anyone other than those specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

December 22, 2012

STATUS OF PRIOR YEAR AUDIT CITATIONS AND RECOMMENDATIONS

SUMMIT REGIONAL HEALTH CARE CONSORTIUM (SRHCC)
Barberton City School District, Copley-Fairlawn City School District,
Norton City School District, Revere Local School District
and Wadsworth City School District

Year ended June 30, 2011

The prior audit report, for the year ended June 30, 2011 did not include material citations or recommendations.



Dave Yost • Auditor of State

SUMMIT REGIONAL HEALTH CARE CONSORTIUM

SUMMIT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 5, 2013**