



## Ohio Revised Code

### Section 4125.051 Working capital requirements.

Effective: September 29, 2017

Legislation: House Bill 27 - 132nd General Assembly

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(A) A professional employer organization, or a professional employer organization reporting entity of which the professional employer organization is a member, shall maintain positive working capital at initial or annual registration, as reflected in the financial statements submitted to the bureau. If a deficit in working capital is reflected in the financial statements submitted to the bureau, the professional employer organization or the professional employer organization reporting entity shall do both of the following for that registration period:

(1) Obtain a bond, irrevocable letter of credit, or securities with a minimum market value in an amount sufficient to cover the deficit in working capital;

(2) Submit to the administrator of workers' compensation a quarterly financial statement for each calendar quarter during which there is a deficit in working capital, accompanied by an attestation of the chief executive officer, president, or other individual who serves as the controlling person of the professional employer organization that all wages, taxes, workers' compensation premiums, and employee benefits have been paid by the professional employer organization or members of the professional employer organization reporting entity.

The bond, letter of credit, or securities required under division (A)(1) of this section shall be held by a depository designated by the administrator and shall secure payment by the professional employer organization or professional employer organization reporting entity of all taxes, wages, benefits, or other entitlements due or otherwise pertaining to shared employees, if the professional employer organization or professional employer organization reporting entity does not make those payments when due.

(B) A professional employer organization, or a professional employer organization reporting entity of which the professional employer organization is a member, shall prepare financial statements in accordance with generally accepted accounting principles and submit them for registration and registration renewal under section 4125.05 of the Revised Code.



The financial statements shall be audited by an independent certified public accountant authorized to practice in the jurisdiction in which that accountant is located.

(1) The resulting report of the auditor shall not include either of the following:

(a) A qualification or disclaimer of opinion as to adherence to generally accepted accounting principles;

(b) A statement expressing substantial doubt about the ability of the professional employer organization or professional employer organization reporting entity to continue as a going concern.

(2) However, if a professional employer organization does not have at least twelve months of operating history on which to base financial statements, the financial statements shall be reviewed by a certified public accountant.

(3) Notwithstanding division (B)(1)(a) of this section, if a professional employer organization or professional employer organization reporting entity is a subsidiary or is related to a variable interest entity, the professional employer organization or professional employer organization entity may submit financial statements of the professional employer organization or professional employer organization reporting entity.

(C) The bureau shall deny initial or annual registration to an applicant or professional employer organization reporting entity that does not meet the requirements of this section.

(D) Professional employer organizations in a professional employer organization reporting entity may satisfy the requirements of this section on a combined or consolidated basis provided that each member of the professional employer organization reporting entity guarantees each other members' satisfaction of the requirements under division (A) of this section.

For purposes of satisfying the registration and registration renewal requirements described in division (B)(7) of section 4125.05 of the Revised Code, a professional employer organization reporting entity may submit a combined or consolidated financial statement that satisfies the



requirements of this section. If the combined or consolidated financial statement includes entities that are not professional employer organizations or that are not in the professional employer organization reporting entity, the controlling entity of the professional employer organization reporting entity that is submitting the consolidated or combined financial statement shall guarantee that the professional employer organizations of the professional employer organization reporting entity have satisfied the requirements under division (A) of this section.