

#### **4123-17-15.4 Financial requirements.**

- (A) A PEO shall prepare financial statements in accordance with generally accepted accounting principles and submit them electronically for registration and registration renewal pursuant to section 4125.05 of the Revised Code.
- (1) The financial statements shall be audited by an independent certified public accountant authorized to practice in the jurisdiction in which that accountant is located.
- (a) The resulting report of the auditor shall not include either of the following:
- (i) A qualification or disclaimer of opinion as to adherence to generally accepted accounting principles;
  - (ii) A statement expressing substantial doubt about the ability of the PEO or PEO reporting entity to continue as a going concern.
- (b) If a PEO 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.
- (2) A PEO reporting entity may submit a combined or consolidated financial statement for its member PEOs to satisfy the requirements of this paragraph. If the combined or consolidated financial statement includes entities that are not PEOs or that are not in the PEO reporting entity, the controlling entity of the PEO reporting entity that is submitting the consolidated or combined financial statement shall guarantee that the PEOs of the PEO reporting entity have satisfied the requirements under paragraph (B) of this rule and shall include supplemental combining schedules to guarantee that the requirements under paragraph (B) of this rule are satisfied by the PEO or PEO reporting entity.
- (B) A PEO or PEO reporting entity shall maintain positive working capital at initial or annual registration, as reflected in the financial statements submitted to the bureau under paragraph (A)(2)(h) of rule 4123-17-15.2 of the Administrative Code. If a deficit in working capital is reflected in the financial statements submitted to the bureau, the PEO or the PEO reporting entity shall:
- (1) Submit to the bureau 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 of the PEO that all wages, taxes, workers' compensation premiums, and employee benefits have been paid by the PEO or members of the PEO reporting entity.
- (2) 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. Such security shall be required in addition to the requirements of rule 4123-17-15.3 of the Administrative Code, and shall be held by a depository designated by the administrator to secure payment by the PEO or PEO reporting entity of all taxes, wages, benefits, or other entitlements due or otherwise pertaining to shared employees, if the PEO or PEO reporting entity does not make those payments when due.

Effective: 2/17/14