

**CENTRAL OHIO RISK MANAGEMENT ASSOCIATION
SELF-INSURANCE POOL, INC.
FRANKLIN COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023**

Zupka & Associates
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER



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(800) 282-0370

Board of Trustees
Central Ohio Risk Management Association Self-Insurance Pool, Inc.
4035 Broadway
Grove City, Ohio 43123

We have reviewed the *Independent Auditor's Report* of the Central Ohio Risk Management Association Self-Insurance Pool, Inc., Franklin County, prepared by Zupka & Associates, for the audit period October 1, 2022 through September 30, 2023. 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 Central Ohio Risk Management Association Self-Insurance Pool, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

April 09, 2024

**CENTRAL OHIO RISK MANAGEMENT ASSOCIATION
SELF-INSURANCE POOL, INC.
FRANKLIN COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

Central Ohio Risk Management Association Self-Insurance Pool, Inc.
Franklin County
4305 Broadway
Grove City, Ohio 43123

To the Members of the Board of Trustees:

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Central Ohio Risk Management Association Self-Insurance Pool, Inc. (CORMA), Franklin County, Ohio, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise CORMA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Ohio Risk Management Association Self-Insurance Pool, Inc., Franklin County, Ohio, as of September 30, 2023, and the changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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* (Government Auditing Standards), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CORMA, 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CORMA'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 Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 GAAS 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 statements.

In performing an audit in accordance with GAAS 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 statements, 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 statements.
- 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 CORMA'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 statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CORMA's ability to continue as a going concern for a reasonable period of time.

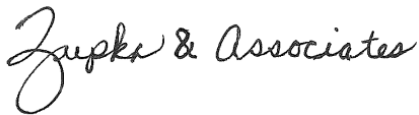
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the 10-Year Loss Development Information Schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2024, on our consideration of CORMA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 CORMA'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 CORMA's internal control over financial reporting and compliance.



Zupka & Associates
Certified Public Accountants

March 22, 2024

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CORMA SELF-INSURANCE POOL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023 (UNAUDITED)

The discussion and analysis of the Central Ohio Risk Management Association (CORMA) Self-Insurance Pool, Inc.'s (the "Association") financial performance provides an overall review of the Association's financial activities for the fiscal year ended September 30, 2023. The intent of this discussion and analysis is to look at the Association's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Association's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- The Association's net position at September 30, 2023 was \$1,995,601. This represents a decrease of \$11,861, or 0.59% from September 30, 2022.
- The Association has hired an independent actuary, The Actuarial Advantage, Inc., to determine the loss and loss adjustment expense reserves. Based upon the actuary's report, the loss and loss adjustment expense reserve was \$1,395,676 at September 30, 2023, compared to \$1,466,723 at September 31, 2022.
- The Association had operating revenues of \$2,756,444 and operating expenses of \$2,881,001 for fiscal year 2023. In addition, the Association had \$112,696 in non-operating revenues for fiscal year 2023. Operating loss and the decrease in net position for the fiscal year were \$124,557 and \$11,861, respectively.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Association's financial activities. The *statement of net position* and the *statement of revenues, expenses, and changes in net position* provide information about the activities of the Association, including all short-term and long-term financial resources and obligations. The *statement of cash flows* provides information about the Association's short-term cash flows needs to support operations.

Reporting the Association Financial Activities

Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did the Association perform financially during fiscal year 2023?" The statement of net position and the statement of revenues, expenses and changes in net position answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting*, similar to the accounting used by most private-sector companies. This basis of accounting considers all current year's revenues and expenses regardless of when cash is received or paid.

The statement of net position and the statement of revenues, expenses and changes in net position report the Association's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the Association as a whole, the *financial position* of the Association has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. The Association's statement of net position and statement of revenues, expenses and changes in net position can be found on pages 11-12 of this report. The statement of cash flows provides information about how the Association's finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 13 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 15-26 of this report.

CORMA SELF-INSURANCE POOL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023 (UNAUDITED)

Required Supplementary Information

Ten years of loss development information can be found on pages 28-32 of this report.

Net Position and Changes in Net Position

The table below provides a summary of the Association's net position for fiscal years 2023 and 2022.

	Net Position	
	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 3,672,265	\$ 1,655,155
Investments	2,074,658	2,030,400
Receivables:		
Accounts	109,631	115,269
Accrued interest	9,380	5,353
Prepayments	<u>757</u>	<u>757</u>
Total assets	<u>5,866,691</u>	<u>3,806,934</u>
<u>Liabilities:</u>		
Accounts payable and accrued expenses	56,808	7,664
Loss and loss adjustment expense reserves	1,395,676	1,466,723
Unearned revenue	2,093,521	-
Surplus funds due to members	<u>325,085</u>	<u>325,085</u>
Total liabilities	<u>3,871,090</u>	<u>1,799,472</u>
<u>Net Position:</u>		
Unrestricted	<u>\$ 1,995,601</u>	<u>\$ 2,007,462</u>

The Association's cash and cash equivalents increased as the Association added two members, paid more in loss and loss adjustment expense and held more monies in their depository accounts at year-end. The Association invests primarily in federal agency securities, negotiable CDs, STAR Ohio, and U.S. Treasury notes.

Accounts receivable decreased as the Association had fewer claims over the \$150,000 stop loss to be reimbursed. The reimbursement receivable was \$115,269 at September 30, 2022 and decreased to \$109,631 at September 30, 2023.

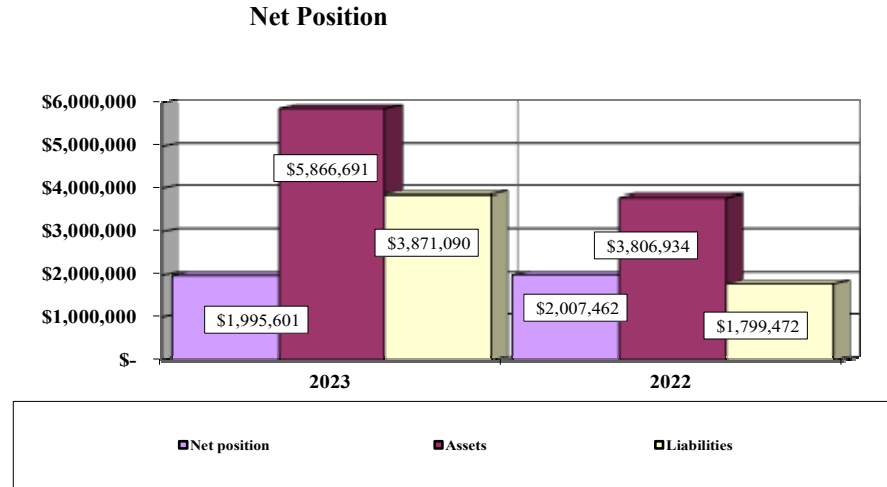
The loss and loss adjustment expense reserve decreased \$71,047, or 4.84%, from September 30, 2022. The loss and loss adjustment expense reserve at fiscal year-end is provided by The Actuarial Advantage, Inc., the Association's independent actuary.

Overall, net position decreased by \$11,861 from the prior year.

CORMA SELF-INSURANCE POOL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
(UNAUDITED)

The chart below shows a breakdown of the Associations assets, liabilities, and net position for 2023 and 2022:



The table below shows the changes in net position for fiscal years 2023 and 2022.

Change in Net Position

	2023	2022
<u>Operating revenues:</u>		
Insurance premiums	\$ 1,750,844	\$ 1,570,045
Loss fund contributions	755,000	665,000
Administrative and professional fees	165,000	145,000
Claims handling fees	68,000	60,000
Other revenues	17,600	16,257
Total operating revenue	<u>2,756,444</u>	<u>2,456,302</u>
<u>Operating expenses:</u>		
Loss and loss adjustment expenses, net	808,107	789,773
Insurance premiums	1,750,844	1,570,045
Administration fees	165,000	145,000
Claims handling fees	68,000	60,000
Professional fees	78,000	15,500
Miscellaneous expenses	11,050	30,981
Total operating expenses	<u>2,881,001</u>	<u>2,611,299</u>
Operating (loss)	<u>(124,557)</u>	<u>(154,997)</u>
<u>Non-operating revenues (expenses):</u>		
Investment income	96,325	34,011
Increase (decrease) in fair value of investments	16,371	(141,428)
Total non-operating revenues	<u>112,696</u>	<u>(107,417)</u>
Change in net position	(11,861)	(262,414)
Net position, October 1	<u>2,007,462</u>	<u>2,269,876</u>
Net position, September 30	<u>\$ 1,995,601</u>	<u>\$ 2,007,462</u>

CORMA SELF-INSURANCE POOL, INC.

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
(UNAUDITED)**

Net position was primarily affected by the fluctuation in the insurance premium expense, reported at September 30, 2023 and 2022 of \$1,750,844 and \$1,570,045, respectively. Fluctuations in the liability are reported as a component of the insurance premium expense. The fluctuation in the insurance premium expense, between 2023 and 2022 resulted from differences between actuarial estimates.

Insurance premium revenue increased \$180,799 from 2022 to 2023. Overall, operating revenue increased \$300,142 or 12.22% from fiscal year 2022. The Association added two new members in fiscal year 2023.

Investment income increased \$62,314 from fiscal year 2022 due to increased investment activity and the timing of maturities. The Association’s investments are reported at fair value which was \$16,371 more than their cost at September 30, 2023. The Association plans to hold investments to maturity thus reducing the risk of fluctuations in fair value.

All operating expense line items, except for miscellaneous expenses, increased from the prior year primarily due to the addition of two new members activity in 2023. Operating expenses for insurance premiums increased from 2022 to 2023. Overall, operating expenses increased \$269,702 or 10.33% from fiscal year 2022. As stated earlier, the Association added two new members in fiscal 2023.

Non-operating revenue increased from the prior year due to an increase in the fair value of the Association’s investments.

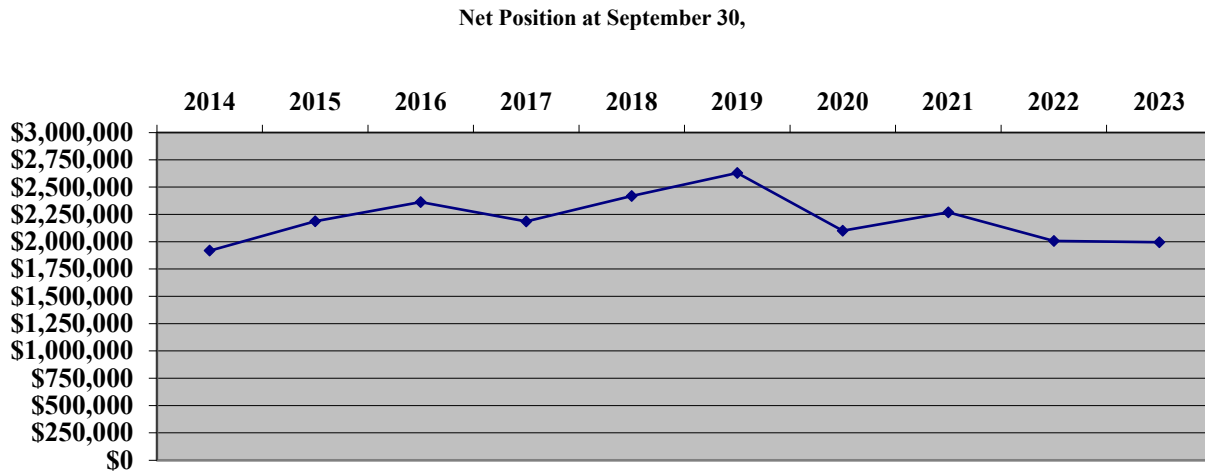
Capital Assets and Debt Administration

At September 30, 2023, the Association had no capital assets or outstanding debt obligations.

Current Financial Related Activities

The Association is committed to providing its member cities with the advantages of a large buying cooperative, while maintaining control by local city leadership. The Association continues to look at other members who meet the established criteria. Underwriting considerations are of utmost importance in reviewing new membership applications. The Association is committed to protecting the financial interests of its members and will not admit a new member that would have an adverse impact on the Association.

The Association’s net position for the last ten fiscal years is as follows:



Establishing premiums that satisfy all claims, administration fees, and other expenses of the Association, in addition to enhancing the net position is important for the short-term and long-term interests of the Association.

CORMA SELF-INSURANCE POOL, INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
(UNAUDITED)**

Contacting the Association's Financial Management

This financial report is designed to provide interested users and our membership with a general overview of the Association's finances and to show the Association's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Michael Turner, 4035 Broadway, Grove City, Ohio 43123 or by calling (614) 277-3000.

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CORMA SELF-INSURANCE POOL, INC.

STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Assets:

Current assets:

Cash and cash equivalents	\$ 3,672,265
Investments	447,181
Receivables:	
Accounts	109,631
Accrued interest	9,380
Prepayments	<u>757</u>

Total current assets 4,239,214

Noncurrent assets:

Investments	<u>1,627,477</u>
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Total assets 5,866,691

Liabilities:

Current liabilities:

Accounts payable and accrued expenses	56,808
Loss and loss adjustment expense reserves (Note 6)	1,395,676
Unearned revenue	<u>2,093,521</u>

Total current liabilities 3,546,005

Noncurrent liabilities:

Surplus funds due to members (Note 10)	<u>325,085</u>
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Total liabilities 3,871,090

Net position:

Unrestricted	<u>\$ 1,995,601</u>
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THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CORMA SELF-INSURANCE POOL, INC.

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Operating revenues:	
Member contributions:	
Insurance premiums	\$ 1,750,844
Loss fund contributions	755,000
Administrative fees	165,000
Claims handling fees	68,000
Other revenue	17,600
	<hr/>
Total operating revenues	2,756,444
Operating expenses:	
Loss and loss adjustment expenses, net (see Note 7)	808,107
Insurance premiums	1,750,844
Administration fees	165,000
Claims handling fees	68,000
Professional fees	78,000
Miscellaneous expenses	11,050
	<hr/>
Total operating expenses	2,881,001
Operating loss	<hr/> (124,557)
Non-operating revenues:	
Investment income	96,325
Increase in fair value of investments	16,371
	<hr/>
Total non-operating revenues	112,696
Change in net position	(11,861)
Net position, October 1	<hr/> 2,007,462
Net position, September 30	<hr/> <u>\$ 1,995,601</u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CORMA SELF-INSURANCE POOL, INC.

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Cash flows from operating activities:	
Cash received from members	\$ 4,849,965
Cash payments to suppliers for services	(1,960,547)
Cash payments for covered losses	(925,669)
Cash payments for miscellaneous expenses	(11,050)
	1,952,699
 Cash flows from investing activities:	
Purchase of investments	(742,828)
Redemption of investments	714,941
Interest received	92,298
	64,411
Net cash provided by investing activities	64,411
Net increase in cash and cash equivalents	2,017,110
Cash and cash equivalents, October 1	1,655,155
Cash and cash equivalents, September 30	\$ 3,672,265
 Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (124,557)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in accounts receivable	5,638
Increase in accounts payable and accrued expenses	49,144
Increase in unearned revenue	2,093,521
(Decrease) loss and loss adjustment expense reserves	(71,047)
	1,952,699
Net cash provided by operating activities	\$ 1,952,699

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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CORMA SELF-INSURANCE POOL, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 1 - DESCRIPTION OF THE ENTITY

The Central Ohio Risk Management Association (CORMA) Self-Insurance Pool, Inc. (the "Association") is a legally separate entity organized under Ohio Revised Code Section 1702.01. The Association was established on September 24, 1997. The Association was formed to administer a joint self-insurance pool under Chapter 2744.081 of the Ohio Revised Code for the public purpose of enabling the subscribing political subdivisions to obtain insurance coverage, to provide methods for paying claims and to provide for a formalized, jointly administered self-insurance fund for its members. The Association is administered by a Board of Trustees appointed by the Members of the Association.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Association have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Association's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39 "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the Association are not misleading. On this basis, no governmental organizations or agencies other than the Association itself are included in the financial reporting entity.

B. Fund Accounting

The Association 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 revenues and expenses. The Association uses an enterprise fund to account for operations (a) 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 or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for public policy, management control, accountability or other purposes.

C. Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

For financial statement presentation purposes, the Association utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned, and expenses are recognized when the liability is incurred.

The Association's activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the Association's operations are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

CORMA SELF-INSURANCE POOL, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Association distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from charges to members for insurance premiums, loss fund contributions, claims handling fees and administrative fees. Operating expenses for the Association include the payment of loss and loss adjustment expenses, insurance premiums, administrative fees, claims handling fees, professional fees and miscellaneous expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Non-operating revenues include investment income and adjustments to the fair value of investments.

D. Assets, Liabilities, and Net Position

Cash and Investments:

During fiscal year 2023, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, Federal Farm Credit Bank (FFCB) securities, Federal Agricultural Mortgage Corp (FAMC) securities, Tennessee Valley Authority (TVA) securities, a municipal bond, negotiable certificates of deposit (negotiable CDs), U.S. Treasury notes, and a U.S. government money market mutual fund. Except for investments in STAR Ohio, investments are reported at fair value.

During fiscal year 2023, the Association invested in STAR Ohio. STAR 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 Association 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 a NAV per share that approximates fair value.

For the fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

For purposes of the statement of cash flows and for reporting on the statement of net position, investments with original maturities of three months or less at the time they are purchased by the Association are considered to be "cash equivalents". Investments with an initial maturity of more than three months are considered to be "investments".

The Association maintains two individual accounts for claims and administrative costs. Each separate account is a depository account with a financial institution. The total of the depository accounts, STAR Ohio investment account, and the U.S. government money market mutual fund is presented on the statement of net position as "cash and cash equivalents".

An analysis of the Association's cash and investments at fiscal year-end is provided in Note 4.

CORMA SELF-INSURANCE POOL, INC.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Receivables:

All receivables are shown net of an allowance for uncollectible amounts, as applicable. Receivables in excess of 90 days are evaluated for the ability to collect them and an allowance is established, as deemed necessary, based on the best information available and in an amount that management believes is adequate. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The Association has recorded receivables for the reimbursement of losses over the Association's self-insured retention amounts and for accrued interest on investments in federal agency securities at September 30, 2023.

Loss and loss adjustment expense reserves:

Provisions for loss reserves and loss adjustment expense reserves are based on information reported by members and are calculated by an actuary. These amounts represent an estimate of reported unpaid claims plus a provision for claims incurred but not reported. Adjustments to this reserve account are charged or credited to expense in the period in which they are made. The Association's management believes that the estimate of the liability for loss reserves is reasonable; however, actual incurred loss and loss adjustment expense may not conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of losses and the related loss adjustment expense may vary from the estimated amounts included in the accompanying financial statements. Should the provision for loss reserves be insufficient, supplemental contributions will be assessed to the Association members. See Note 6 for more information of the Association's loss and loss adjustment expense reserves.

Net position:

Net position is the excess of revenues over expenses during the period in which the Association has been in existence. If adequate provision has been made for the payment of all claims and expenses of the Association, the Board of Trustees, at its discretion, may distribute surplus funds to members during that particular year, provided that such members are also members in the year in which the distribution is made. In lieu of distributing surplus funds to the members, the Board may carry forward the surplus to offset annual or supplemental payments in the subsequent fiscal year.

In the event the Association is terminated, all members of the Association are obligated for any necessary supplemental payments applicable to the years during which they were members. After all claims and related expenses have been paid or reserves established for the payment of any such claims, any surplus funds will be distributed to members, past or present, who constituted the Association for that fiscal year.

E. Revenues and Expenses

Premiums, member and supplemental contributions, claims handling fees and administrative fees:

Premiums are determined based on the member's allocated insurance coverage costs as determined by the Association administrator and are recognized ratably as revenue and the related expense over the insurance coverage period.

Member and supplemental contributions are determined based on a formula approved by the Board of Trustees and applied to all members to provide sufficient funds within the self-insurance pool to adequately fund administrative expenses of the Association and to create adequate reserves for claims and unallocated loss adjustment expense.

CORMA SELF-INSURANCE POOL, INC.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Under the terms of the cooperative agreement, should the annual contributions not be sufficient to fund operations or obligations of the Association, additional supplementary payments shall be required to be made by every member based on the formula used to determine the annual contributions.

Claims handling and administrative fees are based on a contract with a third party and are recognized ratably as revenue and the related expense by the Association over the term of the agreement.

Insurance coverage:

The Association provides insurance coverage for various lines of insurance including property, general liability, automobile liability, automobile physical damage, police liability occurrences and errors and omissions claims. The self-insured portion is limited to annual aggregates. Losses over the Association's self-insured retention amounts are payable by commercial insurance policies, only to the extent limits and coverage applies.

The Association has an agreement with a company to administer claims and loss control. During fiscal year 2023, the Association used The Actuarial Advantage, Incorporated as their independent actuary and Wichert Insurance Services, Inc. as their claims administrator and insurance broker. Wichert Insurance Services, Inc. handles all past and future claims.

F. Budgetary Process

Under Ohio law, the Association is not required to follow a budgetary process and, therefore, no budgetary information is provided in these basic financial statements.

G. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

H. Fair Value Measurements

The Association categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

I. Prepayments

Payments made to vendors for services that will benefit periods beyond September 30, 2023 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed. The Association had \$757 in prepayments at September 30, 2023.

J. Unearned Revenue

Receipts received in advance of the year the services are provided are recorded as unearned revenue. A current liability for the unearned revenue is recorded at the time of receipt and a revenue is reported in the year which services are performed. The Association has reported \$2,093,521 of unearned revenue for fiscal year 2024 member contributions received prior to September 30, 2023.

CORMA SELF-INSURANCE POOL, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Change in Accounting Principles

For fiscal year 2023, the Association has implemented GASB Statement No. 91, “*Conduit Debt Obligations*”, GASB Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*”, GASB Statement No. 96, “*Subscription Based Information Technology Arrangements*”, and certain questions and answers of GASB Implementation Guide 2021-1.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the Association.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the Association.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the Association.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the Association.

NOTE 4 - DEPOSITS AND INVESTMENTS

The Treasurer of the Association pools all available cash of the Association for investment purposes. The Association’s investment policy, as approved by the Association’s Board, serves to define authorized investments and eligible investment transactions of the Association. Eligible investments may be derived from, or based upon, Chapter 135.14 of the Ohio Revised Code (ORC), and/or include certain other investments not authorized or defined under 135.14 ORC. Investments not defined in 135.14 ORC or other sections of Chapter 135 ORC, but authorized pursuant to the Association’s investment policy, are considered as authorized investments of the Association. In some sections, the Association’s investment policy places further limits upon the use of eligible investments or investment transactions.

State statute and the Association’s investment policy allow monies to be deposited or invested in the following:

1. United States Government Securities including bills, notes, bonds, debentures, or any other obligations or securities issued by the U.S. treasury or any other obligation guaranteed as to principal and interest by the United States. U.S. Government securities includes U.S. Treasury stripped principal or interest obligations;

CORMA SELF-INSURANCE POOL, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

2. United States Agency or Instrumentality Securities including bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to the Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Government National Mortgage Association (GNMA). All federal agency securities shall be direct issuances of federal government agencies or instrumentalities. Investments in derivatives and in stripped principal or interest obligations of federal agency obligations are prohibited;
3. Time Certificates of Deposit, Savings Accounts, and Deposit accounts including interest bearing time certificates of deposit, savings accounts, and deposit accounts of any eligible public depository as defined by ORC, provided that any such deposits and savings accounts are properly insured or secured by collateral as prescribed in Section 135.18 or 135.181 of the ORC. Each financial institution with which the Association has deposits shall provide a quarterly statement, or more often as determined by the Association's Treasurer, describing defining reflecting the securities pledged including the market value of such securities;
4. Repurchase agreements (Repo's) with any eligible institution mentioned in section 135.03 ORC, or any eligible securities dealer pursuant to (M) of 135.14 ORC of this section, except that such eligible securities dealers shall be restricted to primary government securities dealers. Repurchase agreements will settle on a delivery vs payment basis with repo collateral held at a qualified custodian or agent, designated by the Association. Eligible repo collateral is restricted to securities listed in division (B)(1) or (B)(2) under 135.14 ORC. The market value of securities subject to a repurchase agreement must of any repo transaction, a master repurchase agreement will be signed by the Treasurer of the Association and the eligible parties. The Treasurer may determine that an additional market value of collateral will be required;
5. Bonds and other obligations of this state, or the political subdivisions of this state, provided that, with respect to bonds or other obligations of political subdivisions, all of the following apply:
 - a. The bonds or other obligations are payable from general revenues of the political subdivision and backed by the full faith and credit of the political subdivision;
 - b. The bonds or other obligations are rated at the time of purchase in one of the three highest classifications established by at least one nationally recognized standard rating service and purchased through a registered securities broker or dealer;
 - c. The aggregate value of the bonds or other obligations does not exceed twenty per cent of the Association investment portfolio at the time of purchase;
 - d. The Association is not the sole purchaser of the bonds or other obligations at original issuance;
6. The state treasurer's investment pool, otherwise known as STAR Ohio, defined pursuant to 135.45 of the Ohio Revised Code, and any other investment alternative(s) offered by the Treasurer of State, are authorized investments of the Association;
7. No-load money market mutual funds consisting exclusively of obligations described in division (B)(1) or (2) of section 135.14 ORC and repurchase agreements secured by such obligations, provided that investments in no-load money market mutual funds are made only through financial institutions eligible for deposit as authorized by ORC section 135.03; and
8. As defined under Section 135.35(A)(8) ORC, up to twenty-five per cent of CORMA's total average portfolio in either of the following investments:

CORMA SELF-INSURANCE POOL, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Commercial paper notes issued by an entity that is defined in division (D) of section 1705.01 of the Revised Code and that has assets exceeding five hundred million dollars, to which notes all of the following apply:

- a. The notes are rated at the time of purchase in the highest classification established by at least two nationally recognized standard rating services;
- b. The aggregate value of the notes does not exceed ten per cent of the aggregate value of the outstanding commercial paper of the issuing corporation;
- c. The notes mature not later than two hundred seventy days after purchase;

Bankers acceptances of banks that are insured by the federal deposit insurance corporation and that mature not later than one hundred eighty days after purchase.

The Association's investment policy places the following limitations on investments as follows:

1. The total value of certificates of deposit, purchased from any individual financial institution, shall not exceed three percent (3%) of the institution's total time deposits.
2. The use of derivative securities, as defined in Ohio Revised Code §135.14 (C), is expressly prohibited.
3. Collateralized mortgage obligations (CMO's) of any kind are expressly prohibited.
4. All eligible investments will mature within five (5) years from the date of settlement.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in 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.

The Association's investment policy prescribes that securities purchased for Association will be held in safekeeping by a qualified trustee as provided in Section 135.37 ORC. Securities held in safekeeping by the custodian will be evidenced by a monthly statement describing such securities. The custodian may safe keep the Association's securities in (1) Federal Reserve Bank book entry form; (2) Depository Trust Company (DTC) book entry form in the account of the custodian or the custodian's correspondent bank; or (3) Non-book entry (physical) securities held by the custodian or the custodian's correspondent bank. All securities transactions will settle using standard delivery-vs-payment (DVP) procedures. The records of the custodian shall identify such securities in the name of the Association. Collateral will be required on two types of investments: certificates of deposit and repurchase agreements. The collateralization level will be as defined by ORC. Collateral is limited to eligible securities defined in ORC Sections 135.18 and 135.181. Each financial institution with which the Association has deposits shall provide a quarterly statement reflecting the securities pledged including the market value of such securities.

A. Deposits with Financial Institutions

At September 30, 2023, the carrying amount of the Association's deposits was \$2,557,130 and the bank balance was \$2,632,431. Of the bank balance, \$364,353 was covered by the FDIC, \$1,134,039 was covered by the Ohio Pooled Collateral System, and \$1,134,039 was exposed to custodial credit risk discussed below because those deposits were uninsured and uncollateralized.

CORMA SELF-INSURANCE POOL, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the Association will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Association has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Association and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in 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. The OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2023, the Association's financial institution was approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Association to a successful claim by the FDIC.

B. Investments

As of September 30, 2023, the Association had the following investments and maturities:

Measurement/ Investment type	Measurement Amount	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair Value:						
U.S. government money						
market mutual fund	\$ 14,038	\$ 14,038	\$ -	\$ -	\$ -	\$ -
FHLB	263,420	-	121,365	71,563	-	70,492
FHLMC	158,520	-	-	-	-	158,520
FNMA	90,846	-	-	-	-	90,846
FFCB	184,499	-	-	-	19,679	164,820
FAMC	39,559	-	-	-	-	39,559
TVA	77,034	-	-	-	28,776	48,258
Negotiable CDs	704,162	123,035	98,701	105,642	238,955	137,829
Municipal bond	104,080	104,080	-	-	-	-
U.S. Treasury notes	452,538	-	-	-	-	452,538
Amortized Cost:						
STAR Ohio	1,101,097	1,101,097	-	-	-	-
	<u>\$ 3,189,793</u>	<u>\$ 1,342,250</u>	<u>\$ 220,066</u>	<u>\$ 177,205</u>	<u>\$ 287,410</u>	<u>\$ 1,162,862</u>

The weighted average length to maturity of investment is 1.53 years.

The Association's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The Association's investments in federal agency securities (FHLB, FHLMC, FNMA, FFCB, FAMC, and TVA), negotiable CDs, municipal bonds, and U.S. Treasury notes are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs). As discussed in Note 2.D, investments in STAR Ohio are reported at the net asset value (NAV) per share provided by STAR Ohio.

CORMA SELF-INSURANCE POOL, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Association's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The Association's investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Negotiable CDs are not rated but are fully insured by the FDIC. Standard & Poor's has assigned STAR Ohio and the U.S. government money market an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Association's investment policy aims to ensure preservation of capital in the overall portfolio.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Association will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities, commercial paper and Treasury securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the Association's name. The Association has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The Association's investment policy places specific limitations on the amounts that may be invested in a single institution or issuer as described above. The following table includes the percentage of each investment type held by the Association at September 30, 2023:

Measurement/ Investment type	Measurement Amount	% of Total
Fair Value:		
U.S. government money market mutual fund	\$ 14,038	0.44
FHLB	263,420	8.26
FHLMC	158,520	4.97
FNMA	90,846	2.85
FFCB	184,499	5.78
FAMC	39,559	1.24
TVA	77,034	2.42
Negotiable CDs	704,162	22.07
Municipal bond	104,080	3.26
U.S. Treasury notes	452,538	14.19
Amortized Cost:		
STAR Ohio	1,101,097	34.52
	<u>\$ 3,189,793</u>	<u>100.00</u>

CORMA SELF-INSURANCE POOL, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Reconciliation of Cash and Investment to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net position as of September 30, 2023:

<u>Cash and investments per footnote</u>	
Carrying amount of deposits	\$ 2,557,130
Investments	<u>3,189,793</u>
Total	<u>\$ 5,746,923</u>
 <u>Cash and investments on Statement of Net Position</u>	
Cash and cash equivalents	\$ 3,672,265
Investments - current	447,181
Investments - non-current	<u>1,627,477</u>
Total	<u>\$ 5,746,923</u>

NOTE 5 - INSURANCE COVERAGES

For the year ended September 30, 2023, the Association provided the following insurance coverage:

Self-insured portion for covered claims per occurrence:	
General claims	\$ 150,000
Annual aggregate self-insured retention	
(liability coverages)	865,000

Claims over the self-insured portion are covered by commercial insurance policies with members as additional named insured's.

NOTE 6 - LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

The Association established a reserve liability that includes a provision for reported and unreported insured events and an estimate of future payment of losses and related loss adjustment expenses. The claims liability as required by GASB Statement No. 10, "*Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*", as amended by GASB Statement No. 30, "*Risk Financing Omnibus*", was provided by the Associations independent actuary, The Actuarial Advantage, Inc.

CORMA SELF-INSURANCE POOL, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 6 - LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES – (Continued)

The changes in the aggregate liabilities for the Association for the fiscal years ended September 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Unpaid loss and loss adjustment expense reserves, beginning	\$ 1,466,723	\$ 1,418,917
Incurred loss and loss adjustment expenses, provision for insured events of the current period	1,287,388	1,182,701
(Decrease) in provision for insured events of the prior years	<u>(479,281)</u>	<u>(392,928)</u>
Total incurred loss and loss adjustment expenses	<u>808,107</u>	<u>789,773</u>
Payments:		
Loss and loss adjustment expenses attributable to insured events of the current year	531,336	493,896
Loss and loss adjustment expenses paid attributable to insured events of prior years	<u>347,818</u>	<u>248,071</u>
Total payments	<u>879,154</u>	<u>741,967</u>
Unpaid loss and loss adjustment expense reserves, ending	<u>\$ 1,395,676</u>	<u>\$ 1,466,723</u>

NOTE 7 - LOSS AND LOSS ADJUSTMENT EXPENSES, NET

For fiscal years 2023 and 2022, the Association reported loss and loss adjustment expenses, net of \$808,107 and \$789,773, respectively. The increased expense for 2023 is the result of differences between actuarial estimates of provisions for insured events from the current and prior years. The Association's independent actuary for fiscal year 2023 was The Actuarial Advantage, Inc.

The \$71,047 decrease in the loss and loss adjustment expense reserves from September 30, 2022 to September 30, 2023 is reflected in the fiscal year 2023 loss and loss adjustment expenses, net as reported on the Statement of Revenues, Expenses and Changes in Net Position. For fiscal year 2023, actual claims payments for covered losses were \$925,669 as reported on the Statement of Cash Flows.

NOTE 8 - CLAIMS ADMINISTRATION

The Association has entered into agreements with companies for the purpose of claims administration, claims adjustments, loss control and Association administration. For the year ended September 30, 2023, the amounts charged to expense were as follows:

Administration fees	\$ 165,000
Claims handling fees	<u>68,000</u>
Total	<u>\$ 233,000</u>

CORMA SELF-INSURANCE POOL, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE 9 - CONTINGENCIES

General:

In the normal course of business, the Association is involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on the financial statements.

Concentration by geographic location and industry:

The Association is exposed to certain risks by writing all its business in the State of Ohio, thus increasing exposure to a single geographic area.

Association membership is limited to municipalities.

NOTE 10 - SURPLUS FUNDS DISTRIBUTION

In accordance with Association policy, the Board of Trustees may, at its discretion, distribute surplus funds to Members during a particular year, provided that such Members are also Members in the year in which the distribution is made. In lieu of distributing surplus funds to the Members, the Board of Trustees may carry forward the surplus to offset annual or supplemental payments in the subsequent fiscal year.

On May 20, 2020, the Board of Trustees elected to distribute \$691,829 of surplus funds to four Members, the City of Upper Arlington, the City of Westerville, the City of Pickerington, and the City of Dublin. The Members had the option to apply the distribution toward their current premium due or carry the amount forward to a future premium period. The undistributed amounts are as follows:

Member	Remaining Distribution at 10/1/2022	Distribution Applied Toward	
		2022-2023 Premium	2023-2024 Premium or Beyond
City of Upper Arlington	\$ 118,959	\$ -	\$ 118,959
City of Westerville	69,277	-	69,277
City of Pickerington	136,849	-	136,849
Total	\$ 325,085	\$ -	\$ 325,085

On the statement of net position, distributions being applied toward premium periods beyond 2022-2023 are reported as a noncurrent liability. The entire surplus distribution was reported as a nonoperating expense at the time of declaration (fiscal year 2020).

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REQUIRED SUPPLEMENTARY INFORMATION

CORMA SELF-INSURANCE POOL, INC.

TEN-YEAR LOSS DEVELOPMENT INFORMATION

The following table illustrates how the Association's earned revenue and investment income compares to related costs of loss and other expenses assumed by the Association as of the end of the year. The rows of the table are defined as follows:

- (1) This line shows the total of each fiscal year's gross earned premiums and reported investment income.
- (2) This line shows each fiscal year's other operating costs of the Association including overhead and loss adjustment expenses not allocable to individual claims.
- (3) This line shows the Association's gross incurred losses and allocated loss adjustment expense as originally reported at the end of the year in which the event that triggered coverage occurred (called *accident year*).
- (4) This section shows the cumulative net amounts paid as of the end of the accident year.
- (5) This section shows how each accident year's net incurred losses increased or decreased as of the end of the year. (This annual re-estimation results from new information received on known losses, re-evaluation of existing information on known losses and emergence of new losses not previously known.)
- (6) This line compares the latest re-estimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally thought.

As data for individual accident years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature accident years. The columns of the table show data for successive accident years. Loss development information for the fiscal years ended September 30, 2014 through 2023 is as follows:

CORMA SELF-INSURANCE POOL, INC.

TEN-YEAR LOSS DEVELOPMENT INFORMATION (CONTINUED)

Fiscal and Accident Year Ended September 30,

	2014	2015	2016	2017	2018	2019
1. Premiums, investment and other income	\$ 1,588,019	\$ 1,768,161	\$ 1,741,516	\$ 1,773,319	\$ 1,878,403	\$ 2,047,312
2. Unallocated expenses	1,007,175	1,144,615	1,253,646	1,164,420	1,210,530	1,372,986
3. Estimated losses incurred and expense, end of year	532,544	551,909	697,191	810,354	859,536	789,033
4. Paid, cumulative as of:						
End of accident year	146,859	140,567	187,384	177,285	208,439	237,318
One year later	179,910	239,012	361,567	423,198	405,401	318,605
Two years later	198,185	327,814	446,977	423,198	652,524	404,518
Three years later	238,208	332,518	469,208	423,198	669,923	411,788
Four years later	248,333	343,662	471,228	423,198	699,329	421,318
Five years later	248,333	358,929	471,348	423,198	766,666	-
Six years later	248,333	364,038	472,748	423,198	-	-
Seven years later	248,333	372,915	472,773	-	-	-
Eight years later	248,333	442,885	-	-	-	-
Nine years later	248,333	-	-	-	-	-
5. Re-estimated incurred losses and expense:						
End of accident year	532,544	551,909	697,191	810,354	859,536	789,033
One year later	450,079	474,704	689,295	650,788	867,988	601,460
Two years later	346,811	501,636	633,097	450,678	930,602	509,001
Three years later	320,971	450,254	552,135	435,665	839,106	480,277
Four years later	282,007	430,044	532,876	430,924	826,708	457,348
Five years later	248,333	398,509	521,464	423,198	766,666	-
Six years later	248,333	398,509	472,748	423,198	-	-
Seven years later	248,333	418,509	472,773	-	-	-
Eight years later	248,333	442,885	-	-	-	-
Nine years later	248,333	-	-	-	-	-
6. Increase (decrease) in estimated incurred losses and expenses from end of accident year	(284,211)	(109,024)	(224,418)	(387,156)	(92,870)	(331,685)

Fiscal and Accident Year Ended September 30,

	2020		2021		2022		2023
\$	2,202,738	\$	2,262,388	\$	2,348,885	\$	2,869,140
	1,506,257		1,577,402		1,821,526		2,072,894
	725,305		1,006,180		1,182,701		1,287,388
	132,393		322,506		493,896		531,336
	196,862		456,140		608,979		-
	257,726		542,013		-		-
	257,726		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	-		-		-		-
	725,305		1,006,180		1,182,701		1,287,388
	434,394		763,164		907,164		-
	362,046		658,505		-		-
	321,531		-		-		-
	-		-		-		-
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	(403,774)		(347,675)		(275,537)		-

**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**

Central Ohio Risk Management Association Self-Insurance Pool, Inc.
Franklin County
4305 Broadway
Grove City, Ohio 43123

To the Members of the Board of Trustees:

We have audited, in accordance with the 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 statements of the Central Ohio Risk Management Association Self-Insurance Pool, Inc. (CORMA), Franklin County, Ohio, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise CORMA's basic financial statements and have issued our report thereon dated March 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CORMA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CORMA's internal control. Accordingly, we do not express an opinion on the effectiveness of CORMA'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 CORMA's financial statements 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CORMA's financial statements are 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 statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 CORMA's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering CORMA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Zupka & Associates
Certified Public Accountants

March 22, 2024

**CENTRAL OHIO RISK MANAGEMENT ASSOCIATION
SELF-INSURANCE POOL, INC.
FRANKLIN COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
SEPTEMBER 30, 2023**

The audit report for the fiscal year ending September 30, 2022, included no citations or instances of noncompliance.

OHIO AUDITOR OF STATE KEITH FABER



CENTRAL OHIO RISK MANAGEMENT ASSOCIATION SELF INSURANCE POOL, INC.

FRANKLIN 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 4/23/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov