BUCKEYE OHIO RISK MANAGEMENT ASSOCIATION
BENEFITS POOL, INC

FINANCIAL STATEMENTS
For the year ended December 31, 2013

Board of Trustees
Buckeye Ohio Risk Management Association Benefits Pool, Inc.
C/o City of Defiance
631 Perry Street
Defiance, OH 43512

We have reviewed the *Independent Auditors' Report* of the Buckeye Ohio Risk Management Association Benefits Pool, Inc., Erie County, prepared by Payne, Nickles & Company, for the audit period January 1, 2013 through December 31, 2013. 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 Buckeye Ohio Risk Management Association Benefits Pool, Inc. is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

September 3, 2014

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BUCKEYE OHIO RISK MANAGEMENT ASSOCIATION
BENEFITS POOL, INC.

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Payne Nickles & Company
Certified Public Accountants and Business Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Buckeye Ohio Risk Management Association Benefits Pool, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Buckeye Ohio Risk Management Association Benefits Pool, Inc. (formerly known as BORMA, Inc. dba Buckeye Ohio Risk Management Association – Benefits Pool) (BORMA), which comprise the statement of net assets (deficiencies) as of December 31, 2013, and the related statements of activity and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BORMA as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 4 and the claims development information on page 14 be presented to supplement the basic financial statements. Such information, 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 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 July 7, 2014, on our consideration of BORMA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 BORMA's internal control over financial reporting and compliance.

Payne, Nickles & Company

Sandusky, Ohio
July 7, 2014

BUCKEYE OHIO RISK MANAGEMENT ASSOCIATION
BENEFITS POOL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
For the fiscal year ended December 31, 2013

The discussion and analysis of the Buckeye Ohio Risk Management Association Benefits Pool, Inc. (Association) performance provides an overview of the Association's financial activities for the year ended December 31, 2013. The intent of this discussion and analysis is to look at the Association's financial performance as a whole.

HIGHLIGHTS

The Association's net assets decreased $2,681,430. Total assets decreased by $2,670,896. The loss reserve requirement decreased by $287,130.

The Association added one new member to the Pool during 2013.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Association's financial position.

The Statement of Financial Position and the Statement of Activity provide information about the activity of the Association as a whole.

DESCRIPTION OF FINANCIAL STATEMENTS

The Statement of Financial Position and Statement of Activity reflect how the Association performed financially during 2013. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid. These statements report the Association's net assets and changes in net assets. This change in net assets is important because it tells the reader whether the financial position of the Association has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not.

BUDGETARY HIGHLIGHTS

The Association does not draft or approve a budget in the tradition of most government agencies. The Board's consultant reviews the Association's prior claims history and helps the Association set billing rates for its members for the following year. This process is completed in October of each year. If the rates are set too high, and/or the claims are overestimated, the Association will have an increase in net assets. If the rates are set too low, and/or the claims are underestimated, the Association will have a decrease in net assets.

BUCKEYE OHIO RISK MANAGEMENT ASSOCIATION
BENEFITS POOL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
For the fiscal year ended December 31, 2013

FINANCIAL ANALYSIS

Net Assets (Deficiency)	2013	2012
Current and other assets	$ 1,573,028	$ 4,243,924
Current and other liabilities	5,739,777	5,729,243
Unrestricted net assets (deficiency)	$(4,166,749)	$(1,485,319)
Change in Net Assets		
Revenues		
Membership contributions	$24,351,899	$24,503,031
Rebates	567,273	464,593
Interest income	2,419	8,840
Total revenues	24,921,591	24,976,464
Program expenses		
Claim expenses	26,231,219	26,355,079
Insurance premiums	1,317,165	1,341,153
Other	54,637	39,708
Total expenses	27,603,021	27,735,940
Change in net assets	$(2,681,430)	$(2,759,476)

As previously noted, total assets decreased by $2,670,896 or 62.9% in 2013. Total revenues were down $54,873. Total expenses were down $132,919 in total. This is the result of the decrease in the loss reserve liability. Per the Reserve Calculation conducted by MKC Benefit Consultants, LTD., the amounts held in reserve did not exceed the calculated reserve required.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Association's finances for all those interested in the Association's well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to John W. Lehner, Finance Director, 631 Perry Street, Defiance, Ohio 43512.

BUCKEYE OHIO RISK MANAGEMENT ASSOCIATION BENEFITS POOL, INC.

Statement of Net Assets (Deficiency)
December 31, 2013

Assets		
Cash and investments	$	1,230,824
Member accounts receivable		232,204
Other receivables		110,000
Total assets	$	1,573,028
Liabilities		
Accounts payable	$	932,070
Deferred revenue:		
Enrollment fees		281,750
Prepaid premiums		105,851
Loss reserves		4,420,106
Total liabilities		5,739,777
Net assets (deficiency)		
Net deficiency in assets - unrestricted		(4,166,749)
Total liabilities and net deficiency in assets	$	1,573,028

The accompanying notes are an integral part of this financial statement.

BUCKEYE OHIO RISK MANAGEMENT ASSOCIATION BENEFITS POOL, INC.

Statement of Activity
For the year ended December 31, 2013

Operating revenues		
Membership contributions	$	23,801,716
Enrollment fees		546,997
Rebates		567,273
Miscellaneous income		3,187
Total operating revenues		24,919,173
Operating expenses		
Insurance premium for coverage		1,381,379
Claims expenses		25,276,616
Administrative fees		890,390
Other operating expenses		54,637
Total operating expenses		27,603,022
Operating income (loss)		(2,683,849)
Nonoperating revenues		
Interest revenue		2,419
Change in net assets		(2,681,430)
Net deficiency in assets, beginning of year		(1,485,319)
Net deficiency in assets, end of year	$	(4,166,749)

The accompanying notes are an integral part of this financial statement.

BUCKEYE OHIO RISK MANAGEMENT ASSOCIATION BENEFITS POOL, INC.

Statement of Cash Flows
For the year ended December 31, 2013

Cash flows from operating activities	
Cash received from member contributions and fees	$ 24,076,274
Cash received from provider refunds	240,810
Cash received from rebates	653,112
Cash received from miscellaneous income	3,187
Cash payments on claims	(24,615,770)
Cash payments on claim administration	(890,390)
Cash payments for insurance premiums	(1,381,379)
Cash payments for other expenses	(44,788)
Net cash used in operating activitites	(1,958,944)
Cash flows from investing activities	
Cash received from interest income	2,419
Net cash provided by investing activities	2,419
Net decrease in cash and cash equivalents	(1,956,525)
Cash balance, beginning of year	3,187,349
Cash balance, end of year	$ 1,230,824

Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (2,683,849)
Adjustments to reconcile operating loss to net cash used in operating activities	
Changes in assets and liabilities:	
Decrease in other receivables	85,839
Decrease in reinsurance receivables	387,536
Decrease in member contribution receivable	240,996
Increase in accounts payable	811,099
Decrease in deferred revenue	(513,435)
Decrease in loss reserves	(287,130)
Net cash used in operating activities	$ (1,958,944)

The accompanying notes are an integral part of this financial statement.

BUCKEYE OHIO RISK MANAGEMENT ASSOCIATION
BENEFITS POOL, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - FINANCIAL REPORTING ENTITY

Buckeye Ohio Risk Management Association Benefits Pool, Inc. (BORMA) is a not-for-profit corporation formed under Chapter 1702 of the Ohio Revised Code for the purpose of operating a joint self-insurance health benefits pool. BORMA's public purpose is to enable its members (political subdivisions) to obtain insurance coverage, provide methods for paying claims and provide a formalized jointly administered self-insurance pool. Specifically, the Benefits Pool provides health benefits to employees of its members. In addition to the self-insurance pool, BORMA provides risk management services. The members of BORMA include the following public entities within the State of Ohio: Archbold, Bowling Green, Bucyrus, Carey, Correction Center of NW Ohio, Clyde, Defiance, Fayette, Fremont, Henry County, Hicksville, Macedonia, Napoleon, Oberlin, Oregon, Pepper Pike, Sandusky, Sandusky County Board of Health, Sandusky County Engineers, Upper Sandusky, Village of Huntington Valley and Willard.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Measurement Focus and Basis of Presentation

BORMA prepares its financial statements in accordance with accounting principles generally accepted in the United States of America and Governmental Accounting Standards Board (GASB) Statement Nos. 10, 29, 30, 34 and 40, and GASB Interpretation No. 4.

GASB Statement Nos. 10 and 30 provide accounting and reporting standards that apply to public entity risk pools, and require public entity risk pools to account for their activities using proprietary fund accounting. Proprietary activities are accounted for using the economic resources measurement focus and the accrual basis of accounting.

GASB Statement No. 29 allows proprietary entities to apply all Financial Accounting Standards Board statements and interpretations, excluding those limited to not-for-profit organizations, issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

B. Member and Supplemental Contributions

Member contributions are calculated annually to produce a sum of money within the self-insurance pool adequate to fund administrative expenses and to establish adequate reserves for claims and unallocated loss adjustment expenses.

Under the terms of membership, should annual member contributions not be sufficient to fund ultimate losses, establish adequate reserves and cover administrative expenses, the Board of Trustees can require supplementary contributions. Supplementary contributions can be assessed during the entire life of the Association and any later period when claims or expenses need to be paid which are attributable to any membership year during which the event or claim occurred.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

Monies held by the Pool are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Pool. Active monies must be maintained as cash or bank deposits subject to the Federal Deposit Insurance Corporation limit, U.S. Treasury obligations with maturities of one year or less from initial offering, U.S. Government Agency or instrumentality paper with a maturity of one year or less, the State Treasurer's Asset Reserve of Ohio (STAR Ohio) and loans with an agreement for the collateral to be repurchased by the borrower with a maturity not to exceed thirty days. Volatility of principal is not permitted. Financial risk is not acceptable, and because of the short investment time horizon of the funds, exposure to interest rate risk and purchasing power risk will be minimal.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits may be deposited or invested in the same securities as the active monies except maturities may be extended to two years provided the average weighted maturity does not exceed one year. Volatility of principal is not tolerated. The funds will be invested in nonvolatile, liquid investments to ensure payment for projects when due. Moderated income volatility is permitted. Financial risk is unacceptable, and because the investment time horizon of the fund is relatively short, exposure to interest rate risk and purchasing power risk will be minimal.

Inactive deposits are reserve funds for runoff claims after the dissolution of the benefits pool. Inactive deposits may be deposited or invested in the same securities as the interim monies except maturities may not exceed five years, provided the average weighted maturity does not exceed two years. Minimum volatility of principal may be tolerated in order to obtain additional income. Financial risk is unacceptable, and interest rate risk and purchasing power risk will be minimal.

Investments are reported at fair value. BORMA has invested funds in the State Treasury Asset Reserve of Ohio (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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price at which the investment could be sold.

BORMA considers cash and investments, both of which are short-term in nature, as cash in preparing the statement of cash flows.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Reinsurance Receivables

Amounts recoverable from reinsurers or excess insurers and that relate to paid claims and claim adjustment expenses are reported as reinsurance receivables and as reductions of claims expenses.

E. Deferred Revenue

Member contributions paid in advance represent revenues of future periods and therefore are recorded as deferred revenue on the Statement of Net Assets.

F. Administrative Expenses

Administrative expenses reported on the Statement of Activities primarily consist of costs associated with the processing of claims payments and the purchase of loss control services.

G. Claims Expenses

Claims expenses include paid and unpaid claims and expenses associated with settling claims. The Loss Reserves liability is based on an actuarial review of experience with respect to the probable number and nature of claims arising from losses that have been incurred but have not yet been reported. The liability represents the ultimate cost of settling the claims. Due to uncertainties inherent in the estimates and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

H. Premium Deficiencies

Each year, in accordance with GASB Statement No. 10, BORMA determines whether or not a premium deficiency exists by calculating the difference between future contract revenues and future contract expenses. In the event future premiums are less than the sum of expected claims costs (including IBNR claims) and expected claim adjustment expenses, a premium deficiency loss or expense is recognized. BORMA does not take into consideration estimated investment income when determining if premium deficiencies exist.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Estimates

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

J. Subsequent Events

Management has evaluated subsequent events through July 7, 2014, the date that the financial statements were available to be issued.

NOTE 3 - DEPOSITS AND INVESTMENTS

BORMA follows the guidance of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This statement's required disclosures are as follows:

Deposits - At fiscal year-end, the carrying amount of BORMA's deposits was $1,218,110 and the bank balance was $1,230,272. Of the bank balance, $500,000 was covered by federal depository insurance.

Investments - At year end, the fair value of investments treated as cash were as follows:

STAR Ohio	$ 12,714
	$ 12,714

Custodial credit risk - Custodial credit risk is the risk that, in the event of a failure of a depository institution or counterparty to a transaction, BORMA will be unable to recover the value of deposits, investments, or collateral securities in possession of an outside party. At December 31, 2013, BORMA's deposits and investments had $718,110 exposure to custodial credit risk. BORMA does not have a policy to limit custodial credit risk.

Credit Risk - Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations. BORMA does not have a policy to limit credit risk. STAR Ohio has a quality rating of AAAm while the money market funds are unrated.

Concentration of Credit Risk - Concentration of credit risk is the risk of inability to recover the value of deposits or investments in the possession of an outside party caused by a lack of diversification. BORMA does not have a policy to limit concentration of credit risk.

NOTE 3 - DEPOSITS AND INVESTMENTS *(Continued)*

Interest Rate Risk - Interest rate risk is the risk that an interest rate change could adversely affect an investment's fair value. BORMA does not have a policy to limit interest rate risk. At fiscal year-end, all investments had a maturity of less than one year.

NOTE 4 - REINSURANCE CEDED

BORMA reinsures certain risks with HCC Life Insurance Company to limit its losses for large aggregate and individual losses. The plan year is January 1 through December 31. Reinsurance premiums ceded during the fiscal year totaled $1,317,165.

NOTE 5 - RESERVE FOR CLAIMS LOSSES

BORMA, under its terms of membership, shall establish reserves for claims and unallocated loss adjustment expenses. In 2013, the Loss Reserve decreased $287,130 to $4,420,106.

Changes in BORMA's reserve for claims losses amount for the two previous years are as follows:

Year	Balance	Claims	Payments	Balance
2012	$3,537,037	$26,220,753	$25,050,554	$4,707,236
2013	4,707,236	25,219,030	25,506,160	4,420,106

NOTE 6 - ENROLLMENT FEES

New members entering the Pool are assessed a fee based on the number of employees that the new member adds to the Pool's risks. This enrollment fee is amortized into the Pool's income over three years which is the minimum period of time that a new member has committed to enrollment in the Pool.

Deferred enrollment fees – beginning of year	$ 804,441
New member enrollment fees assessed during the year	24,306
Amount of enrollment fee recognized as income in 2013	(546,997)
Deferred enrollment fees	$ 281,750

REQUIRED SUPPLEMENTAL INFORMATION

BUCKEYE OHIO RISK MANAGEMENT ASSOCIATION BENEFITS POOL, INC.
CLAIMS DEVELOPMENT INFORMATION

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Premiums and investment revenue										
Earned	10,961,036	14,360,216	15,777,814	16,749,586	15,121,227	16,415,469	17,635,104	21,465,428	24,976,464	24,921,590
Ceded	(711,066)	(861,721)	(874,464)	(756,384)	(861,021)	(812,938)	(976,489)	(1,235,048)	(1,310,626)	(1,317,165)
Net earned	10,249,970	13,498,495	14,903,350	15,993,202	14,260,206	15,602,531	16,658,615	20,230,380	23,665,838	23,604,425
Unallocated expenses	14,310	28,219	20,918	25,464	24,735	23,288	45,678	25,732	39,708	54,637
Estimated losses and expenses, end of policy year:										
Incurred	9,806,067	13,747,479	17,144,011	13,408,351	13,919,268	18,141,852	18,371,758	20,531,013	27,042,249	26,432,751
Ceded	(115,035)	(359,005)	(1,211,908)	(260,049)	(223,783)	(1,554,919)	(776,436)	(179,679)	(656,643)	(201,532)
Net incurred	9,691,032	13,388,474	15,932,103	13,148,302	13,695,485	16,586,933	17,595,322	20,351,334	26,385,606	26,231,219
Net paid claims and administrative expenses (cumulative) as of:										
End of year	9,069,706	12,158,041	12,989,154	10,814,761	11,379,449	15,189,034	14,963,317	16,814,326	21,599,265	22,197,950
One year later	10,148,239	15,459,615	14,114,235	11,909,557	12,666,608	16,688,682	17,233,992	18,179,426	23,927,858	
Two years later	10,148,359	15,473,942	14,117,219	11,930,569	12,666,608	16,713,736	17,298,330	20,594,944		
Three years later	10,148,359	15,473,942	14,117,219	11,930,569	12,666,608	16,713,736	17,298,330			
Four years later	10,148,359	15,473,942	14,117,219	11,930,569	12,666,608	16,713,736				
Five years later	10,148,359	15,473,942	14,117,219	11,930,569	12,666,608					
Six years later	10,148,359	15,473,942	14,117,219	11,930,569						
Seven years later	10,148,359	15,473,942	14,117,219							
Eight years later	10,148,359	15,473,942								
Nine years later	10,148,359									
Reestimated ceded losses and expenses	(115,035)	(359,005)	(1,211,908)	(260,049)	(223,783)	(1,554,919)	(776,436)	(201,905)	(656,643)	(204,532)
Reestimated incurred claims and expenses										
End of year	9,691,032	13,388,474	15,932,103	13,148,302	13,695,485	16,586,933	17,595,322	20,351,363	25,801,502	22,197,950
One year later	9,691,032	15,459,615	14,114,235	11,909,557	12,666,608	16,688,682	17,595,322	18,179,426	23,927,858	
Two years later	10,148,359	15,473,942	14,117,219	11,930,569	12,666,608	16,713,736	17,298,330	20,594,944		
Three years later	10,148,359	15,473,942	14,117,219	11,930,569	12,666,608	16,713,736	17,298,330			
Four years later	10,148,359	15,473,942	14,117,219	11,930,569	12,666,608	16,713,736				
Five years later	10,148,359	15,473,942	14,117,219	11,930,569	12,666,608					
Six years later	10,149,359	15,473,942	14,117,219	11,930,569						
Seven years later	10,149,359	15,473,942	14,117,219							
Eight years later	10,149,359	15,473,942								
Nine years later	10,149,359									
Increase in estimated net incurred claims and expenses from end of policy year	457,327	2,085,468	(1,814,884)	(1,217,733)	(1,028,877)	126,803	(296,992)	243,581	(1,873,644)	

Payne Nickles & Company
Certified Public Accountants and Business Advisors

INDEPENDENT AUDITORS' 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*

To the Board of Trustees of
Buckeye Ohio Risk Management Association Benefits Pool, Inc.

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 **Buckeye Ohio Risk Management Association Benefits Pool, Inc.** (BORMA), which comprise the statement of net assets (deficiency) as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 7, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BORMA'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BORMA's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 the entity'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified.

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Fax: (419) 625-7120

Compliance and Other Matters

As part of obtaining reasonable assurance about whether BORMA'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 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 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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Payne, Nickles & Company

Sandusky, Ohio
July 7, 2014

**BUCKEYE OHIO RISK MANAGEMENT ASSOCIATION
BENEFITS POOL, INC.**

SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2013

Fiscal Year	Finding Number	Status
2012	2012-1	Corrected

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Dave Yost · Auditor of State

BUCKEYE OHIO RISK MANAGEMENT ASSOCIATION BENEFITS POOL, INC.

ERIE 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
SEPTEMBER 16, 2014

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