

BORMA, INC.
WOOD COUNTY, OHIO

BASIC
FINANCIAL STATEMENTS
(AUDITED)

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2015

BRIAN BUSHONG, TREASURER



Dave Yost • Auditor of State

Board of Trustees
Buckeye Ohio Risk Management Association (BORMA), Inc.
304 North Church Street
Bowling Green, Ohio 43402

We have reviewed the *Independent Auditor's Report* of the Buckeye Ohio Risk Management Association (BORMA), Inc., Wood County, prepared by Julian & Grube, Inc., for the audit period December 1, 2014 through November 30, 2015. 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 (BORMA), Inc. is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

June 30, 2016

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BORMA, INC.
WOOD COUNTY, OHIO

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

BORMA, Inc.
Wood County
304 North Church Street
Bowling Green, Ohio 43402

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of BORMA, Inc., Wood County, Ohio, (a not-for-profit corporation), which comprise the statement of net position, the related statements of activities and cash flows, as of and for the fiscal year ended November 30, 2015, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing those risks of financial statement material misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to BORMA, Inc.'s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of BORMA, Inc.'s internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BORMA, Inc., Wood County as of November 30, 2015, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described further in Note 3 to the financial statements, during the fiscal year ended November 30, 2015, BORMA, Inc. presented for the first time its basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) after previously reporting on a cash basis. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not a part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Management has omitted the *Ten-year loss development information* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2016, on our consideration of BORMA, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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, Inc.'s internal control over financial reporting and compliance.



Julian & Grube, Inc.
May 20, 2016

BORMA, INC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2015

The discussion and analysis of the BORMA, Inc. financial statements provides an overall review of BORMA, Inc.'s financial activities for the fiscal year ended November 30, 2015. The intent of this discussion and analysis is to look at BORMA, Inc.'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 BORMA, Inc.'s financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2015 are as follows:

- As described further in Note 3 to the financial statements, this is the first year that BORMA, Inc. has prepared its financial statements using the accrual method of accounting. This use of generally accepted accounting principles (GAAP) was adopted to meet the reporting requirements of Ohio Administrative Code (OAC) 117-2-03(B).
- BORMA, Inc.'s net financial position at November 30, 2015 was \$31,206.
- BORMA, Inc. has hired an independent actuary, Financial Risk Analysts, LLC, to determine the loss and loss adjustment expense reserves. Based upon the actuary's report, the loss and loss adjustment expense reserves was \$191,502 at November 30, 2015, compared to \$305,253 at November 30, 2014.
- BORMA, Inc. had operating revenues from its members' of \$551,785 and operating expenses of \$532,516 for the fiscal year. In addition, BORMA, Inc. had \$94,195 in claim recoveries, \$54,595 in dividends and \$8 in interest. The net income and increase in the net position was \$168,067 for the fiscal year.

Reporting of Financial Activities

The table below provides a summary of BORMA, Inc.'s net position for November 30, 2015 and 2014.

	<u>2015</u>	<u>Restated 2014</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 163,926	\$ 168,391
Accounts receivable	<u>58,782</u>	<u>-</u>
Total Assets	<u>\$ 222,708</u>	<u>\$ 168,391</u>
<u>Liabilities and Net Position</u>		
Loss reserve	\$ 191,502	\$ 305,252
Net position	<u>31,206</u>	<u>(136,861)</u>
Total Liabilities and Net Position	<u>\$ 222,708</u>	<u>\$ 168,391</u>

The total assets increased by \$54,316 or 32% primarily due to the recoveries of claims paid. The loss reserve amount decreased by \$113,750, or 37%. Both of these positive factors resulted in the increase in net position of \$168,067.

BORMA, INC

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2015

Reporting of Financial Activities

The table below shows the changes in net position for the fiscal years ending November 30, 2015 and 2014. The net position at November 30, 2014 has been restated as described in Note 3.

	<u>2015</u>	Restated <u>2014</u>
<u>Income</u>		
Member income	\$ 551,785	\$ 504,930
Claim recoveries	94,195	18,757
Interest income	8	3
Provider refunds	<u>54,595</u>	<u>56,233</u>
Total Income	<u>700,583</u>	<u>579,923</u>
<u>Expenses</u>		
Insurance expense	418,785	404,318
Claims expense	100,502	100,332
Other expenses	<u>13,229</u>	<u>13,440</u>
Total Expenses	<u>532,516</u>	<u>518,090</u>
Changes in net position	168,067	61,833
Net position at beginning of year	<u>(136,861)</u>	<u>(198,694)</u>
Net Position at End of Year	<u>\$ 31,206</u>	<u>\$ (136,861)</u>

The member income increased by \$46,855, or 9%. The claim recoveries increased by \$75,438 or 402%. These two increases resulted in the total increase in net position of \$168,067.

Insurance expense increased \$14,467 or 4%.

Financial Management

This financial report is designed to provide interested users and our membership with a general overview of BORMA, Inc.'s finances and to show BORMA, Inc.'s accountability for the money it receives. If you have questions about this report or need additional information contact Brian Bushong, Finance Director, 304 North Church Street, Bowling Green, Ohio 43402.

BORMA, INC.

STATEMENT OF NET POSITION

As of November 30, 2015

CURRENT ASSETS

Cash and Cash Equivalents	\$ 163,926
Accounts Receivable	<u>58,782</u>
Total Current Assets	<u>222,708</u>

Total Assets 222,708

LIABILITIES

Reserve for Unpaid Claims 191,502

Total Liabilities 191,502

NET POSITION

Unrestricted 31,206

Total Net Position \$ 31,206

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BORMA, INC.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the fiscal year ended November 30, 2015

OPERATING REVENUES

Membership Contributions	\$ 551,785
Excess Insurance Recoveries	92,035
Other Operating Income	<u>2,160</u>

TOTAL OPERATING REVENUES 645,980

OPERATING EXPENSES

Claims Paid	100,502
Insurance Premiums for Coverage	418,785
Professional Fees	13,205
Service Fees	<u>24</u>

TOTAL OPERATING EXPENSES 532,516

OPERATING INCOME 113,464

NON-OPERATING REVENUES

Provider Refunds	54,595
Interest Revenue	<u>8</u>

TOTAL NON-OPERATING REVENUE 54,603

CHANGE IN NET POSITION 168,067

NET POSITION - Beginning of Year (Restated) (136,861)

NET POSITON - End of Year \$ 31,206

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

BORMA, INC.

STATEMENT OF CASH FLOWS
For the fiscal year ended November 30, 2015

Cash Flows From Operating Activities

Cash Received for Premiums	\$ 493,003
Cash Received for Insurance Recoveries	94,194
Cash Paid for Claims	(214,252)
Cash Payments to Vendors for Services and Goods	(13,229)
Cash Paid for Premiums	<u>(418,785)</u>

Net cash provided by (used in) operating activities (59,069)

Cash Flows from Non-Capital Financing Activities

Cash received from provider refunds 54,595

Net cash flows provided by non-capital financing activities 54,595

Cash Flows From Investing Activities

Cash received from interest income 8

Net cash flows provided by investing activities 8

Net increase (decrease) in cash and cash equivalents (4,466)

Cash and Cash Equivalents, beginning of year 168,392

Cash and Cash Equivalents, end of year \$ 163,926

**Reconciliation of changes in operating income to net
Cash flows from operating activities:**

Operating income \$ 113,464

Changes in assets and liabilities:

Decrease/(Increase) in accounts receivable (58,782)

Increase/(Decrease) in reserve for unpaid claims (113,751)

Net cash provided by (used in) operating activities \$ (59,069)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BORMA, INC.
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2015

NOTE 1 - DESCRIPTION OF THE ENTITY

BORMA, Inc. is an Ohio not-for-profit corporation organized under Section 2744.081 of the Ohio Revised Code for the public purpose of enabling its two member political subdivisions to obtain insurance coverage, provide methods of paying claims and provide a formalized jointly administered self-insurance pool. Specifically, BORMA, Inc. provides coverage for automobile liability, general liability, crime and property (including automobile physical damage), law enforcement liability, ambulance attendant's liability, miscellaneous errors and omissions, property claims, and public official's liability. In addition to the self-insurance pool, BORMA, Inc. provides risk management services, loss prevention programs and various other educational materials. The members of BORMA, Inc. include the following municipalities within the State of Ohio: Bowling Green and Defiance. BORMA, Inc. does not have any financial accountability over entities as defined by 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 Statement No. 14 and No. 34.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING AND PRESENTATION

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP), provided that they do not conflict or contradict statements issued by the Government Accounting Standards Board ("GASB"). 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* and GASB Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62* provides standards for accounting and reporting that apply to public entity risk pools.

All transactions are accounted for in a single enterprise fund. Therefore, revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

B. CASH AND CASH EQUIVALENTS

For cash flow purposes, BORMA, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at November 30, 2015 consist of funds or deposits in banks and money market funds.

C. INVESTMENTS

Investment income or loss (including realized gains and losses on investments, interest, and dividends) is recognized in the statement of revenues, expenses and changes in net position as a component of non-operating revenues or expenses.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

BORMA, INC.
WOOD COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2015

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

D. MEMBER AND SUPPLEMENTAL CONTRIBUTIONS

Member contributions are calculated to annually produce a sufficient sum of money within the self-insurance pool to fund administrative expenses of BORMA, Inc. and to create 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 BORMA, Inc. 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.

E. USE OF ESTIMATES

The preparation of the financial statement in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. RESERVE FOR UNPAID CLAIMS

Provisions for claims reserves and loss adjustment disbursements (Note 7) are based on information reported by members and are calculated by BORMA, Inc.'s Actuary. These amounts represent an estimate of reported unpaid claims, plus a provision for claims incurred and not reported. The claims reserve is based on the estimated ultimate cost of settling the claims, including the effects of inflation and other factors. BORMA, Inc.'s management believes that the claims reserve is reasonable in the circumstances; however, actual incurred losses may not conform to the assumptions inherent in the determination of the reserve. Accordingly, the ultimate settlement of losses may vary materially from the estimated amounts disclosed in Note 7. Should the provision for claims reserves not be sufficient, supplemental contributions, as discussed above, will be assessed.

G. REINSURANCE

BORMA, Inc. collectively represents its members within Public Entity Risk Consortium, a public entity risk-sharing pool which functions as a reinsurer for its member entities. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of BORMA, Inc. as direct insurer of the risks reinsured. BORMA, Inc. is contingently liable with respect to certain loss coverage which would become a liability in the event these insurance carriers are unable to meet obligations under these reinsurance contracts.

H. ACCOUNTS RECEIVABLE

Receivables at November 30, 2015 consisted of accounts receivable (billings for user charged services). All receivables are considered collectible in full and within one year.

I. NET POSITION

Net Position represents the excess of revenues over expenses since inception.

**BORMA, INC.
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2015

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

As of November 30, 2015, BORMA, Inc. does not have any “restricted” net position. BORMA, Inc. Board of Trustees may authorize the distribution of the net position to those members who constituted the self-insurance pool during the years when such net position was earned, provided that such members must also be members of BORMA, Inc. in the years in which said distribution was made.

In the event of dissolution of BORMA, Inc., any funds which remain unencumbered after all claims and all other BORMA, Inc. obligations have been paid shall be distributed only to the entities which are members of BORMA, Inc. immediately prior to its dissolution. Any such surplus funds shall be distributed to members in proportion to the interest in the surplus funds.

BORMA, Inc. applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

J. SUBSEQUENT EVENTS

BORMA, Inc. has evaluated events or transactions occurring subsequent to November 30, 2015 for recognition and disclosure in the accompanying financial statements through the date the financial statements are available to be issued, which is May 20, 2016.

K. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary action of the association. For BORMA, Inc., these revenues are member premiums from the associated entities and excess insurance recoveries. Operating expenses are necessary costs that have been incurred in order to support BORMA, Inc.’s primary mission. Revenues and expenses not meeting the definition are reported as nonoperating.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ended November 30, 2015, BORMA, Inc. has presented for the first time its basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). In conjunction with this presentation, BORMA, Inc. has converted its enterprise fund to the accrual basis of accounting.

Accrual Basis Adjustments - the conversion of the enterprise fund from the cash-basis of accounting to the accrual basis of accounting required certain adjustments to be recorded at November 30, 2014 to the net cash position as previously reported to reflect the prior year’s effect of adopting these new accounting principles.

BORMA, INC.
WOOD COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2015

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Reconciliation of Cash and Investments 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 November 30, 2015:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$155,184
Investments	<u>8,742</u>
Total	<u>\$163,926</u>
 <u>Cash and investments on Statement of Net Position</u>	
Cash and cash equivalents	<u>\$163,926</u>

NOTE 5 - SELF-INSURED RETENTION

BORMA, Inc. retains responsibility of claims within specified self-insured retention limits prior to the application of coverage provided by excess reinsurance contracts. BORMA, Inc.'s per-occurrence retention limit is \$25,000 for all claims. BORMA, Inc. collectively represents its members as members within the Public Entity Risk Consortium ("PERC") pool. Under PERC, member entities maintain their present retention structure and the present retention effectively becomes a maintenance deductible under PERC. PERC then self-insures a primary portion over individual member retentions up to \$250,000 per occurrence for property coverages and \$500,000 for liability coverages, both inclusive of the member's retention (e.g. for property coverage, PERC self-insures \$225,000 in excess of BORMA, Inc.'s \$25,000 self-insured amount). PERC has a stop loss retention of \$1,650,000 per year, purchasing excess insurance coverage above its retention.

NOTE 6 - EXCESS INSURANCE CONTRACTS

BORMA, Inc. maintains excess insurance contracts with insurance carriers (including PERC) which provide various limits of coverage of BORMA, Inc.'s self-insured retention limits.

In the event that a series of losses or a single loss should exceed the aggregate amount of coverage provided by the self-insurance fund and the excess reinsurance, then the payment of any noncovered loss and any amount of supplementary payments for which the member is obligated is the obligation of the individual member or members against which the claim or claims were made.

BORMA, INC.
WOOD COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2015

NOTE 7 - LOSS RESERVE

As discussed in Note 2, BORMA, Inc.'s loss reserve includes both reported and unreported insured events and estimated future payments of losses and related loss adjustment disbursements. The schedule below presents the changes in claims liabilities during the fiscal year ended November 30, 2015 and for the fiscal year ended November 30, 2014.

	<u>2015</u>	<u>2014</u>
Unpaid loss and loss adjustment expense reserves, beginning	\$ 305,252	\$ 626,258
Incurred loss and loss adjustment expenses, provision for insured events of the current period	161,250	95,510
(Decrease) in provision for insured events of the prior years	<u>(60,748)</u>	<u>(100,990)</u>
Total incurred loss and loss adjustment expenses	<u>100,502</u>	<u>(5,480)</u>
Payments:		
Loss and loss adjustment expenses attributable to insured events of the current year	115,144	16,561
Loss and loss adjustment expenses paid attributable to insured events of prior years	<u>99,108</u>	<u>298,965</u>
Total payments	<u>214,252</u>	<u>315,526</u>
Unpaid loss and loss adjustment expense reserves, ending	<u><u>\$ 191,502</u></u>	<u><u>\$ 305,252</u></u>



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

BORMA, Inc.
Wood County
304 North Church Street
Bowling Green, Ohio 43402

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of BORMA, Inc., Wood County, Ohio, (a not-for-profit corporation), as of and for the fiscal year ended November 30, 2015, and the related notes to the financial statements, which collectively comprise BORMA, Inc.'s basic financial statements and have issued our report thereon dated May 20, 2016, wherein we noted BORMA, Inc. presented basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), after previously reporting on a cash basis.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered BORMA, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of BORMA, Inc.'s internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of BORMA, Inc.'s financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Board of Trustees
BORMA, Inc.

Compliance and Other Matters

As part of reasonably assuring whether BORMA, Inc.'s financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of BORMA, Inc.'s internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering BORMA, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
May 20, 2016



Dave Yost • Auditor of State

**BUCKEYE OHIO RISK MANAGEMENT ASSOCIATION – PROPERTY AND LIABILITY INSURANCE
DIVISION (BORMA)**

WOOD 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
JULY 12, 2016**