

***CENTRAL OHIO RISK MANAGEMENT  
ASSOCIATION (“CORMA”) SELF-INSURANCE POOL, INC.***

**FRANKLIN COUNTY, OHIO**

**AUDIT REPORT**

**For the Fiscal Year Ended September 30, 2016**





# Dave Yost • Auditor of State

Board of Trustees  
Central Ohio Risk Management Association Self Insurance Pool Inc.  
c/o City of Dublin  
5200 Emerald Parkway  
Dublin, Ohio 43017

We have reviewed the *Independent Auditor's Report* of the Central Ohio Risk Management Association Self Insurance Pool Inc., Franklin County, prepared by Charles E. Harris & Associates, Inc., for the audit period October 1, 2015 through September 30, 2016. 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 "Dave Yost".

Dave Yost  
Auditor of State

May 8, 2017

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**CENTRAL OHIO RISK MANAGEMENT ASSOCIATION  
 (“CORMA”) SELF-INSURANCE POOL, INC.  
 Audit Report  
 For The Fiscal Year Ended September 30, 2016**

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***Charles E. Harris & Associates, Inc.***

*Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT**

Central Ohio Risk Management Association Self-Insurance Pool, Inc.  
c/o City of Dublin  
Franklin County  
5200 Emerald Parkway  
Dublin, Ohio 43017

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the Central Ohio Risk Management Association Self Insurance Pool (CORMA), Franklin County, Ohio, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise CORMA's basic financial statements as listed in the table of contents.

***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 the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to CORMA'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 CORMA'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 the overall financial statement presentation.

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

***Opinion***

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, Franklin County, Ohio, as of September 30, 2016, and the respective changes in 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.

**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* and *Ten-year loss development information*, listed in the table of contents, to supplement the basic financial statements. Although this information is not 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, and other knowledge we obtained during our audit of 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2017, on our consideration of CORMA'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 CORMA's internal control over financial reporting and compliance.



**Charles E. Harris & Associates, Inc.**

March 8, 2017

## CORMA SELF-INSURANCE POOL, INC.

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016 (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, 2016. 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 2016 are as follows:

- The Association's net position at September 30, 2016 was \$2,362,979. This represents an increase of \$176,086, or 8.05% from September 30, 2015.
- The Association 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 \$1,011,656 at September 30, 2016, compared to \$943,273 at September 31, 2015.
- The Association had operating revenues of \$1,722,170 and operating expenses of \$1,565,430 for fiscal year 2016. The Association had \$19,346 in interest revenue. Operating income and the change in net position for the fiscal year were \$156,740 and \$176,086, 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 2016?" 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 8-9 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 10 of this report.



**CORMA SELF-INSURANCE POOL, INC.**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016  
(UNAUDITED)

***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 11-21 of this report.

***Required Supplementary Information***

Ten years of loss development information can be found on pages 23-25 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 2016 and 2015.

	<b>Net Position</b>	
	<u>2016</u>	<u>2015</u>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 1,476,431	\$ 1,288,374
Investments	1,783,336	1,773,338
Receivables:		
Accounts	111,214	68,265
Accrued interest	<u>4,214</u>	<u>3,952</u>
Total assets	<u>3,375,195</u>	<u>3,133,929</u>
<b><u>Liabilities:</u></b>		
Accounts payable and accrued expenses	560	3,763
Loss and loss adjustment expense reserves	<u>1,011,656</u>	<u>943,273</u>
Total liabilities	<u>1,012,216</u>	<u>947,036</u>
<b><u>Net Position:</u></b>		
Unrestricted	<u>2,362,979</u>	<u>2,186,893</u>
Total net position	<u>\$ 2,362,979</u>	<u>\$ 2,186,893</u>

The Association maintained the approximate same level of investments in 2016 as in 2015 while cash and cash equivalents increased primarily due to fiscal 2016 operations. The Association's investments consist of federal agency securities.

Accounts receivable increased as the Association incurred losses over the Association's self-insured retention amounts. These amounts are subject to reimbursement by commercial insurance carriers. The reimbursement receivable was \$68,265 at September 30, 2015 and increased to \$111,089 at September 30, 2016.

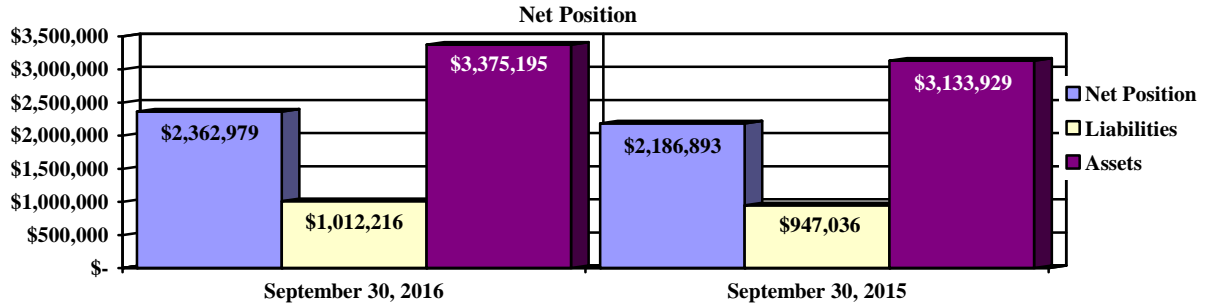
The loss and loss adjustment expense reserve increased \$68,383, or 7.25%, from September 30, 2015. The loss and loss adjustment expense reserve at fiscal year-end is provided by Financial Risk Analysts, LLC, the Association's independent actuary.

Overall, net position increased by \$176,086 from the prior year.

**CORMA SELF-INSURANCE POOL, INC.**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016  
(UNAUDITED)

The chart below shows a breakdown of the Associations assets, liabilities and net position for 2016 and 2015:



The table below shows the changes in net position for fiscal years 2016 and 2015.

**Change in Net Position**

	2016	2015
<b><u>Operating revenues:</u></b>		
Insurance premiums	\$ 905,671	\$ 937,475
Loss fund contributions	630,000	600,000
Claims handling fees	50,000	50,000
Administrative and profesional fees	125,000	125,000
Other revenues	11,499	26,825
Total operating revenue	<u>1,722,170</u>	<u>1,739,300</u>
<b><u>Operating expenses:</u></b>		
Loss and loss adjustment expenses, net	422,873	365,014
Insurance premiums	905,671	937,475
Administration fees	125,000	128,365
Claims handling fees	50,000	50,000
Professional fees	36,879	19,779
Miscellaneous expenses	25,007	8,996
Total operating expenses	<u>1,565,430</u>	<u>1,509,629</u>
Operating income	<u>156,740</u>	<u>229,671</u>
<b><u>Non-operating revenues:</u></b>		
Grants and subsidies	-	10,000
Investment income	19,346	28,861
Total non-operating revenues	<u>19,346</u>	<u>38,861</u>
Change in net position	176,086	268,532
Net position, October 1	<u>2,186,893</u>	<u>1,918,361</u>
Net position, September 30	<u>\$ 2,362,979</u>	<u>\$ 2,186,893</u>

**CORMA SELF-INSURANCE POOL, INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016  
(UNAUDITED)**

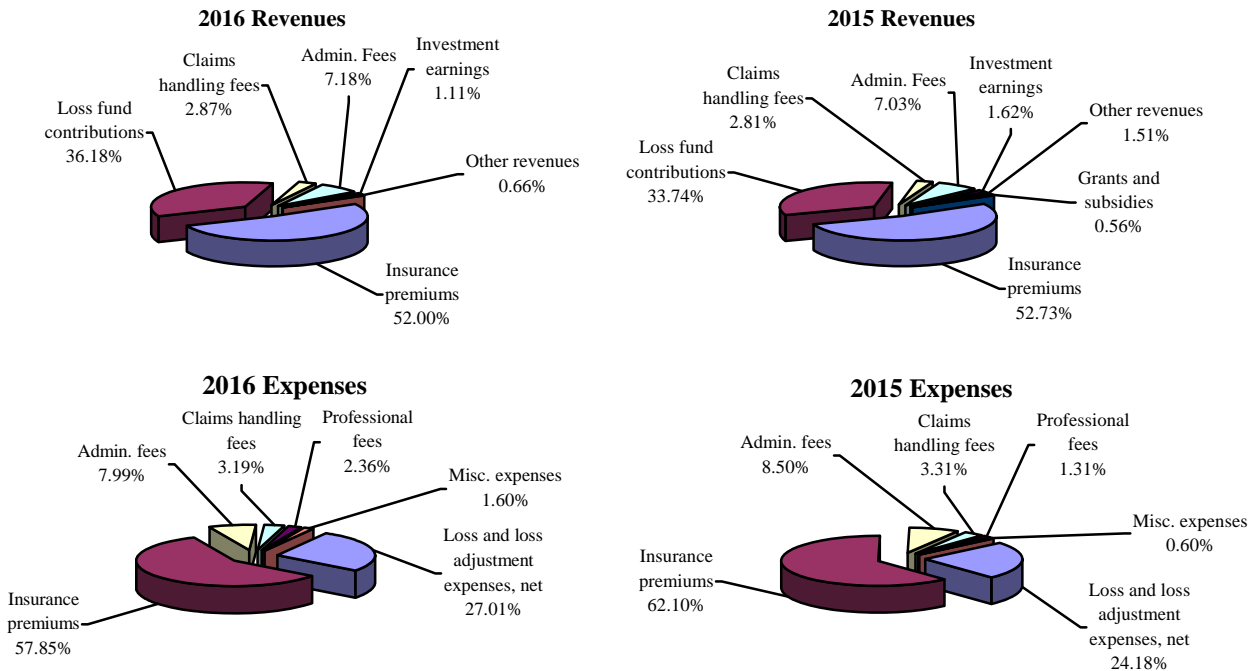
Net position was primarily affected by the fluctuation in the estimated loss and loss adjustment expenses, net, reported at September 30, 2016 and 2015 of \$1,011,656 and \$943,273, respectively. Fluctuations in the liability are reported as a component of the loss and loss adjustment expenses, net for each respective year. The fluctuation in the loss and loss adjustment expenses, net, between 2016 and 2015 resulted from differences between actuarial estimates of provisions for insured events from the current and prior years.

Insurance premium revenue decreased \$31,804 from 2015 to 2016. The Association had the same number of members in 2016 as in 2015. Overall, operating revenue decreased \$17,130 or 0.99% from fiscal year 2015.

Investment income decreased \$9,515 from fiscal year 2015 due to decreased investment activity and the timing of maturities. The Association also received \$10,000 in grants and subsidies in 2015 that they did not receive in 2016.

Operating expenses for the loss and loss adjustment expense, net, professional fees and miscellaneous expenses increased due to increased activity in 2016. Operating expenses for insurance premiums and administration fees decreased from 2015 to 2016. Overall, operating expenses increased \$55,801 or 3.70% from fiscal year 2015.

The charts below reflect the percentage of the revenues and expenses in fiscal years 2016 and 2015:



## CORMA SELF-INSURANCE POOL, INC.

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016 (UNAUDITED)

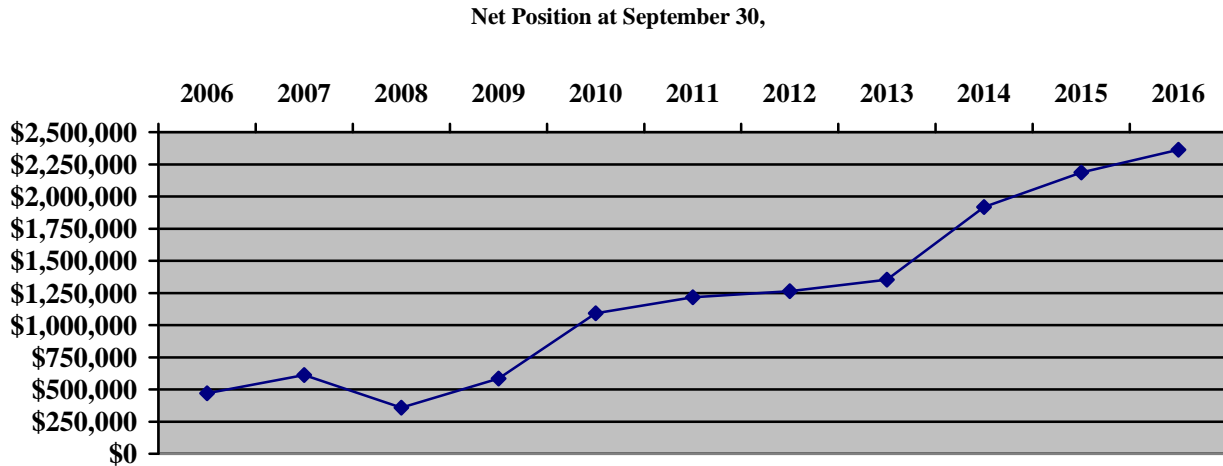
#### Capital Assets and Debt Administration

At September 30, 2016, 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.

#### 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 Ms. Debra Miller, 47 Hall Street, Powell, Ohio 43065 or by calling (614) 885-5380.

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**CORMA SELF-INSURANCE POOL, INC.**

STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016

**Assets:**

Current assets:

Cash and cash equivalents . . . . .	\$ 1,476,431
Receivables:	
Accounts . . . . .	111,214
Accrued interest. . . . .	<u>4,214</u>
Total current assets . . . . .	<u>1,591,859</u>

Noncurrent assets:

Investments . . . . .	<u>1,783,336</u>
Total assets . . . . .	<u>3,375,195</u>

**Liabilities:**

Current liabilities:

Accounts payable and accrued expenses . . . . .	560
Loss and loss adjustment expense reserves (see Note 6). . . . .	<u>1,011,656</u>
Total liabilities . . . . .	<u>1,012,216</u>

**Net position:**

Unrestricted. . . . .	<u>2,362,979</u>
Total net position . . . . .	<u>\$ 2,362,979</u>

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, 2016

**Operating revenues:**

Member contributions:	
Insurance premiums . . . . .	\$ 905,671
Loss fund contributions . . . . .	630,000
Claims handling fees . . . . .	50,000
Administrative fees . . . . .	125,000
Other revenue. . . . .	11,499
	11,499
Total operating revenues . . . . .	1,722,170
	1,722,170

**Operating expenses:**

Loss and loss adjustment expenses, net (see Note 7) . . . . .	422,873
Insurance premiums . . . . .	905,671
Administration fees . . . . .	125,000
Claims handling fees . . . . .	50,000
Professional fees. . . . .	36,879
Miscellaneous expenses . . . . .	25,007
	25,007
Total operating expenses. . . . .	1,565,430
	1,565,430

Operating income. . . . .	156,740
	156,740

**Non-operating revenues:**

Investment income . . . . .	19,346
	19,346

Total non-operating revenues. . . . .	19,346
	19,346

Change in net position. . . . .	176,086
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<b>Net position, October 1 . . . . .</b>	<b>2,186,893</b>
	<b>2,186,893</b>

<b>Net position, September 30 . . . . .</b>	<b>\$ 2,362,979</b>
	<b>2,362,979</b>

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, 2016

<b>Cash flows from operating activities:</b>	
Cash received from members . . . . .	\$ 1,710,671
Cash received from other operations . . . . .	11,374
Cash payments to suppliers for services. . . . .	(1,163,198)
Cash payments for covered losses. . . . .	(354,490)
Cash payments for miscellaneous expenses . . . . .	(25,386)
	178,971
<b>Cash flows from investing activities:</b>	
Purchase of investments. . . . .	(319,595)
Redemption of investments . . . . .	309,811
Interest received. . . . .	18,870
	9,086
Net cash provided by investing activities . . . . .	188,057
Net increase in cash and cash equivalents . . . . .	188,057
<b>Cash and cash equivalents, October 1 . . . . .</b>	<b>1,288,374</b>
<b>Cash and cash equivalents, September 30 . . . . .</b>	<b>\$ 1,476,431</b>
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income. . . . .	\$ 156,740
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
(Increase) in accounts receivable . . . . .	(42,949)
(Decrease) in accounts payable and accrued expenses. . . . .	(3,203)
Increase in loss and loss adjustment expense reserves . . . . .	68,383
	178,971
Net cash provided by operating activities . . . . .	\$ 178,971

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



## CORMA SELF-INSURANCE POOL, INC.

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

#### 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.

## CORMA SELF-INSURANCE POOL, INC.

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

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

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.

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.

#### D. Assets, Liabilities, and Net Position

##### *Cash and Investments:*

During fiscal year 2016, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, Federal Home Loan Bank (FHLB) securities and a U.S. government money market mutual fund.

During fiscal year 2016, 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 an NAV per share that approximates fair value.

For the fiscal year 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 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 three individual accounts for claims, losses, 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, 2016**

**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, 2016.

***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.

**CORMA SELF-INSURANCE POOL, INC.**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

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

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.

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 2016, the Association used Financial Risk Analysts, LLC 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.

**CORMA SELF-INSURANCE POOL, INC.**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

**NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*Compliance with finance-related legal and contractual provisions:*

The Association had no material violations of finance-related legal and contractual provisions.

*Change in Accounting Principles:*

For fiscal year 2016, the Association has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the Association; however, certain disclosures in Note 4 have been revised to reflect the adoption of this statement.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the Association.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the Association.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 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, 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.

**CORMA SELF-INSURANCE POOL, INC.**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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;
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;
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 below;
4. Repurchase Agreements (Repo's). Before transacting a repurchase agreement with a particular broker/dealer or eligible institution, a Master Repurchase Agreement must be entered into between the Association and such broker or eligible institution. The term of a repurchase agreement may not exceed 30 days. Each Master Repurchase Agreement will provide for the collateralization of each repurchase agreement in accordance with ORC. The market value of the collateral shall not be less than 102% of the principal amount of each repurchase agreement and the collateral shall be marked to market daily;
5. State Government Securities including bonds and other obligations of the State of Ohio;
6. The State of Ohio investment pool, the State Treasury Asset Reserve of Ohio, otherwise known as STAR Ohio;
7. No-load money market mutual funds consisting exclusively of obligations described in sections (1) and (2) above 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. Bankers Acceptances of banks that are members of the federal deposit insurance corporation to which obligations both of the following apply: (1) the obligations are eligible for purchase by the Federal Reserve System and (2) the obligations mature no later than one hundred eighty days after purchase.

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

1. Limitation of investments of any single institution or issuer:
  - (a) The Association's investment with any individual issuer shall not constitute more than five percent (5%) of such issuer's total outstanding issue in Bankers Acceptances, or corporate medium term notes.

**CORMA SELF-INSURANCE POOL, INC.**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

(b) The total value of certificates of deposit, purchased from any individual financial institution, shall not exceed three percent (3%) of the institutions total time deposits, provided that such total deposits do not exceed five percent (5%) of the Association's average portfolio at the time of purchase.

2. Limitations on the investment of interim funds:

(a) The aggregate investments in Bankers Acceptances shall not exceed twenty five percent (25%) of the Association's average portfolio, at the time of purchase.

(b) The aggregate total of all corporate medium term notes shall not exceed fifteen percent (15%) of the average portfolio, based upon purchase cost or book value, at the time of purchase. Bankers Acceptances shall not be considered when calculating the maximum holdings in any single issuer.

(c) The use of derivative securities, as defined in Ohio Revised Code §135.14 (C), is expressly prohibited.

(d) Collateralized mortgage obligations (CMO's) of any kind are expressly prohibited.

(e) All eligible investments will mature within five (5) years from the date of settlement.

Investments in derivatives and in stripped principal or interest obligations of eligible obligations are strictly prohibited.

Protection of the Association's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Association by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the 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, 2016, the carrying amount of the Association's deposits was \$1,440,667 and the bank balance was \$1,443,328. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of September 30, 2016, \$1,053,658 of the Association's bank balance of \$1,443,328 was exposed to custodial risk as discussed below, while \$389,670 was covered by the FDIC.

**CORMA SELF-INSURANCE POOL, INC.**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Custodial credit risk is the risk that, in the event of bank failure, the Association’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the ORC, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Association. The Association has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and 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, 2016, 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	Greater than 24 months
Fair Value:					
U.S. government money					
market mutual fund	\$ 10,583	\$ 10,583	\$ -	\$ -	\$ -
FFCB	852,324	-	300,742	451,582	100,000
FHLMC	420,964	-	-	99,971	320,993
FNMA	359,946	125,036	-	135,181	99,729
FHLB	150,102	-	-	150,102	-
Amortized Cost:					
STAR Ohio	25,181	25,181	-	-	-
	<u>\$ 1,819,100</u>	<u>\$ 160,800</u>	<u>\$ 300,742</u>	<u>\$ 836,836</u>	<u>\$ 520,722</u>

The weighted average length to maturity of investment is 1.68 years. The Associations investments in federal agency securities are valued using quoted market prices (Level 1 inputs). The U.S. government money market mutual fund is valued at the daily redemption value as reported by the underlying fund and are categorized as a Level 1 input of the fair value hierarchy. As discussed in Note 2.D, investments in STAR Ohio are reported at the net asset value (NAV) per share provided by STAR Ohio.

*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 were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. 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.



**CORMA SELF-INSURANCE POOL, INC.**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*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 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, 2016:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
Fair Value:		
U.S. government money market mutual fund	\$ 10,583	0.58
FFCB	852,324	46.86
FHLMC	420,964	23.14
FNMA	359,946	19.79
FHLB	150,102	8.25
Amortized Cost:		
STAR Ohio	<u>25,181</u>	<u>1.38</u>

**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, 2016:

<u>Cash and investments per footnote</u>	
Carrying amount of deposits	\$ 1,440,667
Investments	<u>1,819,100</u>
Total	<u>\$ 3,259,767</u>
 <u>Cash and investments on Statement of Net Position</u>	
Cash and cash equivalents	\$ 1,476,431
Investments	<u>1,783,336</u>
Total	<u>\$ 3,259,767</u>

**CORMA SELF-INSURANCE POOL, INC.**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

**NOTE 5 - INSURANCE COVERAGES**

For the year ended September 30, 2016, the Association provided the following insurance coverage:

Self-insured portion for covered claims per occurrence:	
Property claims	\$ 50,000
Liability claims	100,000
Annual aggregate self-insured retention (liability coverages)	630,000

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, Financial Risk Analysts, LLC. The changes in the aggregate liabilities for the Association for the fiscal years ended September 30, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Unpaid loss and loss adjustment expense reserves, beginning	\$ <u>943,273</u>	\$ <u>783,424</u>
Incurred loss and loss adjustment expenses, provision for insured events of the current period	697,191	551,909
(Decrease) in provision for insured events of the prior years	<u>(274,318)</u>	<u>(186,895)</u>
Total incurred loss and loss adjustment expenses	<u>422,873</u>	<u>365,014</u>
Payments:		
Loss and loss adjustment expenses attributable to insured events of the current year	187,384	140,567
Loss and loss adjustment expenses paid attributable to insured events of prior years	<u>167,106</u>	<u>64,598</u>
Total payments	<u>354,490</u>	<u>205,165</u>
Unpaid loss and loss adjustment expense reserves, ending	<u>\$ <u>1,011,656</u></u>	<u>\$ <u>943,273</u></u>

**CORMA SELF-INSURANCE POOL, INC.**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

**NOTE 7 - LOSS AND LOSS ADJUSTMENT EXPENSES, NET**

For fiscal years 2016 and 2015, the Association reported loss and loss adjustment expenses, net of \$422,873 and \$365,014, respectively. The increased expense for 2016 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 2016 was Financial Risk Analysts, LLC.

The \$68,383 increase in the loss and loss adjustment expense reserves from September 30, 2015 to September 30, 2016 is reflected in the fiscal year 2016 loss and loss adjustment expenses, net as reported on the Statement of Revenues, Expenses and Changes in Net Position. For fiscal year 2016, actual claims payments for covered losses were \$354,490 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, 2016, the amounts charged to expense were as follows:

Administration fees	\$ 125,000
Claims handling fees	<u>50,000</u>
Total	<u>\$ 175,000</u>

**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 - SIGNIFICANT SUBSEQUENT EVENT**

On October 1, 2016, Ms. Angel L. Mumma, the Finance Director for the City of Dublin, became Treasurer of the Association.

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, 2007 through 2016 is as follows:

**CORMA SELF-INSURANCE POOL, INC.**

**TEN-YEAR LOSS DEVELOPMENT INFORMATION (CONTINUED)**

Fiscal and Accident Year Ended September 30,

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>1. Premiums, investment and other income</b>	\$ 1,284,042	\$ 1,241,153	\$ 1,302,444	\$ 1,510,339	\$ 1,317,019	\$ 1,461,346
<b>2. Unallocated expenses</b>	724,562	707,985	709,243	778,556	837,934	851,878
<b>3. Estimated losses incurred and expense, end of year</b>	249,791	668,835	569,892	497,758	523,431	571,610
<b>4. Paid, cumulative as of:</b>						
End of accident year	42,079	154,843	75,381	112,486	140,900	148,510
One year later	78,701	198,911	330,403	348,576	233,257	341,703
Two years later	78,956	214,504	252,659	584,683	322,968	400,482
Three years later	113,063	235,397	270,310	597,051	343,500	431,807
Four years later	114,033	244,503	281,250	597,050	343,500	482,417
Five years later	114,033	252,090	281,250	597,050	335,925	-
Six years later	114,033	253,002	281,250	604,401	-	-
Seven years later	114,033	253,224	281,250	-	-	-
Eight years later	114,033	253,224	-	-	-	-
Nine years later	114,033	-	-	-	-	-
<b>5. Re-estimated incurred losses and expense:</b>						
End of accident year	249,791	668,835	569,892	497,758	523,431	571,610
One year later	297,651	437,862	475,486	648,014	459,330	564,149
Two years later	241,712	333,069	274,492	682,400	456,684	570,413
Three years later	177,027	308,133	300,603	653,580	396,954	589,574
Four years later	114,033	302,292	299,739	632,854	362,633	545,376
Five years later	114,033	308,437	281,250	597,050	335,925	-
Six years later	114,033	253,002	281,250	604,400	-	-
Seven years later	114,033	253,224	281,250	-	-	-
Eight years later	114,033	253,224	-	-	-	-
Nine years later	114,033	-	-	-	-	-
<b>6. Increase (decrease) in estimated incurred losses and expenses from end of accident year</b>	(135,758)	(415,611)	(288,642)	106,642	(187,506)	(26,234)

**Fiscal and Accident Year Ended September 30,**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$ 1,528,639	\$ 1,588,019	\$ 1,768,161	\$ 1,741,516
1,032,505	1,007,175	1,144,615	1,253,646
451,033	532,544	551,909	697,191
132,841	146,859	140,567	187,384
157,399	179,910	239,012	-
157,399	198,185	-	-
157,399	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
451,033	532,544	551,909	697,191
270,949	450,079	474,704	-
217,261	346,811	-	-
186,972	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(264,061)	(185,733)	(77,205)	-

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Central Ohio Risk Management Association Self-Insurance Pool, Inc.  
c/o City of Dublin  
Franklin County  
5200 Emerald Parkway  
Dublin, Ohio 43017

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 the Central Ohio Risk Management Association Self-Insurance Pool (CORMA), Franklin County, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise CORMA's basic financial statements and have issued our report thereon dated March 8, 2017.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered CORMA'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 CORMA'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 CORMA'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.

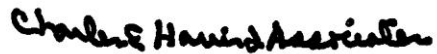
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

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



***Charles E. Harris & Associates, Inc.***

March 8, 2017



# Dave Yost • Auditor of State

**CENTRAL OHIO RISK MANAGEMENT ASSOCIATION SELF INSURANCE POOL INC**

**FRANKLIN 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  
MAY 18, 2017**