

BORMA, INC.
WOOD COUNTY, OHIO

BASIC
FINANCIAL STATEMENTS
(AUDITED)

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2017



Dave Yost • Auditor of State

Board of Trustees
BORMA, Inc.
304 North Church Street
Bowling Green, Ohio 43402

We have reviewed the *Independent Auditor's Report* of BORMA, Inc., Wood County, prepared by Julian & Grube, Inc., for the audit period December 1, 2016 through November 30, 2017. 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. 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

April 30, 2018

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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 revenues, expenses and changes in net position and cash flows, as of and for the fiscal year ended November 30, 2017, and the related notes to the financial statements, which collectively comprise BORMA, Inc.'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 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 such 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 BORMA, Inc., Wood County, Ohio, as of November 30, 2017, 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.

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 *claim 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 20, 2018, 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.
March 20, 2018

BORMA, INC.
WOOD COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2017

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, 2017. 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 2017 are as follows:

- BORMA, Inc.'s net financial position at November 30, 2017 was \$469,660.
- 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 \$147,898 at November 30, 2017 compared to \$154,410 at November 30, 2016.
- BORMA, Inc. had operating revenues from its members of \$537,191 and operating expenses of \$427,344 for the fiscal year. In addition, BORMA, Inc. had \$164,572 in claim recoveries, \$59,026 in program dividends and \$96 in interest. The net income and increase in the net position was \$333,541 for the fiscal year.

Reporting of Financial Activities

The table below provides a summary of BORMA, Inc.'s net position for November 30, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 558,532	\$ 234,679
Account receivable	<u>59,026</u>	<u>55,850</u>
Total Assets	<u>\$ 617,558</u>	<u>\$ 290,529</u>
Liabilities and Net Position		
Reserve for unpaid claims	\$ 147,898	\$ 154,410
Net Position	<u>469,660</u>	<u>136,119</u>
Total Liabilities and Net Position	<u>\$ 617,558</u>	<u>\$ 290,529</u>

The total assets increased by \$327,029 or 112%. The Pool's member income exceeded anticipated expenses by \$109,847 and claim recoveries of \$164,572 from previous years contributed to the increase in assets. The loss reserve amount also decreased by \$6,512, or 4%. Both of these factors resulted in the increase in net position of \$333,541.

BORMA, INC.
WOOD COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2017

Reporting of Financial Activities

The table below shows the changes in net position for the fiscal years ending November 30, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
<u>Revenues</u>		
Member income	\$ 537,191	\$ 551,492
Claim recoveries	164,572	18,928
Interest income	96	43
Provider refunds	<u>59,026</u>	<u>55,850</u>
Total Revenues	<u>760,885</u>	<u>626,313</u>
 <u>Expenses</u>		
Insurance expense	403,591	418,492
Claims expense	10,065	89,384
Other expenses	<u>13,688</u>	<u>13,524</u>
Total Expenses	<u>427,344</u>	<u>521,400</u>
 Changes in net position	 333,541	 104,913
Net Position - beginning of year	<u>136,119</u>	<u>31,206</u>
 Net Position - end of year	 <u>\$ 469,660</u>	 <u>\$ 136,119</u>

The member income decreased by \$14,301. The claim recoveries increased by \$145,644, or 769%. The claim expenses decreased by \$79,319 or 88%.

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, 2017

<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$ 558,532
Accounts Receivable	59,026
Total Current Assets	<u>617,558</u>
<u>TOTAL ASSETS</u>	<u>617,558</u>
<u>LIABILITIES</u>	
Reserve for Unpaid Claims	<u>147,898</u>
Total Liabilities	<u>147,898</u>
Net Position	
Unrestricted	<u><u>\$ 469,660</u></u>

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, 2017

OPERATING REVENUES

Membership Contributions	\$ 537,191
Excess Insurance Recoveries	164,572

TOTAL OPERATING REVENUES 701,763

OPERATING EXPENSES

Claims Expense	10,065
Insurance Premiums for Coverage	403,591
Professional Fees	13,664
Service Fees	24

TOTAL OPERATING EXPENSES 427,344

OPERATING INCOME 274,419

NON-OPERATING REVENUES

Provider Refunds	59,026
Interest Revenue	96

TOTAL NON-OPERATING REVENUES 59,122

CHANGE IN NET POSITION 333,541

NET POSITION - Beginning of Year 136,119

NET POSITION - End of Year \$ 469,660

See accompanying notes to the Basic Financial Statements

BORMA, INC.

Statement of Cash Flows For the fiscal year ended November 30, 2017

<u>Cash Flows From Operating Activities</u>	
Cash received for premiums	\$ 537,191
Cash received for insurance recoveries	164,572
Cash paid for claims	(16,577)
Cash payments to vendors for services and goods	(13,688)
Cash paid for premiums	<u>(403,591)</u>
Net cash provided by (used in) operating activities	<u>267,907</u>
<u>Cash Flows From Investing Activities</u>	
Cash received from provider refunds	55,850
Cash received from interest income	<u>96</u>
Net cash provided by investing activities	<u>55,946</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	323,853
Cash and Cash Equivalents - beginning of year	<u>234,679</u>
<u>Cash and Cash Equivalents - end of year</u>	<u><u>\$ 558,532</u></u>
<u>Reconciliation of changes in operating income to net Cash Flows from operating activities:</u>	
Operating income	\$ 274,419
Changes in assets and liabilities:	
Increase/(Decrease) in reserve for unpaid claims	<u>(6,512)</u>
<u>Net Cash Provided by (used in) Operating Activities</u>	<u><u>\$ 267,907</u></u>

See accompanying notes to the Basic Financial Statements

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2017

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

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 member political subdivisions to obtain insurance coverage, provide methods of paying claims and provide a formalized jointly administered self-insurance pool. Specifically, BORMA provides coverage for automobile liability, general liability, crime and property (including automobile physical damage), law enforcement liability, ambulance attendant's liability, miscellaneous error and omissions, property claims, and public official's liability. In addition to the self-insurance pool, the Organization provides risk management services, loss prevention programs and various other educational materials. The members of the Pool include the following municipalities within the State of Ohio: Bowling Green and Defiance. The Organization 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

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 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.

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, 2017 consist of funds or deposits in banks and money market funds.

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.

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 the 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.

BORMA, INC.
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2017

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

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's 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 reported period. Actual results could differ from those estimates.

Cash Deposits - The bank balance is fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

Reserve for Unpaid Claims - Provisions for claims reserves and loss adjustment expenses 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, but 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 claim reserves is reasonable in the circumstances; however, actual incurred losses and loss adjustment expenses, may not conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of losses and related loss adjustment expenses may vary materially from the estimated amounts disclosed in Note 6. Should the provision for claims reserves not be sufficient, supplemental contributions will be assessed.

Reinsurance - BORMA, Inc. collectively represented 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 the Pool 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.

Net Position - Net position represent the excess of revenues over expenses since its inception.

As of November 30, 2017, 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 to members in proportion to their interest in the surplus funds. Members that withdraw from BORMA, Inc. are obligated for any supplementary payments at the members's pool contribution factor in effect for the specific years to which the supplementary payments apply.

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

Subsequent Events - Management has evaluated subsequent events through March 20, 2018, the date that the financial statements were available to be issued.

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

Income Taxes - The Pool is not subject to income taxes and the filing of tax returns since its members are political subdivisions in the State of Ohio.

BORMA, INC.
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS

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

Deposits - At fiscal year-end, the carrying amount of BORMA, Inc.'s deposits was \$549,657 and the bank balance was \$549,657. \$250,000 of the bank balance was covered by federal depository insurance. The remaining balance of \$299,657 was uninsured, but was collateralized with the financial institution.

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

STAR Ohio	\$8,875
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Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a failure of a depository institution or counter party to a transaction, BORMA, Inc. will be unable to recover the value of deposits, investments, or collateral securities in possession of an outside party. At November 30, 2017, BORMA, Inc.'s does not have a policy to limit custodial risk beyond the requirements of State statute.

Credit Risk - Credit risk is the risk that an issuer or counter party to an investment will be unable to fulfill its obligations. BORMA, Inc. does not have a policy to limit credit risk. STAR Ohio has a quality rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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

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

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, 2017:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$549,657
Investments	<u>8,875</u>
Total	<u>\$558,532</u>
 <u>Cash and investments on Statement of Net Position</u>	
Cash and cash equivalents	<u>\$558,532</u>

BORMA, INC.
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2017

NOTE 4 - 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-insure \$225,000 in excess of BORMA, Inc.'s \$25,000 self-insured amount). PERC has a stop loss retention of \$1,575,000 per year, purchasing excess insurance coverage above its retention.

NOTE 5 - 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 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 non-covered 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.

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BORMA, INC.
WOOD COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2017

NOTE 6 - 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, 2017 and for the fiscal year ended November 30, 2016.

	<u>For the year ended November 30,</u>	
	<u>2017</u>	<u>2016</u>
<u>UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES</u>		
–beginning of period	<u>\$ 154,410</u>	<u>\$ 191,502</u>
Incurred Claims and Claim Adjustment Expenses:		
Provision for insured events of the current period	70,476	65,959
Increase/(Decrease) in provision for insured events of prior years	<u>(74,879)</u>	<u>(60,737)</u>
Total Incurred Claims and Claim Adjustment Expenses	<u>(4,403)</u>	<u> 5,222</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current period	(0)	(4,148)
Claims and claim adjustment expenses attributable to insured events of prior years	<u>(2,109)</u>	<u>(38,166)</u>
Total Payments	<u>(2,109)</u>	<u>(42,314)</u>
<u>TOTAL UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES</u>		
End of the period	<u>\$ 147,898</u>	<u>\$ 154,410</u>

REQUIRED SUPPLEMENTARY INFORMATION

BORMA, Inc.

**Required Supplementary Information
Claim Development Information**

	December 31,						November 30,			
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Premiums and other income	1,617,830	1,303,211	1,187,728	1,461,498	1,159,265	555,148	428,648	700,583	626,313	760,885
Unallocated expenses	792,489	714,988	868,381	893,474	1,063,775	406,264	96,824	432,014	432,016	417,277
Estimated losses incurred and and expense, end of year	655,111	955,579	723,757	282,035	301,281	281,817	88,862	100,502	89,384	10,065
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Paid (cumulative) as of:										
end of year	257,796	89,552	235,796	79,846	39,202	1,509	16,561	38,592	4,148	0
one year later	478,442	269,870	319,890	265,569	55,561	27,555	41,561	64,233	6,257	
two years later	567,142	412,466	370,728	398,067	122,459	27,555	51,125	64,233		
three years later	582,181	509,287	435,049	472,499	189,897	27,555	51,125			
four years later	582,181	530,829	383,773	473,499	189,897	27,555				
five years later	582,181	550,970	383,773	473,499	189,897					
six years later	732,181	556,217	383,773	473,499						
seven years later	732,181	556,834	383,773							
eight years later	732,181	556,834								
nine years later	732,181									
Reestimated incurred claims										
end of year	648,611	423,679	624,956	458,590	264,069	74,738	95,510	84,698	65,959	70,476
one year later	664,900	486,552	476,611	438,175	220,687	68,378	90,418	108,460	55,445	
two years later	649,519	524,161	457,856	530,951	228,820	51,097	73,137	81,355		
three years later	582,181	597,448	600,703	523,997	223,165	37,557	58,121			
four years later	582,181	604,683	383,773	499,676	206,255	31,671				
five years later	582,181	575,824	383,773	473,499	189,897					
six years later	732,181	567,425	383,773	473,499						
seven years later	732,181	556,834	383,773							
eight years later	732,181	556,834								
nine years later	732,181									

Notes:

- 1) Losses excess of pool retention not included as these are separately insured
- 2) The fiscal year was January 1 - December 31 for 2008 through 2013.
The fiscal year was changed to be concurrent with the policy year beginning December 1, 2013 and subsequent.



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, 2017, and the related notes to the financial statements, which collectively comprise BORMA, Inc.'s basic financial statements and have issued our report thereon dated March 20, 2018.

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 report is not suitable for any other purpose.

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

Julian & Grube, Inc.
March 20, 2018



Dave Yost • Auditor of State

BORMA INC, PROPERTY AND LIABILITY INSURANCE DIVISION

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
MAY 10, 2018**