
County Risk Sharing Authority, Inc.

**Financial Report
with Supplemental Information
April 30, 2018**



Dave Yost • Auditor of State

Board of Directors
County Risk Sharing Authority, Inc.
209 East State Street
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the County Risk Sharing Authority, Inc., Franklin County, prepared by Plante & Moran, PLLC, for the audit period May 1, 2017 through April 30, 2018. 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 County Risk Sharing Authority, 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

October 4, 2018

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Independent Auditor's Report

To the Board of Directors
County Risk Sharing Authority, Inc.

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of County Risk Sharing Authority, Inc. (CORSA) as of and for the years ended April 30, 2018 and 2017 and the related notes to the basic financial statements, which collectively comprise CORSA's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the basic financial position of County Risk Sharing Authority, Inc. as of April 30, 2018 and 2017 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
County Risk Sharing Authority, Inc.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of claims development be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2018 on our consideration of County Risk Sharing Authority, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 County Risk Sharing Authority, Inc.'s internal control over financial reporting and compliance.

Plante & Moran, PLLC

August 1, 2018

Using this Annual Report

The Management of the County Risk Sharing Authority, Inc. (CORSA) offers this overview of the organization and analysis of the financial activities of CORSA for the fiscal years ended April 30, 2018, 2017, and 2016. Readers are encouraged to consider the information presented here in conjunction with CORSA's financial statements and notes to financial statements to enhance their understanding of CORSA's financial performance.

Financial Overview

This annual report consists of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information.

The basic financial statements, which follow this section, provide both long-term and short-term information about CORSA's financial status. CORSA uses the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

The three basic financial statements presented are as follows:

- **Statement of Net Position** – This statement presents information reflecting CORSA's assets, liabilities, and net position and is categorized into current and noncurrent assets and liabilities.
- **Statement of Revenue, Expenses, and Changes in Net Position** – This statement reflects operating and nonoperating revenue and expenses. Operating revenue consists primarily of premiums, net of reinsurance premiums, with the major sources of operating expenses being claims and claims adjustment expense, and general and administrative expenses. Nonoperating revenue and expenses consist primarily of investment activity.
- **Statement of Cash Flows** – This statement is presented on the direct method of reporting and reflects cash flows from operating, financing and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents for the year.

CORSA is a self-insurance pool that was established by the County Commissioners' Association of Ohio (CCAO) with a mission to provide its members with comprehensive property and liability coverage and high-quality risk management services at a stable and competitive cost.

At April 30, 2018, sixty-six (66) counties and forty (40) county-related entities were members of CORSA. In addition, CCAO and its affiliated entities were members of CORSA during the 2017-2018 year.

Approximately 98, 98, and 99 percent of total assets consist of cash, cash equivalents, and investments at April 30, 2018, 2017, and 2016, respectively. Approximately 74, 65, and 64 percent of total liabilities consist of loss and loss adjustment expense reserves at April 30, 2018, 2017, and 2016, respectively. CORSA participates in a joint venture for shared facility costs and has no significant investments in capital assets. CORSA carries no long-term debt. CORSA's financial position is presented below:

County Risk Sharing Authority, Inc.

Management Discussion and Analysis (continued)

	April 30		
	2018	2017	2016
Current Assets			
Cash and cash equivalents	\$ 8,664,973	\$ 15,071,154	\$ 15,347,931
Investments	20,471,574	19,479,333	20,379,770
Other assets	<u>1,825,199</u>	<u>1,853,314</u>	<u>1,582,690</u>
Total current assets	30,961,746	36,403,801	37,310,391
Noncurrent Assets			
Investments	92,127,417	86,561,517	81,302,240
Capital assets, Net of depreciation	<u>126,721</u>	<u>97,303</u>	<u>97,041</u>
Total assets	123,215,884	123,062,621	118,709,672
Current Liabilities			
Reserves for unpaid loss and loss adjustment expenses	10,000,000	9,730,002	10,911,002
Unearned member contributions	7,204,061	10,512,608	11,911,969
Other liabilities	<u>289,287</u>	<u>194,088</u>	<u>98,027</u>
Total current liabilities	17,493,348	20,436,698	22,920,998
Noncurrent Liabilities - Reserves for unpaid loss and loss adjustment expenses	<u>11,120,000</u>	<u>10,400,000</u>	<u>10,840,000</u>
Total liabilities	28,613,348	30,836,698	33,760,998
Net position			
Net investment in capital assets	126,721	97,303	97,041
Unrestricted	<u>94,475,815</u>	<u>92,128,620</u>	<u>84,851,633</u>
Total net position	<u>\$ 94,602,536</u>	<u>\$ 92,225,923</u>	<u>\$ 84,948,674</u>

County Risk Sharing Authority, Inc.

Management Discussion and Analysis (continued)

The following table shows the major components of income from operations:

	2018	2017	2016
Operating Revenue	\$ 18,168,144	\$ 17,557,647	\$ 17,890,460
Operating Expenses			
Provision for losses	9,512,322	7,419,878	9,658,033
Distribution to members	2,400,000	2,400,000	2,400,024
Other general and administrative expenses	5,787,621	5,117,086	4,655,567
Total operating expenses	<u>17,699,943</u>	<u>14,936,964</u>	<u>16,713,624</u>
Operating Income	468,201	2,620,683	1,176,836
Nonoperating Revenue (Expenses)			
Interest and dividend income	3,249,966	2,974,981	2,643,705
Realized and unrealized (losses) gains			
on investments	(1,372,326)	1,514,252	(1,169,793)
Other nonoperating revenue and expenses	30,772	167,333	65,545
Total nonoperating revenue	<u>1,908,412</u>	<u>4,656,566</u>	<u>1,539,457</u>
Change in Net Position	<u>\$ 2,376,613</u>	<u>\$ 7,277,249</u>	<u>\$ 2,716,293</u>

Total estimated claims incurred for the policy year consist of claim payments, known reserves, and an estimate of claims incurred but not reported as determined by an independent actuary. The methods of making such estimates are reviewed by management and are made according to industry practice. Any changes to these estimates will have an impact on reported results of future periods.

Condensed Comparative Financial Highlights

- Reserves for unpaid loss and loss adjustment expenses (reported net of estimated reinsurance recoveries), increased \$989,998 between April 30, 2017 and April 30, 2018. Reserves for unpaid claims decreased by \$1,621,000 between April 30, 2016 and April 30, 2017.
- Operating revenue, which represents member premiums net of reinsurance premium expense, increased by \$610,497 in 2018 and decreased by \$332,813 in 2017. The increase in 2018 was due to the addition of one county and several county-related facilities during the year. The decrease in 2017 was primarily due to a funding decrease recommended by CORSA's actuaries because of overall favorable loss development on current claims.

Management Discussion and Analysis (continued)

- Loss and loss adjustment expenses increased by \$2,092,444 between April 30, 2017 and April 30, 2018, and decreased by \$2,238,155 between April 30, 2016, and April 30, 2017. The increase in 2018 resulted from a decrease in favorable loss development compared to the prior year. The decrease in 2017 was mostly due to favorable development of prior loss years' claims.
- Other operating expenses were relatively consistent for all three years, except for steady increases in expenses related to extra member services and risk management.
- Nonoperating revenue decreased by \$2,748,154 from April 30, 2017 to April 30, 2018 and increased by \$3,117,109 from April 30, 2016 to April 30, 2017. Changes in respective years were mainly attributable to changes in the market value of investments.
- Overall, CORSA's net position increased by \$7,277,249 from \$84,948,674 at April 30, 2016 to \$92,225,923 at April 30, 2017, and increased again at April 30, 2018 by \$2,376,613 to \$94,602,536. Favorable loss development and overall positive investment returns have contributed to these increases.

Economic Factors and Risks

The risks to CORSA are primarily external in nature and are driven by the reinsurance market, weather events, and the economic and legal climates in Ohio. CORSA provides members with a vast array of risk management services to assist in preventing and controlling property and liability risks. CORSA has expanded its coverage and risk management services in recent years to meet the needs of members caused by cyber-crimes and other cyber risks. With CORSA's \$1,000,000 self-insured retention, CORSA members are less vulnerable to the pricing cycles of the commercial insurance market. The legal climate in Ohio is stable, with no significant judicial or legislative developments expected to occur in the next year that would have a significant impact on the operations of CORSA. Claims expenses are expected to be consistent with historical trends and all other operating expenses are expected to remain consistent with the prior year.

Contacting CORSA's Management

This financial report is designed to provide the users of CORSA's services, governments, taxpayers, and creditors with a general overview of the organization's finances. If you have questions about this report or need additional information, we welcome you to contact the Managing Director of Property and Casualty Insurance – 209 E State Street, Columbus, Ohio 43215.

County Risk Sharing Authority, Inc.

Statement of Net Position

April 30, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 8,664,973	\$ 15,071,154
Investments (Notes 3 and 11)	20,471,574	19,479,333
Receivables:		
Member deductibles	826,642	1,009,126
Accrued interest	542,823	543,819
Other	162,665	2,597
Prepaid expenses	293,069	297,772
Total current assets	<u>30,961,746</u>	<u>36,403,801</u>
Noncurrent assets:		
Investments (Notes 3 and 11)	88,571,322	83,221,945
Investment in County Reinsurance, Ltd. (Note 9)	2,640,799	2,418,556
Investment in County Governance Facility, LLC (Note 8)	915,296	921,016
Capital assets - Net of depreciation (Note 6)	126,721	97,303
Total noncurrent assets	<u>92,254,138</u>	<u>86,658,820</u>
Total assets	<u>123,215,884</u>	<u>123,062,621</u>
Liabilities		
Current liabilities:		
Accounts payable	289,287	194,088
Current portion of reserves for unpaid loss and loss adjustment expenses (Note 4)	10,000,000	9,730,002
Unearned member contributions	7,204,061	10,512,608
Total current liabilities	<u>17,493,348</u>	<u>20,436,698</u>
Noncurrent liabilities - Reserve for unpaid loss and loss adjustment expenses (Note 4)	<u>11,120,000</u>	<u>10,400,000</u>
Total liabilities	<u>28,613,348</u>	<u>30,836,698</u>
Net Position		
Net investment in capital assets	126,721	97,303
Unrestricted	94,475,815	92,128,620
Total net position	<u><u>\$ 94,602,536</u></u>	<u><u>\$ 92,225,923</u></u>

County Risk Sharing Authority, Inc.

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended April 30, 2018 and 2017

	2018	2017
Operating Revenue		
Member contributions	\$ 21,634,325	\$ 21,044,407
Reinsurance premium expense (Note 5)	<u>(3,466,181)</u>	<u>(3,486,760)</u>
Total operating revenue	18,168,144	17,557,647
Operating Expenses		
Provision for losses: (Note 4)		
Loss and loss adjustment expenses	12,437,000	12,155,000
Benefit for insured events of prior years	<u>(2,924,678)</u>	<u>(4,735,122)</u>
Total provision for losses	9,512,322	7,419,878
Agent fees	1,281,569	1,245,808
General and administrative fees	2,538,622	2,466,193
Brokerage fees	200,000	200,000
Special program expenses	1,730,224	1,174,251
Distribution to members	2,400,000	2,400,000
Depreciation (Note 6)	<u>37,206</u>	<u>30,834</u>
Total operating expenses	<u>17,699,943</u>	<u>14,936,964</u>
Operating Income	468,201	2,620,683
Nonoperating Revenue (Expense)		
Interest and dividend income	3,249,966	2,974,981
Realized and unrealized (losses) gains on investments	(1,372,326)	1,514,252
Gain on investment in County Reinsurance, Ltd. (Note 9)	222,243	381,297
Loss on investment in County Governance Facility, LLC (Note 8)	(5,720)	(40,976)
Investment fees	(192,726)	(179,788)
Other income	<u>6,975</u>	<u>6,800</u>
Total nonoperating revenue	<u>1,908,412</u>	<u>4,656,566</u>
Change in Net Position	2,376,613	7,277,249
Net Position - Beginning of year	<u>92,225,923</u>	<u>84,948,674</u>
Net Position - End of year	<u><u>\$ 94,602,536</u></u>	<u><u>\$ 92,225,923</u></u>

County Risk Sharing Authority, Inc.

Statement of Cash Flows

Years Ended April 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Cash received from premiums and other	\$ 18,349,169	\$ 19,423,303
Cash paid for excess insurance	(3,461,478)	(3,473,941)
Cash paid for loss and loss adjustment	(8,522,324)	(9,040,878)
Cash paid to vendors for goods and services	(8,055,958)	(7,386,260)
Net cash used in operating activities	(1,690,591)	(477,776)
Cash Flows from Capital and Related Financing Activities		
Proceeds from sale of capital assets	6,000	6,200
Purchase of capital assets	(66,623)	(31,096)
Net cash used in capital and related financing activities	(60,623)	(24,896)
Cash Flows from Investing Activities		
Interest and dividends received on investments	2,771,308	2,453,654
Purchases of investment securities	(43,708,839)	(42,930,623)
Proceeds from sale and maturities of investment securities	36,474,551	40,886,583
Investment fees paid	(191,987)	(183,719)
Net cash (used in) provided by investing activities	(4,654,967)	225,895
Net Decrease in Cash and Cash Equivalents	(6,406,181)	(276,777)
Cash and Cash Equivalents - Beginning of year	15,071,154	15,347,931
Cash and Cash Equivalents - End of year	<u>\$ 8,664,973</u>	<u>\$ 15,071,154</u>
Reconciliation of Operating Income to Net Cash Used in Operating Activities		
Operating income	\$ 468,201	\$ 2,620,683
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation	37,206	30,834
Other income from nonoperating activities	975	-
Changes in assets and liabilities:		
Member deductibles receivable	182,484	(227,411)
Other receivables	(160,068)	5,668
Prepaid expenses	4,703	12,819
Reserves for unpaid loss and loss adjustment expenses	989,998	(1,621,000)
Unearned member contributions	(3,308,547)	(1,399,361)
Accounts payable	94,457	99,992
Net cash used in operating activities	<u>\$ (1,690,591)</u>	<u>\$ (477,776)</u>
Significant Noncash Transactions - Noncash investing activities - Net unrealized losses on investments	\$ (1,365,082)	\$ (735,347)

There were noncash transactions related to distributions to members which totaled \$2,400,000 during the years ended April 30, 2018 and 2017. These amounts, representing a reduction of the premiums, not a cash payment, were also included within member contributions on the statement of revenue, expenses, and changes in net position.

April 30, 2018 and 2017

Note 1 - Nature of Business

County Risk Sharing Authority, Inc. (CORSA) is a self-insurance pool that was established in 1987 by the County Commissioners' Association of Ohio (CCAO) for the purpose of providing property and liability coverage and comprehensive risk-management services for CCAO members. As of April 30, 2018, 66 Ohio counties and 40 county-related entities were members of CORSA. In addition, the CCAO and its affiliated entities were members of CORSA during the 2017-2018 fiscal year.

CORSA was incorporated in 1987 as an Ohio not-for-profit corporation under Ohio Revised Code (ORC) Section 1702.01 and is governed by ORC 2744.081. CORSA is governed by a nine-member board of directors, whose members are county commissioners from member counties. The directors are elected by members and are eligible to serve three two-year terms.

Pursuant to participation agreements, each member agrees to pay all contributions necessary for the specified types of coverage and risk management services provided by CORSA. CORSA provides members with a vast array of risk management services to assist in preventing and controlling property and liability claims. Coverage provided to members includes property, equipment breakdown, automobile liability and physical damage, general liability, medical professional liability (physicians and dentists excluded, except for physicians who provide services in jails), law enforcement liability, cyber, and errors and omissions. The annual renewal date is May 1 for all members. Members' contributions are collected on an annual basis and are due on May 1.

Note 2 - Significant Accounting Policies

Basis of Presentation

CORSA follows all applicable GASB pronouncements. The accompanying financial statements are presented using the accrual method of accounting.

CORSA distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with CORSA's principal ongoing operations. The principal operating revenue relates to member contributions. Operating expenses include the provision for claims, cost of services, administrative expenses, and member distributions. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Cash and Cash Equivalents

CORSA considers all investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of funds in interest-bearing checking accounts and short-term money market securities.

Investments

Investments consist of bonds, mutual funds, and equities that are stated at fair value. Investment income, including changes in the fair value of investments, is recognized as nonoperating revenue in the statement of revenue, expenses, and changes in net position.

CORSA's investment in County Reinsurance, Ltd. (CRL) and investment in County Governance Facility, LLC (LLC) are accounted for under the equity method. Accordingly, the investments in CRL and LLC are carried at cost, adjusted for CORSA's proportionate share of earnings or losses.

Member Contributions and Unearned Member Contributions

Member contributions are recognized as income ratably over the coverage period. Receivables are recorded when earned. Management has determined amounts are collectible, and no allowance for doubtful accounts is required. Member contributions collected in advance of applicable coverage periods are classified as unearned member contributions.

April 30, 2018 and 2017

Note 2 - Significant Accounting Policies (Continued)

Deductible Receivable

CORSA pays third-party claims at their full value and then bills members for their deductible portion. A member's deductible receivable is recognized when the deductible is due. Based on historical factors and CORSA's allowance experience, no allowance for uncollectible receivables has been reserved.

Reserve for Unpaid Loss and Loss Adjustment Expenses

CORSA's reserve for unpaid loss and loss adjustment expenses is determined using an actuarial analysis and is computed in accordance with accepted loss reserving standards. The reserve represents an estimate of the ultimate net cost of all losses incurred that were unpaid at April 30, 2018 and 2017. This includes an estimate of losses incurred but not yet reported as of April 30, 2018 and 2017.

Although CORSA considers its experience and industry data in determining such reserves, assumptions and projections as to future events are necessary, and ultimate losses may differ significantly from amounts projected. The effects of changes in reserve estimates are included in the statement of revenue, expenses, and changes in net position in the period in which estimates are changed. Reserves are not discounted.

Capital Assets

CORSA's capital assets are reported at cost net of accumulated depreciation. All capital assets are depreciated using the straight-line method of depreciation. All major classes of depreciable assets have a useful life of five years, except certain computer equipment, which has a useful life of three years. Costs of maintenance and repairs are charged to expense when incurred.

Risk Management

CORSA is exposed to various risks of loss incurred by members related to property loss, torts, and errors and omissions, up to the limit of its self-insured retention. CORSA is also exposed to the limit of liability for property and third-party liability provided to members, in the unlikely event that CORSA's reinsurers and excess insurance carriers would be unable to fulfill their financial obligations to CORSA.

Net Position

Net position represents the difference between assets and liabilities in the statement of net position. Net position is reported as unrestricted, net investment in capital assets, or restricted when there are legal limitations imposed on their use by external restrictions by creditors, grantors, laws, or regulations of other governments.

As of April 30, 2018 and 2017, CORSA does not have any "restricted" net position. The CORSA board of directors 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 CORSA in the year in which said distribution is made.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates exist relating to the reserve for loss and loss adjustment expenses, as described in Note 4.

April 30, 2018 and 2017

Note 2 - Significant Accounting Policies (Continued)

Tax Status

CORSA's income is exempt from taxation under Internal Revenue Code Section 115. Accordingly, no provision for income taxes is reflected in the financial statements.

Contribution Deficiency

Anticipated investment income is considered in determining if a premium deficiency exists. No premium deficiency reserve was required at April 30, 2018 or 2017.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including August 1, 2018, which is the date the financial statements were available to be issued.

Note 3 - Deposits and Investments

CORSA's investment policy authorizes CORSA to make investments in the following allowable assets: cash equivalents (U.S. Treasury bills, money market funds, commercial paper, bankers' acceptances, repurchase agreements, and certificates of deposit); fixed-income securities of all investment grade quality (including U.S. government and agency securities, asset-backed securities, investment grade corporate notes and bonds, mortgage-backed bonds, and preferred stock); real estate investments, which include ownership in office property or in companies whose sole asset is office property; risk assets; domestic common stocks; convertible notes and bonds; convertible preferred stocks; American Depository Receipts (ADRs) of non-U.S. companies; U.S. high-yield bonds; international emerging market equities; international equities; municipal bonds; and mutual funds and/or exchange-traded funds.

CORSA's investments are held in CORSA's name. CORSA has designated Huntington Bank, Wells Fargo, and Vanguard for deposit of its funds. Asset Allocation and Management Company, LLC acts as the fixed-income portfolio manager.

CORSA's cash and investments are subject to several types of risk, which are examined in more detail below:

Deposits

Cash and cash equivalents include operating and claims checking account and money market funds. Cash and cash equivalents totaled \$8,664,973 and \$15,071,154 at April 30, 2018 and 2017, respectively.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, CORSA's deposits may not be returned to it. CORSA does not have a deposit policy for custodial credit risk. At year end, CORSA had \$8,926,296 of bank deposits. Of this amount, \$500,000 was insured by the Federal Depository Insurance Corporation (FDIC). CORSA believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the CORSA evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

April 30, 2018 and 2017

Note 3 - Deposits and Investments (Continued)

Investments

Investments are reported at fair value. At April 30, 2018 and 2017, CORSA had the following investments:

	Fair Value	
	2018	2017
Fixed-income securities	\$ 85,102,692	\$ 81,116,577
Mutual funds	4,458,793	4,354,100
Equities	19,481,411	17,230,601
Total investments	<u>\$ 109,042,896</u>	<u>\$ 102,701,278</u>

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. Interest rate risk is primarily managed by establishing guidelines for portfolio duration and average maturity. CORSA's investment policy stipulates that the total weighted-average portfolio maturity for all fixed-income securities may not exceed 15 years.

At April 30, 2018 and 2017, CORSA had the following average maturities of fixed-income securities and mutual funds:

Investment	2018		2017	
	Fair Value	Weighted-average Maturity (Years)	Fair Value	Weighted-average Maturity (Years)
U.S. Treasury securities	\$ 6,510,755	16.44	\$ 6,067,897	12.44
Asset-backed securities	9,253,950	2.31	7,787,742	3.64
Corporate bonds	32,416,781	9.38	36,563,367	8.41
Municipal bonds	5,686,813	9.48	5,046,869	9.61
Mortgage-backed/Collateralized mortgage obligations	31,234,393	5.80	24,866,629	6.36
U.S. federal agency securities	-	-	784,073	1.90
Mutual funds - High-yield bonds	4,458,793	5.60	4,354,100	5.40
Total	<u>\$ 89,561,485</u>		<u>\$ 85,470,677</u>	

April 30, 2018 and 2017

Note 3 - Deposits and Investments (Continued)

Credit Risk

Credit risk is the risk that an issuer to an investment will not fulfill its obligations.

At April 30, 2018 and 2017, the credit quality ratings of fixed-income securities by type are as follows:

Investment	2018			2017		
	Fair Value	Rating	Rating Organization	Fair Value	Rating	Rating Organization
U.S. Treasury securities	<u>\$ 6,510,755</u>	Aaa	Moody's	<u>\$ 6,067,897</u>	Aaa	Moody's
Asset-backed securities	5,662,356	Aaa	Moody's	4,025,936	Aaa	Moody's
	3,154,315	AAA	Fitch	3,761,806	AAA	Fitch
	124,670	AAA	S&P	-		
	<u>312,609</u>	A	S&P	<u>-</u>		
Total	<u>\$ 9,253,950</u>			<u>\$ 7,787,742</u>		
Corporate bonds	141,912	Aa1	Moody's	527,281	Aaa	Moody's
	1,231,278	Aa2	Moody's	461,981	Aa1	Moody's
	1,483,501	Aa3	Moody's	565,978	Aa2	Moody's
	350,627	Ba1	Moody's	1,892,115	Aa3	Moody's
	239,121	Ba2	Moody's	9,853,536	Baa1	Moody's
	9,459,373	Baa1	Moody's	5,166,686	Baa2	Moody's
	5,892,253	Baa2	Moody's	3,903,970	Baa3	Moody's
	3,097,683	Baa3	Moody's	3,286,329	A1	Moody's
	2,912,762	A1	Moody's	4,612,061	A2	Moody's
	1,844,221	A2	Moody's	6,120,030	A3	Moody's
	5,592,916	A3	Moody's	173,400	Not rated	
	<u>171,134</u>	Not rated		<u>-</u>		
Total	<u>\$ 32,416,781</u>			<u>\$ 36,563,367</u>		
Municipal bonds	429,509	Aaa	Moody's	812,598	Aaa	Moody's
	2,919,414	Aa1	Moody's	2,192,374	Aa1	Moody's
	1,715,786	Aa2	Moody's	708,937	Aa2	Moody's
	452,104	Aa3	Moody's	910,597	Aa3	Moody's
	170,000	A1	Moody's	173,937	A1	Moody's
	<u>-</u>			<u>248,426</u>	A3	Moody's
Total	<u>\$ 5,686,813</u>			<u>\$ 5,046,869</u>		
U.S. federal agency	<u>-</u>			<u>784,073</u>	Aaa	Moody's
Mutual funds - High-yield bonds	<u>4,458,793</u>	B	Moody's	<u>4,354,100</u>	B	Moody's
Mortgage-backed/Collateralized mortgage-backed securities	24,969,636	Aaa	Moody's	23,935,984	Aaa	Moody's
	3,993,078	AAA	Fitch	930,645	AAA	Fitch
	<u>2,271,679</u>	AAA	S&P	<u>-</u>		
Total	<u>\$ 31,234,393</u>			<u>\$ 24,866,629</u>		

Concentration of Credit Risk

Excluding investments issued or guaranteed by the U.S. government, there were no investments that individually exceeded the 5 percent of CORSA's total investments at April 30, 2018 and 2017.

April 30, 2018 and 2017

Note 3 - Deposits and Investments (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. CORSA's investment policy does not address foreign currency risk. CORSA has no investments subject to foreign currency risk.

Note 4 - Reserve for Unpaid Loss and Loss Adjustment Expenses

The reserve for unpaid loss and loss adjustment expenses is estimated by an independent actuary based upon CORSA's historical experience of losses incurred prior to April 30, 2018. The estimates reflect the best judgment as to the potential for losses to increase beyond the amounts already paid. Although management believes that the reserve for unpaid loss and loss adjustment expenses is adequate, no assurance can be given that the ultimate settlement of these liabilities may not be greater or less than such estimates. Any future adjustments to these amounts will affect the reported results of future periods.

The following table represents changes in the reserve for unpaid loss and loss adjustment expense for CORSA for the years ended April 30, 2018, 2017, and 2016:

	2018	2017	2016
Reserve for unpaid loss and loss adjustment expenses - Beginning of year	\$ 20,130,002	\$ 21,751,002	\$ 19,231,002
Incurring loss and loss adjustment expenses:			
Provisions for loss and loss adjustment expenses incurred in current year	12,437,000	12,155,000	10,820,000
Change in provision for loss and loss adjustment expenses incurred in prior years	<u>(2,924,678)</u>	<u>(4,735,122)</u>	<u>(1,161,967)</u>
Total incurred loss and loss adjustment expenses	9,512,322	7,419,878	9,658,033
Payments:			
Loss and loss adjustment expenses paid for losses incurred in current year	3,088,350	3,626,620	1,917,283
Loss and loss adjustment expenses paid for losses incurred in prior years	<u>5,433,974</u>	<u>5,414,258</u>	<u>5,220,750</u>
Total payments	<u>8,522,324</u>	<u>9,040,878</u>	<u>7,138,033</u>
Reserve for unpaid loss and loss adjustment expenses - End of year	<u>\$ 21,120,000</u>	<u>\$ 20,130,002</u>	<u>\$ 21,751,002</u>

Reserve for unpaid loss and loss adjustment expenses attributable to insured events in prior years changed as a result of re-estimation of unpaid loss and loss adjustment expense. This change is generally a result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

April 30, 2018 and 2017

Note 5 - Excess Insurance Coverage

CORSA retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by excess insurance and reinsurance contracts. CORSA's retention limit for all coverage was \$1,000,000 per occurrence for the fiscal years ended 2018 and 2017. The exceptions were \$250,000 for cyber liability, \$50,000 for equipment breakdown/boiler claims, and \$2,000,000 for the general liability and medical professional liability for county homes. During the fiscal years ended 2018 and 2017, CORSA provided county home liability coverage with a retention limit of \$1,000,000.

CORSA maintains reinsurance contracts with insurance carriers who provide coverage above CORSA's self-insured retention limits. For liability coverage, each member chooses its limits of liability, with limits varying between \$1,000,000 and \$10,000,000 over the CORSA retention. An exception was for the general liability and medical professional liability for county homes, for which there was a \$2,000,000 excess limit over the \$1,000,000 CORSA retention for the fiscal year ended 2018. As of April 30, 2018 and 2017, CORSA provided liability coverage for 19 and 20 county homes, respectively.

In the event that a loss should exceed the amount of coverage provided by CORSA, then the payment of any loss in excess of the limit provided by CORSA is the obligation of the member or members against which the claims were made. In the unlikely event that all or any of the insurance companies are unable to meet their obligations under the excess insurance and reinsurance contracts, CORSA would be responsible for such defaulted amounts. Premiums ceded to reinsurers were \$3,466,181 and \$3,486,760 for fiscal years 2018 and 2017, respectively. The amount deducted from the reserves for unpaid losses and loss adjustment expenses for estimated amounts recoverable under reinsurance was \$283,069 and \$240,603 for fiscal years 2018 and 2017, respectively. The adjustment to claim expenses for estimated amounts recoverable under reinsurance was \$201,670 and \$(2,166,160) for fiscal years 2018 and 2017, respectively.

Note 6 - Capital Assets

Capital asset activity for the years ended April 30, 2018 and 2017 was as follows:

	Balance May 1, 2017	Additions	Disposals	Balance April 30, 2018
Capital assets being depreciated:				
Vehicles	\$ 219,691	\$ 66,624	\$ (59,728)	\$ 226,587
Furniture and fixtures	62,103	-	-	62,103
Computer and equipment	11,255	-	-	11,255
Claims system	80,838	-	-	80,838
Subtotal	373,887	66,624	(59,728)	380,783
Accumulated depreciation:				
Vehicles	125,228	36,185	(59,728)	101,685
Furniture and fixtures	62,103	-	-	62,103
Computer equipment	8,415	1,021	-	9,436
Claims system	80,838	-	-	80,838
Subtotal	276,584	37,206	(59,728)	254,062
Net capital assets	\$ 97,303	\$ 29,418	\$ -	\$ 126,721

April 30, 2018 and 2017

Note 6 - Capital Assets (Continued)

Governmental Activities (Continued)

	Balance May 1, 2016	Additions	Disposals	Balance April 30, 2017
Capital assets being depreciated:				
Vehicles	\$ 218,272	\$ 31,096	\$ (29,677)	\$ 219,691
Furniture and fixtures	62,103	-	-	62,103
Computer and equipment	11,255	-	-	11,255
Claims system	80,838	-	-	80,838
Subtotal	372,468	31,096	(29,677)	373,887
Accumulated depreciation:				
Vehicles	125,092	29,813	(29,677)	125,228
Furniture and fixtures	62,103	-	-	62,103
Computer and equipment	7,394	1,021	-	8,415
Claims system	80,838	-	-	80,838
Subtotal	275,427	30,834	(29,677)	276,584
Net capital assets	\$ 97,041	\$ 262	\$ -	\$ 97,303

Total depreciation expense was \$37,206 and \$30,834 at April 30, 2018 and 2017, respectively.

Note 7 - Related Party Transactions

CORSA and its health insurance counterpart, County Employee Benefits Consortium of Ohio (CEBCO), were created by the CCAO to provide insurance for county employees. The three entities share office space, services, and operating expenses, which include salaries, telephone service, Internet service, supplies, postage, and subscriptions. All employees of CORSA are employed by CCAO. Shared services are purchased by the various entities, and costs are shared and include liability coverage provided by CORSA, healthcare coverage provided by CEBCO, and additional external directors and officers coverage purchased by CORSA. CCAO pays for most of the other shared expenses, and CORSA and CEBCO pay CCAO for their portion based on an allocation approved by all three boards of directors. Investment consulting and management services are shared between CORSA and CEBCO. The amount paid for shared services by CORSA to CCAO was \$1,914,856 and \$1,922,103 for the years ended April 30, 2018 and 2017, respectively. CORSA's accrued expenses owed to CCAO as of April 30, 2018 and 2017 were \$143,591 and \$40,375, respectively.

Note 8 - Investment in County Governance Facility, LLC

In May 2008, CORSA entered into a joint venture with CCAO and CEBCO to form County Governance Facility, LLC (LLC). The LLC was formed as a partnership with the three entities as members. The main purpose of this joint venture was to purchase a building for office space for the three members. CORSA contributed \$1,000,000 to fund its 33.3 percent portion of the joint venture. CORSA accounts for the investment under the equity method. CORSA's portion of the loss was \$(5,720) and \$(40,976) for the years ended April 30, 2018 and 2017, respectively.

Note 9 - Investment in County Reinsurance, Ltd.

As of April 30, 2018 and 2017, CORSA has a 4 percent interest in County Reinsurance, Ltd. (CRL). CRL is a member-owned reinsurance company, which provides reinsurance coverage for property, liability, and workers' compensation insurance. CORSA accounts for the investment under the equity method. CORSA recognized income of \$222,243 and \$381,297 during the years ended April 30, 2018 and 2017, respectively, from its interest in CRL.

April 30, 2018 and 2017

Note 10 - Retirement Benefits

CCAO maintains a defined contribution plan covering employees who meet certain age requirements. Eligible CORSA employees are covered under this plan. The amount contributed to the plan by CCAO is not to exceed 10 percent of each eligible employee's annual qualified compensation. Contributions to the plan are made at the discretion of the board of directors of CCAO. CORSA then reimburses CCAO for its portion of the contribution. The amount contributed by CORSA is approved by the CORSA board. CORSA has no further retirement benefit obligation. Expense of \$106,519 and \$109,546 was incurred by CORSA for fiscal years ended April 30, 2018 and 2017, respectively.

CCAO also provides postemployment medical and life insurance benefits to age and service retirees with qualifying service credit and to surviving spouses of such retirees. These benefits are funded by yearly contributions from CCAO, as determined by the CCAO board. CORSA then reimburses CCAO for its portion of the contribution. The amount contributed by CORSA is approved by the CORSA board. CORSA has no further postemployment insurance benefit obligation. Expense of \$6,129 and \$6,127 was incurred by CORSA for fiscal years ended April 30, 2018 and 2017, respectively.

Note 11 - Fair Value Measurements

CORSA 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 assets. 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. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. CORSA's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

CORSA has the following recurring fair value measurements as of April 30, 2018:

	Assets Measured at Fair Value on a Recurring Basis at April 30, 2018			
	Quoted Prices in			Balance at April 30, 2018
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Debt securities:				
Mutual fund - High-yield bonds	\$ 4,458,793	\$ -	\$ -	\$ 4,458,793
Asset-backed securities	-	9,253,950	-	9,253,950
Corporate bonds	-	32,416,781	-	32,416,781
U.S. Treasury securities	6,510,755	-	-	6,510,755
Mortgage-backed/Collateralized mortgage obligations	-	31,234,393	-	31,234,393
Municipal bonds	-	5,686,813	-	5,686,813
Total debt securities	10,969,548	78,591,937	-	89,561,485
Equity securities - Mutual funds	19,481,411	-	-	19,481,411
Total assets	\$ 30,450,959	\$ 78,591,937	\$ -	\$ 109,042,896

April 30, 2018 and 2017

Note 11 - Fair Value Measurements (Continued)

CORSA has the following recurring fair value measurements as of April 30, 2017:

	Assets Measured at Fair Value on a Recurring Basis at April 30, 2017			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at April 30, 2017
Debt securities:				
Mutual fund - High-yield bonds	\$ 4,354,100	\$ -	\$ -	\$ 4,354,100
Asset-backed securities	-	7,787,742	-	7,787,742
Corporate bonds	-	36,563,367	-	36,563,367
U.S. Treasury securities	6,067,897	-	-	6,067,897
U.S. federal agency securities	-	784,073	-	784,073
Mortgage-backed/Collateralized mortgage obligations	-	24,866,629	-	24,866,629
Municipal bonds	-	5,046,869	-	5,046,869
Total debt securities	10,421,997	75,048,680	-	85,470,677
Equity securities - Mutual funds	17,230,601	-	-	17,230,601
Total assets	\$ 27,652,598	\$ 75,048,680	\$ -	\$ 102,701,278

The following summarizes the valuation method used in determining fair value measurements:

Level 1 Measurements

The fair value of U.S. Treasury securities and mutual funds was determined using prices quoted in active markets for those securities, and they are classified as Level 1.

Level 2 Measurements

The fair value of asset-backed securities, corporate bonds, mortgage-backed/collateralized mortgage obligations, and municipal bonds is determined by using other observable inputs, such as quoted prices for identical or similar assets in markets that are not active, contractual cash flows, credit spreads, and interest rates and yield curves that are observable at commonly quoted intervals.

Required Supplemental Information

April 30, 2018

Claims Development Information

The table on the following page illustrates how CORSA's earned revenue (net of excess insurance) and investment income compared to related costs of loss (net of loss assumed by excess insurers) and other expenses assumed by CORSA as of the end of each of the last 10 years. The columns of the table show data for successive policy years. The rows of the table are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to excess insurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs of the CORSA, including overhead and claims expense not allocable to individual claims.
3. This line shows CORSA's gross incurred claims and allocated claim adjustment expenses, claims assumed by excess insurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. This section of 10 rows shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest re-estimated amount of claims assumed by excess insurers as of the end of the current year for each accident year.
6. This section of 10 rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, re-evaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest re-estimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought.

County Risk Sharing Authority, Inc.

**Required Supplemental Information
Schedule of Claims Development (Continued)**

April 30, 2018

Policy Year Ended December 31	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1. Required contributions and investment income:										
Earned	\$ 16,658,160	\$ 32,510,497	\$ 29,595,864	\$ 31,067,691	\$ 28,706,132	\$ 25,473,935	\$ 30,123,230	\$ 23,038,974	\$ 25,880,761	\$ 23,735,463
Ceded	2,855,263	3,114,000	3,434,533	3,212,141	3,357,681	3,591,025	3,744,889	3,429,558	3,486,760	3,466,181
Net	13,802,897	29,396,497	26,161,331	27,855,550	25,348,451	21,882,910	26,378,341	19,609,416	22,394,001	20,269,282
2. Expenses other than allocated loss adjustment expenses	7,102,200	7,592,856	6,281,102	6,702,290	6,452,368	6,271,046	6,591,886	7,235,090	7,696,874	8,380,347
3. Estimated loss and allocated loss adjustment expenses - End of policy year:										
Incurred	16,470,746	14,930,406	13,217,939	12,480,233	16,258,444	15,119,798	14,236,116	10,820,000	12,155,000	12,630,000
Ceded	613,961	517,323	-	-	1,171,564	140,934	988,116	-	-	193,000
Net	15,856,785	14,413,083	13,217,939	12,480,233	15,086,880	14,978,864	13,248,000	10,820,000	12,155,000	12,437,000
4. Cumulative paid loss and allocated loss adjustment expenses:										
End of policy year	4,949,790	3,746,175	3,002,120	3,035,505	5,057,937	4,151,661	3,072,620	1,917,283	3,626,620	3,088,350
One year later	7,808,855	6,655,871	7,271,874	6,865,094	7,108,802	8,992,245	6,142,444	4,162,577	5,458,889	-
Two years later	10,043,440	7,079,093	9,045,134	8,898,813	6,725,846	9,990,214	7,808,785	5,131,307	-	-
Three years later	11,006,656	7,997,247	9,482,010	9,406,288	7,362,332	10,787,870	8,201,451	-	-	-
Four years later	12,605,162	8,193,133	11,320,376	9,590,511	7,612,758	11,273,574	-	-	-	-
Five years later	12,738,320	8,053,387	11,425,212	9,757,726	8,089,947	-	-	-	-	-
Six years later	12,512,851	8,065,698	11,497,489	10,081,127	-	-	-	-	-	-
Seven years later	12,566,369	8,128,012	12,066,241	-	-	-	-	-	-	-
Eight years later	12,663,753	8,128,181	-	-	-	-	-	-	-	-
Nine years later	12,872,340	-	-	-	-	-	-	-	-	-
5. Re-estimated ceded loss and expenses	706,202	1,252,482	120,000	-	5,501,000	348,945	1,018,247	-	52,000	193,000
6. Re-estimated incurred loss and allocated loss adjustment expenses:										
End of policy year	15,856,785	14,413,083	13,217,939	12,480,233	15,086,880	14,978,958	13,248,000	10,820,000	12,155,000	12,437,000
One year later	14,529,964	10,689,509	13,133,778	12,624,085	12,832,585	13,054,000	11,149,000	8,100,000	10,055,000	-
Two years later	14,732,020	9,226,352	11,548,166	11,044,666	8,808,000	14,398,000	9,656,000	8,727,000	-	-
Three years later	14,182,062	8,575,783	11,632,157	10,354,000	8,260,000	13,658,000	9,419,000	-	-	-
Four years later	13,296,436	8,563,693	12,470,000	10,095,000	8,307,000	12,984,000	-	-	-	-
Five years later	12,910,175	8,167,000	12,569,000	10,307,000	8,194,000	-	-	-	-	-
Six years later	12,589,000	8,128,000	12,368,000	10,111,000	-	-	-	-	-	-
Seven years later	12,760,000	8,152,000	12,073,000	-	-	-	-	-	-	-
Eight years later	12,881,000	8,128,000	-	-	-	-	-	-	-	-
Nine years later	12,872,000	-	-	-	-	-	-	-	-	-
7. Decrease in estimated incurred claims and allocated claim adjustment expenses subsequent to initial policy year end	(2,984,785)	(6,285,083)	(1,144,939)	(2,369,233)	(6,892,880)	(1,994,864)	(3,829,000)	(2,093,000)	(2,100,000)	-

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Directors
County Risk Sharing Authority, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of County Risk Sharing Authority, Inc. (CORSA), which comprise the basic statement of net position as of April 30, 2018 and the related basic statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated August 1, 2018.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of CORSA's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CORSA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Directors
County Risk Sharing Authority, Inc.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CORSA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CORSA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

August 1, 2018



Dave Yost • Auditor of State

COUNTY RISK SHARING AUTHORITY

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
OCTOBER 16, 2018**