

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

AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
NOVEMBER 30, 2021**

James G. Zupka, CPA, Inc.
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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(800) 282-0370

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

We have reviewed the *Independent Accountant's Report* of the BORMA, Inc., Wood County, prepared by James G. Zupka, CPA, Inc., for the audit period December 1, 2020 through November 30, 2021. 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 BORMA, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 01, 2022

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BORMA, INC.
WOOD COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021

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JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Trustees of
BORMA, Inc.
304 North Church Street
Bowling Green, OH 43402

The Honorable Keith Faber
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of BORMA, Inc. (BORMA), Wood County, Ohio as of and for the fiscal year ended November 30, 2021, and the related notes to the financial statements, which collectively comprise BORMA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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, 2021, and the respective changes in financial position, and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 3 and 4 and *Ten-Year Claims Development Information* on page 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 3, 2022, on our consideration of BORMA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BORMA's internal control over financial reporting and compliance.



James G. Zupka, CPA, Inc.
Certified Public Accountants

May 3, 2022

BORMA, INC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021

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, 2021. 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 2021 are as follows:

- BORMA, Inc.'s net financial position at November 30, 2021 was \$817,165.
- BORMA, Inc. has hired an independent actuary, The Actuarial Advantage, to determine the loss and loss adjustment expense reserves. Based upon the actuary's report, the loss and loss adjustment expense reserves was \$98,363 at November 30, 2021 compared to \$167,327 at November 30, 2020.
- BORMA, Inc. had operating revenues from its members of \$577,364 and operating expenses of \$470,504 for the fiscal year. In addition, BORMA, Inc. had \$62,405 in provider refunds, \$16,640 in claim reimbursements and \$57 in interest. The net income and increase in the net position was \$143,309 for the fiscal year.

Reporting of Financial Activities

The table below provides a summary of BORMA, Inc.'s net position for November 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 800,522	\$ 777,477
Account receivable	<u>115,006</u>	<u>63,706</u>
Total Assets	<u>\$ 915,528</u>	<u>\$ 841,183</u>
Liabilities and Net Position		
Reserve for unpaid claims	\$ 98,363	\$ 167,327
Net Position	<u>817,165</u>	<u>673,856</u>
Total Liabilities and Net Position	<u>\$ 915,528</u>	<u>\$ 841,183</u>

The total assets increased by \$74,345 or 8.8%. The loss reserve amount decreased by \$68,964, or 41.2%. Both of these factors resulted in the increase in net position of \$143,309, or 21.3%.

BORMA, INC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021

Reporting of Financial Activities

The table below shows the changes in net position for the fiscal years ending November 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
<u>Revenues</u>		
Member income	\$ 577,364	\$ 539,712
Return of member income	(42,653)	(39,210)
Claim recoveries	16,640	11,257
Interest income	57	1,112
Provider refunds	<u>62,405</u>	<u>63,706</u>
Total Revenues	<u>613,813</u>	<u>576,577</u>
<u>Expenses</u>		
Insurance expense	443,460	405,912
Claims expense	13,132	143,079
Other expenses	<u>13,912</u>	<u>14,742</u>
Total Expenses	<u>470,504</u>	<u>563,733</u>
Changes in net position	143,309	12,844
Net Position - beginning of year	<u>673,856</u>	<u>661,012</u>
Net Position - end of year	<u>\$ 817,165</u>	<u>\$ 673,856</u>

The net member income increased by \$37,652, or 7%. The claim recoveries increased by \$5,383, or 4.8%. The claim expenses decreased by \$129,947 or 90.8%.

The actual claims expenses are not predictable by the Pool and may vary significantly from actuarial loss projections in any given year. Included in this expense are the actual claims paid during the year plus the change in the Reserve for Unpaid Claims. Note 7 of the financial statements illustrates this calculation.

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 Dana Pinkert, Finance Director, 304 North Church Street, Bowling Green, Ohio 43402.

BORMA, INC.

Statement of Net Position
As of November 30, 2021

<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$ 800,522
Receivables - Claims Recoveries	52,601
Receivable - Member Income	62,405
Total Current Assets	<u>915,528</u>
<u>TOTAL ASSETS</u>	<u>915,528</u>
<u>LIABILITIES</u>	
Reserve for Unpaid Claims	98,363
Total Liabilities	<u>98,363</u>
Net Position	
Unrestricted	<u>\$ 817,165</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, 2021

OPERATING REVENUES

Membership Contributions	\$ 577,364
Claims Recoveries	16,640
	<hr/>

TOTAL OPERATING REVENUES 594,004

OPERATING EXPENSES

Claims Expense	13,132
Insurance Premiums for Coverage	443,460
Professional Fees	13,912
	<hr/>

TOTAL OPERATING EXPENSES 470,504

OPERATING INCOME 123,500

NON-OPERATING REVENUES & EXPENSES

Provider Refunds	62,405
Interest Revenue	57
Return of Member Income	(42,653)
	<hr/>

TOTAL NON-OPERATING REVENUES & EXPENSES 19,809

CHANGE IN NET POSITION 143,309

NET POSITION - Beginning of Year 673,856

NET POSITION - End of Year \$ 817,165

See accompanying notes to the Basic Financial Statements

BORMA, INC.

Statement of Cash Flows For the fiscal year ended November 30, 2021

Cash Flows From Operating Activities

Cash received for premiums	\$ 577,364
Cash paid for claims	(118,057)
Cash payments to vendors for services and goods	(13,912)
Cash paid for premiums	<u>(443,460)</u>

Net cash provided by (used in) operating activities 1,935

Cash Flows From Investing Activities

Cash received from provider refunds	63,706
Cash received from interest income	57
Cash returned to members	<u>(42,653)</u>

Net cash provided by investing activities 21,110

Net Increase (Decrease) in Cash and Cash Equivalents 23,045

Cash and Cash Equivalents - beginning of year 777,477

Cash and Cash Equivalents - end of year \$ 800,522

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

Operating income	\$ 123,500
Changes in assets and liabilities:	
(Increase)/Decrease in claim recovery receivables	(52,601)
Increase/(Decrease) in reserve for unpaid claims	<u>(68,964)</u>

Net Cash Provided by (used in) Operating Activities \$ 1,935

See accompanying notes to the Basic Financial Statements

BORMA, INC

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

BORMA, Inc is a joint self-insurance pool 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, 2021 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.

BORMA, Inc. 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*. BORMA, Inc. measures its 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 fiscal year 2021, 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 \$100 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

BORMA, INC

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 may 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.

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.

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 7. Should the provision for claims reserves not be sufficient, supplemental contributions will be assessed.

Net Position - Net position represents the excess of revenues over expenses since its inception. It is displayed in two components as follows:

Restricted - This consists of net position that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted - This consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

As of November 30, 2021, 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.

BORMA, INC

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 costs that have been incurred in order to support BORMA, Inc.'s primary mission. Revenues and expenses not meeting the definition are reported as nonoperating.

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.

Subsequent Events - Management has evaluated subsequent events and transactions occurring subsequent to the statement of net position for recognition and disclosure in the accompanying financial statements through the date the financial statements are issued, and has determined there were no material subsequent events or transactions.

NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by BORMA into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the BORMA treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are monies identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Custodial credit risk for deposits is the risk that in the event of bank failure, the Pool will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the Pool's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. Ohio law requires that deposits either be insured or protected by:

Eligible securities pledged to the Pool and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The Pool's financial institution was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System.

BORMA, INC

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

At fiscal year-end, the carrying amount of BORMA, Inc.'s deposits was \$791,177 and the bank balance was \$802,500. \$265,000 of the bank balance was covered by federal depository insurance. The remaining balance of \$537,500 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in BORMA's name.

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

STAR Ohio	\$9,345
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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, 2021:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 791,177
Investments	<u>9,345</u>
Total	<u>\$ 800,522</u>
 <u>Cash and investments on Statement of Net Position</u>	
Cash and cash equivalents	<u>\$ 800,522</u>

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 \$1,650,000 per year, purchasing excess insurance coverage above its retention.

NOTE 5 - RISK MANAGEMENT

BORMA has contracted with a third-party administrator, Arthur J. Gallagher Risk Management Services, Inc. to provide management services. BORMA has also contracted with Gallagher Basset Services, Inc. to process all claims against the members.

The members contribute annual premiums into the self-insurance risk pool fund of the Pool. The Board of Directors approves payments to the third-party administrator for actual insurance claims processed, insurance premiums and administrative charges incurred on behalf of the Pool members, except to the extent discretionary authority is granted to Gallagher Basset for payment of claims. The Pool may extend an assessment to each member if additional funding is needed to cover expenses.

Members that withdraw from the Pool are obligated for any supplementary payments at the member's pool contribution factor in effect for the specific years to which the supplementary payments apply.

BORMA, INC

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021**

NOTE 6 - ADMINISTRATIVE FEES

BORMA has contracted with Arthur J. Gallagher & Co. to provide various management, underwriting, claim adjustments and loss control services.

NOTE 7 - LOSS RESERVE

As discussed in Note 2, BORMA, Inc.'s loss reserve includes both reported and unreported insured events and estimated future payments of losses and related loss adjustment disbursements. The schedule below presents the changes in claims liabilities during the fiscal year ended November 30, 2021 and for the fiscal year ended November 30, 2020.

	<u>For the year ended November 30,</u>	
	<u>2021</u>	<u>2020</u>
<u>UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES</u>		
–beginning of period	<u>\$ 167,327</u>	<u>\$ 138,228</u>
Incurred Claims and Claim Adjustment Expenses:		
Provision for insured events of the current period	84,417	124,538
Increase/(Decrease) in provision for insured events of prior years	<u>(103,366)</u>	<u>(34,516)</u>
Total Incurred Claims and Claim Adjustment Expenses	<u>(18,949)</u>	<u>90,022</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current period	(16,473)	(47,365)
Claims and claim adjustment expenses attributable to insured events of prior years	<u>(33,542)</u>	<u>(13,558)</u>
Total Payments	<u>(50,015)</u>	<u>(60,923)</u>
<u>TOTAL UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES</u> – end of the period	<u>\$ 98,363</u>	<u>\$ 167,327</u>

BORMA, Inc.

Required Supplementary Information
Claim Development Information

	For the Year Ended									
	December 31		November 30,							
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Premiums and other income	\$ 1,159,265	\$ 555,148	\$ 428,648	\$ 700,583	\$ 626,313	\$ 760,885	\$ 520,648	\$ 518,832	\$ 552,081	\$ 594,061
Unallocated expenses	1,063,775	406,264	96,824	432,014	432,016	417,277	400,608	391,786	420,654	457,372
Estimated losses incurred and and expense, end of year	301,281	281,817	88,862	100,502	89,384	10,065	47,989	100,441	143,079	13,132
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Paid (cumulative) as of:										
end of year	39,202	1,509	16,561	38,592	4,148	0	21,591	37,559	47,365	16,473
one year later	55,561	27,555	41,561	64,233	6,257	25,000	71,784	46,548	47,365	
two years later	122,459	27,555	51,125	64,233	6,309	46,555	72,909	80,090		
three years later	189,897	27,555	51,125	64,233	6,309	50,000	72,909			
four years later	189,897	27,555	51,125	64,233	6,309	50,000				
five years later	189,897	27,555	51,125	64,233	6,309					
six years later	189,897	27,555	51,125	64,233						
seven years later	189,897	27,555	51,125							
eight years later	189,897	27,555								
nine years later	189,897									
Reestimated incurred claims										
end of year	264,069	74,738	95,510	84,698	65,959	70,476	121,362	130,781	124,538	84,417
one year later	220,687	68,378	90,418	108,460	55,445	55,682	109,229	123,505	73,965	
two years later	228,820	51,097	73,137	81,355	16,889	52,926	83,087	82,503		
three years later	223,165	37,557	58,121	69,701	7,240	52,295	74,045			
four years later	206,255	31,671	53,784	64,492	7,032	50,269				
five years later	189,897	27,555	51,125	64,233	6,309					
six years later	189,897	27,555	51,125	64,233						
seven years later	189,897	27,555	51,125							
eight years later	189,897	27,555								
nine years later	189,897									

Notes:

- 1) Losses excess of pool retention are not included as these are separately insured
- 2) The fiscal year was January 1 - December 31 for 2012 and 2013.
The fiscal year was changed to be concurrent with the policy year beginning December 1, 2013 and subsequent.

JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

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Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of
BORMA, Inc.
304 North Church Street
Bowling Green, OH 43402

The Honorable Keith Faber
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of BORMA, Inc. (BORMA), Wood County, Ohio as of and for the fiscal year ended November 30, 2021, and the related notes to the financial statements, which collectively comprise BORMA's basic financial statements and have issued our report thereon dated May 3, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BORMA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BORMA's internal control. Accordingly, we do not express an opinion on the effectiveness of BORMA'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 BORMA'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 BORMA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



James G. Zupka, CPA, Inc.
Certified Public Accountants

May 3, 2022

BORMA, INC.
WOOD COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021

The prior audit report, for the fiscal year ended November 30, 2020, reported no audit findings or management letter recommendations.

OHIO AUDITOR OF STATE KEITH FABER



BORMA, INC.

WOOD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 6/14/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov