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# County Risk Sharing Authority, Inc.

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**Financial Report  
with Supplementary Information  
April 30, 2024**



OHIO AUDITOR OF STATE  
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the County Risk Sharing Authority, Franklin County, prepared by Plante & Moran, PLLC, for the audit period May 1, 2023 through April 30, 2024. 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 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

October 18, 2024

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## **Independent Auditor's Report**

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

### **Report on the Audits of the Financial Statements**

#### ***Opinion***

We have audited the basic financial statements of County Risk Sharing Authority, Inc. (CORSA) as of and for the years ended April 30, 2024 and 2023 and the related notes to the financial statements, which collectively comprise CORSA's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying basic financial statements present fairly, in all material respects, the financial position of CORSA as of April 30, 2024 and 2023 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.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of CORSA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CORSA's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### ***Auditor's Responsibilities for the Audits of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the basic financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the basic financial statements.

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

In performing the audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 CORSA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CORSA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2024 on our consideration of CORSA'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 solely 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 effectiveness of CORSA's 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 CORSA's internal control over financial reporting and compliance.



September 17, 2024



**Using This Annual Report**

Management of 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, 2024, 2023, and 2022. Readers are encouraged to consider the information presented here in conjunction with CORSA's financial statements and notes to the 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 (this section), 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 member contributions, net of reinsurance premiums, with the major source of operating expenses being losses and loss adjustment expenses 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, 2024, 72 counties and 47 county-related entities were members of CORSA. In addition, CCAO and its affiliated entities were members of CORSA during the 2023-2024 year.

Approximately 96 percent, 98 percent, and 97 percent of total assets consist of cash, cash equivalents, and investments at April 30, 2024, 2023, and 2022, respectively. Approximately 77 percent, 79 percent, and 74 percent of total liabilities consist of loss and loss adjustment expense reserves at April 30, 2024, 2023, and 2022, respectively. CORSA has equity interest in County Reinsurance Ltd. (CRL) and County Reinsurance Property Plus (CRL PP). 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:

	2024	2023	2022
<b>Assets</b>			
Current assets	\$ 38,613,098	\$ 32,266,469	\$ 33,888,319
Noncurrent assets	92,510,771	97,033,568	103,397,580
Total assets	131,123,869	129,300,037	137,285,899
<b>Liabilities</b>			
Current liabilities	35,950,972	31,374,558	27,836,339
Noncurrent liabilities	37,328,000	29,498,000	25,528,000
Total liabilities	73,278,972	60,872,558	53,364,339
<b>Net Position</b>	<b>\$ 57,844,897</b>	<b>\$ 68,427,479</b>	<b>\$ 83,921,560</b>

## County Risk Sharing Authority, Inc.

### Management's Discussion and Analysis (Continued)

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

	2024	2023	2022
<b>Operating Revenue</b>	\$ 18,736,727	\$ 17,642,136	\$ 17,890,744
<b>Operating Expenses</b>	34,031,243	30,030,901	21,006,791
<b>Operating Loss</b>	(15,294,516)	(12,388,765)	(3,116,047)
<b>Nonoperating Revenue (Expense)</b>	4,711,934	(3,105,316)	(13,517,454)
<b>Change in Net Position</b>	<u>\$ (10,582,582)</u>	<u>\$ (15,494,081)</u>	<u>\$ (16,633,501)</u>

Total estimated claims incurred for the policy year consist of claim payments, known reserves, and an estimate of claims incurred but not reported 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 losses and loss adjustment expenses (reported net of estimated reinsurance, salvage, and subrogation recoveries) increased by \$8,616,667 between April 30, 2023 and April 30, 2024. Reserves for unpaid losses and loss adjustment expenses increased by \$8,331,485 between April 30, 2022 and April 30, 2023. The increase in both years can be attributed to several large claims across various coverages and claim payments emerging slower than projected. COVID-19 created a backlog in the courts, which resulted in claims that were in progress being curtailed by the backup in the legal system. In 2022 and 2023, these courts began aggressively clearing these backlogged cases from their dockets.
- Operating revenue, which represents member contributions net of reinsurance premium expense, increased by \$1,094,591 between April 30, 2023 and April 30, 2024. The primary driver of this increase is a 10 percent increase in total insured property value that was realized as a direct result of inflation that upwardly adjusted the appraised values of protected locations, increasing member contributions. The increase in appraised values correlates with labor and material inflation locally and nationally. Operating revenue decreased by \$248,608 between April 30, 2022 and April 30, 2023. This decrease was due to increased reinsurance costs rather than decreases in member contributions.
- Losses and loss adjustment expenses increased by \$3,348,349 between April 30, 2023 and April 30, 2024 and increased by \$8,416,797 between April 30, 2022 and April 30, 2023. The increase in both years was due to a substantial variance from projections, attributed to several large claims across various coverages. The higher than expected claims development in 2024 was driven by claim experience in law enforcement liability in 2019-2020, 2021-2022, and 2022-2023. Social inflation and economic inflation were mainly responsible for the variance from original projections.
- Other operating expenses increased approximately \$600,000 to \$700,000 each year between April 30, 2022 and April 30, 2024. The largest increases were in program expenses related to risk management. CORSA has been successful at keeping most administrative costs stable in order to mitigate the effects of varying claim costs and market fluctuations.
- Nonoperating revenue increased by \$7,817,250 from April 30, 2023 to April 30, 2024 and increased by \$10,412,138 from April 30, 2022 to April 30, 2023. Changes in respective years were mainly attributable to changes in the market value of investments. During the 2023-2024 period, the investment in CRL PP increased by approximately \$4,100,000 and unrealized losses decreased significantly from the prior year. During the 2022-2023 period, unrealized losses were not as severe as in the prior period and interest income on bonds actually received was higher than the prior period.

- Overall, CORSA's net position decreased by \$10,582,582 from \$68,427,479 at April 30, 2023 to \$57,844,897 at April 30, 2024. This was due to higher than projected claims costs brought on by social and economic inflation. CORSA's net position decreased during the previous fiscal year by \$15,494,081 from \$83,921,560 at April 30, 2022 to \$68,427,479 at April 30, 2023. This was due to a substantial variance from projected claims costs and higher than average claim frequency, as well as some unrealized losses on invested assets.

***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 affected by cybercrimes and other cyber risks. With CORSA's \$1,000,000 self-insured retention for liability and \$1,500,000 self-insured retention for property, CORSA members are less vulnerable to the pricing cycles of the commercial insurance market.

CORSA continues to evaluate the possible effects of the COVID-19 pandemic and the civil unrest revolving around law enforcement. CORSA experienced an increase in claims in the last year, which were possibly related to a backlog in courts related to the COVID-19 shutdown. The longer-term effects have yet to be identified. However, there are no significant judicial or legislative developments expected to occur in the next year that would have a significant impact on the operations of CORSA.

***Contacting the Pool'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 any questions about this report or need additional information, we welcome you to contact the managing director of property and casualty insurance at 209 E. State Street, Columbus, OH 43215.

## County Risk Sharing Authority, Inc.

## Statement of Net Position

April 30, 2024 and 2023

	2024	2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 17,931,801	\$ 11,441,479
Investments (Notes 3 and 11)	15,427,813	18,235,832
Receivables:		
Other	2,400	14,884
Member deductibles	929,802	1,144,564
Accrued interest	530,415	554,836
Reinsurance recovery	2,437,435	100,000
Prepaid expenses	1,353,432	774,874
Total current assets	<u>38,613,098</u>	<u>32,266,469</u>
Noncurrent assets:		
Investments (Notes 3 and 11)	79,933,875	87,980,401
Investment in County Reinsurance, Ltd. (Note 9)	1,832,096	2,400,282
Investment in County Reinsurance, Ltd. Property Plus (Note 9)	9,656,058	5,553,531
Investment in County Governance Facility, LLC (Note 8)	989,454	986,155
Capital assets - Net of depreciation (Note 6)	99,288	113,199
Total noncurrent assets	<u>92,510,771</u>	<u>97,033,568</u>
Total assets	<u>131,123,869</u>	<u>129,300,037</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	269,254	210,714
Current portion of reserve for unpaid losses and loss adjustment expenses (Note 4)	19,348,155	18,561,488
Unearned member contributions	16,333,563	12,602,356
Total current liabilities	<u>35,950,972</u>	<u>31,374,558</u>
Noncurrent liabilities - Reserve for unpaid losses and loss adjustment expenses (Note 4)	<u>37,328,000</u>	<u>29,498,000</u>
Total liabilities	<u>73,278,972</u>	<u>60,872,558</u>
<b>Net Position</b>		
Net investment in capital assets	99,288	113,199
Unrestricted	57,745,609	68,314,280
Total net position	<u>\$ 57,844,897</u>	<u>\$ 68,427,479</u>

## County Risk Sharing Authority, Inc.

### Statement of Revenue, Expenses, and Changes in Net Position

Years Ended April 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Operating Revenue</b>		
Member contributions - Net	\$ 27,218,370	\$ 23,957,816
Reinsurance premium expense (Note 5)	<u>(8,481,643)</u>	<u>(6,315,680)</u>
Total operating revenue	18,736,727	17,642,136
<b>Operating Expenses</b>		
Provision for losses: (Note 4)		
Losses and loss adjustment expenses	21,389,000	23,386,000
Provision (benefit) for insured events of prior years	<u>4,970,162</u>	<u>(375,187)</u>
Total provision for losses	26,359,162	23,010,813
Agent fees	2,132,653	1,884,324
General and administrative fees	2,833,216	2,634,172
Brokerage fees	69,703	130,051
Special program expenses	2,598,489	2,325,326
Depreciation (Note 6)	<u>38,020</u>	<u>46,215</u>
Total operating expenses	<u>34,031,243</u>	<u>30,030,901</u>
<b>Operating Loss</b>	(15,294,516)	(12,388,765)
<b>Nonoperating Revenue (Expense)</b>		
Interest and dividend income	3,851,644	3,598,364
Realized and unrealized losses on investments	(91,918)	(3,257,429)
Distribution to members	(2,400,000)	(2,400,000)
Loss on investment in County Reinsurance, Ltd. (Note 9)	(568,186)	(1,160,907)
Gain on investment in County Reinsurance, Ltd. Property Plus (Note 9)	4,102,527	293,550
Gain (loss) on investment in County Governance Facility, LLC (Note 8)	3,299	(8,805)
Investment fees	(204,027)	(181,276)
Other income	<u>18,595</u>	<u>11,187</u>
Total nonoperating revenue (expense)	<u>4,711,934</u>	<u>(3,105,316)</u>
<b>Change in Net Position</b>	(10,582,582)	(15,494,081)
<b>Net Position - Beginning of year</b>	<u>68,427,479</u>	<u>83,921,560</u>
<b>Net Position - End of year</b>	<u><u>\$ 57,844,897</u></u>	<u><u>\$ 68,427,479</u></u>

## County Risk Sharing Authority, Inc.

## Statement of Cash Flows

Years Ended April 30, 2024 and 2023

	2024	2023
<b>Cash Flows from Operating Activities</b>		
Cash received from member contributions and other	\$ 28,562,061	\$ 20,733,537
Cash paid for excess insurance	(9,116,126)	(6,398,182)
Cash paid for loss and loss adjustment	(19,871,309)	(13,720,919)
Cash paid to vendors for goods and services	(7,519,596)	(7,101,132)
Net cash used in operating activities	(7,944,970)	(6,486,696)
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from sale of capital assets	15,000	13,500
Purchase of capital assets	(35,801)	(34,500)
Net cash used in capital and related financing activities	(20,801)	(21,000)
<b>Cash Flows from Investing Activities</b>		
Interest received on investments	3,405,722	3,040,275
Purchases of investment securities	(3,915,017)	(11,380,983)
Proceeds from sale and maturities of investment securities	15,169,415	12,779,819
Investment fees paid	(204,027)	(181,276)
Net cash provided by investing activities	14,456,093	4,257,835
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	6,490,322	(2,249,861)
<b>Cash and Cash Equivalents - Beginning of year</b>	11,441,479	13,691,340
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 17,931,801</b>	<b>\$ 11,441,479</b>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>		
Operating loss	\$ (15,294,516)	\$ (12,388,765)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	38,020	46,215
Contribution reductions	(2,400,000)	(2,400,000)
Changes in assets and liabilities:		
Member deductibles receivable	214,762	(47,083)
Other and reinsurance receivables	(2,331,092)	993,303
Prepaid expenses	(578,558)	(198,585)
Accounts payable	58,540	(11,176)
Unearned member contributions	3,731,207	(812,090)
Reserves for unpaid losses and loss adjustment expenses	8,616,667	8,331,485
Net cash used in operating activities	<b>\$ (7,944,970)</b>	<b>\$ (6,486,696)</b>
<b>Significant Noncash Transactions - Noncash investing activities - Net of unrealized losses on investments</b>	\$ (1,828,477)	\$ (2,986,435)

There were noncash transactions related to distributions to members totaling \$2,400,000 during the years ended April 30, 2024 and 2023. These amounts, representing a reduction of the member contributions, not a cash payment, were also included within member contributions on the statement of revenue, expenses, and changes in net position.

**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, 2024, 72 Ohio counties and 47 county-related entities were members of CORSA. In addition, CCAO and its affiliated entities were members of CORSA during the 2023-2024 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 four three-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, privacy and security liability, crime, 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 Governmental Accounting Standards Board (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, and administrative expenses. 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, insured sweep 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 investments in County Reinsurance, Ltd. (CRL); County Reinsurance, Ltd. Property Plus (CRL PP); and County Governance Facility, LLC (LLC) are accounted for as equity interest in a joint venture. Accordingly, the investments in CRL, CRL PP, and LLC are carried at cost, adjusted for CORSA's proportionate share of earnings or losses. CORSA calculates the proportionate share of earnings or losses based on methods outlined in participation agreements and contracts.

***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.

**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 Losses and Loss Adjustment Expenses***

CORSA's reserve for unpaid losses 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, 2024 and 2023. This includes an estimate of losses incurred but not yet reported as of April 30, 2024 and 2023.

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.

Ceded reinsurance premiums are recognized on the same basis as premiums are earned on the underlying insurance contracts. Reinsurance receivables are recorded for claim losses that have been incurred and paid in excess of the self-insured retention limits discussed in Note 5 that CORSA has not received from reinsurance carrier.

***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 use by external restrictions by creditors, grantors, laws, or regulations of other governments.

As of April 30, 2024 and 2023, CORSA does not have any restricted net position. CORSA's board of directors may authorize the distribution of the net position to those members that constituted the self-insurance pool during the years when such net position was earned, provided that such members were also 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.



**Note 2 - Significant Accounting Policies (Continued)**

***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 unpaid losses and loss adjustment expenses, as described in Note 4.

***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.

***Member Contribution Deficiency***

Anticipated investment income is considered in determining if a member contribution deficiency exists. No member contribution deficiency reserve was required at April 30, 2024 or 2023.

***Reclassification***

Certain 2023 amounts have been reclassified to conform to the 2024 presentation.

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including September 17, 2024, 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 (including U.S. government and agency securities, asset-backed securities, investment-grade corporate notes and bonds, collateralized loan obligations, mortgage-backed bonds, and municipal bonds), risk assets (including domestic common stocks, convertible notes and bonds, and convertible preferred stocks), American Depositary Receipts (ADRs) of non-U.S. companies, U.S. high-yield bonds, international emerging market equities, international EAFE equities, and bank loans. The policy also allows mutual funds and/or exchange-traded funds and some nonmarketable portfolio assets relating to a joint venture and partial ownership in CORSA's reinsurance carrier.

CORSA's investments are held in CORSA's name. CORSA has designated Huntington Bank, Principal Custody Solutions, 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 accounts, insured sweep accounts, and money market funds. Cash and cash equivalents totaled \$17,931,801 and \$11,441,479 at April 30, 2024 and 2023, respectively.

April 30, 2024 and 2023

**Note 3 - Deposits and Investments (Continued)**

***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 bank deposits totaling \$16,599,208. Of this amount, \$4,705,749 was insured by the Federal Deposit 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. CORSA holds insured cash sweep accounts, which are money market funds made up of several bank holdings, each under \$250,000 and, therefore, fully insured. The amount of cash in these accounts was \$4,455,749 and \$79,441 as of April 30, 2024 and 2023, respectively.

***Investments***

Investments are reported at fair value. At April 30, 2024 and 2023, CORSA had the following investments:

	Fair Value	
	2024	2023
Fixed-income securities	\$ 72,966,601	\$ 81,155,786
Mutual funds - Bonds	7,344,493	8,574,419
Mutual funds - Equities	15,050,594	16,486,028
Total investments	<u>\$ 95,361,688</u>	<u>\$ 106,216,233</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, 2024 and 2023, CORSA had the following average maturities of fixed-income securities and mutual funds:

Investment	2024		2023	
	Fair Value	Weighted-average Maturity (Years)	Fair Value	Weighted-average Maturity (Years)
U.S. Treasury securities	\$ 7,585,726	11.58	\$ 9,462,463	11.75
Asset-backed securities	9,842,344	2.99	11,264,602	3.44
Corporate bonds	26,213,418	9.76	27,540,815	9.95
Municipal bonds	9,813,281	8.58	10,252,586	9.38
Mortgage-backed/Collateralized mortgage-backed securities	19,511,832	4.83	22,635,320	4.95
Mutual funds - Bank loans	3,681,593	4.68	4,434,904	4.55
Mutual funds - High-yield bonds	3,662,900	4.30	4,139,515	5.20
Total	<u>\$ 80,311,094</u>		<u>\$ 89,730,205</u>	

***Credit Risk***

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

April 30, 2024 and 2023

**Note 3 - Deposits and Investments (Continued)**

At April 30, 2024 and 2023, the credit quality ratings of fixed-income securities by type are as follows:

Investment	2024			2023		
	Carrying Value	Rating	Rating Organization	Carrying Value	Rating	Rating Organization
U.S. Treasury securities	<u>\$ 7,585,726</u>	Aaa	Moody's	<u>\$ 9,462,463</u>	Aaa	Moody's
Asset-backed securities	5,986,574	Aaa	Moody's	7,116,657	Aaa	Moody's
	142,076	A1	Moody's	546,614	A2	Moody's
	176,381	A2	Moody's	148,341	Baa2	Moody's
	206,805	A3	Moody's	1,021,156	AAA	S&P
	54,945	Aa3	Moody's	252,475	AA-	S&P
	134,837	Baa2	Moody's	1,149,425	A	S&P
	821,533	AAA	S&P	262,699	BBB	S&P
	259,868	AA-	S&P	567,776	AAA	Fitch
	276,033	AA	S&P	199,459	A	Kroll
	814,083	A	S&P	-	-	-
	266,125	BBB	S&P	-	-	-
	501,415	AAA	Fitch	-	-	-
	<u>201,669</u>	A	Kroll	-	-	-
Total	<u>\$ 9,842,344</u>			<u>\$ 11,264,602</u>		
Corporate bonds	1,017,656	Aa2	Moody's	880,133	Aa2	Moody's
	572,662	Aa1	Moody's	603,281	Aa1	Moody's
	712,562	Aa3	Moody's	507,545	Aa3	Moody's
	1,077,997	Aaa	Moody's	1,224,827	Aaa	Moody's
	186,599	Ba1	Moody's	198,424	Ba1	Moody's
	277,926	Ba2	Moody's	271,300	Ba2	Moody's
	3,581,915	A1	Moody's	3,540,997	A1	Moody's
	1,154,397	A2	Moody's	2,051,345	A2	Moody's
	5,286,484	A3	Moody's	4,295,719	A3	Moody's
	3,358,286	Baa1	Moody's	5,176,004	Baa1	Moody's
	5,004,764	Baa2	Moody's	4,801,481	Baa2	Moody's
	2,283,785	Baa3	Moody's	2,220,204	Baa3	Moody's
	210,935	A+	S&P	234,428	A+	S&P
	194,291	A-	S&P	234,595	A	S&P
	293,758	BBB-	S&P	304,171	BBB-	S&P
	161,851	BBB	Fitch	166,077	BBB	Fitch
	177,801	A	Egan Jones	189,715	A	Egan Jones
	138,109	BBB+	Kroll	133,777	BBB+	Kroll
	<u>521,640</u>	BBB	Kroll	<u>506,792</u>	BBB	Kroll
Total	<u>\$ 26,213,418</u>			<u>\$ 27,540,815</u>		
Municipal bonds	1,467,805	Aaa	Moody's	1,537,791	Aaa	Moody's
	4,281,129	Aa1	Moody's	4,219,502	Aa1	Moody's
	1,346,105	Aa2	Moody's	1,682,600	Aa2	Moody's
	441,507	Aa3	Moody's	462,306	Aa3	Moody's
	447,362	A1	Moody's	457,263	A1	Moody's
	180,468	AA	S&P	180,812	AA	S&P
	877,449	AA+	S&P	907,943	AA+	S&P
	<u>771,456</u>	AAA	S&P	<u>804,369</u>	AAA	S&P
Total	<u>\$ 9,813,281</u>			<u>\$ 10,252,586</u>		
Mutual funds - Bank loans	3,681,593	B	S&P	4,434,904	B	S&P
Mutual funds - High-yield bonds	3,662,900	BB	Moody's	4,139,515	BB	S&P
Mortgage-backed/Collateralized mortgage-backed securities	14,804,786	Aaa	Moody's	16,896,366	Aaa	Moody's
	2,001,273	AAA	S&P	2,832,367	AAA	S&P
	2,141,451	AAA	Fitch	2,328,443	AAA	Fitch
	175,505	AA	DBRS	199,884	A	DBRS
	<u>388,817</u>	AA-	DBRS	<u>378,260</u>	AA	DBRS
Total	<u>\$ 19,511,832</u>			<u>\$ 22,635,320</u>		

**Concentration of Credit Risk**

Excluding investments issued or guaranteed by the U.S. government, there were no investments that individually exceeded 5 percent of CORSA's total investments at April 30, 2024 and 2023.

**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 Losses and Loss Adjustment Expenses**

The reserve for unpaid losses and loss adjustment expenses is estimated by an independent actuary based upon CORSA's historical experience of losses incurred prior to April 30, 2024. 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 losses 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 losses and loss adjustment expenses for CORSA for the years ended April 30, 2024, 2023, and 2022:

	2024	2023	2022
Reserve for unpaid losses and loss adjustment expenses - Beginning of year	\$ 48,059,488	\$ 39,728,003	\$ 38,596,003
Incurred losses and loss adjustment expenses:			
Provisions for losses and loss adjustment expenses incurred in current year	21,389,000	23,386,000	13,299,000
Change in provision for losses and loss adjustment expenses incurred in prior years	4,970,162	(375,187)	1,295,016
Total incurred losses and loss adjustment expenses	26,359,162	23,010,813	14,594,016
Payments:			
Losses and loss adjustment expenses paid for losses incurred in current year	5,352,000	7,736,000	2,487,000
Losses and loss adjustment expenses paid for losses incurred in prior years	12,390,495	6,943,328	10,975,016
Total payments	17,742,495	14,679,328	13,462,016
Reserve for unpaid losses and loss adjustment expenses - End of year	<u>\$ 56,676,155</u>	<u>\$ 48,059,488</u>	<u>\$ 39,728,003</u>

Reserve for unpaid losses and loss adjustment expenses attributable to insured events in prior years changed as a result of reestimation of unpaid losses and loss adjustment expenses. 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.

**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 was \$1,500,000 per occurrence for property coverage and \$1,000,000 for liability coverage for both fiscal years ended April 30, 2024 and 2023.

April 30, 2024 and 2023

**Note 5 - Excess Insurance Coverage (Continued)**

The exceptions to retention limits for both fiscal years were \$250,000 for privacy and security 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 April 30, 2024 and 2023, CORSA provided county home liability coverage with a retention limit of \$1,000,000.

CORSA maintains reinsurance contracts with insurance carriers that 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 \$1,000,000 CORSA retention. There was an exception 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 years ended April 30, 2024 and 2023. As of April 30, 2024 and 2023, CORSA provided liability coverage for 16 and 17 county homes, respectively.

In the event that a loss should exceed the amount of coverage provided by CORSA, 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 \$8,481,643 and \$6,315,680 for fiscal years 2024 and 2023, respectively. The amount deducted from the reserves for unpaid losses and loss adjustment expenses for estimated amounts recoverable under reinsurance was \$6,254,512 and \$11,770,508 for fiscal years 2024 and 2023, respectively. The adjustment to claim expenses for estimated amounts recoverable under reinsurance was \$1,852,729 and \$8,954,103 for fiscal years 2024 and 2023, respectively.

**Note 6 - Capital Assets**

Capital asset activity for the years ended April 30, 2024 and 2023 was as follows:

	Balance May 1, 2023	Additions	Disposals	Balance April 30, 2024
Capital assets being depreciated:				
Vehicles	\$ 230,463	\$ 33,908	\$ (65,410)	\$ 198,961
Furniture and fixtures	62,103	-	-	62,103
Computer equipment	9,355	-	-	9,355
Subtotal	301,921	33,908	(65,410)	270,419
Accumulated depreciation:				
Vehicles	117,264	38,020	(55,611)	99,673
Furniture and fixtures	62,103	-	-	62,103
Computer equipment	9,355	-	-	9,355
Subtotal	188,722	38,020	(55,611)	171,131
Net capital assets	<u>\$ 113,199</u>	<u>\$ (4,112)</u>	<u>\$ (9,799)</u>	<u>\$ 99,288</u>

**April 30, 2024 and 2023**

**Note 6 - Capital Assets (Continued)**

	Balance May 1, 2022	Additions	Disposals	Balance April 30, 2023
Capital assets being depreciated:				
Vehicles	\$ 229,190	\$ 34,500	\$ (33,227)	\$ 230,463
Furniture and fixtures	62,103	-	-	62,103
Computer and equipment	9,355	-	-	9,355
Subtotal	300,648	34,500	(33,227)	301,921
Accumulated depreciation:				
Vehicles	101,713	46,215	(30,664)	117,264
Furniture and fixtures	62,103	-	-	62,103
Computer equipment	9,355	-	-	9,355
Subtotal	173,171	46,215	(30,664)	188,722
Net capital assets	<u>\$ 127,477</u>	<u>\$ (11,715)</u>	<u>\$ (2,563)</u>	<u>\$ 113,199</u>

Total depreciation expense was \$38,020 and \$46,215 for the years ended April 30, 2024 and 2023, respectively.

**Note 7 - Related Party Transactions**

CORSA and its health insurance counterpart, County Employee Benefits Consortium of Ohio (CEBCO), were created by 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 paid their wages through CCAO, and, then, CORSA reimburses CCAO. Shared services are purchased by the various entities, and costs are shared and include liability coverage provided by CORSA, health care 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 \$2,624,719 and \$2,489,719 for the years ended April 30, 2024 and 2023, respectively. There were \$62,149 of accrued expenses owed to CCAO as of April 30, 2024. There were no accrued expenses owed to CCAO as of April 30, 2023.

**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 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's portion of the gain (loss) was \$3,299 and \$(8,805) for the years ended April 30, 2024 and 2023, respectively.

**Note 9 - Investment in County Reinsurance, Ltd. and County Reinsurance, Ltd. Property Plus**

As of April 30, 2024 and 2023, CORSA has a 5 percent interest in CRL. CRL is a member-owned reinsurance company that provides reinsurance coverage for property, liability, and workers' compensation insurance. CORSA recognized loss of \$568,186 and \$1,160,907 during the years ended April 30, 2024 and 2023, respectively, from its interest in CRL.

April 30, 2024 and 2023

**Note 9 - Investment in County Reinsurance, Ltd. and County Reinsurance, Ltd.  
Property Plus (Continued)**

As of April 30, 2024 and 2023, CORSA has a 13 percent interest in CRL PP. The program is a separate account under Vermont state statutes, with CRL as the general account. The program was created to allow CRL member pools to participate in certain excess property layers through a participation agreement. CORSA recognized gain of \$4,102,527 and \$293,550 during the years ended April 30, 2024 and 2023, respectively, from its interest in CRL PP.

**Note 10 - Retirement Benefits**

CCAO maintains a defined contribution plan covering employees who meet certain age requirements. 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 CORSA's board. CORSA has no further retirement benefit obligation. Expense of \$154,113 and \$141,583 was incurred by CORSA for the fiscal years ended April 30, 2024 and 2023, respectively.

CCAO also provides postemployment medical and life insurance benefits to retirees with qualifying service credit and to surviving spouses of such retirees. These benefits are funded by yearly contributions from CCAO, as determined by CCAO's board. CORSA then reimburses CCAO for its portion of the contribution, which amounted to \$6,305 and \$6,521 for the fiscal years ended April 30, 2024 and 2023, respectively. The amount contributed by CORSA is approved by CORSA's board. CORSA has no further postemployment insurance benefit obligation.

**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, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where 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.

April 30, 2024 and 2023

**Note 11 - Fair Value Measurements (Continued)**

CORSA has the following recurring fair value measurements as of April 30, 2024:

	Assets Measured at Fair Value on a Recurring Basis at April 30, 2024			
	Quoted Prices in			
	Active Markets	Significant Other	Significant	Balance at April
	for Identical	Observable	Unobservable	
Assets	Inputs	Inputs	30, 2024	
	(Level 1)	(Level 2)	(Level 3)	
Debt securities:				
Mutual funds - High-yield bonds	\$ 3,662,900	\$ -	\$ -	\$ 3,662,900
Mutual funds - Bank loans	3,681,593	-	-	3,681,593
Asset-backed securities	-	9,842,344	-	9,842,344
Corporate bonds	-	26,213,418	-	26,213,418
U.S. Treasury securities	7,585,726	-	-	7,585,726
Mortgage-backed/Collateralized mortgage-backed securities	-	19,511,832	-	19,511,832
Municipal bonds	-	9,813,281	-	9,813,281
Total debt securities	14,930,219	65,380,875	-	80,311,094
Equity securities - Mutual funds	15,050,594	-	-	15,050,594
Total assets	\$ 29,980,813	\$ 65,380,875	\$ -	\$ 95,361,688

CORSA has the following recurring fair value measurements as of April 30, 2023:

	Assets Measured at Fair Value on a Recurring Basis at April 30, 2023			
	Quoted Prices in			
	Active Markets	Significant Other	Significant	Balance at April
	for Identical	Observable	Unobservable	
Assets	Inputs	Inputs	30, 2023	
	(Level 1)	(Level 2)	(Level 3)	
Debt securities:				
Mutual funds - High-yield bonds	\$ 4,139,515	\$ -	\$ -	\$ 4,139,515
Mutual funds - Bank loans	4,434,904	-	-	4,434,904
Asset-backed securities	-	11,264,602	-	11,264,602
Corporate bonds	-	27,540,815	-	27,540,815
U.S. Treasury securities	9,462,463	-	-	9,462,463
Mortgage-backed/Collateralized mortgage-backed securities	-	22,635,320	-	22,635,320
Municipal bonds	-	10,252,586	-	10,252,586
Total debt securities	18,036,882	71,693,323	-	89,730,205
Equity securities - Mutual funds	16,486,028	-	-	16,486,028
Total assets	\$ 34,522,910	\$ 71,693,323	\$ -	\$ 106,216,233

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

**Level 1 Measurements**

The fair values of U.S. Treasury securities and mutual funds are determined using prices quoted in active markets for those securities.



**April 30, 2024 and 2023**

**Note 11 - Fair Value Measurements (Continued)**

***Level 2 Measurements***

The fair values of asset-backed securities, corporate bonds, mortgage-backed/collateralized mortgage-backed securities, and municipal bonds are 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.

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## Required Supplementary Information

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**April 30, 2024**

**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 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 reestimated 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 reestimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated 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 Supplementary Information  
Schedule of Claims Development (Continued)**

**April 30, 2024**

Policy Year Ended December 31	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1. Required contributions and investment income:										
Earned	\$ 30,123,320	\$ 23,038,974	\$ 25,880,761	\$ 23,735,463	\$ 29,382,163	\$ 29,750,899	\$ 33,816,699	\$ 13,087,134	\$ 23,433,776	\$ 34,534,331
Ceded	3,744,889	3,429,558	3,486,760	3,466,181	4,755,395	3,721,004	4,149,831	4,624,672	6,315,680	8,481,643
Net	26,378,431	19,609,416	22,394,001	20,269,282	24,626,768	26,029,895	29,666,868	8,462,462	17,118,096	26,052,688
2. Expenses other than allocated claim adjustment expenses	6,591,886	7,235,090	7,696,874	8,380,347	9,223,827	8,596,697	8,469,831	10,501,947	9,601,664	10,276,108
3. Estimated claims and allocated claim adjustment expenses - End of policy year:										
Incurred	14,236,116	10,820,000	12,155,000	12,630,000	23,300,000	14,744,000	18,698,000	14,249,942	25,820,071	24,328,077
Ceded	988,116	-	-	193,000	199,000	404,000	1,908,000	950,942	2,434,071	2,939,077
Net	13,248,000	10,820,000	12,155,000	12,437,000	23,101,000	14,340,000	16,790,000	13,299,000	23,386,000	21,389,000
4. Cumulative paid claims and allocated claim adjustment expenses:										
End of policy year	3,072,260	1,917,283	3,626,620	3,088,350	3,308,900	2,982,990	4,112,881	2,487,000	7,736,000	5,352,000
One year later	6,142,444	4,162,577	5,458,889	6,715,806	6,754,287	5,020,624	6,884,000	4,425,000	11,645,000	-
Two years later	7,808,785	5,131,307	6,616,293	7,931,017	8,557,409	8,178,000	7,910,000	6,410,000	-	-
Three years later	8,201,451	7,255,670	7,173,341	8,579,408	11,608,000	9,331,000	9,979,000	-	-	-
Four years later	8,571,900	7,828,003	7,378,716	8,840,000	13,431,000	10,831,000	-	-	-	-
Five years later	8,886,044	8,937,223	7,929,000	9,000,000	15,399,000	-	-	-	-	-
Six years later	8,949,608	8,929,000	8,237,000	9,211,000	-	-	-	-	-	-
Seven years later	9,480,000	9,330,000	8,667,000	-	-	-	-	-	-	-
Eight years later	9,480,000	9,334,000	-	-	-	-	-	-	-	-
Nine years later	9,480,000	-	-	-	-	-	-	-	-	-
5. Reestimated ceded claims and expenses	1,018,235	-	-	1,183	5,791,487	5,023,109	680,188	544,868	1,736,421	2,939,077
6. Reestimated incurred claims and allocated claim adjustment expenses:										
End of policy year	13,248,000	10,820,000	12,155,000	12,437,000	23,101,000	14,340,000	16,790,000	13,299,000	23,386,000	21,389,000
One year later	11,149,000	5,100,000	10,055,000	11,611,000	20,868,000	14,773,000	15,540,000	13,916,000	24,355,000	-
Two years later	9,656,000	8,727,000	8,383,000	10,895,000	20,050,000	15,305,000	16,401,000	17,732,000	-	-
Three years later	9,419,000	9,124,000	8,497,000	9,771,000	20,397,000	13,593,000	15,493,000	-	-	-
Four years later	9,300,000	9,823,000	9,064,000	10,849,000	21,271,000	14,757,000	-	-	-	-
Five years later	9,225,000	9,533,000	9,197,000	10,257,000	20,123,000	-	-	-	-	-
Six years later	9,072,000	9,699,000	9,051,000	10,832,000	-	-	-	-	-	-
Seven years later	9,480,000	9,402,000	8,810,000	-	-	-	-	-	-	-
Eight years later	9,480,000	9,334,000	-	-	-	-	-	-	-	-
Nine years later	9,480,000	-	-	-	-	-	-	-	-	-
7. (Decrease) increase in estimated incurred claims and allocated claim adjustment expenses subsequent to initial policy year end	(3,768,000)	(1,486,000)	(3,345,000)	(1,605,000)	(2,978,000)	417,000	(1,297,000)	4,433,000	969,000	-



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 statement of net position as of April 30, 2024 and the related 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 September 17, 2024.

**Report on 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) as a basis for designing 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as Finding 2024-001, that we consider to be a material weakness.

**Report on 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 financial statements. 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*.

**CORSA's Response to the Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on CORSA's response to the finding identified in our audit and described in the accompanying schedule of findings. CORSA's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

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*

September 17, 2024

Financial Statement Audit Findings

Reference Number	Finding
2024-001	<p><b>Finding Type - Material weakness</b></p> <p><b>Criteria</b> - Good business practices would state that using a mature general ledger system with appropriate IT controls, along with having a timely year end close process, would be imperative to effective financial statement reporting. System access to the general ledger should be reviewed and limited to the appropriate individuals. Any administrative users should be separate from those with significant accounting and finance responsibilities. The general ledger should be substantially complete before the audit of the financial statements begins.</p> <p><b>Condition</b> - General ledger user access may not be consistent with appropriate segregation of duties. The year-end closing process experienced delays, which resulted in a larger amount of adjusting and reclassifying entries.</p> <p><b>Context</b> - There is one administrative user of the general ledger system at CORSA who has significant accounting and finance responsibilities. Various general ledger accounts were adjusted after the initial trial balance was provided by management. Some balances were buried within other accounts, which resulted in multiple adjusting and reclassifying entries.</p> <p><b>Cause</b> - To limit licenses and system access to the general ledger with QuickBooks, administrative user rights were granted only to the accounting and finance individual. Components of the year-end closing process were completed within manual reconciliations and schedules outside of the general ledger system to produce the financial statements due to inherent limitations of QuickBooks.</p> <p><b>Effect</b> - There is a risk of management override of controls because the administrative user of the general ledger system has significant accounting and finance responsibilities, which can lead to a lack of appropriate segregation of duties. Journal entry adjustments were provided late in the audit process subsequent to the trial balance being received from management.</p> <p><b>Recommendation</b> - CORSA should add a new administrative user to the general ledger system that is outside of the accounting and finance department, as well as remove the existing administrative access currently in place, to ensure the appropriate segregation of duties. CORSA should implement additional procedures to ensure a timely closing process, including the preparation of account reconciliations and internal financial statements. We recommend CORSA create new manual general ledger accounts to appropriately reclass activity to the correct line item for inclusion in the financial statements. Additionally, CORSA should perform a detailed review of any changes made within the general ledger system on a monthly basis.</p> <p><b>Views of Responsible Officials and Planned Corrective Actions</b> - CORSA experienced turnover in the finance department, as well as a change in the accounting software used from QuickBooks Desktop to QuickBooks Online. The loss of one key finance position and the limitations of the new accounting system caused delays in reconciliations of receivables and the production of the financial statements. Management will be reevaluating processes and utilizing new automated functions for investment reconciliations and claims and deductible reconciliations that are offered by CORSA vendor partners. CORSA will add an administrative user that has no direct duty in the finance department. This user will be given administrative authority to monitor changes to the general ledger system on a regular basis. The finance department will also reclass activity to the current line item to more efficiently be included into the financial statements.</p>

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# OHIO AUDITOR OF STATE KEITH FABER



## COUNTY RISK SHARING AUTHORITY

### FRANKLIN 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 11/7/2024

65 East State 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](http://www.ohioauditor.gov)