

**NORMA SELF
INSURANCE POOL, INC.
CUYAHOGA COUNTY, OHIO**

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2011**

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



Dave Yost • Auditor of State

Board of Trustees
NORMA Self Insurance Pool, Inc.
6154 Mayfield Road
Mayfield Heights, Ohio 44124

We have reviewed the *Independent Accountant's Report* of the NORMA Self Insurance Pool, Inc., Cuyahoga County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2011 through December 31, 2011. 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 NORMA Self Insurance Pool, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 25, 2012

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NORMA SELF INSURANCE POOL, INC.
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011

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5240 East 98th Street

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INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Trustees of the
NORMA Self Insurance Pool, Inc.
Cuyahoga County
6154 Mayfield Road
Mayfield Heights, Ohio 44124


We have audited the accompanying basic financial statements of the NORMA Self Insurance Pool, inc. (NORMA), Cuyahoga County, Ohio as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of NORMA's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the NORMA Self Insurance Pool, Inc., Cuyahoga County, Ohio, as of December 31, 2011, and the respective changes in its financial position, and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 4, 2012, on our consideration of the NORMA Self Insurance Pool, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 3 - 4 and *Ten-Year Claim Development Information* on page 15 be included to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 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.


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

June 4, 2012

NORMA SELF INSURANCE POOL, INC.
CUYAHOGA COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Unaudited)

The discussion and analysis of the Northern Ohio Risk Management Association (NORMA) Self Insurance Pool, Inc.'s performance provides an overview of NORMA's financial activities for the year ended December 31, 2011. The intent of this discussion and analysis is to look at NORMA's financial performance as a whole.

FINANCIAL HIGHLIGHTS

NORMA's net assets decreased \$142,832. Total assets increased by \$21,124, and total liabilities increased by \$163,956.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand NORMA's financial position.

The Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets provide information about the activity of NORMA as a whole. NORMA has only an enterprise fund and does not have any other funds.

DESCRIPTION OF FINANCIAL STATEMENTS

The Statements of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets reflect how NORMA did financially during 2011. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid. These statements report NORMA's net assets and changes in net assets. This change in net assets is important because it tells the reader whether the financial position of NORMA has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not.

FINANCIAL ANALYSIS

As previously noted, total assets increased by \$21,124, or 0.6 percent in 2011. Cash and Cash Equivalents increased \$25,825, and prepaid items decreased by \$27,157. On the liability side, total liabilities increased by \$163,956 or 8.3 percent in 2011. Deferred revenue increased by \$58,091 and unpaid claims liability increased by \$109,134 in 2011. Total operating revenues were up \$159,557 and total operating expenses were also up \$311,586. Ending net assets were \$1,621,185 at December 31, 2011, compared to \$1,764,017 at December 31, 2010. NORMA was able to maintain member contributions while the amount of expenses increased significantly in the area of claims and loss adjustments from the previous year. A decrease in net assets of \$142,832 had a negative impact on the financial condition of NORMA.

**NORMA SELF INSURANCE POOL, INC.
 CUYAHOGA COUNTY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2011
 (Unaudited)**

Table 1 provides a summary of NORMA's Statement of Net Assets as of December 31, 2011 and the changes in net assets for the year then ended as compared to 2010.

	<u>2011</u>	<u>2010</u>
Total Assets	\$ 3,763,637	\$ 3,742,513
Total Liabilities	<u>2,142,452</u>	<u>1,978,496</u>
Total Net Assets (Restricted)	1,407,315	1,405,818
Total Net Assets (Unrestricted)	<u>213,870</u>	<u>358,199</u>
Total Revenues	1,975,144	1,817,724
Total Expenses	<u>2,117,976</u>	<u>1,806,390</u>
Net Changes in Net Assets	(142,832)	11,334
Net Assets at Beginning of Year	<u>1,764,017</u>	<u>1,752,683</u>
Net Assets at End of Year	<u>\$ 1,621,185</u>	<u>\$ 1,764,017</u>

BUDGETARY HIGHLIGHTS

NORMA does not draft or approve a budget in the tradition of most government agencies. The insurance adjuster reviews NORMA's prior claims history and helps NORMA set billing rates for its ten members for the following year. This process is completed in October of each year. If the rates are set too high, and/or the claims are overestimated, NORMA will have an increase in net assets. If the rates are set too low, and/or the claims are understestimated, NORMA will have a decrease in net assets.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of NORMA's finances for all those interested in NORMA's well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Robert Tribby, 6154 Mayfield Road, Mayfield Heights, Ohio 44124.

NORMA SELF INSURANCE POOL, INC.
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 3,005,829
Accounts Receivable	22,456
Prepaid Items	<u>735,352</u>

TOTAL ASSETS 3,763,637

LIABILITIES

Current Liabilities:

Accounts Payable	4,238
Deferred Revenue	772,474
Unpaid Claims Liability	<u>1,365,740</u>

TOTAL LIABILITIES 2,142,452

NET ASSETS

Restricted	1,407,315
Unrestricted	<u>213,870</u>

TOTAL NET ASSETS \$ 1,621,185

The notes to the financial statements are an integral part of these statements.

**NORMA SELF INSURANCE POOL, INC.
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011**

OPERATING REVENUES

Membership Contributions	\$ 970,693
Loss Fund Deposits	572,831
Loss Recoveries	410,349
Loss Fund Reimbursements	<u>18,942</u>

TOTAL OPERATING REVENUES 1,972,815

OPERATING EXPENSES

Insurance Premiums and Administrative Services	1,079,321
Losses and Loss Adjustments	1,016,074
Professional Fees	20,581
Miscellaneous	<u>2,000</u>

TOTAL OPERATING EXPENSES 2,117,976

Operating (Loss) (145,161)

NONOPERATING REVENUE

Interest Income 2,329

TOTAL NONOPERATING REVENUE (EXPENSES) 2,329

Changes in Net Assets (142,832)

Net Assets Beginning of Year 1,764,017

Net Assets End of Year \$ 1,621,185

The notes to the financial statements are an integral part of these statements.

NORMA SELF INSURANCE POOL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>Cash Flows from Operating Activities</u>	
Cash Received for Premiums	\$ 2,008,450
Cash Paid for Premiums and Claims	(1,961,104)
Cash Payments to Vendors for Services	<u>(23,850)</u>
Total Cash Provided by Operating Activities	<u>23,496</u>
<u>Cash Flows from Investing Activities</u>	
Interest Income	<u>2,329</u>
Total Cash Provided by Investing Activities	<u>2,329</u>
Net Increase in Cash and Cash Equivalents	25,825
Cash and Cash Equivalents Beginning of Year	<u>2,980,004</u>
Cash and Cash Equivalents End of Year	<u>\$ 3,005,829</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</u>	
Operating Income (Loss)	\$ (145,161)
(Increase) Decrease in Assets:	
Accounts Receivable	(22,456)
Prepaid Items	27,157
Increase (Decrease) in Liabilities:	
Accounts Payable	(3,269)
Unearned Revenue	58,091
Unpaid Claims Liability	<u>109,134</u>
Net Cash Provided by Operating Activities	<u>\$ 23,496</u>

The notes to the financial statements are an integral part of these statements.

NORMA SELF INSURANCE POOL, INC.
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1: FINANCING REPORTING ENTITY

The Northern Ohio Risk Management Association, Inc. (NORMA) began operations on October 1, 1987 and is a joint Self-Insurance Pool under Chapter 2744.081 of the Ohio Revised Code for the public purpose of enabling subscribing political subdivisions to obtain insurance and to provide for a formalized, jointly administered self-insurance fund for its members. NORMA currently provides property and casualty insurance to its members. NORMA is administered by a Board of Trustees appointed by members of the Association.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

NORMA prepares its financial statements in accordance with Government Accounting Standards Board (GASB) Statements Nos. 10, 20, 30 and 34.

GASB 10 and 30 provide accounting and reporting standards that apply to public entity risk pools, and require public risk pools to account for their activities using proprietary fund accounting. Proprietary activities are accounted for using the economic resources measurement focus and the accrual basis of accounting.

GASB 20 allows proprietary entities to apply all Financial Accounting Standards Board (FASB) statements and interpretations, excluding those limited to not for profit organizations, issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. NORMA has elected not to apply FASB statements and interpretations.

Revenue Recognition Policy

Required contributions are recognized as revenue evenly over the policy year. NORMA's policy year runs from October 1 to September 30.

Loss Reserve Surplus (Deficiency)

A loss reserve deficiency is an estimate of the additional funds needed to meet the indicated reserves requirement for claims pending, claims incurred but not reported, and claims adjustment expenses. Conversely, a loss reserve surplus is the amount the cash reserve exceeds the reserve requirement. The estimated indicated reserve determined by an actuarial study performed as of September 30, 2011 was \$1,273,740.

NORMA SELF INSURANCE POOL, INC.
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

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

Loss Reserve Surplus (Deficiency) (Continued)

NORMA's cash reserve for claims was \$1,407,119 at September 30, 2011. At December 31, 2011 NORMA has a loss reserve surplus of \$1,566,185, which is included in unrestricted and restricted net assets. Management believes that the cash reserve for unpaid losses is adequate for current needs, and the Board of Trustees has the authority in the Agreement and Bylaws, Section VIII (Finances and Risk Management) to make calls for supplementary payments in accordance with paragraph D to increase cash reserves if the need arises. The ultimate cost, however, may be more or less than the estimated indicated reserve at December 31, 2011. Losses in any membership year are a contractual obligation of the members of that respective year; a surplus in any membership year may be distributed when such membership year is determined to be closed. At the close of a membership year, the members' proportionate share of any related surplus to be refunded will be determined based on contributions made by each member in that year, as defined in the NORMA bylaws.

Members' Deposits

The members' deposits represent funds provided by members, in which each maintains its vested ownership interest. Members' amounts are intended to be available to provide liquidity in respective membership years. Initial contributions represent a \$5,000 deposit required from each member to join NORMA.

Membership Contributions

Contributions are determined in advance of each membership year based on the individual member's revenue base as defined in the NORMA bylaws, and on the funding of the membership year. Membership contributions pay excess insurance premiums.

Contribution Deficiency Receivable and Liability

Contribution deficiency liability results from the difference between estimated claims costs including claims incurred but not recorded, and existing reserves and unearned future premiums. Future investment income is excluded from the calculation. Contribution deficiency receivable is recorded in an amount equal to the liability. Any increase in the receivable and liability from the prior year is recorded as revenue and expense in that year.

**NORMA SELF INSURANCE POOL, INC.
 CUYAHOGA COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2011
 (CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss of Fund Deposits

This amount, determined by the Board of Trustees, represents deposits, allocated based on each member's participation percentage, to cover future losses from current year experience. Deposits not needed can be refunded to the members in the future at the discretion of the Board of Trustees. Loss fund deposits are billed quarterly for the current quarter.

Excess Insurance Premiums

Premiums represent payments to NORMA's insurance administrator for excess insurance coverage. Excess insurance premiums expense for policy year October 1, 2010 to September 30, 2011 totaled \$824,411. Excess insurance premiums expense for policy year October 1, 2011 to September 30, 2012 totaled \$897,286.

Loss and Loss Adjustments

Each loss has a \$1,000 to \$2,500 per-occurrence deductible, which is paid by the applicable member responsible for each claim. NORMA is responsible for all payments from the deductible amount to \$100,000 per occurrence for policy years beginning October 1, 2000. From October 1, 1989 to September 30, 2000, the occurrence limit was \$150,000. Prior to October 1, 1989, the occurrence limit was \$100,000. NORMA has an annual aggregate stop loss insurance policy which limits its total liability each policy year to the following amounts:

October 1, 2000 to September 30, 2011	\$ 750,000
October 1, 1997 to September 30, 2000	450,000
October 1, 1996 to September 30, 1997	500,000
October 1, 1994 to September 30, 1996	775,000
October 1, 1993 to September 30, 1994	675,000
October 1, 1990 to September 30, 1993	550,000
October 1, 1989 to September 30, 1990	No Coverage
October 1, 1987 to September 30, 1989	400,000

NORMA SELF INSURANCE POOL, INC.
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

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

Loss and Loss Adjustments (Continued)

NORMA has purchased excess insurance which will pay claims in excess of the self-insured retention up to certain limits. NORMA is, and ultimately the participants are, contingently liable should any excess insurance provider become unable to meet its obligations under the insurance policies.

Membership

The original members of NORMA from commencement of the Pool (October 1, 1987) include the cities of Bedford Heights, Highland Heights, Mayfield Heights, Richmond Heights, South Euclid and the Village of Chagrin Falls. Effective February 1, 1989, the Cities of Eastlake and Solon became members of NORMA. The Cities of Maple Heights and Hudson became members effective October 1, 1993 and August 30, 1995, respectively. The City of University Heights became a member effective November 1, 2008. All remain members at December 31, 2011.

Unpaid Claims Liability

NORMA establishes claims liabilities based on estimates of the ultimate cost of claims, including future claim adjustment expenses and of claims that have been incurred but not reported. Estimated amounts of excess insurance recoverable are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount.

Claims liabilities are re-computed annually by an actuary using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NORMA SELF INSURANCE POOL, INC.
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

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

Net Assets

Net assets represent the excess of revenues over expenses since inception. It is displayed in two components as follows:

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

Unrestricted - This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

As of December 31, 2011, NORMA does have \$1,407,315 in “restricted” net assets. The NORMA Board of Directors may authorize the distribution of all or part of the net assets to those members who constituted the self-insurance pool during the years when such surplus member funds were earned, provided that such members must also be members of NORMA in the year in which said distribution is made.

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

Risk Management

NORMA 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. NORMA is also exposed to the limit of liability for property and third party liability provided to members, in the unlikely event that NORMA reinsurers and excess insurance carriers would be unable to fulfill their financial obligations to NORMA.

Subsequent Events

NORMA has evaluated events or transactions occurring subsequent to the statement of net assets date for recognition and disclosure in the accompanying financial statements through the date the financial statements are issued which is June 4, 2012 and has determined there were no material subsequent events or transactions.

NORMA SELF INSURANCE POOL, INC.
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

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

Cash and Cash Equivalents

For cash flow purposes, NORMA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 3: **DEPOSITS**

State statutes classify monies held by NORMA 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 NORMA 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 - is the risk that in the event of bank failure, NORMA's deposits may not be returned to it. Protection of NORMA's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of NORMA funds shall be required to pledge as security for repayment of all public moneys.

At year-end, the carrying amount of NORMA's deposits was \$3,005,829 and the bank balance was \$3,003,122. Of the bank balance \$710,531 was covered by Federal depository insurance and \$2,292,591 was uninsured and collateralized with securities held by the pledging institution's trust department, not in NORMA's name.

NORMA SELF INSURANCE POOL, INC.
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

NOTE 4: UNPAID CLAIMS LIABILITY

As discussed in Note 2, NORMA records a liability for reported and unreported insured events. The Schedule below presents the changes in claims liabilities during the years ended December 31, 2010 and 2011.

	<u>2011</u>	<u>2010</u>
Unpaid Claims Liability, Beginning of Year	\$ 1,256,606	\$ 1,104,762
Current Year Estimated Liability and Change to Prior Year's Estimates	861,975	809,384
Claims Paid in the Current Year for Current and Prior Years	<u>(752,841)</u>	<u>(657,540)</u>
Unpaid Claims Liability, End of Year	<u>\$ 1,365,740</u>	<u>\$ 1,256,606</u>

At December 31, 2011, the estimated ultimate loss of \$1,434,027, net of amounts paid to date is reported as unpaid claims liability at a net present value of \$1,365,740. The amount is discounted at annual rate of 5 percent.

NORMA SELF INSURANCE POOL, INC.
SUPPLEMENTARY SCHEDULE
CLAIMS DEVELOPMENT INFORMATION

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Required Contribution and Investment Revenue:										
Earned	\$ 1,545,853	\$ 1,519,074	\$ 1,489,587	\$ 1,530,343	\$ 1,822,325	\$ 1,597,244	\$ 1,455,487	\$ 1,388,770	\$ 1,307,796	\$ 1,158,719
Ceded	2,095,395	1,776,342	1,077,078	401,696	1,162,624	1,145,130	1,059,739	1,295,353	1,625,681	1,184,242
Net Earned	(549,542)	(257,268)	412,509	1,128,647	659,701	452,114	395,748	93,417	(317,885)	(25,523)
Unallocated Expenses	22,581	30,048	26,701	22,984	22,192	24,985	23,980	21,958	28,018	23,714
Estimated Claims & Expenses. End of Policy Year										
Incurred	849,155	140,447	501,603	290,944	217,132	257,989	188,126	297,432	390,605	346,622
Ceded	0	0	0	0	0	0	0	0	0	0
Net Incurred	849,155	140,447	501,603	290,944	217,132	257,989	188,126	297,432	390,605	346,622
Net Paid (Cumulative) as of:										
End of Policy Year	558,042	77,747	258,877	152,919	82,689	72,441	63,990	93,933	125,112	141,492
One Year Later	0	88,904	480,246	238,108	150,305	205,313	127,704	186,573	266,369	257,302
Two Years Later	0	0	597,263	347,762	195,540	324,913	157,226	174,339	397,583	305,439
Three Years Later	0	0	0	475,445	206,928	363,976	384,694	267,092	367,448	323,961
Four Years Later	0	0	0	0	207,053	409,688	479,893	300,701	498,045	349,258
Five Years Later	0	0	0	0	0	409,738	476,893	301,396	625,406	318,705
Six Years Later	0	0	0	0	0	0	476,892	301,396	625,406	418,142
Seven Years Later	0	0	0	0	0	0	0	301,396	625,406	420,642
Eight Years Later	0	0	0	0	0	0	0	0	625,407	420,642
Nine Years Later	0	0	0	0	0	0	0	0	0	418,688
Re-Estimated Ceded Claims & Expenses	0	0	0	0	0	0	0	0	0	0
Re-Estimated Net Incurred Claims & Expenses:										
End of Policy Year	849,155	140,447	501,603	290,944	217,132	257,989	188,126	297,432	390,605	346,622
One Year Later	0	227,642	652,275	376,536	236,305	337,582	187,704	411,909	524,546	502,713
Two Years Later	0	0	618,530	449,034	275,790	432,517	253,538	409,997	571,768	410,283
Three Years Later	0	0	0	553,648	210,372	414,000	448,756	247,819	396,112	361,577
Four Years Later	0	0	0	0	207,053	409,688	476,893	324,499	519,255	388,066
Five Years Later	0	0	0	0	0	409,738	476,893	301,396	625,406	318,704
Six Years Later	0	0	0	0	0	0	476,892	301,396	625,406	418,142
Seven Years Later	0	0	0	0	0	0	0	301,396	625,406	420,642
Eight Years Later	0	0	0	0	0	0	0	0	625,407	420,642
Nine Years Later	0	0	0	0	0	0	0	0	0	418,688
Increase (Decrease) in Estimated Net Incurred Claims & Expenses From End of Policy Year	0	87,195	116,927	262,704	(10,079)	151,749	288,766	3,964	234,802	72,066

NOTE: Fiscal year ends December 31; Policy year ends September 30

The accompanying notes are an integral part of these financial statements.

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
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Member American Institute of Certified Public Accountants

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**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 the
NORMA Self Insurance Pool, Inc.
Cuyahoga County
6154 Mayfield Road
Mayfield Heights, Ohio 44124

To the Board of Trustees:

We have audited the financial statements of the NORMA Self Insurance Pool, Inc. (NORMA), Cuyahoga County, Ohio as of and for the year ended December 31, 2011, and have issued our report thereon dated June 4, 2012. 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.

Internal Controls Over Financial Reporting

Management of the NORMA Self Insurance Pool, Inc., is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered NORMA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NORMA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the NORMA Self Insurance Pool, Inc.'s, internal control over financial reporting.

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 the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NORMA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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*.

We noted certain matters that we reported to management of NORMA Self Insurance Pool, Inc., Ohio, in a separate letter dated June 4, 2012.

This report is intended solely for the information and use of the management, Board of Trustees, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.



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

June 4, 2012

NORMA SELF INSURANCE POOL, INC.
STATUS OF PRIOR YEAR'S AUDIT CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011

The prior audit report, for the year ending December 31, 2010, reported no material citations or recommendations.



Dave Yost • Auditor of State

NORMA SELF INSURANCE POOL, INC

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 07, 2012**