County Risk Sharing Authority, Inc.

Financial Statements and Supplemental Information as of and for the Year Ended April 30, 2005 and Independent Auditors' Report

Auditor of State
Betty Montgomery

Board of Directors
County Risk Sharing Authority, Inc.
Columbus, Ohio

We have reviewed the *Independent Auditor's Report* of the County Risk Sharing Authority, Inc., Franklin County, prepared by Deloitte & Touche LLP, for the audit period May 1, 2004 through April 30, 2005 . Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The County Risk Sharing Authority, Inc. is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

December 27, 2005

This Page is Intentionally Left Blank.

COUNTY RISK SHARING AUTHORITY, INC.

TABLE OF CONTENTS

Deloitte

Deloitte & Touche LLP
1700 Courthouse Plaza Northeast
Dayton, OH 45402-1788
USA

Tel: +1 937 223 8821
Fax: +1 937 223 8583
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
County Risk Sharing Authority, Inc.:

We have audited the accompanying statement of net assets of County Risk Sharing Authority, Inc. ("CORSA") as of April 30, 2005 and the related statements of revenues and expenses and changes in net assets, and of cash flows for the year then ended. These financial statements are the responsibility of CORSA 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 of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CORSA internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 CORSA at April 30, 2005 and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 2-5 is not a required part of the basic financial statements but is supplementary information required by the GASB. This supplementary information is the responsibility of CORSA's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental claim information on pages 17-19 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This information is the responsibility of CORSA's management. Such information for the year ended April 30, 2005 has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated November 29, 2005, on our consideration of CORSA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

Deloitte & Touche LLP

November 29, 2005

COUNTY RISK SHARING AUTHORITY, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the County Risk Sharing Authority, Inc. (CORSA) offers this narrative overview and analysis of the financial activities of CORSA for the fiscal year ended April 30, 2005. 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.

Organization

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

CORSA's mission is achieved through the following objectives:

- Offer property and liability coverage that is specifically designed to meet the unique and changing needs of county governments.
- Provide a stable, financially secure, and competitive risk financing system.
- Control losses with cost-effective claims administration and litigation management.
- Provide comprehensive loss control and loss prevention services.
- Provide expertise, education, and training on risk management issues impacting Ohio County Governments.

As of April 30, 2005 sixty-one (61) Ohio counties and thirteen (13) multi-county correctional facilities were members of CORSA.

Overview of the Financial Statements

The basic financial statements, in addition to Management's Discussion and Analysis, are comprised of the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; the Statement of Cash Flows; and the Notes to the Financial Statements. The financial statements are prepared on the accrual basis in accordance with U.S. generally accepted accounting principles.

The Statement of Net Assets presents CORSA's financial position as of the end of the fiscal year. Information is displayed on assets and liabilities, with the difference between the two reported as Net Assets. Over time, increases or decreases in Net Assets may indicate CORSA's ability to meet the needs and expectations of its members.

The Statement of Revenues, Expenses and Changes in Net Assets presents information detailing the revenues and expenses that resulted in the change in Net Assets that occurred during the current fiscal year. All revenues and expenses are reported on an accrual basis. This means that revenues are recognized when earned and expenses are recognized when incurred, regardless of when the actual cash is received or paid.

The Statement of Cash Flows presents cash provided and used by CORSA categorized by operating activities, investing activities, and financing activities. It reconciles the beginning and end-of-year cash balances displayed on the balance sheet.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. Details are given regarding CORSA's organization, accounting policies, cash and investments, commitments and related parties.

In addition to the financial statements and accompanying notes, supplementary information is presented in a separate section illustrating CORSA's past ten years of earned revenues compared to related losses and other expenses assumed by CORSA. Information is also given in this section regarding changes in estimated losses for each of the past ten years.

Financial Analysis – Statements of Net Assets

The following table presents the summarized financial position for the fiscal years ending April 30, 2005 and 2004. More detailed information is available in the accompanying basic financial statements.

Assets	**2005**	**2004**	**Increase (Decrease)**
Cash and investments	$ 60,912,380	$ 56,770,447	$ 4,141,933
Receivables	9,475,686	7,760,795	1,714,891
Fixed assets	49,743	53,058	(3,315)
Other	-	4,498	(4,498)
Total assets	$ 70,437,809	$ 64,588,798	$ 5,849,011
Liabilities			
Unpaid losses and loss adjustment expenses	$ 21,262,870	$ 15,329,762	$ 5,933,108
Deferred member contributions	17,887,183	17,131,726	755,457
Accrued expenses and other	92,146	289,817	(197,671)
Total liabilities	$ 39,242,199	$ 32,751,305	$ 6,490,894
Net Assets	$ 31,195,610	$ 31,837,493	$ (641,883)

Cash and investments increased by $4.1 million between 2004 and 2005. This increase is due in part to the addition of new counties into CORSA membership and additional coverage provided to existing members, which in turn increased member contributions received. A large part of the member contributions received are invested in fixed income securities and equity securities. Investments are shown at market value on the financial statements. Smith Barney Citigroup is CORSA's investment consultant. Smith Barney chooses CORSA's investment managers who have discretion to purchase, sell, or hold securities based on CORSA's written Investment Policy. This Investment Policy sets guidelines for the allocation of CORSA's invested funds. After a reserve is set aside in easily accessible money market accounts for the payment of claims, the rest of the available funds are allocated between fixed income securities and equity securities. CORSA's Investment Policy mandates that no more than 25% can be allocated to equity securities. On April 30, 2005 about 18% of the investments were in equity securities.

Besides cash and investments, CORSA has other assets including receivables. Receivables are funds due to CORSA that have not been received as of the end of the fiscal year. These include premiums and deductibles that are owed to CORSA by member counties. Receivables increased by $1.7 million between 2004 and 2005. This increase is due in part to the fact that more member counties paid their premium in April of 2004 than did in April of 2005. Less premium was therefore owed in 2004.

CORSA's assets in total increased by $5.8 million over the previous year.

The liability for unpaid losses and loss adjustment expenses increased from $15,329,762 in 2004 to $21,262,870 in 2005.

This amount is determined by an independent actuary. Between the time a claim is reported and the time it is closed, reserves are established for the estimated amount that will have to be paid at some future date to settle the loss. Reserves are also established for claims that have occurred but are not yet known to CORSA (IBNR – incurred but not reported). Therefore, losses are recognized in the current year for some claims that will not be reported until future periods. The increase in liability reserves can be attributed to adverse development on some existing general liability, law enforcement, and auto claims, and to an increase in frequency of Public Officials Liability and Property claims.

Deferred member contributions are renewal contributions for the upcoming fiscal year that have been paid or recognized as receivables in the current fiscal year but have not yet been earned. They are reported as a liability until they are earned. Deferred member contributions increased from $17,131,726 in 2004 to $17,887,183 in 2005. This is due mainly to the increase in membership in CORSA and added coverage to existing members between the two fiscal years.

The difference between assets and liabilities, or Net Assets, decreased by $641,883 between 2004 and 2005. A distribution of approximately $1.6 million was made to CORSA members at the time of the 2005-2006 renewal in the form of a credit to their fiscal year 2006 contributions.

Financial Analysis – Statements of Revenues, Expenses and Changes in Net Assets

The following table presents the summarized results of operations for the fiscal years ending April 30, 2005 and 2004. More detailed information is available in the accompanying basic financial statements.

Revenues		2005		2004		Increase (Decrease)
Member contributions (less commercial insurance)	$	15,187,228	$	14,090,123	$	1,097,105
Net investment income		2,206,547		1,977,441		229,106
Other		4,878		140		4,738
Total revenues	$	17,398,653	$	16,067,704	$	1,330,949
Expenses						
Loss and loss adjustment expenses	$	12,990,664	$	6,624,666	$	6,365,998
Marketing, administrative, and other		5,049,872		4,918,581		131,291
Total expenses	$	18,040,536	$	11,543,247	$	6,497,289
Excess of Revenues over Expenses	$	(641,883)	$	4,524,457	$	(5,166,340)

Member contributions earned increased from $14,090,123 in 2004 to $15,187,228 in 2005. This increase is attributed primarily to new members joining CORSA in the 2004-2005 fiscal year and additional lines of coverage provided to existing members.

The other part of CORSA's revenues is in investment income. Overall, CORSA's investment income, including unrealized and realized gains, went up $229,106 over the previous year.

Loss and loss adjustment expenses increased $6,365,998 between 2004 and 2005. Loss and loss adjustment expenses are those expenses estimated by the independent actuary to be incurred for current year events, plus or minus any adjustment made to previous years' estimated expenses. This number is not indicative of actual claims paid during the year. It is based on a comprehensive actuarial review taking into account current claims losses incurred and estimated future losses on claims incurred but not yet reported. The increase can be attributed to an auto loss in which CORSA is responsible for $1,000,000 which is the self-insured retention limit, and also to an increase in the frequency of public officials liability and property claims.

Marketing, administrative and other general expenses increased from $4,918,581 in 2004 to $5,049,872. Expenses increase as new members join CORSA.

Due to the major increase in loss expenses, CORSA realized an overall net loss of $641,883. CORSA's net assets, also known as member equity, stand at a healthy $31,195,610.

Future Trends

CORSA is financially strong, and has a high level of member support and loyalty.
In its 18 year history, only one county has left the CORSA program, and that county has since requested an opportunity to rejoin, and CORSA agreed to extend membership to that county in May 2005. Membership is loyal due to CORSA's track record of providing broad coverage and comprehensive risk management services at stable and competitive costs. CORSA continues to grow, as two additional counties joined the program during the previous program year. There are various ratios used to measure the financial strength of insurance companies and risk sharing pools, and CORSA ratios exceed the property and liability insurance industry, and exceed those of the vast majority of risk sharing pools across the country.

The risks to CORSA are primarily external in nature, and are due to the reinsurance market, and the economic and legal climates in Ohio. With CORSA's $1,000,000 self-insured retention, CORSA members are less vulnerable to the pricing cycles of the commercial insurance market. Excess insurance and reinsurance costs account for approximately 19% of total program costs.

The courts in Ohio continue to attack sovereign immunity, as a few appellate courts have declared that the cap on non-economic damages is unconstitutional.

However, CORSA, with its strong financial strength, has the resources to minimize the impact of adverse external risks.

Request for information

This financial report is designed to provide a general overview of CORSA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to David Brooks, CORSA Executive Director, County Risk Sharing Authority, Inc., 37 West Broad Street, Suite 650, Columbus, Ohio 43215.

COUNTY RISK SHARING AUTHORITY, INC.

STATEMENT OF NET ASSETS
APRIL 30, 2005

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 12,009,903
Accounts receivable:	
Member contributions receivable	7,990,150
Member deductibles receivable	578,003
Reinsurance receivable	142,115
Accrued interest receivable	316,358
Related party receivables and other	78,185
Total current assets	21,114,714
INVESTMENTS	48,902,477
PROPERTY AND EQUIPMENT:	
Furniture and fixtures	61,531
Computer and equipment	33,444
Vehicles	50,466
Total property and equipment	145,441
Accumulated depreciation	(95,698)
Property and equipment—net	49,743
LONG TERM—Related party receivables	370,875
TOTAL ASSETS	$ 70,437,809

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Reserves for unpaid losses and loss adjustment expenses	$ 21,262,870
Deferred member contributions	17,887,183
Accrued expenses and other	92,146
Total current liabilities	39,242,199
NET ASSETS:	
Invested in capital assets	49,743
Unrestricted	31,145,867
Total net assets	31,195,610
TOTAL LIABILITIES AND NET ASSETS	$ 70,437,809

See notes to financial statements

COUNTY RISK SHARING AUTHORITY, INC.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED APRIL 30, 2005

OPERATING REVENUES:	
Member contributions	$ 19,227,021
Less: Commercial insurance coverages	4,039,793
Total operating revenues, net	15,187,228
OPERATING EXPENSES:	
Loss and loss adjustment expenses for current year events	10,982,637
Provision for insured events of prior years	2,008,027
Marketing and claims administration fees	958,673
Commissions	1,104,929
Depreciation	24,006
Distribution to members	1,599,858
General and administrative expenses	1,362,406
Total operating expenses	18,040,536
OPERATING LOSS	(2,853,308)
NON-OPERATING INCOME (EXPENSES):	
Investment income	2,020,928
Unrealized gain on investments	232,794
Gain on sale of investments	259,500
Other income	4,878
Investment fees	(306,675)
Non-operating income, net	2,211,425
CHANGE IN NET ASSETS	(641,883)
NET ASSETS:	
Beginning of year	31,837,493
End of year	$ 31,195,610

See notes to financial statements

COUNTY RISK SHARING AUTHORITY, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from members and other parties	$ 18,247,773
Cash paid for commerical insurance	(4,039,793)
Cash paid for claims	(7,057,556)
Cash paid for other expenses	(5,219,039)
Net cash provided by operating activities	1,931,385
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES—	
Purchase of property and equipment	(20,691)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Cash received from investments and other income	2,045,620
Cash paid for investment fees	(306,675)
Purchase of investments	(93,208,694)
Proceeds from sale of investments	85,122,722
Proceeds from maturity of investments	3,317,000
Net cash used in investing activities	(3,030,027)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,119,333)
CASH AND CASH EQUIVALENTS:	
Beginning of year	13,129,236
End of year	$ 12,009,903
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating loss	(2,853,308)
Adjustments to reconcile change in net assets to net cash provided by operating activities: provided by operating activities:	
Depreciation	24,006
Member contributions receivable	(1,784,056)
Related party receivable and other	(140,010)
Member deductibles receivable	95,044
Reinsurance receivable	94,317
Prepaid expenses	4,498
Unpaid losses and loss adjustment expenses	5,933,108
Deferred member contributions	755,457
Accrued expenses and other	(197,671)
Net cash provided by operating activities	$ 1,931,385

See notes to financial statements.

1. ORGANIZATION

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 (the "Program) for CCAO members. As of April 30, 2005, sixty-one (61) Ohio counties and thirteen (13) multi-county correctional facilities were members of CORSA. During the fiscal year ended April 30, 2005, two counties joined CORSA, and no member left the program. During CORSA's eighteen year history, only one county has left the program.

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 who are county commissioners from member counties. The Directors are elected by members, and are eligible to serve three, two-year terms.

Pursuant to participation agreements, each member agrees to pay all contributions necessary for the specified types of coverage and risk management services provided by CORSA. The coverage provided by CORSA includes property, boiler and machinery, automobile liability and physical damage, general liability, medical professional liability (physicians and dentists excluded, except for physicians who provide services at jails), law enforcement liability, 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.

From May 1, 1997 through April 30, 2002, CORSA's self insured retention (SIR) for all coverages was $500,000 per occurrence. Effective May 1, 2002, CORSA's SIR was increased to $1,000,000 per occurrence. The cost of commercial insurance and reinsurance increased dramatically for both private and public sectors. Due to CORSA's strong surplus position, it became more cost-effective for CORSA to increase its SIR to $1,000,000 in order to minimize the impact of rising reinsurance costs to members.

CORSA has established two loss funds to pay for losses occurring within the self-insured retention. The primary loss fund pays for losses within the first $200,000 layer, and the secondary loss fund pays for losses within the next $800,000 layer. All members must make annual contributions to the primary loss fund and secondary loss fund to pay claims and related expenses incurred within CORSA's self-insured retention. With the exception of six counties, all members have deductibles of $2,500 per occurrence. Five counties have deductibles ranging from $5,000 to $25,000 per occurrence, and one county has a deductible of $100,000 per occurrence.

The thirty-nine (39) original members had the $750,000 excess layer for general liability, law enforcement, and automobile liability coverage funded by the issuance of Certificates of Participation (Bond Fund). The Bond Fund matured May 1, 1997, after all principal and interest payments were made. Bond participants had until April 30, 1999 to report losses that occurred prior to May 1, 1997. The Bond Fund therefore is not responsible for any claims reported after April 30, 1999. The only claims that could fall under the Bond Fund would be those that were reported prior to April 30, 1999 and currently have a reserve less than $250,000 but end up being settled for more than $250,000.

There are currently no open claims in the Bond Fund. The claims third party administrator has stated that there are no open claims that have the potential to develop into the Bond Fund, and the actuary has removed the Incurred But Not Reported (IBNR) from the Bond Fund. As of April 30, 2005, the Bond Fund had assets of approximately $5,000,000. Annually, $250,000 of Bond Fund equity and $250,000 of Bond Fund investment income is being returned to Bond Fund participants in the form of credits to the annual member contributions.

Those members that joined after 1992 did not participate in the Bond Fund, rather they had the excess general liability, law enforcement liability, and automobile liability coverage provided by CORSA's primary excess carrier.

Liability losses in excess of the coverages provided by CORSA are the responsibility of the individual member counties.

2. ACCOUNTING POLICIES

Basis of Accounting—CORSA follows the accrual basis of accounting as required by enterprise funds and is not legally required to adopt a budget. All transactions are accounted for in a single enterprise fund. In accordance with Government Accounting Standards Board Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, CORSA has elected not to apply the provisions for the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989. CORSA will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board ("GASB").

Cash and Cash Equivalents consist primarily of investments in money market securities having an original maturity of 90 days or less.

Investments are reported at market value. Investment income includes interest, dividend and amortization of premiums and accretion of discounts using the effective interest method relating to debt securities acquired at other than par value. Funds held by Smith Barney (Trustee) also include cash equivalents which are carried at market value. Unrealized gains and losses and realized gains and losses are determined on the identified cost basis and are reflected in the statement of revenues, expenses and changes in net assets.

Deductibles Receivable—CORSA pays third party claims at their full value and then bills members for their deductible portion. A member deductibles receivable is recognized when the deductible is due.

Reinsurance Receivable—Paid losses recoverable from excess insurance carriers are recognized when due.

Property and Equipment—Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. All major classes of depreciable assets have a useful life of five years, except certain computer equipment, which is three years.

Member Contributions are recognized as income ratably over the coverage period. Any amounts not yet recognized as income are reflected as deferred member contributions, a liability. The related costs are recognized when incurred.

Unpaid Losses and Loss Adjustment Expenses include the estimated costs of investigating and settling all claims incurred as of the balance sheet date. Such amounts are determined on the basis of claims adjusters' evaluations of losses reported and CORSA's actuary's estimated losses incurred but not reported as of the balance sheet date. Such reserves are necessarily based upon estimates and, while management believes the amount is adequate, the ultimate liability may differ from amounts provided for in the balance sheet. The methods and assumptions used in making such estimates and for establishing the resulting reserves are continually reviewed and updated based upon current circumstances and any adjustments are reflected in operations.

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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those amounts.

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

> *Invested in capital assets, net of related debt*—This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are unavailable to the acquisition, construction, or improvements of those assets.
>
> *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 April 30, 2005, CORSA does not have any "restricted" net assets. Under certain conditions, CORSA may distribute 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 CORSA in the year in which said distribution is made.

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

New Accounting Pronouncement—In March 2003, GASB Statement No. 40, *Deposit and Investment and Risk Disclosures*, was issued. This statement amends GASB Statement No. 3. The new statement requires that state and local governments disclose essential risk information about deposits and investments. The disclosure requirements cover four main areas: credit risk, interest rate and investment maturity, interest rate sensitivity, and foreign exchange exposure. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2004. CORSA is planning to comply with the new disclosure requirements beginning with the fiscal year ending April 30, 2006. CORSA has determined that this statement will not have a significant impact on the financial statements.

3. CASH AND CASH EQUIVALENTS

The GASB has established risk categories for deposits and investments pursuant to GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* as follows:

Deposits:

Category One: Insured or collateralized with securities held by the entity by its agent in the entity's name.

Category Two: Collateralized with the securities held by the pledging financial institution's trust department or agent in the entity's name.

Category Three: Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the entity's name.

The credit risk attached to cash and cash equivalents are as follows:

April 30, 2005	Category 1	Category 2	Bank Balance	Fair/Carrying Value
Cash and cash equivalents	$100,000	$12,621,844	$12,721,844	$12,009,903

The difference between the carrying amount and bank balance was due to outstanding checks,

4. INVESTMENTS

CORSA's investments are detailed below and categorized in accordance with the criteria established by the GASB to give an indication of the level of risk assumed as of April 30, 2005. Category 1 includes investments that are insured or registered for which the securities are held by CORSA or its agent in CORSA's name. Category 2 includes investments that are uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in CORSA's name. Category 3 includes uninsured and unregistered investments for which securities are held by the counterparty or by its trust department or agent, but not in CORSA's name.

Investments held as of April 30, 2005, are as follows:

	Category 1	Category 2	Category 3	Reported/ Fair Value
U.S. government bonds	$ -	$27,561,703	$ -	$27,561,703
Corporate bonds		12,580,721		12,580,721
Common stocks		8,760,053		8,760,053
Total investments, per balance sheet	$ -	$48,902,477	$ -	$48,902,477

Amortized cost and market value of investments held at April 30, 2005, are summarized as follows:

	Amortized Cost	Net Unrealized Gains	Net Unrealized Losses	Market Value
U.S. government bonds	$27,800,763	$ -	$ 239,060	$27,561,703
Corporate bonds	12,585,659		4,938	12,580,721
Common stocks	7,973,498	786,555		8,760,053

The amortized cost and market value of debt securities at April 30, 2005, by contractual maturity, are shown below. Expected maturities may differ from contractual because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Market Value
Due in one year or less	$ 411,647	$ 407,252
Due after one year through five years	12,595,961	12,490,497
Due after five years through ten years	4,551,966	4,560,887
Due after ten years	22,825,848	22,683,788

5. UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

The coverage offered by CORSA is on a modified claims-made basis, whereby the policy provisions call for payment of claims which occur during the program year and are reported within 24 months following the end of the program year.

The changes in the reserves for unpaid losses and loss adjustment expenses for the years ended April 30, 2005 are as follows (net of reinsurance, see Note 6).

Unpaid losses and loss adjustment expenses, beginning of the fiscal year	$15,329,762
Incurred losses and loss adjustment expenses:	
Provision for insured events of the current fiscal year	10,982,637
Provision for insured events of prior fiscal years	2,008,027
Total incurred losses and loss adjustment expenses	12,990,664
Payments:	
Losses and loss adjustment expenses attributable to insured events of the current fiscal year	2,370,166
Losses and loss adjustment expenses attributable to insured events of prior fiscal years	4,687,390
Total payments	7,057,556
Total unpaid losses and loss ajdustment expenses, end of the fiscal year	$21,262,870

6. SELF-INSURED RETENTION AND REINSURANCE

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 per-occurrence retention limit for all liability coverage was $1,000,000 in 2005. Property coverage also had a per-occurrence retention limit of $1,000,000 in 2005, with the exception of boiler and machinery for which there was a $50,000 per-occurrence retention limit.

CORSA maintains excess insurance and reinsurance contracts with insurance carriers who provide various limits of coverage over CORSA's self-insured retention limits. Each member chooses its limits of liability coverage, with limits varying between $2,000,000 and $9,000,000. Excess property is covered by St. Paul/Travelers, and excess liability is covered by Munich/American Re. Hartford Steam Boiler is the reinsurance carrier for boiler and machinery, with a pool limit of $100,000,000.

In the event that a loss should exceed the amount of coverage provided by CORSA, then the payment of any uncovered valued loss is the obligation of the individual 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 and its members would be responsible for such defaulted amounts.

Premiums ceded to reinsurers were $4,039,793 for the fiscal year 2004-2005. The amount deducted from the reserves for unpaid losses and loss adjustment expenses for estimated amounts recoverable under reinsurance was $1,685,371 for fiscal year 2004-2005.

7. PROPERTY AND EQUIPMENT

Capital assets activity for the year ended April 30, 2005, was as follows:

	April 30, 2004	Additions	Deductions	April 30, 2005
Capital assets being depreciated:				
Computer and equipment	$ 20,111	$ 13,333	$ -	$ 33,444
Vehicles	50,466			50,466
Furniture and fixtures	54,173	7,358		61,531
Total property and equipment	124,750	20,691		145,441
Less accumulated depreciation:				
Computer and equipment	4,942	6,828		11,770
Vehicles	40,291	6,105		46,396
Furniture and fixtures	26,459	11,073		37,532
Total accumulated depreciation	71,692	24,006		95,698
Total capital assets being depreciated, net	$ 53,058	$ (3,315)	$ -	$ 49,743

8. COMMITMENTS

CORSA has agreements with Alternative Service Concepts L.L.C., Willis Pooling, and the County Commissioners Association of Ohio (CCAO) whereby each provides certain executive, marketing and administrative functions for CORSA. Fees for such services are recognized ratably over the applicable period.

Rental expense for operating leases totaled $23,736 for the year ended April 30, 2005. These leases related to automobiles. Future minimum lease payments under contractually noncancellable operating leases (with initial lease terms in excess of one year) for years subsequent to April 30, 2005 are as follows: $24,041 in fiscal year 2005-2006; $24,041 in fiscal year 2006-2007 and $5,058 in fiscal year 2007-2008.

9. TAX STATUS

CORSA was organized as an association of governmental agencies providing various insurance coverages, an essential government function, and has received exemption from federal tax under Section 115 of the Internal Revenue Code through a private letter ruling dated July 20, 1989.

10. RETIREMENT BENEFITS

The Association maintains a defined contribution plan covering all eligible employees who meet certain age and service requirements. The amounts contributed to the plan by CORSA is not to exceed 10 percent of the employee's annual qualified compensation. Contributions to the plan are made at the discretion of the Board of Directors of CORSA. Contributions of $39,818 were made for fiscal year ended April 30, 2005.

11. RELATED PARTY

In 2002 and 2003, the CORSA Board of Directors approved the funding of a new county government health insurance pool, which was named County Employee Benefits Consortium of Ohio (CEBCO). The funding was for various start-up and first year expenses, and was to be repaid to CORSA by CEBCO when it was fiscally viable to do so. There were no formal repayment terms. The implementation date of the health program was January 1, 2004. Funding from CORSA began in 2002 and continued through February of 2005. The total amount of the funding was $445,875. To date, this amount is still due to CORSA. There has been no further funding of the health insurance program from CORSA since February of 2005, and the CORSA Board of Directors has not approved any future funding. However, there is a line of credit available to CEBCO from CORSA in the amount of $1,000,000. To date, there have been no borrowings under this line of credit. This line of credit has an interest rate of 5% and expires in December 2005.

* * * * * *

SUPPLEMENTAL SCHEDULE

Supplementary Statement of Earned Revenues, Losses and Other Expenses (Net of Reinsurance)

For the fiscal year ended April 30, 2005

The following table illustrates how CORSA's earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by CORSA as of the end of each of the last ten fiscal periods. The rows of the table are defined as follows: (1) This line shows the total of each fiscal period's earned contribution revenues and investment revenues. (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 estimated incurred claims and allocated claim adjustment expense (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 the policy year). (4) This section shows the cumulative amounts paid as of the end of successive years for each policy year. (5) This section shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, re-evaluation of existing information on known claims, as well as emergence of new claims not previously known. (6) This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

COUNRTY RISK SHARING AUTHORITY, INC.

SUPPLEMENTARY STATEMENT OF EARNED REVENUES, LOSSES, AND OTHER EXPENSES (NET OF REINSURANCE)

	April 30, 1996	April 30, 1997	April 30, 1998	April 30, 1999	April 30, 2000	April 30, 2001	April 30, 2002	April 30, 2003	April 30, 2004	April 30, 2005
(1) Net earned required contribution and investment revenues	$8,153,018	$8,267,385	$10,456,788	$11,051,068	$10,437,266	$12,447,298	$10,830,400	$13,773,236	$16,289,754	$17,705,328
(2) Unallocated expenses	2,065,906	2,321,105	2,082,672	2,353,243	2,378,819	3,007,253	2,975,649	2,939,599	3,540,597	5,356,547
(3) (A) Estimated losses/LAE (self-insured layer)	4,505,877	4,627,635	4,652,110	5,115,958	4,875,463	5,328,069	4,653,605	8,315,736	6,624,680	10,982,637
(3) (B) Estimated losses/\LAE (excess layer)	400,000	575,000	-	-	-	-	-	-	-	-
Total	4,905,877	5,202,635	4,652,110	5,115,958	4,875,463	5,328,069	4,653,605	8,315,736	6,624,680	10,982,637
(4) (A) Paid (self-insured layer):										
End of Policy Year	635,897	834,137	542,356	1,775,929	764,959	1,410,969	1,100,092	1,563,931	1,575,043	2,370,166
One Year Later	1,426,850	1,542,782	2,110,822	2,749,747	2,477,547	2,276,585	2,595,110	2,167,189	2,957,968	-
Two Years Later	1,870,350	3,011,927	4,082,744	4,350,387	3,035,124	3,344,951	3,143,554	3,576,294	-	-
Three Years Later	2,731,412	3,926,101	4,803,408	5,274,556	4,829,229	3,806,600	3,799,826	-	-	-
Four Years Later	3,375,806	4,627,635	5,511,904	5,810,080	5,395,478	4,564,597	-	-	-	-
Five Years Later	3,712,733	4,947,551	6,098,179	5,938,373	5,676,432	-	-	-	-	-
Six Years Later	3,750,409	5,018,617	6,091,281	6,005,872	-	-	-	-	-	-
Seven Years Later	3,953,982	5,020,894	6,091,342	-	-	-	-	-	-	-
Eight Years Later	3,987,419	5,020,894	-	-	-	-	-	-	-	-
Nine Years Later	4,138,521	-	-	-	-	-	-	-	-	-
(4) (B) Paid (excess layer):										
End of Policy Year	-	-	-	-	-	-	-	-	-	-
One Year Later	-	-	-	-	-	-	-	-	-	-
Two Years Later	-	70,931	-	-	-	-	-	-	-	-
Three Years Later	19,992	70,931	-	-	-	-	-	-	-	-
Four Years Later	19,992	70,931	-	-	-	-	-	-	-	-
Five Years Later	19,036	394,659	-	-	-	-	-	-	-	-
Six Years Later	49,036	395,315	-	-	-	-	-	-	-	-
Seven Years Later	59,826	395,315	-	-	-	-	-	-	-	-
Eight Years Later	60,208	395,315	-	-	-	-	-	-	-	-
Nine Years Later	60,208	-	-	-	-	-	-	-	-	-

(Continued)

COUNRTY RISK SHARING AUTHORITY, INC.

SUPPLEMENTARY STATEMENT OF EARNED REVENUES, LOSSES, AND OTHER EXPENSES (NET OF REINSURANCE)

	April 30, 1996	April 30, 1997	April 30, 1998	April 30, 1999	April 30, 2000	April 30, 2001	April 30, 2002	April 30, 2003	April 30, 2004	April 30, 2005
(5) (A) Re-estimated losses/LAE (self-insured layer):										
End of Policy Year	4,505,877	4,627,635	4,652,110	5,115,958	4,875,463	5,328,069	4,653,605	8,315,736	6,624,680	10,982,637
One Year Later	4,112,849	4,627,635	4,869,558	6,080,301	5,913,733	4,799,682	4,723,921	6,294,034	7,439,384	-
Two Years Later	3,465,589	4,772,543	4,975,209	6,455,321	5,051,705	4,874,669	5,822,540	7,426,332	-	-
Three Years Later	3,619,543	4,668,938	5,775,326	6,362,040	6,009,172	5,747,820	5,713,081	-	-	-
Four Years Later	3,718,304	4,627,635	6,095,795	6,485,325	6,181,911	6,106,113	-	-	-	-
Five Years Later	3,916,032	5,042,945	6,123,337	6,441,086	6,012,038	-	-	-	-	-
Six Years Later	4,083,999	5,093,394	6,111,838	6,505,426	-	-	-	-	-	-
Seven Years Later	4,082,731	5,070,894	6,091,342	-	-	-	-	-	-	-
Eight Years Later	4,131,776	5,020,894	-	-	-	-	-	-	-	-
Nine Years Later	4,138,521	-	-	-	-	-	-	-	-	-
(5) (B) Re-estimated losses/LAE (excess layer):										
End of Policy Year	400,000	575,000	-	-	-	-	-	-	-	-
One Year Later	196,550	425,000	-	-	-	-	-	-	-	-
Two Years Later	-	943,131	-	-	-	-	-	-	-	-
Three Years Later	19,992	883,431	-	-	-	-	-	-	-	-
Four Years Later	36,952	768,431	-	-	-	-	-	-	-	-
Five Years Later	49,036	668,432	-	-	-	-	-	-	-	-
Six Years Later	171,536	842,815	-	-	-	-	-	-	-	-
Seven Years Later	171,536	395,315	-	-	-	-	-	-	-	-
Eight Years Later	60,208	395,315	-	-	-	-	-	-	-	-
Nine Years Later	60,208	-	-	-	-	-	-	-	-	-
(6) (A) Increase (decrease) in estimate (self-insured layer)	(367,356)	393,259	1,439,232	1,389,468	1,136,575	778,044	1,059,476	(889,404)	814,704	-
(6) (B) Increase (decrease) in estimate (excess layer)	(339,792)	(179,685)	-	-	-	-	-	-	-	-
	$ (707,148)	$ 213,574	$ 1,439,232	$ 1,389,468	$ 1,136,575	$ 778,044	$ 1,059,476	$ (889,404)	$ 814,704	$ -

(Concluded)

Deloitte

Deloitte & Touche LLP
1700 Courthouse Plaza Northeast
Dayton, OH 45402-1788
USA

Tel: +1 937 223 8821
Fax: +1 937 223 8583
www.deloitte.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
County Risk Sharing Authority, Inc.:

We have audited the financial statements of County Risk Sharing Authority, Inc. ("CORSA"), as of and for the year ended April 30, 2005, and have issued our report thereon dated November 29, 2005. 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 of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered CORSA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CORSA'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 a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of the Board of Directors, management and the member cities and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

November 29, 2005

Auditor of State
Betty Montgomery

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

COUNTY RISK SHARING AUTHORITY, INC.

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 30, 2005