

**CENTRAL OHIO RISK MANAGEMENT ASSOCIATION (“CORMA”) SELF-INSURANCE POOL, INC.
FRANKLIN COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
(AUDITED)**

***FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2009***

ADAM MAXWELL, SECRETARY/TREASURER



Mary Taylor, CPA
Auditor of State

Board of Trustees
Central Ohio Risk Management Association Self-Insurance Pool, Inc.
c/o City of Westerville
21 S. State Street
Westerville, Ohio 43081

We have reviewed the *Independent Auditor's Report* of the Central Ohio Risk Management Association Self-Insurance Pool, Inc., Franklin County, prepared by Julian & Grube, Inc., for the audit period October 1, 2008 through September 30, 2009. 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 Central Ohio Risk Management Association Self-Insurance Pool, Inc. is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 8, 2010

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**CENTRAL OHIO RISK MANAGEMENT ASSOCIATION SELF-INSURANCE POOL, INC.
FRANKLIN COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Board of Trustees
Central Ohio Risk Management Association Self-Insurance Pool, Inc.
c/o City of Westerville
21 S. State Street
Westerville, OH 43081

We have audited the accompanying financial statements of the Central Ohio Risk Management Association Self-Insurance Pool, Inc., Franklin County, Ohio, as of and for the fiscal year ended September 30, 2009, which collectively comprise the Central Ohio Risk Management Association Self-Insurance Pool's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Central Ohio Risk Management Association Self-Insurance Pool'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 the 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 respective financial position of the Central Ohio Risk Management Association Self-Insurance Pool as of September 30, 2009, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditor's Report
Central Ohio Risk Management Association Self-Insurance Pool, Inc.
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2010, on our consideration of the Central Ohio Risk Management Association Self-Insurance Pool's internal control over financial reporting and on 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.

The management's discussion and analysis and required supplementary information on pages 3 through 6 and 17 and 18, respectively, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.
March 8, 2010

CORMA SELF-INSURANCE POOL, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

The management's discussion and analysis of the Central Ohio Risk Management Association (CORMA) Self-Insurance Pool, Inc.'s (the "Association") financial performance provides an overall review of the Association's financial activities for the fiscal year ended September 30, 2009. The intent of this discussion and analysis is to look at the Association's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Association's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2009 are as follows:

- The Association's net assets at September 30, 2009 were \$585,721. This represents an increase of \$228,034, or 63.75% from September 30, 2008.
- The Association has hired an independent actuary, Financial Risk Analysts, LLC, to determine the loss and loss adjustment expense reserves. Based upon the actuary's report, the loss and loss adjustment expense reserves was \$980,423 at September 30, 2009, compared to \$846,026 at September 30, 2008.
- The Association had operating revenues of \$1,170,026 and operating expenses of \$1,074,410 for fiscal year 2009. The Association had \$8,715 in interest revenue and received \$123,703 in refunds and reimbursements. Operating income and the change in net assets for the fiscal year was \$95,616 and \$228,034, respectively.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Association's financial activities. The *statement of net assets* and the *statement of revenues, expenses, and changes in net assets* provide information about the activities of the Association, including all short-term and long-term financial resources and obligations.

Reporting the Association Financial Activities

Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during fiscal year 2009?" The statement of net assets and the statement of revenues, expenses, and changes in net assets answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The statement of net assets and the statement of revenues, expenses and changes in net assets report the Association's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Association as a whole, the *financial position* of the Association has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. The Association's statement of net assets and statement of revenues, expenses, and changes in net assets can be found on pages 7-8 of this report.

The statement of cash flows provides information about how the Association's finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 9 of this report.

CORMA SELF-INSURANCE POOL, INC.

**MANAGEMENT ' S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 10-16 of this report.

Required Supplementary Information

Ten years of loss development information can be found on pages 17-18 of this report.

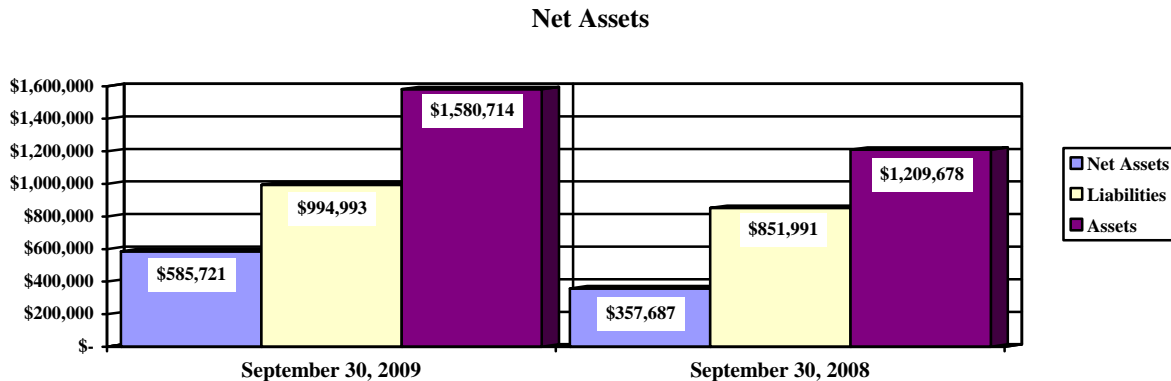
Net Assets and Changes in Net Assets

The table below provides a summary of the Association's net assets for fiscal years 2009 and 2008.

	Net Assets	
	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Cash and cash equivalents	<u>\$ 1,580,714</u>	<u>\$ 1,209,678</u>
Total assets	<u>1,580,714</u>	<u>1,209,678</u>
<u>Liabilities:</u>		
Accounts payable and accrued expenses	14,570	5,965
Loss and loss adjustment expense reserves	<u>980,423</u>	<u>846,026</u>
Total liabilities	<u>994,993</u>	<u>851,991</u>
<u>Net Assets:</u>		
Unrestricted	<u>585,721</u>	<u>357,687</u>
Total net assets	<u>\$ 585,721</u>	<u>\$ 357,687</u>

Net assets increased by \$228,034 from the prior year due primarily due to a decrease in the loss and loss adjustment expenses, net of \$421,567.

The chart below shows a breakdown of the Associations assets, liabilities and net assets for 2009 and 2008:



CORMA SELF-INSURANCE POOL, INC.

**MANAGEMENT ' S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

The table below shows the changes in net assets for fiscal years 2009 and 2008.

	Change in Net Assets	
	<u>2009</u>	<u>2008</u>
<u>Revenues:</u>		
Insurance premiums	\$ 566,626	\$ 530,391
Loss fund contributions	490,000	490,000
Claims handling fees	55,500	102,500
Administrative	<u>57,900</u>	<u>73,941</u>
Total operating revenue	<u>1,170,026</u>	<u>1,196,832</u>
<u>Expenses:</u>		
Loss and loss adjustment expenses, net	365,167	786,734
Insurance premiums	572,876	530,391
Administration fees	55,484	63,116
Claims handling fees	62,443	102,500
Professional fees	18,170	11,776
Miscellaneous expenses	<u>270</u>	<u>202</u>
Total expenses	<u>1,074,410</u>	<u>1,494,719</u>
Operating income (loss)	<u>95,616</u>	<u>(297,887)</u>
<u>Nonoperating revenues:</u>		
Interest	8,715	33,069
Refunds and reimbursements	<u>123,703</u>	<u>11,252</u>
Total nonoperating revenues	<u>132,418</u>	<u>44,321</u>
Change in net assets	228,034	(253,566)
Net assets, October 1	<u>357,687</u>	<u>611,253</u>
Net assets, September 30	<u>\$ 585,721</u>	<u>\$ 357,687</u>

Net assets were primarily affected by the fluctuation in the estimated loss and loss adjustment expenses, net reported at September 30, 2009 and 2008 of \$365,167 and \$786,734, respectively. Fluctuations in the liability are reported as a component of the loss and loss adjustment expenses, net for each respective year. The fluctuation in the loss and loss adjustment expenses, net, between 2009 and 2008 resulted from differences between actuarial estimates of provisions for insured events from the current and prior years.

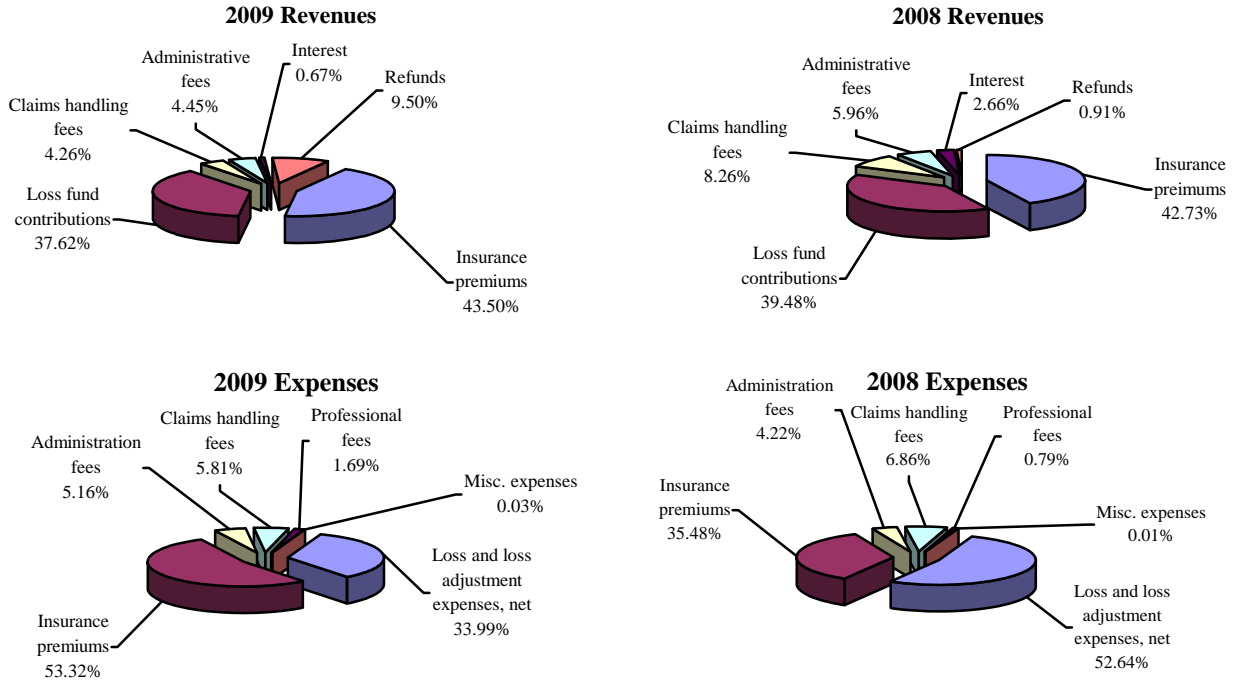
Interest revenue decreased 73.65% from fiscal year 2008 due to lower interest rates. The Association received more refunds and reimbursements in fiscal year 2009 versus fiscal year 2008 due to the reimbursement of excess claims from prior years being paid by Travelers insurance. These amounts have been reported as nonoperating revenue. The decrease in claims handling fees, were due to the Association hiring Wichert Insurance Services, Inc. as claims administrator effective September 1, 2008.

All other fiscal year 2009 revenue and expense amounts were consistent with fiscal year 2008.

CORMA SELF-INSURANCE POOL, INC.

**MANAGEMENT ' S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

The charts below reflect the percentage of the revenues and expenses in fiscal years 2009 and 2008:



Capital Assets and Debt Administration

At September 30, 2009 the Association had no capital assets or outstanding debt obligations.

Current Financial Related Activities

The Association is committed to providing its member cities with the advantages of a large buying cooperative, while maintaining control by the local city leadership. Since its inception, the Association has added three additional members to the Association (including the two new members discussed in Note 10), and will continue to look at other members who meet the established criteria. Underwriting considerations are of utmost importance in reviewing new membership applications, as the Association is committed to protecting the long-term financial interests of its core members, and will not admit a new member that will adversely impact premiums and claims payments.

For fiscal year 2003, 2004 and 2005, the Association’s net assets were a deficit of \$95,470, \$116,312 and \$321,086, respectively. For fiscal year 2006, 2007, 2008 and 2009, the Association’s net assets were a positive \$470,879, \$611,253 \$357,687 and \$585,721 respectively. Establishing premiums that satisfy all claims, administration fees, and other expenses of the Association, in addition to enhancing the net assets position is important for the short-term and long-term interests of the Association.

Contacting the Association’s Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Association’s finances and to show the Association’s accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Adam Maxwell, Secretary/Treasurer, 21 South State Street, Westerville, Ohio 43081 or by calling (614) 901-6407.

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CORMA SELF-INSURANCE POOL, INC.

STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

	<u>2009</u>
Assets:	
Cash and cash equivalents	\$ 1,580,714
Total assets.	<u>1,580,714</u>
Liabilities:	
Accounts payable and accrued expenses	14,570
Loss and loss adjustment expense reserves (see Note 6).	<u>980,423</u>
Total liabilities.	<u>994,993</u>
Net assets:	
Unrestricted	<u>585,721</u>
Total net assets	<u><u>\$ 585,721</u></u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CORMA SELF-INSURANCE POOL, INC.
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	2009
Operating revenues:	
Member contributions:	
Insurance premiums	\$ 566,626
Loss fund contributions	490,000
Claims handling fees	55,500
Administrative fees.	57,900
Total operating revenues	1,170,026
Operating expenses:	
Loss and loss adjustment expenses, net (see Note 7)	365,167
Insurance premiums	572,876
Administration fees.	55,484
Claims handling fees	62,443
Professional fees	18,170
Miscellaneous expenses	270
Total operating expenses	1,074,410
Operating income	95,616
Nonoperating revenues:	
Interest	8,715
Refunds and reimbursements.	123,703
Total nonoperating revenues	132,418
Change in net assets.	228,034
Net assets, October 1.	357,687
Net assets, September 30.	\$ 585,721

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CORMA SELF-INSURANCE POOL, INC.

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	2009
Cash flows from operating activities:	
Cash received from members	\$ 1,170,026
Cash payments to suppliers for services.	(700,368)
Cash payments for covered losses.	(230,770)
Cash payments for miscellaneous expenses	(270)
	238,618
Net cash provided by operating activities	238,618
Cash flows from noncapital financing activities:	
Cash received from refunds and reimbursements	123,703
	123,703
Net cash provided by noncapital financing activities	123,703
Cash flows from investing activities:	
Interest received.	8,715
	8,715
Net cash provided by investing activities	8,715
Net increase in cash and cash equivalents	371,036
Cash and cash equivalents, October 1.	1,209,678
Cash and cash equivalents, September 30.	\$ 1,580,714
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 95,616
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
Increase in accounts payable	8,605
Increase in loss and loss adjustment expense reserves	134,397
	142,999
Net cash provided by operating activities	\$ 238,618

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CORMA SELF-INSURANCE POOL, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 - DESCRIPTION OF THE ENTITY

The Central Ohio Risk Management Association (CORMA) Self-Insurance Pool, Inc. (the "Association") is a legally separate entity organized under Ohio Revised Code Section 1702.01. The Association was established on September 24, 1997. The Association was formed to administer a joint self-insurance pool under Chapter 2744.081 of the Ohio Revised Code for the public purpose of enabling the subscribing political subdivisions to obtain insurance coverage, to provide methods for paying claims and to provide for a formalized, jointly administered self-insurance fund for its members. The Association is administered by a Board of Trustees appointed by the Members of the Association.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Association have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Association also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The Association also has the option to apply FASB Statements and Interpretations issued after November 30, 1989, subject to this same limitation. The Association has elected to apply these FASB Statements and Interpretations. The Association's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39 "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organization that are included to ensure that the basic financial statements of the Association are not misleading. On this basis, no governmental organizations or agencies other than the Association itself are included in the financial reporting entity.

B. Fund Accounting

The Association maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of government entities in which legal or other restraints require the recording of specific revenues and expenses. The Association uses an enterprise fund to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for public policy, management control, accountability or other purposes.

CORMA SELF-INSURANCE POOL, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

For financial statement presentation purposes, the Association utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

The Association's activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the Association's operations are included on the statement of net assets. The statement of revenues, expenses, and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The Association distinguishes operating revenues and expenses from nonoperating items. Operating revenues generally result from charges to members for insurance premiums, loss fund contributions, claims handling fees and administrative fees. Operating expenses for the Association include the payment of loss and loss adjustment expenses, insurance premiums, administration fees, claims handling fees, professional fees and miscellaneous expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonoperating revenues include interest and refunds and reimbursements.

D. Assets, Liabilities and Net Assets

Cash:

For purposes of reporting cash flows, the Association considers all cash accounts which are not subject to withdrawal restrictions or penalties, and all highly-liquid debt investments purchased with a maturity of three months or less to be cash and cash equivalents.

Receivables:

All receivables are shown net of an allowance for uncollectible amounts, as applicable. Receivables in excess of 90 days are evaluated for the ability to collect them and an allowance is established, as deemed necessary, based on the best information available and in an amount that management believes is adequate. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The Association has no receivables at September 30, 2009.

CORMA SELF-INSURANCE POOL, INC.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Loss and loss adjustment expense reserves:

Provisions for loss reserves and loss adjustment expense reserves are based on information reported by members and are calculated by an actuary. These amounts represent an estimate of reported unpaid claims plus a provision for claims incurred but not reported. Adjustments to this reserve account are charged or credited to expense in the period in which they are made. The Association's management believes that the estimate of the liability for loss reserves is reasonable. However, actual incurred loss and loss adjustment expense may not conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of losses and the related loss adjustment expense may vary from the estimated amounts included in the accompanying financial statements. Should the provision for loss reserves be insufficient, supplemental contributions will be assessed to the Association members. See Note 6 for more information of the Association's loss and loss adjustment expense reserves.

Net assets:

Net assets are the excess of revenues over expenses during the period in which the Association has been in existence. If adequate provision has been made for the payment of all claims and expenses of the Association, the Board of Trustees, at its discretion, may distribute surplus funds to members during that particular year, provided that such members are also members in the year in which the distribution is made. In lieu of distributing surplus funds to the members, the Board may carry forward the surplus to offset annual or supplemental payments in the subsequent fiscal year.

In the event the Association is terminated, all members of the Association are obligated for any necessary supplemental payments applicable to the years during which they were members. After all claims and related expenses have been paid or reserves established for the payment of any such claims, any surplus funds will be distributed to members, past or present, who constituted the Association for that fiscal year.

E. Revenues and Expenses

Premiums, member and supplemental contributions, claims handling fees and administrative fees:

Premiums are determined based on the member's allocated insurance coverage costs as determined by the Association administrator and are recognized ratably as revenue and the related expense over the insurance coverage period.

Member and supplemental contributions are determined based on a formula approved by the Board of Trustees and applied to all members to provide sufficient funds within the self-insurance pool to adequately fund administrative expenses of the Association and to create adequate reserves for claims and unallocated loss adjustment expense.

CORMA SELF-INSURANCE POOL, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Under the terms of the cooperative agreement, should the annual contributions not be sufficient to fund operations or obligations of the Association, additional supplementary payments shall be required to be made by every member based on the formula used to determine the annual contributions.

Claims handling and administrative fees are based on a contract with a third party and are recognized ratably as revenue and the related expense by the Association over the term of the agreement.

Insurance coverage:

The Association provides insurance coverage for various lines of insurance including property, general liability, automobile liability, automobile physical damage, police liability occurrences and errors and omissions claims. The self-insured portion is limited to annual aggregates. Losses over the Association's self-insured retention amounts are payable by commercial insurance policies, only to the extent limits and coverage applies.

The Association has an agreement with a company to administer claims and loss control. During fiscal year 2009, the Association used Financial Risk Analysts, LLC as their independent actuary and Wichert Insurance Services, Inc. as their claims administrator and insurance broker. Wichert Insurance Services, Inc. handles all past and future claims.

F. Cash and Cash Equivalents

The Association maintains three individual accounts: a claims fund, a loss fund, and an administrative fund. Each separate account is a depository account with a financial institution. The total of the three depository accounts are presented on the statement of net assets as "Cash and Cash Equivalents". The Association does not maintain any investments.

G. Budgetary Process

Under Ohio law, the Association is not required to follow a budgetary process and, therefore, no budgetary information is provided in these basic financial statements.

H. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with finance-related legal and contractual provisions:

The Association had no material violations of finance-related legal and contractual provisions.

CORMA SELF-INSURANCE POOL, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 4 - CASH AND INVESTMENTS

The Treasurer of the Association pools all available cash of the Association for investment purposes.

During fiscal 2009, deposits maintained by the Association in financial institutions were covered by the Federal Deposit Insurance Corporation or were exposed to custodial credit risk.

At September 30, 2009, the carrying amount of the Association's deposits was \$1,580,714. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of September 30, 2009, \$1,338,080 of the Association's bank balance of \$1,588,080 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the Association's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Association.

The Association had no investments at September 30, 2009.

NOTE 5 - INSURANCE COVERAGES

For the year ended September 30, 2009, the Association provided the following insurance coverage:

	<u>2009</u>
Self-insured portion for covered claims per occurrence:	
Property claims	\$ 25,000
Liability claims	100,000
 Annual aggregate self-insured retention (liability coverages)	 550,000

Claims over the self-insured portion are covered by commercial insurance policies with members as additional named insureds.

CORMA SELF-INSURANCE POOL, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

NOTE 6 - LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

The Association established a reserve liability that includes a provision for reported and unreported insured events and an estimate of future payment of losses and related loss adjustment expenses. The claims liability as required by GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", was provided by the Associations independent actuary, Financial Risk Analysts, LLC.

The changes in the aggregate liabilities for the Association for the fiscal years ended September 30, 2009 and 2008 were as follows:

	2009	2008
Unpaid loss and loss adjustment expense reserves, beginning	\$ 846,026	\$ 426,448
Incurred loss and loss adjustment expenses, provision for insured events of the current period	569,892	668,835
Increase (decrease) in provision for insured events of the prior years	(204,725)	117,899
Total incurred loss and loss adjustment expenses, net	365,167	786,734
Payments:		
Loss and loss adjustment expenses attributable to insured events of the current year	75,381	154,843
Loss and loss adjustment expenses paid attributable to insured events of prior years	155,389	212,313
Total payments	230,770	367,156
Unpaid loss and loss adjustment expense reserves, ending	\$ 980,423	\$ 846,026

NOTE 7 - LOSS AND LOSS ADJUSTMENT EXPENSES, NET

For fiscal year 2009 and 2008, the Association reported loss and loss adjustment expenses, net of \$365,167 and \$786,734, respectively. The lower expense for 2009 is the result of differences between actuarial estimates of provisions for insured events from the prior years. The Association's independent actuary for fiscal year 2009 was Financial Risk Analysts, LLC.

The \$134,397 increase in the loss and loss adjustment expense reserves from September 30, 2008 to September 30, 2009 is reflected in the fiscal year 2009 loss and loss adjustment expenses, net as reported on the Statement of Revenues, Expenses and Changes in Net Assets. For fiscal year 2009, actual claims payments for covered losses were \$230,770 as reported on the Statement of Cash Flows.

CORMA SELF-INSURANCE POOL, INC.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

NOTE 8 - CLAIMS ADMINISTRATION

The Association has entered into agreements with companies for the purpose of claims administration, claims adjustments, loss control and Association administration. For the year ended September 30, 2009, the amounts charged to expense were as follows:

	<u>2009</u>
Administration fees	\$ 55,484
Claims handling fees	<u>62,443</u>
	<u>\$ 117,927</u>

NOTE 9 - CONTINGENCIES

General:

In the normal course of business, the Association is involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on the financial statements.

Concentration by geographic location and industry:

The Association is exposed to certain risks by writing all its business in the State of Ohio, thus increasing exposure to a single geographic area.

Association membership is limited to municipalities.

NOTE 10 - SIGNIFICANT SUBSEQUENT EVENT

The Association added two new members after fiscal year end. On October 1, 2009 the City of Grove City became a member of the Association and on February 1, 2010 the City of Powell became a member of the Association.

REQUIRED SUPPLEMENTARY INFORMATION

CORMA SELF-INSURANCE POOL, INC.

TEN-YEAR LOSS DEVELOPMENT INFORMATION

The following table illustrates how the Association's earned revenue and investment income compares to related costs of loss and other expenses assumed by the Association as of the end of the year. The rows of the table are defined as follows:

- (1) This line shows the total of each fiscal year's gross earned premiums, reported investment and other income.
- (2) This line shows each fiscal year's other operating costs of the Association including overhead and expenses not allocable to individual claims.
- (3) This line shows the Association's gross incurred losses and allocated loss adjustment expense as originally reported at the end of the year in which the event that triggered coverage occurred (called *accident year*).
- (4) This section shows the cumulative net amounts paid as of the end of the accident year.
- (5) This section shows how each accident year's net incurred losses increased or decreased as of the end of the year. (This annual re-estimation results from new information received on known losses, re-evaluation of existing information on known losses and emergence of new losses not previously known.)
- (6) This line compares the latest re-estimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally thought.

As data for individual accident years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature accident years. The columns of the table show data for successive accident years. Loss development information for the years ended September 30, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2002, 2001 and 2000 is as follows:

CORMA SELF-INSURANCE POOL, INC.

TEN-YEAR LOSS DEVELOPMENT INFORMATION (CONTINUED)

	----- Fiscal and Accident Year Ended September 30, -----									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1. Premiums, investment and other income	\$451,825	\$ 540,252	\$ 744,226	\$ 946,220	\$1,024,263	\$1,050,567	\$1,147,024	\$1,284,042	\$1,241,153	\$1,302,444
2. Unallocated expenses	329,813	364,442	397,189	600,867	625,959	678,928	656,874	724,562	707,985	709,243
3. Estimated losses incurred and expense, end of year	161,980	194,075	360,387	413,417	426,125	517,525	225,754	249,791	668,835	569,892
4. Paid, cumulative as of:										
End of accident year	35,268	106,567	60,285	103,457	106,858	129,963	150,025	42,079	154,843	75,381
One year later	128,780	118,989	138,791	216,765	299,481	307,368	193,629	78,701	198,911	-
Two years later	128,780	167,501	160,402	236,662	256,091	340,304	185,533	78,956	-	-
Three years later	125,000	171,482	170,898	325,000	271,699	351,229	176,749	-	-	-
Four years later	125,000	183,000	222,725	387,431	314,030	388,019	-	-	-	-
Five years later	128,750	183,000	222,725	420,283	314,030	-	-	-	-	-
Six years later	128,750	183,000	137,344	470,283	-	-	-	-	-	-
Seven years later	128,750	183,000	170,404	-	-	-	-	-	-	-
Eight years later	128,750	183,000	-	-	-	-	-	-	-	-
Nine years later	128,750	-	-	-	-	-	-	-	-	-
5. Re-estimated incurred losses and expense:										
End of accident year	161,980	194,075	360,387	413,417	426,125	517,525	225,754	249,791	668,835	569,892
One year later	128,780	183,000	265,440	382,872	496,406	329,171	204,449	297,651	437,862	-
Two years later	128,780	183,000	246,988	394,409	292,559	377,713	185,533	241,712	-	-
Three years later	125,000	183,000	238,434	375,000	332,815	439,313	176,749	-	-	-
Four years later	125,000	183,000	222,725	471,822	314,030	447,224	-	-	-	-
Five years later	128,750	183,000	222,725	420,283	314,030	-	-	-	-	-
Six years later	128,750	183,000	137,344	470,283	-	-	-	-	-	-
Seven years later	128,750	183,000	170,404	-	-	-	-	-	-	-
Eight years later	128,750	183,000	-	-	-	-	-	-	-	-
Nine years later	128,750	-	-	-	-	-	-	-	-	-
6. Increase (decrease) in estimated incurred losses and expenses from end of accident year	(33,230)	(11,075)	(189,983)	56,866	(112,095)	(70,301)	(49,005)	(8,079)	(230,973)	-

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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*

Board of Trustees
Central Ohio Risk Management Association Self-Insurance Pool, Inc.
c/o City of Westerville
21 S. State Street
Westerville, OH 43081

We have audited the financial statements of Central Ohio Risk Management Association Self-Insurance Pool, Inc., Franklin County, Ohio, as of and for the fiscal year ended September 30, 2009, which collectively comprise Central Ohio Risk Management Association Self-Insurance Pool's basic financial statements and have issued our report thereon dated March 8, 2010. 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 Control Over Financial Reporting

In planning and performing our audit, we considered Central Ohio Risk Management Association Self-Insurance Pool'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 Central Ohio Risk Management Association Self-Insurance Pool's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Central Ohio Risk Management Association Self-Insurance Pool's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Central Ohio Risk Management Association Self-Insurance Pool's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Central Ohio Risk Management Association Self-Insurance Pool's financial statements that is more than inconsequential will not be prevented or detected by Central Ohio Risk Management Association Self-Insurance Pool's internal control.

Board of Trustees
Central Ohio Risk Management Association Self-Insurance Pool, Inc.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Central Ohio Risk Management Association Self-Insurance Pool's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Ohio Risk Management Association Self-Insurance Pool's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 management and Board of Trustees of Central Ohio Risk Management Association Self-Insurance Pool, Inc. and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.
March 8, 2010



Mary Taylor, CPA
Auditor of State

CENTRAL OHIO RISK MANAGEMENT ASSOCIATION SELF-INSURANCE POOL, 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
MAY 6, 2010**