

NORMA SELF INSURANCE POOL, INC.

CUYAHOGA COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2009

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the NORMA Self Insurance Pool, Inc., Cuyahoga County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2009 through December 31, 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 NORMA Self Insurance Pool, Inc. is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 2, 2010

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NORMA Self Insurance Pool, Inc.
Audit Report
For The Year Ended December 31, 2009

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the financial statements of the business-type activities of the NORMA Self Insurance Pool, Inc. (NORMA), Cuyahoga County, Ohio as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of NORMA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the NORMA Self Insurance Pool, Inc., Cuyahoga County, Ohio, as of December 31, 2009, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 7, 2010, on our consideration of the NORMA Self Insurance Pool, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally on 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.

Our audit was made for the purpose of forming an opinion on the financial statements of the NORMA Self Insurance Pool, Inc. taken as a whole. The supplementary data on page 13, as listed in the table of contents, is required supplementary information as stated by GASB 30, paragraph 7. Such information has been subjected to the auditing procedures applied in the 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.

Charles E. Harris & Associates, Inc.
May 7, 2010

NORMA Self Insurance Pool, Inc.
Cuyahoga County
Management's Discussion and Analysis
For The Year Ended December 31, 2009

Unaudited

The discussion and analysis of the Northern Ohio Risk Management Association (NORMA) Self Insurance Pool, Inc.'s performance provides an overview of NORMA's financial activities for the year ended December 31, 2009. The intent of this discussion and analysis is to look at NORMA's financial performance as a whole.

HIGHLIGHTS

NORMA's net assets increased \$614,690. Total assets increased by \$162,343 and total liabilities decreased by \$452,347.

USING THIS ANNUAL REPORT

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

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

DESCRIPTION OF FINANCIAL STATEMENTS

The Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets reflect how NORMA did financially during 2009. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid. These statements report NORMA 's net assets and changes in net assets. This change in net assets is important because it tells the reader whether the financial position of NORMA has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not.

FINANCIAL ANALYSIS

As previously noted, total assets increased by \$162,343 or 4.74% in 2009. Cash increased \$145,244, while prepaid assets increased by \$15,231. On the liability side, total liabilities decreased by \$452,347 or 19.76% in 2009. Unearned revenue decreased by \$13,708 and unpaid claims liability decreased by \$470,529 in 2009. Total revenues were up \$180,529 and total expenses were down \$308,377. Ending net assets were \$1,752,683 at December 31, 2009 compared to \$1,137,993 at December 31, 2008. NORMA was able to maintain member contributions while the amount of expenses decreased from the previous year. An increase in net assets of \$614,690 had a positive impact on the financial condition of NORMA.

NORMA Self Insurance Pool, Inc.
Cuyahoga County
Management's Discussion and Analysis
For The Year Ended December 31, 2009

Unaudited

Table 1 provides a summary of NORMA's Statement of Net Assets as of December 31, 2009 and the changes in net assets for the year then ended as compared to 2008:

	<u>2009</u>	<u>2008</u>
Total assets	\$ 3,589,406	\$ 3,427,063
Total liabilities	1,836,723	2,289,070
Total net assets (unrestricted)	<u>\$ 1,752,683</u>	<u>\$ 1,137,993</u>
Total revenues	\$ 1,718,469	\$ 1,592,864
Total expenses	1,103,779	1,412,156
Net change in net assets	614,690	180,708
Net assets at beginning of year	1,137,993	957,285
Net assets at end of year	<u>\$ 1,752,683</u>	<u>\$ 1,137,993</u>

BUDGETARY HIGHLIGHTS

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

REQUEST FOR INFORMATION

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

NORMA Self Insurance Pool, Inc.
STATEMENT OF NET ASSETS
DECEMBER 31, 2009

ASSETS

Cash and Cash Equivalents	\$ 2,797,569
Member Reimbursement Receivable	15,897
Prepaid Assets	<u>775,940</u>

TOTAL ASSETS

\$ 3,589,406

LIABILITIES

Accounts Payable	\$ 5,490
Unearned Revenue	726,471
Unpaid Claims Liability	<u>1,104,762</u>

Total Liabilities

\$ 1,836,723

NET ASSETS

Restricted	\$ 1,400,000
Unrestricted	<u>352,683</u>

TOTAL NET ASSETS

\$ 1,752,683

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

NORMA Self Insurance Pool, Inc.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009

OPERATING REVENUES:

Membership Contributions	\$	954,920
Loss Fund Deposits		534,745
Loss Recoveries		165,895
Loss Fund Reimbursements		51,585
Miscellaneous		2,402
		1,709,547
TOTAL OPERATING REVENUES		1,709,547

OPERATING EXPENSES:

Excess Insurance Premiums and Administrative Services		954,584
Losses and Loss Adjustments		122,494
Professional Fees		26,246
Other		455
		1,103,779
TOTAL OPERATING EXPENSES		1,103,779

Operating Income/Loss		605,768
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NONOPERATING REVENUE:

Interest		8,922
		8,922
Changes in Net Assets		614,690
Net Assets Beginning of Year		1,137,993
		1,137,993
Net Assets End of Year	\$	1,752,683

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

NORMA Self Insurance Pool, Inc.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received for Premiums - 1	\$ 1,707,679
Cash Paid for Premiums and Claims - 2	(1,549,585)
Cash Payments to Vendors for Services	<u>(21,772)</u>

Total Cash Flows from Operating Activities 136,322

Cash Flows from Investing Activities

Interest received	<u>8,922</u>
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Total Cash Flows from Investing Activities 8,922

Net Increase (Decrease) in Cash and Cash Equivalents 145,244

Cash and Cash Equivalents Beginning of Year 2,652,325

Cash and Cash Equivalents End of Year \$ 2,797,569

**Reconciliation of Operating Loss to Net Cash
Provided by (Used in) Operating Activities**

Operating Income (Loss) \$ 605,768

Adjustments to Reconcile Net Income to Net Cash Flows from
Operating Activities:

Changes in Operating Assets and Liabilities:

Member Reimbursement Receivable	(1,868)
Prepaid Assets	(15,231)
Accounts Payable	4,474
Unearned Revenue	13,708
Unpaid Claims Liability	<u>(470,529)</u>

Total Adjustments (469,446)

Net Cash Provided by (Used in) Operating Activities \$ 136,322

See accompanying notes to the basic financial statements

1: Amount includes member contributions, loss fund deposits, loss recoveries, loss fund reimbursements and miscellaneous revenues.

2: Amount includes Excess insurance premiums and administrative services, losses and loss adjustments, and other operating expenses.

NORMA Self Insurance Pool, Inc.
Cuyahoga County
Notes to Financial Statements
For The Year Ended December 31, 2009

Note 1: Financing Reporting Entity

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

Note 2: Summary of Significant Accounting Policies

Basis of Presentation

NORMA prepares its financial statements in accordance with Government Accounting Standards Board (GASB) Statement Nos. 10, 29, 30 and 34.

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

GASB 29 allows proprietary entities to apply all Financial Accounting Standards Board statements and interpretations, excluding those limited to not for profit organizations, issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

Revenue Recognition Policy

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

Loss Reserve Surplus (Deficiency)

A loss reserve deficiency is an estimate of the additional funds needed to meet the indicated reserves requirement for claims pending, claims incurred but not reported, and claims adjustment expenses. Conversely, a loss reserve surplus is the amount the cash reserve exceeds the reserve requirement. The estimated indicated reserve determined by an actuarial study performed as of September 30, 2009 was \$1,441,527. NORMA's cash reserve for claims was \$1,401,312 at September 30, 2009. At December 31, 2009, NORMA had a loss reserve surplus of \$1,697,683 which is included in unrestricted and restricted net assets. Management believes that the cash reserve for unpaid losses is adequate for current needs, and the Board of Trustees has the authority in the Agreement and Bylaws, Section VIII (Finances and Risk Management) to make calls for supplementary payments in accordance with paragraph D to increase cash reserves if the need arises. The ultimate cost, however, may be more or less than the estimated indicated reserve at December 31, 2009.

NORMA Self Insurance Pool, Inc.
Cuyahoga County
Notes to Financial Statements
For The Year Ended December 31, 2009

Note 2: Summary of Significant Accounting Policies (Continued)

Loss Reserve Surplus (Deficiency) (continued)

Losses in any membership year are a contractual obligation of the members of that respective year; a surplus in any membership year may be distributed when such membership year is determined to be closed. At the close of a membership year, the members' proportionate share of any related surplus to be refunded will be determined based on contributions made by each member in that year, as defined in the NORMA bylaws.

Members' Deposits

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

Membership Contributions

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

Contribution Deficiency Receivable and Liability

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

Loss Fund Deposits

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

Excess Insurance Premiums

Premiums represent payments to NORMA's insurance administrator for excess insurance coverage. Excess insurance premiums expense for policy year October 1, 2008 to September 30, 2009 totaled \$793,442. Excess insurance premiums expense for policy year October 1, 2009 to September 30, 2010 totaled \$832,765.

NORMA Self Insurance Pool, Inc.
Cuyahoga County
Notes to Financial Statements
For The Year Ended December 31, 2009

Note 2: Summary of Significant Accounting Policies (Continued)

Loss and Loss Adjustments

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

October 1, 2000 to September 30, 2009	\$ 750,000
October 1, 1997 to September 30, 2000	450,000
October 1, 1996 to September 30, 1997	500,000
October 1, 1994 to September 30, 1996	775,000
October 1, 1993 to September 30, 1994	675,000
October 1, 1990 to September 30, 1993	550,000
October 1, 1989 to September 30, 1990	No coverage
October 1, 1987 to September 30, 1989	400,000

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

Membership

The original members of NORMA from commencement of the Pool (October 1, 1987) include the cities of Bedford Heights, Highland Heights, Mayfield Heights, Richmond Heights, South Euclid and the Village of Chagrin Falls. Effective February 1, 1989, the Cities of Eastlake and Solon became members of NORMA. The Cities of Maple Heights and City of Hudson became members effective October 1, 1993 and August 30, 1995, respectively. The City of University Heights became a member effective November 1, 2008. All remain members at December 31, 2009.

NORMA Self Insurance Pool, Inc.
Cuyahoga County
Notes to Financial Statements
For The Year Ended December 31, 2009

Note 2: Summary of Significant Accounting Policies (Continued)

Unpaid Claims Liability

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

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

Estimates

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

Cash and Cash Equivalents

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

Note 3: Deposits

State statutes classify monies held by NORMA into three categories.

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

NORMA Self Insurance Pool, Inc.
Cuyahoga County
Notes to Financial Statements
For The Year Ended December 31, 2009

Note 3: Deposits (Continued)

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

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

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

At year-end, the carrying amount of NORMA's deposits was \$2,797,569 and the bank balance was \$2,797,569. Of the bank balance \$573,481 was covered by Federal depository insurance and \$2,224,088 was uninsured and collateralized with securities held by the pledging institution's trust department, not in NORMA's name.

Note 4: Unpaid Claims Liability

As discussed in Note 2, NORMA records a liability for reported and unreported insured events. The schedule below presents the changes in claims liabilities during the years ended December 31, 2008 and 2009.

	2009	2008
Unpaid claims liability, beginning of year	\$ 1,575,291	\$ 1,580,783
Current year estimated liability and change to prior year's estimates	122,494	454,535
Claims paid in the current year for current and prior years	(593,023)	(460,027)
Unpaid claims liability, end of year	\$ 1,104,762	\$ 1,575,291

At December 31, 2009, the estimated ultimate loss of \$1,160,000 net of amounts paid to date, is reported as unpaid claims liability at a net present value of \$1,104,762. The amount is discounted at an annual rate of 5%.

NORMA SELF INSURANCE POOL, INC.

Supplementary Schedule

Claims Development Information

	Fiscal Year and Policy Years Ended									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
1. Required contribution and investment revenue:										
Earned	\$ 1,489,587	\$ 1,530,343	\$ 1,822,325	\$ 1,597,244	\$ 1,455,487	\$ 1,388,770	\$ 1,307,796	\$ 1,158,719	\$ 1,122,794	\$ 1,029,496
Ceded	1,077,078	401,696	1,162,624	1,145,130	1,059,739	1,295,353	1,625,681	1,184,242	819,220	1,413,152
Net Earned	412,509	1,128,647	659,701	452,114	395,748	93,417	(317,885)	(25,523)	303,574	(383,656)
2. Unallocated expenses	26,701	22,984	22,192	24,985	23,980	21,958	28,018	23,714	29,381	19,208
3. Estimated claims & expenses, end of policy yr.										
Incurred	501,603	290,944	217,132	257,989	188,126	297,432	390,605	346,622	172,186	312,455
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	501,603	290,944	217,132	257,989	188,126	297,432	390,605	346,622	172,186	312,455
4. Net paid (cumulative) as of:										
End of policy year	258,877	152,919	82,689	72,441	63,990	93,933	125,112	141,492	64,398	135,310
One year later	-	236,108	150,305	205,313	127,704	186,573	266,369	257,302	109,843	302,808
Two years later	-	-	195,540	324,913	157,226	174,339	397,583	305,439	145,113	320,523
Three years later	-	-	-	363,976	384,694	267,092	367,448	323,961	169,000	329,602
Four years later	-	-	-	-	479,893	300,701	498,045	349,258	169,094	329,322
Five years later	-	-	-	-	-	301,396	625,406	318,705	201,222	332,123
Six years later	-	-	-	-	-	-	625,406	418,142	201,505	332,123
Seven years later	-	-	-	-	-	-	-	420,642	201,505	332,123
Eight years later	-	-	-	-	-	-	-	-	201,505	332,123
Nine years later	-	-	-	-	-	-	-	-	-	332,123
5. Re-estimated ceded claims & expenses	-	-	-	-	-	-	-	-	-	-
6. Re-estimated net incurred claims & expenses:										
End of policy year	501,603	290,944	217,132	257,989	188,126	297,432	390,605	346,622	172,186	312,455
One year later	-	376,536	236,305	337,582	187,704	411,909	524,546	502,713	187,496	436,691
Two years later	-	-	275,790	432,517	253,538	409,997	571,768	410,283	244,677	373,746
Three years later	-	-	-	414,000	448,756	247,819	396,112	361,577	221,267	374,252
Four years later	-	-	-	-	476,893	324,499	519,255	388,066	209,442	339,602
Five years later	-	-	-	-	-	301,396	625,406	318,704	201,222	332,123
Six years later	-	-	-	-	-	-	625,406	418,142	201,505	332,123
Seven years later	-	-	-	-	-	-	-	420,642	201,505	332,123
Eight years later	-	-	-	-	-	-	-	-	201,505	332,123
Nine years later	-	-	-	-	-	-	-	-	-	332,123
7. Increase (decrease) in estimated net incurred claims & expenses from end of policy year	-	85,592	58,658	156,011	288,767	3,964	234,801	74,020	29,319	19,668

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

The accompanying notes are an integral part of these financial statements

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

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

To the Board of Trustees:

We have audited the financial statements of the NORMA Self Insurance Pool, Inc. (NORMA), Cuyahoga County, Ohio (NORMA) as of and for the year ended December 31, 2009, and have issued our report thereon dated May 7, 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 Controls Over Financial Reporting

In planning and performing our audit, we considered NORMA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of NORMA's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of NORMA's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of NORMA's financial statements will not be prevented or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether NORMA's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could directly and materially affect 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 we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees and others within NORMA. We intend it for no one other than these specified parties.

Charles E. Harris and Associates, Inc.

May 7, 2010

STATUS OF PRIOR YEAR'S AUDIT CITATIONS AND RECOMMENDATIONS

The prior audit report, for the year ending December 31, 2008, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

NORMA SELF INSURANCE POOL, INC.

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 22, 2010**