

County Risk Sharing Authority, Inc.

**Financial Report
with Supplemental Information
April 30, 2017**



Dave Yost • Auditor of State

Board of Directors
County Risk Sharing Authority, Inc.
209 E State Street
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the County Risk Sharing Authority, Inc., Franklin County, prepared by Plante & Moran, PLLC, for the audit period May 1, 2016 through April 30, 2017. 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.

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

Dave Yost
Auditor of State

October 6, 2017

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County Risk Sharing Authority, Inc.

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of County Risk Sharing Authority, Inc. (CORSA) as of and for the years ended April 30, 2017 and 2016 and the related notes to the basic financial statements, which collectively comprise CORSA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of County Risk Sharing Authority, Inc. as of April 30, 2017 and 2016 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of claims development be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2017 on our consideration of County Risk Sharing Authority, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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* in considering County Risk Sharing Authority, Inc.'s internal control over financial reporting and compliance.

Plante & Moran, PLLC

July 28, 2017

County Risk Sharing Authority, Inc.

Management's Discussion and Analysis

Using this Annual Report

The management of County Risk Sharing Authority, Inc. (CORSA) offers this overview of the organization and analysis of the financial activities of CORSA for the fiscal years ended April 30, 2017, 2016, and 2015. Readers are encouraged to consider the information presented here in conjunction with CORSA's financial statements and notes to the financial statements to enhance their understanding of CORSA's financial performance.

Financial Overview

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplemental information.

The basic financial statements, which follow this section, provide both long-term and short-term information about CORSA's financial status. CORSA uses the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

The three basic financial statements presented are as follows:

- **Statement of Net Position** - This statement presents information reflecting CORSA's assets, liabilities, and net position and is categorized into current and noncurrent assets and liabilities.
- **Statement of Revenue, Expenses, and Changes in Net Position** - This statement reflects operating and nonoperating revenue and expenses. Operating revenue consists primarily of premiums net of reinsurance premiums, with the major sources of operating expenses being claims and claims adjustment expense, and general and administrative expenses. Nonoperating revenue and expenses consist primarily of investment activity.
- **Statement of Cash Flows** - This statement is presented on the direct method of reporting and reflects cash flows from operating, capital and related financing, and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents for the fiscal year.

County Risk Sharing Authority, Inc. is a self-insurance pool 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 at a stable and competitive cost.

County Risk Sharing Authority, Inc.

Management's Discussion and Analysis (Continued)

Financial Overview (Continued)

At April 30, 2017, sixty-five (65) Ohio counties and thirty-three (33) county-related entities were members of CORSA. In addition, the County Commissioners' Association of Ohio (CCAO) and its affiliated entities were members of CORSA during the 2016-2017 fiscal year.

Approximately 98, 99, and 99 percent of total assets consist of cash, cash equivalents, and investments at April 30, 2017, 2016, and 2015, respectively. Approximately 65, 64, and 80 percent of total liabilities consist of loss and loss adjustment expense reserves at April 30, 2017, 2016, and 2015, respectively. CORSA participates in a joint venture for shared facility costs and has no significant investments in capital assets. CORSA carries no long-term debt. CORSA's financial position is presented below:

	April 30		
	2017	2016	2015
Current Assets			
Cash and cash equivalents	\$ 15,071,154	\$ 15,347,931	\$ 6,896,773
Investments	19,479,333	20,379,770	24,011,327
Other assets	1,853,314	1,582,690	1,203,368
Total current assets	36,403,801	37,310,391	32,111,468
Noncurrent Assets			
Investments	86,561,517	81,302,240	74,218,824
Capital assets - Net of depreciation	97,303	97,041	84,524
Total assets	123,062,621	118,709,672	106,414,816
Current Liabilities			
Reserves for unpaid losses and loss adjustment expenses	9,730,002	10,911,002	9,024,000
Unearned member contributions	10,512,608	11,911,969	4,916,107
Other liabilities	194,088	98,027	35,326
Total current liabilities	20,436,698	22,920,998	13,975,433
Noncurrent Liabilities - Reserves for unpaid losses and loss adjustment expenses	10,400,000	10,840,000	10,207,002
Total liabilities	30,836,698	33,760,998	24,182,435
Net Position			
Net investment in capital assets	97,303	97,041	84,524
Unrestricted	92,128,620	84,851,633	82,147,857
Total net position	<u>\$ 92,225,923</u>	<u>\$ 84,948,674</u>	<u>\$ 82,232,381</u>

County Risk Sharing Authority, Inc.

Management's Discussion and Analysis (Continued)

Financial Overview (Continued)

The following table shows the major components of income from operations and nonoperating sources:

	Year Ended April 30		
	2017	2016	2015
Operating Revenue	\$ 17,557,647	\$ 17,890,460	\$ 19,475,810
Operating Expenses			
Provision for losses	7,419,878	9,658,033	6,498,182
Distribution to members	2,400,000	2,400,024	1,600,000
Other general and administrative expenses	5,117,086	4,655,567	4,808,803
Total operating expenses	<u>14,936,964</u>	<u>16,713,624</u>	<u>12,906,985</u>
Operating Income	2,620,683	1,176,836	6,568,825
Nonoperating Revenue (Expenses)			
Interest and dividend income	2,974,981	2,643,705	2,573,654
Realized and unrealized gains (losses) on investments	1,514,252	(1,169,793)	2,896,691
Other nonoperating income	<u>167,333</u>	<u>65,545</u>	<u>1,249,103</u>
Total nonoperating revenue	<u>4,656,566</u>	<u>1,539,457</u>	<u>6,719,448</u>
Change in Net Position	<u>\$ 7,277,249</u>	<u>\$ 2,716,293</u>	<u>\$ 13,288,273</u>

Total incurred losses consist of claim payments and changes in estimates for outstanding claims and amounts incurred but not reported, as determined by an independent actuary. The methods of making such estimates are reviewed by management and are made according to industry practice. Any changes to these estimates will have an impact on reported results of future periods.

Condensed Comparative Financial Highlights

- Reserves for unpaid claims (reported net of estimated reinsurance recoveries), decreased by \$1,621,000 between April 30, 2016 and April 30, 2017. This is due to a decrease in the estimated ultimate losses due to favorable experience, with minimal large claim activity during the year. Reserves for unpaid claims increased by \$2,520,000 between April 30, 2015 and April 30, 2016, due to a slowing of payments during 2016.

County Risk Sharing Authority, Inc.

Management's Discussion and Analysis (Continued)

Condensed Comparative Financial Highlights (Continued)

- Operating revenue, which represents member premiums net of reinsurance premium expense, decreased by \$332,813 in 2017 and \$1,585,350 in 2016. The decrease in both years is primarily the result of a funding decrease recommended by CORSA's actuaries due to overall favorable loss development on current claims.
- Loss and loss adjustment expenses decreased by \$2,238,155 between April 30, 2016 and April 30, 2017, and increased by \$3,159,851 between April 30, 2015 and April 30, 2016. The decrease in 2017 resulted from favorable development of prior loss years' claims. The increase in 2016 resulted from a decrease in favorable loss development compared to the prior year.
- Other operating expenses remained relatively consistent for all three years, except for an increase of approximately \$500,000 in expenses related to additional member services during the 2016-2017 year and an increase of approximately \$800,000 in distribution to members in the 2015-2016 year.
- Nonoperating revenue increased by \$3,117,109 from \$1,539,457 in 2016 to \$4,656,566 in 2017 and decreased by \$5,179,991 from \$6,719,448 in 2015 to \$1,539,547 in 2016. Changes in respective years were mainly attributable to changes in the market value of investments.
- Overall, CORSA's net position increased by \$7,277,249 from \$84,948,674 at April 30, 2016 to \$92,225,923 at April 30, 2016, and increased by \$2,716,293 from \$82,232,381 at April 30, 2015 to \$84,948,674 at April 30, 2016. Favorable loss development and overall positive investment returns have contributed to these increases.

Economic Factors and Risks

The risks to CORSA are primarily external in nature and are driven by the reinsurance market, weather events, and the economic and legal climates in Ohio. CORSA provides members with a vast array of risk management services to assist in preventing and controlling property and liability risks. CORSA has expanded its coverage and risk management services in recent years to meet the needs caused by cyber crimes and other cyber risks. With CORSA's \$1,000,000 self-insured retention, CORSA members are less vulnerable to the pricing cycles of the commercial insurance market. The legal climate in Ohio is stable, with no significant judicial or legislative developments expected to occur in the next year that would have a significant impact on the operations of CORSA. Claims expenses are expected to be consistent with historical trends and all other operating expenses are expected to remain consistent with the prior year.

County Risk Sharing Authority, Inc.

Management's Discussion and Analysis (Continued)

Contacting CORSA's Management

This financial report is designed to provide the users of CORSA's services, governments, taxpayers, and creditors with a general overview of the organization's finances. If you have questions about this report or need additional information, we welcome you to contact David Brooks, CORSA Managing Director, County Risk Sharing Authority, Inc., 209 E. State Street, Columbus, Ohio 43215.

County Risk Sharing Authority, Inc.

Statement of Net Position

	<u>April 30, 2017</u>	<u>April 30, 2016</u>
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 15,071,154	\$ 15,347,931
Investments (Notes 2 and 10)	19,479,333	20,379,770
Receivables:		
Member deductibles	1,009,126	781,715
Accrued interest	543,819	482,119
Other	2,597	8,265
Prepaid expenses	<u>297,772</u>	<u>310,591</u>
Total current assets	36,403,801	37,310,391
Noncurrent assets:		
Investments (Notes 2 and 10)	83,221,945	78,302,989
Investment in County Reinsurance, Ltd. (Note 8)	2,418,556	2,037,259
Investment in County Governance Facility, LLC (Note 7)	921,016	961,992
Capital assets - Net of depreciation (Note 5)	<u>97,303</u>	<u>97,041</u>
Total noncurrent assets	<u>86,658,820</u>	<u>81,399,281</u>
Total assets	123,062,621	118,709,672
Liabilities		
Current liabilities:		
Accounts payable	194,088	98,027
Current portion of reserve for unpaid loss and loss adjustment expenses (Note 3)	9,730,002	10,911,002
Unearned member contributions	<u>10,512,608</u>	<u>11,911,969</u>
Total current liabilities	20,436,698	22,920,998
Noncurrent liabilities - Reserve for unpaid loss and loss adjustment expenses (Note 3)	<u>10,400,000</u>	<u>10,840,000</u>
Total liabilities	<u>30,836,698</u>	<u>33,760,998</u>
Net Position		
Net investment in capital assets	97,303	97,041
Unrestricted	<u>92,128,620</u>	<u>84,851,633</u>
Total net position	<u>\$ 92,225,923</u>	<u>\$ 84,948,674</u>

County Risk Sharing Authority, Inc.

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended April 30	
	2017	2016
Operating Revenue		
Member contributions	\$ 21,044,407	\$ 21,320,018
Reinsurance premium expense (Note 4)	(3,486,760)	(3,429,558)
Total operating revenue	17,557,647	17,890,460
Operating Expenses		
Provision for losses (Note 3):		
Loss and loss adjustment expenses	12,155,000	10,820,000
Benefit for insured events of prior years	(4,735,122)	(1,161,967)
Total provision for losses	7,419,878	9,658,033
Agent fees	1,245,808	1,249,215
General and administrative	2,466,193	2,463,366
Brokerage fees	200,000	275,000
Special program expenses	1,174,251	622,860
Distribution to members	2,400,000	2,400,024
Depreciation (Note 5)	30,834	45,126
Total operating expenses	14,936,964	16,713,624
Operating Income	2,620,683	1,176,836
Nonoperating Revenue (Expenses)		
Interest and dividend income	2,974,981	2,643,705
Realized and unrealized gains (losses) on investments	1,514,252	(1,169,793)
Gain on investment in County Reinsurance, Ltd. (Note 8)	381,297	223,342
(Loss) gain on investment in County Governance Facility, LLC (Note 7)	(40,976)	11,067
Investment fees	(179,788)	(179,499)
Other income	6,800	10,635
Total nonoperating revenue	4,656,566	1,539,457
Change in Net Position	7,277,249	2,716,293
Net Position - Beginning of year	84,948,674	82,232,381
Net Position - End of year	\$ 92,225,923	\$ 84,948,674

County Risk Sharing Authority, Inc.

Statement of Cash Flows

	Year Ended April 30	
	2017	2016
Cash Flows from Operating Activities		
Cash received for premiums and other	\$ 19,423,303	\$ 28,240,315
Cash paid for excess insurance	(3,473,941)	(3,740,149)
Cash paid for loss and loss adjustment	(9,040,878)	(7,138,033)
Cash paid to vendors for goods and services	(7,386,260)	(6,912,535)
Net cash (used in) provided by operating activities	(477,776)	10,449,598
Cash Flows from Capital and Related Financing Activities		
Proceeds from sales of capital assets	6,200	18,058
Purchase of capital assets	(31,096)	(65,517)
Net cash used in capital and related financing activities	(24,896)	(47,459)
Cash Flows from Investing Activities		
Interest and dividends received on investments	2,453,654	2,224,261
Purchase of investment securities	(42,930,623)	(26,659,901)
Proceeds from sale and maturities of investment securities	40,886,583	22,664,004
Investment fees paid	(183,719)	(179,345)
Net cash provided by (used in) investing activities	225,895	(1,950,981)
Net (Decrease) Increase in Cash and Cash Equivalents	(276,777)	8,451,158
Cash and Cash Equivalents - Beginning of year	15,347,931	6,896,773
Cash and Cash Equivalents - End of year	\$ 15,071,154	\$ 15,347,931

A reconciliation of operating income to net cash (used in) provided by operating activities is as follows:

Reconciliation of Operating Income to Net Cash (Used In) Provided by Operating Activities		
Operating income	\$ 2,620,683	\$ 1,176,836
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	30,834	45,126
Changes in assets and liabilities:		
Member deductibles receivable	(227,411)	(90,954)
Other receivables	5,668	15,389
Prepaid expenses	12,819	(275,208)
Accounts payable	99,992	62,547
Reserve for unpaid loss and loss adjustment expenses	(1,621,000)	2,520,000
Unearned member contributions	(1,399,361)	6,995,862
Net cash (used in) provided by operating activities	\$ (477,776)	\$ 10,449,598
Noncash Investing Activities - Net unrealized losses on investments	\$ (735,347)	\$ (1,336,432)

There were noncash transactions related to distribution to members which totaled \$2,400,000 and \$2,400,024 during the years ended April 30, 2017 and 2016, respectively. These amounts, representing a reduction of the premiums, not a cash payment, were also included within member contributions on the statement of revenue, expenses, and changes in net position.

County Risk Sharing Authority, Inc.

Notes to Financial Statements April 30, 2017 and 2016

Note I - Nature of Business and Significant Accounting Policies

County Risk Sharing Authority, Inc. (CORSA) is a self-insurance pool that was established in 1987 by the County Commissioners' Association of Ohio (CCAO) for the purpose of providing property and liability coverage and comprehensive risk-management services for CCAO members. As of April 30, 2017, sixty-five (65) Ohio counties and thirty-three (33) county-related entities were members of CORSA. In addition, the County Commissioners' Association of Ohio and its affiliated entities were members of CORSA during the 2017-2016 fiscal year.

CORSA was incorporated in 1987 as an Ohio not-for-profit corporation under Ohio Revised Code (ORC) Section 1702.01, and is governed by ORC 2744.081. CORSA is governed by a nine-member board of directors 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. CORSA provides members with a vast array of risk management services to assist in preventing and controlling property and liability claims. Coverage provided to members includes property, equipment breakdown, automobile liability and physical damage, general liability, medical professional liability (physicians and dentists excluded, except for physicians who provide services in jails), law enforcement liability, cyber, 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.

CORSA follows all applicable GASB pronouncements. The accompanying financial statements are presented using the accrual method of accounting.

CORSA distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with CORSA's principal ongoing operations. The principal operating revenue relates to member contributions. Operating expenses include the provision for claims, cost of services, and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Cash and Cash Equivalents - CORSA considers all investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of funds in interest-bearing checking accounts and short-term money market securities.

Investments - Investments consist of bonds, mutual funds, and equities which are stated at fair value. Investment income, including changes in the fair value of investments, is recognized as nonoperating revenue in the statement of revenue, expenses, and changes in net position.

County Risk Sharing Authority, Inc.

Notes to Financial Statements April 30, 2017 and 2016

Note I - Nature of Business and Significant Accounting Policies (Continued)

CORSA's investment in County Reinsurance, Ltd. (CRL) and investment in County Governance Facility, LLC (LLC) are accounted for under the equity method. Accordingly, the investments in CRL and LLC are carried at cost, adjusted for CORSA's proportionate share of earnings or losses.

Member Contributions and Unearned Contributions - Member contributions are recognized as income ratably over the coverage period. Receivables are recorded when earned. Management has determined amounts are collectible, and no allowance for doubtful accounts is required. Premiums collected in advance of applicable coverage periods are classified as unearned member contributions.

Deductible Receivable - CORSA pays third-party claims at their full value and then bills members for their deductible portion. A member's deductible receivable is recognized when the deductible is due. Based on historical factors and CORSA's allowance experience, no allowance for uncollectible receivables has been reserved.

Reserve for Unpaid Loss and Loss Adjustment Expenses - CORSA's reserve for unpaid losses is determined using an actuarial analysis and is computed in accordance with accepted loss reserving standards. The reserve represents an estimate of the ultimate net cost of all losses incurred which were unpaid at April 30, 2017 and 2016. This includes an estimate of losses incurred but not yet reported as of April 30, 2017 and 2016.

Although CORSA considers its experience and industry data in determining such reserves, assumptions and projections as to future events are necessary and ultimate losses may differ significantly from amounts projected. The effects of changes in reserve estimates are included in the statement of revenue, expenses, and changes in net position in the period in which estimates are changed. Reserves are not discounted.

Capital Assets - CORSA's capital assets are reported at cost net of accumulated depreciation. All capital assets are depreciated using the straight-line method of depreciation. All major classes of depreciable assets have a useful life of five years, except certain computer equipment, which has a useful life of three years. Costs of maintenance and repairs are charged to expense when incurred.

Risk Management - CORSA is exposed to various risks of loss incurred by members related to property loss, torts, and errors and omissions, up to the limit of its self-insured retention. CORSA is also exposed to the limit of liability for property and third-party liability provided to members, in the unlikely event that CORSA's reinsurers and excess insurance carriers would be unable to fulfill their financial obligations to CORSA.

County Risk Sharing Authority, Inc.

Notes to Financial Statements April 30, 2017 and 2016

Note I - Nature of Business and Significant Accounting Policies (Continued)

Net Position - Net position represents the difference between assets and liabilities in the statement of net position. Net position is reported as unrestricted, net investment in capital assets, or restricted when there are legal limitations imposed on their use by external restrictions by creditors, grantors, laws, or regulations of other governments.

As of April 30, 2017 and 2016, CORSA does not have any "restricted" net position. The CORSA board of directors may authorize the distribution of the net position to those members who constituted the self-insurance pool during the years when such net position was earned, provided that such members must also be members of CORSA in the year in which said distribution is made.

In the event of 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 that are members of CORSA immediately prior to its distribution. Any such surplus funds shall be distributed to members in proportion to their interest in the surplus funds.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates exist relating to the reserve for loss and loss adjustment expenses as described in Note 3.

Tax Status - CORSA's income is exempt from taxation under Internal Revenue Code Section 115. Accordingly, no provision for income taxes is reflected in the financial statements.

Contribution Deficiency - Anticipated investment income is considered in determining if a premium deficiency exists. No premium deficiency reserve was required at April 30, 2017 or 2016.

Reclassification - Certain 2016 amounts have been reclassified to conform to the 2017 presentation.

County Risk Sharing Authority, Inc.

Notes to Financial Statements April 30, 2017 and 2016

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

New Accounting Pronouncement - On May 1, 2016, CORSA adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The requirements of this statement enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. CORSA applied this statement retrospectively by providing comparative disclosures for each period presented (see Note 10). The adoption of this statement did not have a significant impact on amounts reported in the basic financial statements.

Note 2 - Deposits and Investments

CORSA's investment policy authorizes CORSA to make investments in the following allowable assets: cash equivalents (U.S. Treasury bills, money market funds, commercial paper, bankers' acceptances, repurchase agreements, and certificates of deposit), fixed-income securities of all investment grade quality (including U.S. government and agency securities, asset-backed securities, investment grade corporate notes and bonds, mortgage-backed bonds, and preferred stock), real estate investments, which include ownership interests in office property or in companies whose sole asset is office property, risk assets, domestic common stocks, convertible notes and bonds, convertible preferred stocks, American Depository Receipts (ADRs) of non-U.S. companies, U.S. high yield bonds, international emerging market equities, international equities, municipal bonds, and mutual funds and/or exchange traded funds.

CORSA's investments are held in CORSA's name. CORSA has designated Huntington Bank, Wells Fargo, Fidelity, and Vanguard for deposit of its funds. McDonnell Investment Management, LLC acts as the fixed-income portfolio manager until October 2015, when Asset Allocation and Management Company, LLC became the new manager.

CORSA's cash and investments are subject to several types of risk, which are examined in more detail below.

Deposits - Cash and cash equivalents include operating and claims checking account and money market funds. Cash and cash equivalents totaled \$15,071,154 and \$15,347,931 at April 30, 2017 and 2016, respectively,

County Risk Sharing Authority, Inc.

Notes to Financial Statements April 30, 2017 and 2016

Note 2 - Deposits and Investments (Continued)

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, CORSA's deposits may not be returned to it. CORSA does not have a deposit policy for custodial credit risk. At year end, CORSA had bank deposits of \$15,596,031. Of this amount, \$500,000 was insured by the Federal Depository Insurance Corporation (FDIC) and \$250,000 was insured by the Securities Investor Protection Corporation (SIPC). CORSA believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, CORSA evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments - Investments are reported at fair value. At April 30, 2017 and 2016, CORSA had the following investments:

	Fair Value	
	2017	2016
Fixed-income securities	\$ 81,116,577	\$ 74,914,139
Mutual funds	4,354,100	5,354,343
Equities	17,230,601	18,414,277
Total investments	<u>\$ 102,701,278</u>	<u>\$ 98,682,759</u>

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. Interest rate risk is primarily managed by establishing guidelines for portfolio duration and average maturity. CORSA's investment policy stipulates that the weighted average portfolio maturity for all fixed-income securities may not exceed 15 years.

At April 30, 2017, CORSA had the following average maturities of fixed-income securities:

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Treasury securities	\$ 6,067,897	12.44
U.S. agencies and pass-throughs	33,438,444	5.62
Corporate bonds	36,563,367	8.41
Municipal bonds	5,046,869	9.61
Total	<u>\$ 81,116,577</u>	

County Risk Sharing Authority, Inc.

Notes to Financial Statements April 30, 2017 and 2016

Note 2 - Deposits and Investments (Continued)

At April 30, 2016, CORSA had the following average maturities of fixed-income securities:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasury securities	\$ 7,869,215	14.32
U.S. agencies and pass-throughs	38,212,211	4.77
Corporate bonds	24,777,048	7.99
Municipal bonds	<u>4,055,665</u>	10.52
Total	<u>\$ 74,914,139</u>	

Credit Risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligations.

County Risk Sharing Authority, Inc.

Notes to Financial Statements April 30, 2017 and 2016

Note 2 - Deposits and Investments (Continued)

At April 30, 2017, the credit quality ratings of fixed-income securities by type are as follows:

Investment	Fair Value	Rating	Rating Organization
U.S. Treasury securities	<u>\$ 6,067,897</u>	Aaa	Moody's
U.S. agencies and pass-throughs	\$ 29,250,122	Aaa	Moody's
	<u>4,188,322</u>	AAA	Fitch
Total	<u>\$ 33,438,444</u>		
Corporate bonds	\$ 527,281	Aaa	Moody's
	461,981	Aa1	Moody's
	565,978	Aa2	Moody's
	1,892,115	Aa3	Moody's
	9,853,536	Baa1	Moody's
	5,166,686	Baa2	Moody's
	3,903,970	Baa3	Moody's
	3,286,329	A1	Moody's
	4,612,061	A2	Moody's
	6,120,030	A3	Moody's
	<u>173,400</u>	Not Rated	
Total	<u>\$ 36,563,367</u>		
Municipal bonds	\$ 812,598	Aaa	Moody's
	2,192,374	Aa1	Moody's
	708,937	Aa2	Moody's
	910,597	Aa3	Moody's
	173,937	A1	Moody's
	<u>248,426</u>	A2	Moody's
Total	<u>\$ 5,046,869</u>		

County Risk Sharing Authority, Inc.

Notes to Financial Statements April 30, 2017 and 2016

Note 2 - Deposits and Investments (Continued)

At April 30, 2016, the credit quality ratings of fixed-income securities by type are as follows:

Investment	Fair Value	Rating	Rating Organization
U.S. Treasury securities	\$ 7,869,215	Aaa	Moody's
U.S. agencies and pass-throughs	\$ 37,503,986	Aaa	Moody's
	708,225	AAA	Fitch
Total	\$ 38,212,211		
Corporate bonds	\$ 539,800	Aaa	Moody's
	567,180	Aa1	Moody's
	1,546,965	Aa3	Moody's
	8,683,835	Baa1	Moody's
	3,069,108	Baa2	Moody's
	1,393,787	Baa3	Moody's
	2,287,176	A1	Moody's
	2,865,291	A2	Moody's
	3,823,906	A3	Moody's
Total	\$ 24,777,048		
Municipal bonds	\$ 733,157	Aaa	Moody's
	1,652,107	Aa1	Moody's
	729,816	Aa2	Moody's
	515,318	Aa3	Moody's
	179,325	A1	Moody's
	245,942	A3	Moody's
Total	\$ 4,055,665		

Concentration of Credit Risk - Excluding investments issued or guaranteed by the U.S. government, there were no investments that individually exceeded 5 percent of CORSA's total investments at April 30, 2017 and 2016.

Foreign Currency Risk - Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. CORSA's investment policy does not address foreign currency risk. CORSA has no investments subject to foreign currency risk.

County Risk Sharing Authority, Inc.

Notes to Financial Statements April 30, 2017 and 2016

Note 3 - Reserve for Unpaid Loss and Loss Adjustment Expenses

The reserve for unpaid loss and loss adjustment expenses is estimated by an independent actuary based upon CORSA's historical experience of losses incurred prior to April 30, 2017. The estimates reflect the best judgment as to the potential for losses to increase beyond the amounts already paid. Although management believes that the reserve for unpaid loss and loss adjustment expenses is adequate, no assurance can be given that the ultimate settlement of these liabilities may not be greater or less than such estimates. Any future adjustments to these amounts will affect the reported results of future periods.

The following table represents changes in the reserve for unpaid loss and loss adjustment expense for CORSA for the years ended April 30, 2017, 2016, and 2015:

	2017	2016	2015
Reserve for Unpaid Loss and Loss Adjustment Expenses - Beginning of year	\$ 21,751,002	\$ 19,231,002	\$ 22,146,284
Incurred Loss and Loss Adjustment Expenses			
Provision for loss and loss adjustment expenses incurred in current year	12,155,000	10,820,000	13,248,000
Change in provision for loss and loss adjustment expenses incurred in prior years	<u>(4,735,122)</u>	<u>(1,161,967)</u>	<u>(6,749,818)</u>
Total incurred loss and loss adjustment expenses	7,419,878	9,658,033	6,498,182
Payments			
Loss and loss adjustment expenses paid for losses incurred in current year	3,626,620	1,917,283	3,072,620
Loss and loss adjustment expenses paid for losses incurred in prior years	<u>5,414,258</u>	<u>5,220,750</u>	<u>6,340,844</u>
Total payments	<u>9,040,878</u>	<u>7,138,033</u>	<u>9,413,464</u>
Reserve for Unpaid Loss and Loss Adjustment Expenses - End of year	<u>\$ 20,130,002</u>	<u>\$ 21,751,002</u>	<u>\$ 19,231,002</u>

Reserve for unpaid loss and loss adjustment expenses attributable to insured events in prior years changed as a result of re-estimation of unpaid loss and loss adjustment expense. This change is generally a result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

County Risk Sharing Authority, Inc.

Notes to Financial Statements April 30, 2017 and 2016

Note 4 - Excess Insurance Coverage

CORSA retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by excess insurance and reinsurance contracts. CORSA's retention limit for all coverage was \$1,000,000 per occurrence for the fiscal years ended 2017 and 2016. The exceptions were \$250,000 for cyber liability, \$50,000 for equipment breakdown/boiler claims, and in 2016 only, \$2,000,000 for the general liability and medical professional liability for county homes. During the fiscal year ended 2017, CORSA provided county home liability coverage with a retention limit of \$1,000,000.

CORSA maintains reinsurance contracts with insurance carriers who provide coverage above CORSA's self-insured retention limits. For liability coverage, each member chooses its limits of liability, with limits varying between \$1,000,000 and \$10,000,000 over the CORSA retention. An exception was for the general liability and medical professional liability for county homes, for which there was a \$2,000,000 excess limit over the \$1,000,000 CORSA retention for the fiscal year ended 2017. As of April 30, 2017 and 2016, CORSA provided liability coverage for 20 and 21 county homes, respectively.

In the event that a loss should exceed the amount of coverage provided by CORSA, then the payment of any loss in excess of the limit provided by CORSA is the obligation of the member or members against which the claims were made. In the unlikely event that all or any of the insurance companies are unable to meet their obligations under the excess insurance and reinsurance contracts, CORSA would be responsible for such defaulted amounts. Premiums ceded to reinsurers were \$3,486,760 and \$3,429,558 for fiscal years 2017 and 2016, respectively. The amount deducted from the reserves for unpaid losses and loss adjustment expenses for estimated amounts recoverable under reinsurance was \$240,603 and \$2,420,922 for fiscal years 2017 and 2016, respectively. The adjustment to claim expenses for estimated amounts recoverable under reinsurance was (\$2,166,160) and \$607,536 for fiscal years 2017 and 2016, respectively.

County Risk Sharing Authority, Inc.

Notes to Financial Statements April 30, 2017 and 2016

Note 5 - Capital Assets

Capital asset activity for the years ended April 30, 2017 and 2016 was as follows:

	Balance May 1, 2016	Additions	Disposals	Balance April 30, 2017
Capital assets being depreciated:				
Furniture and fixtures	\$ 62,103	\$ -	\$ -	\$ 62,103
Vehicles	218,271	31,096	29,677	219,690
Computer and equipment	11,255	-	-	11,255
Claims system	80,838	-	-	80,838
Subtotal	372,467	31,096	29,677	373,886
Accumulated depreciation:				
Furniture and equipment	62,101	-	-	62,101
Vehicles	125,092	29,813	29,677	125,228
Computer and equipment	7,394	1,021	-	8,415
Claims system	80,839	-	-	80,839
Subtotal	275,426	30,834	29,677	276,583
Net capital assets	<u>\$ 97,041</u>	<u>\$ 262</u>	<u>\$ -</u>	<u>\$ 97,303</u>
	Balance May 1, 2015	Additions	Disposals	Balance April 30, 2016
Capital assets being depreciated:				
Furniture and equipment	\$ 62,103	\$ -	\$ -	\$ 62,103
Vehicles	175,505	65,517	22,751	218,271
Computer and equipment	24,390	-	13,135	11,255
Claims system	80,838	-	-	80,838
Subtotal	342,836	65,517	35,886	372,467
Accumulated depreciation:				
Furniture and equipment	62,101	-	-	62,101
Vehicles	95,864	44,105	14,877	125,092
Computer and equipment	19,508	1,021	13,135	7,394
Claims system	80,839	-	-	80,839
Subtotal	258,312	45,126	28,012	275,426
Net capital assets	<u>\$ 84,524</u>	<u>\$ 20,391</u>	<u>\$ 7,874</u>	<u>\$ 97,041</u>

Total depreciation expense was \$30,834 and \$45,126 at April 30, 2017 and 2016, respectively.

County Risk Sharing Authority, Inc.

Notes to Financial Statements April 30, 2017 and 2016

Note 6 - Related Party Transactions

CORSA and its health insurance counterpart, County Employee Benefits Consortium of Ohio (CEBCO), were created by the CCAO to provide insurance for county employees. The three entities share office space, services, and operating expenses, which include salaries, telephone service, internet service, supplies, postage, and subscriptions. All employees of CORSA are employed by CCAO. Shared services are purchased by the various entities and costs are shared and include liability coverage provided by CORSA and healthcare coverage provided by CEBCO, and additional external directors and officers coverage purchased by CORSA. CCAO pays for most of the other shared expenses, and CORSA and CEBCO pay CCAO for their portion based on an allocation approved by all three boards of directors. Investment consulting and management services are shared between CORSA and CEBCO. The amount paid for shared services by CORSA to CCAO was \$1,922,103 and \$1,832,613 for April 30, 2017 and 2016, respectively. CORSA's accrued expenses owed to CCAO as of April 30, 2017 and 2016 were \$40,375 and \$13,959, respectively.

Note 7 - Investment in County Governance Facility, LLC

In May 2008, CORSA entered into a joint venture with CCAO and CEBCO to form County Governance Facility, LLC (LLC). The LLC was formed as a partnership with the three entities as members. The main purpose of this joint venture was to purchase a building for office space for the three members. CORSA contributed \$1,000,000 to fund its 33.3 percent portion of the joint venture. CORSA accounts for the investment under the equity method. CORSA's portion of the (loss) gain was (\$40,976) and \$11,067 for the years ended April 30, 2017 and 2016, respectively.

Note 8 - Investment in County Reinsurance, Ltd.

As of April 30, 2017, CORSA has a 4 percent interest in County Reinsurance, Ltd. (CRL). CRL is a member-owned reinsurance company, which provides reinsurance coverage for property, liability, and workers' compensation insurance. CORSA accounts for the investment under the equity method. CORSA recognized income of \$381,297 and \$223,342 during the years ended April 30, 2017 and 2016, respectively, from its interest in CRL.

County Risk Sharing Authority, Inc.

Notes to Financial Statements April 30, 2017 and 2016

Note 9 - Retirement Benefits

CCAO maintains a defined contribution plan covering employees who meet certain age requirements. Eligible CORSA employees are covered under this plan. The amount contributed to the plan by CCAO is not to exceed 10 percent of each eligible employee's annual qualified compensation. Contributions to the plan are made at the discretion of the board of directors of CCAO. CORSA then reimburses CCAO for its portion of the contribution. The amount contributed by CORSA is approved by the CORSA board. CORSA has no further retirement benefit obligation. Expense of \$109,546 and \$103,739 was incurred by CORSA for fiscal years ended April 30, 2017 and 2016, respectively.

CCAO also provides postemployment medical and life insurance benefits to age and service retirees with qualifying service credit and to surviving spouses of such retirees. These benefits are funded by yearly contributions from CCAO, as determined by the CCAO board. CORSA then reimburses CCAO for its portion of the contribution. The amount contributed by CORSA is approved by the CORSA board. CORSA has no further postemployment insurance benefit obligation. Expense of \$6,127 and \$2,103 was incurred by CORSA for fiscal years ended April 30, 2017 and 2016, respectively.

Note 10 - Fair Value Measurement

CORSA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. CORSA's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

County Risk Sharing Authority, Inc.

Notes to Financial Statements April 30, 2017 and 2016

Note 10 - Fair Value Measurement (Continued)

CORSA has the following recurring fair value measurements as of April 30, 2017:

Assets Measured at Fair Value on a Recurring Basis

	Fair Value Measurement Using			Balance at April 30, 2017
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Debt securities:				
Mutual fund - High-yield bonds	\$ 4,354,100	\$ -	\$ -	\$ 4,354,100
Asset-backed securities	-	7,787,742	-	7,787,742
Corporate bonds	-	36,563,367	-	36,563,367
U.S. Treasury securities	6,067,897	-	-	6,067,897
U.S. federal agency securities	-	784,073	-	784,073
Mortgage-backed/collateralized mortgage obligations	-	24,866,629	-	24,866,629
Municipal bonds	-	5,046,869	-	5,046,869
Total debt securities	10,421,997	75,048,680	-	85,470,677
Equity securities - Mutual funds	17,230,601	-	-	17,230,601
Total	<u>\$ 27,652,598</u>	<u>\$ 75,048,680</u>	<u>\$ -</u>	<u>\$ 102,701,278</u>

CORSA has the following recurring fair value measurements as of April 30, 2016:

Assets Measured at Fair Value on a Recurring Basis

	Fair Value Measurement Using			Balance at April 30, 2016
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Debt securities:				
Mutual fund - High-yield bonds	\$ 5,354,343	\$ -	\$ -	\$ 5,354,343
Asset-backed securities	-	2,003,576	-	2,003,576
Corporate bonds	-	24,777,049	-	24,777,049
U.S. Treasury securities	7,869,215	-	-	7,869,215
U.S. federal agency securities	-	5,036,669	-	5,036,670
Mortgage-backed/collateralized mortgage obligations	-	31,171,965	-	31,171,965
Municipal bonds	-	4,055,665	-	4,055,665
Total debt securities	13,223,558	67,044,924	-	80,268,482
Equity securities - Mutual funds	18,414,277	-	-	18,414,277
Total	<u>\$ 31,637,835</u>	<u>\$ 67,044,924</u>	<u>\$ -</u>	<u>\$ 98,682,759</u>

County Risk Sharing Authority, Inc.

Notes to Financial Statements April 30, 2017 and 2016

Note 10 - Fair Value Measurement (Continued)

U.S. Treasury securities, mutual fund high-yield bonds, and mutual fund equities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair values of debt securities were determined primarily based on observable market data for the same or similar securities, including quoted prices in markets that are not active, or matrix pricing or other similar techniques that use observable market inputs, such as benchmark yields, expected prepayment speeds and volumes, and issuer ratings, and are classified as Level 2.

Required Supplemental Information

County Risk Sharing Authority, Inc.

Required Supplemental Information Schedule of Claims Development

Claims Development Information

The table on the following page illustrates how CORSA's earned revenue (net of excess insurance) and investment income compare to related costs of loss (net of loss assumed by excess insurers) and other expenses assumed by CORSA as of the end of each year presented. The columns of the table show data for successive policy years. The rows of the table are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to excess insurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs of CORSA, including overhead and claims expense not allocable to individual claims.
3. This line shows CORSA's gross incurred claims and allocated claim adjustment expenses, claims assumed by excess insurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. This section of rows shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest re-estimated amount of claims assumed by excess insurers as of the end of the current year for each accident year.
6. This section of rows shows how each policy year's net 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.
7. This line compares the latest re-estimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years matures, 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.

County Risk Sharing Authority, Inc.

Required Supplemental Information Schedule of Claims Development (Continued)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1. Required contributions and investment income:										
Earned	\$ 25,320,120	\$ 16,658,160	\$ 32,510,497	\$ 29,595,864	\$ 31,067,691	\$ 28,706,132	\$ 25,473,935	\$ 30,123,230	\$ 23,038,974	\$ 25,880,761
Ceded	4,496,308	2,855,263	3,114,000	3,434,533	3,212,141	3,357,681	3,591,025	3,744,889	3,429,558	3,486,760
Net	20,823,812	13,802,897	29,396,497	26,161,331	27,855,550	25,348,451	21,882,910	26,378,341	19,609,416	22,394,001
2. Expenses other than allocated loss adjustment expenses	7,319,657	7,102,200	7,592,856	6,281,102	6,702,290	6,452,368	6,271,046	6,591,886	7,235,090	7,696,874
3. Estimated loss and allocated loss adjustment expenses - End of policy year:										
Incurred	16,595,959	16,470,746	14,930,406	13,217,939	12,480,233	16,258,444	15,119,798	14,236,116	10,820,000	12,155,000
Ceded	-	613,961	517,323	-	-	1,171,564	140,934	988,116	-	-
Net	16,595,959	15,856,785	14,413,083	13,217,939	12,480,233	15,086,880	14,978,864	13,248,000	10,820,000	12,155,000
4. Cumulative paid loss and allocated loss adjustment expenses:										
End of policy year	4,366,627	4,949,790	3,746,175	3,002,120	3,035,505	5,057,937	4,151,661	3,072,620	1,917,283	3,626,620
One year later	9,780,937	7,808,855	6,655,871	7,271,874	6,865,094	7,108,802	8,992,245	6,142,444	4,162,577	-
Two years later	11,054,653	10,043,440	7,079,093	9,045,134	8,898,313	6,725,846	9,990,214	7,808,785	-	-
Three years later	11,635,469	11,006,656	7,997,247	9,482,010	9,406,288	7,362,332	10,787,870	-	-	-
Four years later	12,369,186	12,605,162	8,193,133	11,320,376	9,590,511	7,612,758	-	-	-	-
Five years later	12,554,834	12,738,320	8,053,387	11,425,212	9,757,726	-	-	-	-	-
Six years later	12,544,602	12,512,851	8,065,698	11,497,489	-	-	-	-	-	-
Seven years later	12,864,526	12,566,369	8,128,012	-	-	-	-	-	-	-
Eight years later	12,950,839	12,663,753	-	-	-	-	-	-	-	-
Nine years later	13,008,063	-	-	-	-	-	-	-	-	-
5. Re-estimated ceded loss and expenses	-	706,202	1,252,482	173,000	-	5,491,000	348,945	1,018,247	-	-
6. Re-estimated incurred loss and allocated loss adjustment expenses:										
End of policy year	16,595,959	15,856,785	14,413,083	13,217,939	12,480,233	15,086,880	14,978,958	13,248,000	10,820,000	12,155,000
One year later	16,501,112	14,529,964	10,689,509	13,133,778	12,624,085	12,832,585	13,054,000	11,149,000	8,100,000	-
Two years later	14,518,167	14,732,020	9,226,352	11,548,166	11,044,666	8,808,000	14,398,000	9,656,000	-	-
Three years later	13,405,412	14,182,062	8,575,783	11,632,157	10,354,000	8,260,000	13,658,000	-	-	-
Four years later	12,856,139	13,296,436	8,563,693	12,470,000	10,095,000	8,307,000	-	-	-	-
Five years later	12,958,086	12,910,175	8,167,000	12,569,000	10,307,000	-	-	-	-	-
Six years later	12,706,016	12,589,000	8,128,000	12,368,000	-	-	-	-	-	-
Seven years later	12,976,000	12,760,000	8,152,000	-	-	-	-	-	-	-
Eight years later	13,020,000	12,881,000	-	-	-	-	-	-	-	-
Nine years later	13,067,000	-	-	-	-	-	-	-	-	-
7. Decrease in estimated incurred loss and allocated loss adjustment expenses subsequent to initial policy year end	(3,528,959)	(2,975,785)	(6,261,083)	(849,939)	(2,173,233)	(6,779,880)	(1,320,958)	(3,592,000)	(2,720,000)	-

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of County Risk Sharing Authority, Inc. (CORSA), which comprise the statement of net position as of April 30, 2017 and the related statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered County Risk Sharing Authority, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CORSA's internal control. Accordingly, we do not express an opinion on the effectiveness of CORSA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of CORSA's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County Risk Sharing Authority, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CORSA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CORSA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

July 28, 2017



Dave Yost • Auditor of State

COUNTY RISK SHARING AUTHORITY

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
OCTOBER 19, 2017