|  |
| --- |
| **Note: This disclosure applies to AOS basis entities, per Bulletin 2001-05.**  **It is not intended to meet GAAP disclosure requirements. GAAP entities should follow GASB requirements for disclosures.** |

**Note ?? – Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained $350,000 for casualty claims and $250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 and 2014 (the latest information available): **<<< INCLUDE HIGHLIGHT LANGUAGE ONLY IF YOUR AUDIT INCLUDES 2014 FINANCIAL STATEMENTS.**

|  |  |  |
| --- | --- | --- |
|  | **2015** | **2014** |
| Assets | $37,313,311 | $35,970,263 |
| Liabilities | 8,418,518 | 8,912,432 |
| Net Position | $28,894,793 | $27,057,831 |

At December 31, 2015 and 2014, respectively, the liabilities above include approximately $7.8 and $8.2 million of estimated incurred claims payable. The assets above also include approximately $7.7 and $7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township’s share of these unpaid claims collectible in future years is approximately $**[insert 53.0% x 2015 (casualty + liability) premium**]. <<< ***Because this liability is an estimate, please round to the nearest thousand dollars.***

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

|  |  |
| --- | --- |
| **Contributions to OTARMA** | |
| **2015** | **2014** |
|  |  |

[Insert the township’s actual contributions for these years into the table above.]

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no otherfuture obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.