
County Risk Sharing Authority, Inc.

**Financial Report
with Supplemental Information
April 30, 2019**



88 East Broad Street
Columbus, Ohio 43215
IPARepo@ohioauditor.gov
(800) 282-0370

Board of Directors
County Risk Sharing Authority, Inc.
209 East 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, 2018 through April 30, 2019. 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.

Keith Faber
Auditor of State
Columbus, Ohio

September 24, 2019

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Independent Auditor's Report

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

Report on the Basic Financial Statements

We have audited the accompanying financial statements of County Risk Sharing Authority, Inc. (CORSA) as of and for the years ended April 30, 2019 and 2018 and the related notes to the financial statements, which collectively comprise CORSA's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Basic 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, 2019 and 2018 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 Matter

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 30, 2019 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 30, 2019

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, 2019, 2018, and 2017. 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 position.

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 the 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 source of operating expenses being loss and loss 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, 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 year.

CORSA is a self-insurance pool that was established by the County Commissioners Association of Ohio (CCAO) 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.

As of April 30, 2019, 66 counties and 44 county-related entities were members of CORSA during the 2018-2019 fiscal year.

Approximately 98 percent of total assets consists of cash, cash equivalents, and investments at April 30, 2019, 2018, and 2017. Approximately 73 percent, 74 percent, and 65 percent of total liabilities consist of loss and loss adjustment expense reserves at April 30, 2019, 2018, and 2017, 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:

	2019	2018	2017
Assets			
Current assets	\$ 32,424,571	\$ 30,961,746	\$ 36,403,801
Noncurrent assets	99,118,654	92,254,138	86,658,820
Total assets	131,543,225	123,215,884	123,062,621
Liabilities			
Current liabilities	22,955,520	17,493,348	20,436,698
Noncurrent liabilities	19,527,000	11,120,000	10,400,000
Total liabilities	42,482,520	28,613,348	30,836,698
Net Position	\$ 89,060,705	\$ 94,602,536	\$ 92,225,923

County Risk Sharing Authority, Inc.

Management's Discussion and Analysis (Continued)

The following table shows the major components of (loss) income from operations:

	2019	2018	2017
Operating Revenue	\$ 17,206,318	\$ 18,168,144	\$ 17,557,647
Operating Expenses	29,969,955	17,699,943	14,936,964
Operating (Loss) Income	(12,763,637)	468,201	2,620,683
Nonoperating Revenue	7,221,806	1,908,412	4,656,566
Change in Net Position	\$ (5,541,831)	\$ 2,376,613	\$ 7,277,249

Total estimated claims incurred for the policy year consist of claim payments, known reserves, and an estimate of claims incurred but not reported 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 loss and loss adjustment expenses (reported net of estimated reinsurance recoveries) increased by \$9,702,005 between April 30, 2018 and April 30, 2019. This was mainly due to a change in coverage from claims-made to occurrence policies, which increased CORSA's current year liability for claims already incurred. Reserves for unpaid loss and unpaid loss adjustment expenses increased \$989,998 between April 30, 2017 and April 30, 2018.
- Operating revenue, which represents member premiums net of reinsurance premium expense, decreased by \$961,826 in 2019 and increased by \$610,497 in 2018. The decrease in 2019 is attributed to an increase in the reinsurance premium due to the addition of extend reporting period coverage to cover claims incurred before 2018-2019, but not reported yet. The increase in 2018 was due to the addition of one county and several county-related facilities during the year.
- Loss and loss adjustment expenses increased by \$11,432,448 between April 30, 2018 and April 30, 2019 and increased by \$2,092,444 between April 30, 2017 and April 30, 2018. The increase in 2019 was mainly the result of the change from claims-made to occurrence on several coverage types, which provided enhanced coverage to members without an increase in premium. The increase in 2018 resulted from a decrease in favorable loss development compared to the prior year.
- Other operating expenses were relatively consistent for all three years, except for an increase of approximately \$1,000,000 in the 2018-2019 year in dividends given to members.
- Nonoperating revenue increased by \$5,313,394 from April 30, 2018 to April 30, 2019 and decreased by \$2,748,154 from April 30, 2017 to April 30, 2018. Changes in respective years were mainly attributable to the market value of investments.
- Overall, CORSA's net position decreased by \$5,541,831 from \$94,602,536 at April 30, 2018 to \$89,060,705 at April 30, 2019. The main reason for this decrease was a change in coverage from claims-made to occurrence on multiple types of claims, creating a higher liability for CORSA. CORSA's net position increased by \$2,376,613 from \$92,225,923 at April 30, 2017 to \$94,602,536 at April 30, 2018. Favorable loss development and overall positive investment returns contributed to this increase.

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 of members caused by cybercrimes 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. In the upcoming fiscal year (2019-2020), CORSA will be raising its self-insured retention to \$1,500,000 for excess property, which will further protect members from pricing volatility.

In the fiscal year 2018-2019, CORSA changed its coverage from claims-made to occurrence on several types of claims. This has resulted in a one-time \$7,848,000 tail liability for claims that occurred in years prior to 2018-2019, but were not reported in those years. As of the date of this report, CORSA does not anticipate assuming any further tail liability.

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 costs are expected to be consistent with historical trends, and all other operating expenses are expected to remain consistent with the prior year.

Contacting the Pool'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 any questions about this report or need additional information, we welcome you to contact the managing director of property and casualty insurance at 209 E. State Street, Columbus, OH 43215.

County Risk Sharing Authority, Inc.

Statement of Net Position

April 30, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 10,391,410	\$ 8,664,973
Investments (Notes 3 and 11)	19,920,160	20,471,574
Receivables:		
Other	3,070	162,665
Member deductibles	964,527	826,642
Accrued interest	538,286	542,823
Prepaid expenses	607,118	293,069
Total current assets	<u>32,424,571</u>	<u>30,961,746</u>
Noncurrent assets:		
Investments (Notes 3 and 11)	95,187,598	88,571,322
Investment in County Reinsurance, Ltd. (Note 9)	2,930,774	2,640,799
Investment in County Governance Facility, LLC (Note 8)	914,315	915,296
Capital assets - Net of depreciation (Note 6)	85,967	126,721
Total noncurrent assets	<u>99,118,654</u>	<u>92,254,138</u>
Total assets	<u>131,543,225</u>	<u>123,215,884</u>
Liabilities		
Current liabilities:		
Accounts payable	194,449	289,287
Current portion of reserves for unpaid loss and loss adjustment expenses (Note 4)	11,295,005	10,000,000
Unearned member contributions	11,466,066	7,204,061
Total current liabilities	<u>22,955,520</u>	<u>17,493,348</u>
Noncurrent liabilities - Reserve for unpaid loss and loss adjustment expenses (Note 4)	<u>19,527,000</u>	<u>11,120,000</u>
Total liabilities	<u>42,482,520</u>	<u>28,613,348</u>
Net Position		
Net investment in capital assets	85,967	126,721
Unrestricted	88,974,738	94,475,815
Total net position	<u>\$ 89,060,705</u>	<u>\$ 94,602,536</u>

County Risk Sharing Authority, Inc.

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended April 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Revenue		
Member contributions	\$ 21,961,713	\$ 21,634,325
Reinsurance premium expense (Note 5)	<u>(4,755,395)</u>	<u>(3,466,181)</u>
Total operating revenue	17,206,318	18,168,144
Operating Expenses		
Provision for losses: (Note 4)		
Loss and loss adjustment expenses	23,101,000	12,437,000
Benefit for insured events of prior years	<u>(2,156,230)</u>	<u>(2,924,678)</u>
Total provision for losses	20,944,770	9,512,322
Agent fees	1,300,875	1,281,569
General and administrative fees	2,552,046	2,538,622
Brokerage fees	125,000	200,000
Special program expenses	1,511,466	1,730,224
Distribution to members	3,495,602	2,400,000
Depreciation (Note 6)	<u>40,196</u>	<u>37,206</u>
Total operating expenses	<u>29,969,955</u>	<u>17,699,943</u>
Operating (Loss) Income	(12,763,637)	468,201
Nonoperating Revenue (Expense)		
Interest and dividend income	3,645,412	3,249,966
Realized and unrealized gains (losses) on investments	3,475,825	(1,372,326)
Gain on investment in County Reinsurance, Ltd. (Note 9)	289,975	222,243
Loss on investment in County Governance Facility, LLC (Note 8)	(981)	(5,720)
Investment fees	(198,642)	(192,726)
Other income	<u>10,217</u>	<u>6,975</u>
Total nonoperating revenue	<u>7,221,806</u>	<u>1,908,412</u>
Change in Net Position	(5,541,831)	2,376,613
Net Position - Beginning of year	<u>94,602,536</u>	<u>92,225,923</u>
Net Position - End of year	<u>\$ 89,060,705</u>	<u>\$ 94,602,536</u>

County Risk Sharing Authority, Inc.

Statement of Cash Flows

Years Ended April 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Cash received from premiums and other	\$ 26,384,087	\$ 18,349,169
Cash paid for excess insurance	(4,939,881)	(3,461,478)
Cash paid for loss and loss adjustment	(11,380,650)	(8,522,324)
Cash paid to vendors for goods and services	(9,209,769)	(8,055,958)
Net cash provided by (used in) operating activities	853,787	(1,690,591)
Cash Flows from Capital and Related Financing Activities		
Proceeds from sale of capital assets	9,442	6,000
Purchase of capital assets	-	(66,623)
Net cash provided by (used in) capital and related financing activities	9,442	(60,623)
Cash Flows from Investing Activities		
Interest and dividends received on investments	3,044,267	2,771,308
Purchases of investment securities	(25,934,683)	(43,708,839)
Proceeds from sale and maturities of investment securities	23,952,266	36,474,551
Investment fees paid	(198,642)	(191,987)
Net cash provided by (used in) investing activities	863,208	(4,654,967)
Net Increase (Decrease) in Cash and Cash Equivalents	1,726,437	(6,406,181)
Cash and Cash Equivalents - Beginning of year	8,664,973	15,071,154
Cash and Cash Equivalents - End of year	\$ 10,391,410	\$ 8,664,973
Reconciliation of Operating (Loss) Income to Net Cash Used in Operating Activities		
Operating (loss) income	\$ (12,763,637)	\$ 468,201
Adjustments to reconcile operating (loss) income to net cash used in operating activities:		
Depreciation	40,196	37,206
Other income from nonoperating activities	775	975
Changes in assets and liabilities:		
Member deductibles receivable	(137,885)	182,484
Other receivables	159,595	(160,068)
Prepaid expenses	(314,049)	4,703
Accounts payable	(95,218)	94,457
Unearned member contributions	4,262,005	(3,308,547)
Reserves for unpaid loss and loss adjustment expenses	9,702,005	989,998
Net cash provided by (used in) operating activities	\$ 853,787	\$ (1,690,591)
Significant Noncash Transactions - Noncash investing activities - Net unrealized gains (losses) on investments	\$ 930,384	\$ (1,365,082)

There were noncash transactions related to distributions to members totaling \$2,495,602 and \$2,400,000 during the years ended April 30, 2019 and 2018, 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.

April 30, 2019 and 2018

Note 1 - Nature of Business

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, 2019, 66 Ohio counties and 44 county-related entities were members of CORSA. In addition, the CCAO and its affiliated entities were members of CORSA during the 2018-2019 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, whose members 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.

Note 2 - Significant Accounting Policies

Basis of Presentation

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, administrative expenses, and member distributions. 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 that 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.

CORSA's investments in County Reinsurance, Ltd. (CRL) and 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 Member 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. Member contributions collected in advance of applicable coverage periods are classified as unearned member contributions.

Note 2 - Significant Accounting Policies (Continued)

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 loss and loss adjustment expenses 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 that were unpaid at April 30, 2019 and 2018. This includes an estimate of losses incurred but not yet reported as of April 30, 2019 and 2018.

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.

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, 2019 and 2018, 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 were also members of CORSA in the year in which said distribution is made.

In the event of dissolution of CORSA, any funds that 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 unpaid loss and loss adjustment expenses, as described in Note 4.

Note 2 - Significant Accounting Policies (Continued)

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, 2019 or 2018.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including July 30, 2019, which is the date the financial statements were available to be issued.

Effective June 12, 2019, CORSA entered into an agreement with CRL, whereby CORSA invested \$5,000,000 on June 20, 2019 into CRL's reinsurance program, CRL Property Plus.

Note 3 - 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 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, and Vanguard for deposit of its funds. Asset Allocation and Management Company, LLC acts as the fixed-income portfolio 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 \$10,391,410 and \$8,664,973 at April 30, 2019 and 2018, respectively.

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 \$11,065,237 of bank deposits. Of this amount, \$340,606 was insured by the Federal Depository Insurance Corporation (FDIC). 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, the 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.

April 30, 2019 and 2018

Note 3 - Deposits and Investments (Continued)

Investments

Investments are reported at fair value. At April 30, 2019 and 2018, CORSA had the following investments:

	Fair Value	
	2019	2018
Fixed-income securities	\$ 89,275,637	\$ 85,102,692
Mutual funds	8,334,601	4,458,793
Equities	17,497,520	19,481,411
Total investments	<u>\$ 115,107,758</u>	<u>\$ 109,042,896</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 total weighted-average portfolio maturity for all fixed-income securities may not exceed 15 years.

At April 30, 2019 and 2018, CORSA had the following average maturities of fixed-income securities and mutual funds:

Investment	2019		2018	
	Fair Value	Weighted-average Maturity (Years)	Fair Value	Weighted-average Maturity (Years)
U.S. Treasury securities	\$ 6,611,750	14.78	\$ 6,510,755	16.44
Asset-backed securities	9,903,244	1.61	9,253,950	2.31
Corporate bonds	31,266,321	9.02	32,416,781	9.38
Municipal bonds	7,771,242	12.76	5,686,813	9.48
Mortgage-backed/Collateralized mortgage securities	33,723,080	5.82	31,234,393	5.80
Mutual funds - Bank loans	4,089,785	5.15	-	-
Mutual funds - High-yield bonds	4,244,816	5.70	4,458,793	5.60
Total	<u>\$ 97,610,238</u>		<u>\$ 89,561,485</u>	

Credit Risk

Credit risk is the risk that the issuer of an investment will not fulfill its obligations.

April 30, 2019 and 2018

Note 3 - Deposits and Investments (Continued)

At April 30, 2019 and 2018, the credit quality ratings of fixed-income securities by type are as follows:

Investment	2019			2018		
	Fair Value	Rating	Rating Organization	Fair Value	Rating	Rating Organization
U.S. Treasury securities	<u>\$ 6,611,750</u>	Aaa	Moody's	<u>\$ 6,510,755</u>	Aaa	Moody's
Asset-backed securities	6,215,077	Aaa	Moody's	5,662,356	Aaa	Moody's
	151,027	A2	Moody's	3,154,315	AAA	Fitch
	3,222,386	AAA	S&P	124,670	AAA	S&P
	<u>314,754</u>	A	S&P	<u>312,609</u>	A	S&P
Total	<u>\$ 9,903,244</u>			<u>\$ 9,253,950</u>		
Corporate bonds	504,753	Aaa	Moody's	141,912	Aa1	Moody's
	1,262,285	Aa2	Moody's	1,231,278	Aa2	Moody's
	1,521,339	Aa3	Moody's	1,483,501	Aa3	Moody's
	252,375	Ba2	Moody's	350,627	Ba1	Moody's
	7,985,363	Baa1	Moody's	239,121	Ba2	Moody's
	6,516,125	Baa2	Moody's	9,459,373	Baa1	Moody's
	2,508,018	Baa3	Moody's	5,892,253	Baa2	Moody's
	2,229,401	A1	Moody's	3,097,683	Baa3	Moody's
	3,306,422	A2	Moody's	2,912,762	A1	Moody's
	5,009,390	A3	Moody's	1,844,221	A2	Moody's
	170,850	Not Rated		5,592,916	A3	Moody's
	-			171,134	Not Rated	
Total	<u>\$ 31,266,321</u>			<u>\$ 32,416,781</u>		
Municipal bonds	1,061,076	Aaa	Moody's	429,509	Aaa	Moody's
	4,123,118	Aa1	Moody's	2,919,414	Aa1	Moody's
	2,052,806	Aa2	Moody's	1,715,786	Aa2	Moody's
	359,754	Aa3	Moody's	452,104	Aa3	Moody's
	<u>174,488</u>	AAA	S&P	<u>170,000</u>	A1	Moody's
Total	<u>\$ 7,771,242</u>			<u>\$ 5,686,813</u>		
Mutual funds - Bank loans	<u>4,089,785</u>	B	S&P	<u>-</u>		
Mutual funds - High-yield bonds	<u>4,244,816</u>	B	Moody's	<u>4,458,793</u>	B	Moody's
Mortgage-backed/Collateralized mortgage-backed securities	25,432,240	Aaa	Moody's	24,969,636	Aaa	Moody's
	5,766,558	AAA	S&P	3,993,078	AAA	Fitch
	<u>2,524,282</u>	AAA	Fitch	<u>2,271,679</u>	AAA	S&P
Total	<u>\$ 33,723,080</u>			<u>\$ 31,234,393</u>		

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, 2019 and 2018.

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.

April 30, 2019 and 2018

Note 4 - 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, 2019. 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, 2019, 2018, and 2017:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reserve for unpaid loss and loss adjustment expenses - Beginning of year	\$ 21,120,000	\$ 20,130,002	\$ 21,751,002
Incurring loss and loss adjustment expenses:			
Provisions for loss and loss adjustment expenses incurred in current year	23,101,000	12,437,000	12,155,000
Change in provision for loss and loss adjustment expenses incurred in prior years	<u>(2,156,230)</u>	<u>(2,924,678)</u>	<u>(4,735,122)</u>
Total incurred loss and loss adjustment expenses	20,944,770	9,512,322	7,419,878
Payments:			
Loss and loss adjustment expenses paid for losses incurred in current year	3,308,900	3,088,350	3,626,620
Loss and loss adjustment expenses paid for losses incurred in prior years	<u>7,933,865</u>	<u>5,433,974</u>	<u>5,414,258</u>
Total payments	<u>11,242,765</u>	<u>8,522,324</u>	<u>9,040,878</u>
Reserve for unpaid loss and loss adjustment expenses - End of year	<u>\$ 30,822,005</u>	<u>\$ 21,120,000</u>	<u>\$ 20,130,002</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.

During the 2018-2019 fiscal year, there was a change in coverage from claims-made to occurrence policies, which resulted in an increase in the ending liability for reserves for unpaid loss and loss adjustment expenses of approximately \$7,848,000 for claims that were incurred prior to 2018-2019, but not yet reported.

Note 5 - 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 2019 and 2018. The exceptions were \$250,000 for cyber liability, \$50,000 for equipment breakdown/boiler claims, and \$2,000,000 for the general liability and medical professional liability for county homes. During the fiscal years ended 2019 and 2018, CORSA provided county home liability coverage with a retention limit of \$1,000,000.

CORSA maintains reinsurance contracts with insurance carriers that provide coverage above CORSA's self-insured retention limits.

April 30, 2019 and 2018

Note 5 - Excess Insurance Coverage (Continued)

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 2019. As of April 30, 2019 and 2018, CORSA provided liability coverage for 19 county homes.

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 \$4,755,395 and \$3,466,181 for fiscal years 2019 and 2018, respectively. The amount deducted from the reserves for unpaid losses and loss adjustment expenses for estimated amounts recoverable under reinsurance was \$199,000 and \$283,069 for fiscal years 2019 and 2018, respectively. The adjustment to claim expenses for estimated amounts recoverable under reinsurance was \$(42,012) and \$201,670 for fiscal years 2019 and 2018, respectively.

Note 6 - Capital Assets

Capital asset activity for the years ended April 30, 2019 and 2018 was as follows:

	Balance May 1, 2018	Additions	Disposals	Balance April 30, 2019
Capital assets being depreciated:				
Vehicles	\$ 226,587	\$ -	\$ (28,841)	\$ 197,746
Furniture and fixtures	62,103	-	-	62,103
Computer and equipment	11,255	-	-	11,255
Claims system	80,838	-	-	80,838
Subtotal	380,783	-	(28,841)	351,942
Accumulated depreciation:				
Vehicles	101,685	39,175	(28,283)	112,577
Furniture and fixtures	62,103	-	-	62,103
Computer equipment	9,436	1,021	-	10,457
Claims system	80,838	-	-	80,838
Subtotal	254,062	40,196	(28,283)	265,975
Net capital assets	\$ 126,721	\$ (40,196)	\$ (558)	\$ 85,967

April 30, 2019 and 2018

Note 6 - Capital Assets (Continued)

	Balance May 1, 2017	Additions	Disposals	Balance April 30, 2018
Capital assets being depreciated:				
Vehicles	\$ 219,691	\$ 66,624	\$ (59,728)	\$ 226,587
Furniture and fixtures	62,103	-	-	62,103
Computer and equipment	11,255	-	-	11,255
Claims system	80,838	-	-	80,838
Subtotal	373,887	66,624	(59,728)	380,783
Accumulated depreciation:				
Vehicles	125,228	36,185	(59,728)	101,685
Furniture and fixtures	62,103	-	-	62,103
Computer and equipment	8,415	1,021	-	9,436
Claims system	80,838	-	-	80,838
Subtotal	276,584	37,206	(59,728)	254,062
Net capital assets	<u>\$ 97,303</u>	<u>\$ 29,418</u>	<u>\$ -</u>	<u>\$ 126,721</u>

Total depreciation expense was \$40,196 and \$37,206 at April 30, 2019 and 2018, respectively.

Note 7 - 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, 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 \$2,135,522 and \$1,914,856 for the years ended April 30, 2019 and 2018, respectively. CORSA's accrued expenses owed to CCAO as of April 30, 2019 and 2018 were \$41,350 and \$143,591, respectively.

Note 8 - Investment in County Governance Facility, LLC

In May 2008, CORSA entered into a joint venture with CCAO and CEBCO to form LLC. 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 was \$981 and \$5,720 for the years ended April 30, 2019 and 2018, respectively.

Note 9 - Investment in County Reinsurance, Ltd.

As of April 30, 2019 and 2018, CORSA has a 5 and 4 percent interest, respectively, in 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 \$289,975 and \$222,243 during the years ended April 30, 2019 and 2018, respectively, from its interest in CRL.

Note 10 - 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 \$114,811 and \$106,519 was incurred by CORSA for fiscal years ended April 30, 2019 and 2018, respectively.

CCAO also provides postemployment medical and life insurance benefits to 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 \$6,129 was incurred by CORSA for fiscal years ended April 30, 2019 and 2018.

Note 11 - Fair Value Measurements

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 assets. 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 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 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.

CORSA has the following recurring fair value measurements as of April 30, 2019:

	Assets Measured at Fair Value on a Recurring Basis at April 30, 2019			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at April 30, 2019
Debt securities:				
Mutual funds - High-yield bonds	\$ 4,244,816	\$ -	\$ -	\$ 4,244,816
Mutual funds - Bank loans	4,089,785	-	-	4,089,785
Asset-backed securities	-	9,903,244	-	9,903,244
Corporate bonds	-	31,266,321	-	31,266,321
U.S. Treasury securities	6,611,750	-	-	6,611,750
Mortgage-backed/Collateralized mortgage securities	-	33,723,080	-	33,723,080
Municipal bonds	-	7,771,242	-	7,771,242
Total debt securities	14,946,351	82,663,887	-	97,610,238
Equity securities - Mutual funds	17,497,520	-	-	17,497,520
Total assets	\$ 32,443,871	\$ 82,663,887	\$ -	\$ 115,107,758

April 30, 2019 and 2018

Note 11 - Fair Value Measurements (Continued)

CORSA has the following recurring fair value measurements as of April 30, 2018:

	Assets Measured at Fair Value on a Recurring Basis at April 30, 2018			Balance at April 30, 2018
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Other Significant Unobservable Inputs (Level 3)	
Debt securities:				
Mutual funds - High-yield bonds	\$ 4,458,793	\$ -	\$ -	\$ 4,458,793
Asset-backed securities	-	9,253,950	-	9,253,950
Corporate bonds	-	32,416,781	-	32,416,781
U.S. Treasury securities	6,510,755	-	-	6,510,755
Mortgage-backed/Collateralized mortgage securities	-	31,234,393	-	31,234,393
Municipal bonds	-	5,686,813	-	5,686,813
Total debt securities	10,969,548	78,591,937	-	89,561,485
Equity securities - Mutual funds	19,481,411	-	-	19,481,411
Total assets	\$ 30,450,959	\$ 78,591,937	\$ -	\$ 109,042,896

The following summarizes the valuation method used in determining fair value measurements:

Level 1 Measurements

The fair value of U.S. Treasury securities and mutual funds was determined using prices quoted in active markets for those securities, and they are classified as Level 1.

Level 2 Measurements

The fair value of asset-backed securities, corporate bonds, mortgage-backed/collateralized mortgage securities, and municipal bonds is determined by using other observable inputs, such as quoted prices for identical or similar assets in markets that are not active, contractual cash flows, credit spreads, and interest rates and yield curves that are observable at commonly quoted intervals.

Required Supplemental Information

April 30, 2019

Claims Development Information

The table on the following page illustrates how CORSA's earned revenue (net of excess insurance) and investment income compared to related costs of loss (net of loss assumed by excess insurers) and other expenses assumed by CORSA as of the end of each of the last 10 years. 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 the 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 10 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 10 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, and 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.

County Risk Sharing Authority, Inc.

**Required Supplemental Information
Schedule of Claims Development (Continued)**

April 30, 2019

Policy Year Ended December 31	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1. Required contributions and investment income:										
Earned	\$ 32,510,497	\$ 29,595,864	\$ 31,067,691	\$ 28,706,132	\$ 25,473,935	\$ 30,123,230	\$ 23,038,974	\$ 25,880,761	\$ 23,735,463	\$ 29,382,161
Ceded	3,114,000	3,434,533	3,212,141	3,357,681	3,591,025	3,744,889	3,429,558	3,486,760	3,466,181	4,755,395
Net	29,396,497	26,161,331	27,855,550	25,348,451	21,882,910	26,378,341	19,609,416	22,394,001	20,269,282	24,626,766
2. Expenses other than allocated loss adjustment expenses	7,592,856	6,281,102	6,702,290	6,452,368	6,271,046	6,591,886	7,235,090	7,696,874	8,380,347	9,223,827
3. Estimated loss and allocated loss adjustment expenses - End of policy year:										
Incurred	14,930,406	13,217,939	12,480,233	16,258,444	15,119,798	14,236,116	10,820,000	12,155,000	12,630,000	23,300,000
Ceded	517,323	-	-	1,171,564	140,934	988,116	-	-	193,000	199,000
Net	14,413,083	13,217,939	12,480,233	15,086,880	14,978,864	13,248,000	10,820,000	12,155,000	12,437,000	23,101,000
4. Cumulative paid loss and allocated loss adjustment expenses:										
End of policy year	3,746,175	3,002,120	3,035,505	5,057,937	4,151,661	3,072,620	1,917,283	3,626,620	3,088,350	3,308,900
One year later	6,655,871	7,271,874	6,865,094	7,108,802	8,992,245	6,142,444	4,162,577	5,458,889	6,715,806	-
Two years later	7,079,093	9,045,134	8,898,813	6,725,846	9,990,214	7,808,785	5,131,307	6,616,293	-	-
Three years later	7,997,247	9,482,010	9,406,288	7,362,332	10,787,870	8,201,451	7,255,670	-	-	-
Four years later	8,193,133	11,320,376	9,590,511	7,612,758	11,273,574	8,571,900	-	-	-	-
Five years later	8,053,387	11,425,212	9,757,726	8,089,947	11,371,197	-	-	-	-	-
Six years later	8,065,698	11,497,489	10,081,127	8,340,966	-	-	-	-	-	-
Seven years later	8,128,012	12,066,241	10,092,792	-	-	-	-	-	-	-
Eight years later	8,128,181	12,077,464	-	-	-	-	-	-	-	-
Nine years later	8,128,181	-	-	-	-	-	-	-	-	-
5. Re-estimated ceded loss and expenses	1,252,482	120,051	-	5,461,667	348,945	1,018,235	-	-	1,000	199,000
6. Re-estimated incurred loss and allocated loss adjustment expenses:										
End of policy year	14,413,083	13,217,939	12,480,233	15,086,880	14,978,864	13,248,000	10,820,000	12,155,000	12,437,000	23,101,000
One year later	10,689,509	13,133,778	12,624,085	12,832,585	13,054,000	11,149,000	8,100,000	10,055,000	11,611,000	-
Two years later	9,226,352	11,548,166	11,044,666	8,808,000	14,398,000	9,656,000	8,727,000	8,383,000	-	-
Three years later	8,575,783	11,632,157	10,354,000	8,260,000	13,658,000	9,419,000	9,124,000	-	-	-
Four years later	8,563,693	12,470,000	10,095,000	8,307,000	12,984,000	9,300,000	-	-	-	-
Five years later	8,167,000	12,569,000	10,307,000	8,194,000	12,203,000	-	-	-	-	-
Six years later	8,128,000	12,368,000	10,111,000	8,494,000	-	-	-	-	-	-
Seven years later	8,152,000	12,073,000	10,153,000	-	-	-	-	-	-	-
Eight years later	8,128,000	12,077,464	-	-	-	-	-	-	-	-
Nine years later	8,128,181	-	-	-	-	-	-	-	-	-
7. Decrease in estimated incurred claims and allocated claim adjustment expenses subsequent to initial policy year end	(6,284,902)	(1,140,475)	(2,327,233)	(6,592,880)	(2,775,864)	(3,948,000)	(1,696,000)	(3,772,000)	(826,000)	-

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

Independent Auditor's Report

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

We have audited, 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, the financial statements of County Risk Sharing Authority, Inc. (CORSA), which comprise the basic statement of net position as of April 30, 2019 and the related basic 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 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CORSA'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 the 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CORSA'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*.

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

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 30, 2019

OHIO AUDITOR OF STATE KEITH FABER



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 8, 2019