

**BORMA, INC.
WOOD COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
NOVEMBER 30, 2019**

James G. Zupka, CPA, Inc.
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER



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

Board of Trustees
BORMA, Inc.
304 North Church Street
Bowling Green, Ohio 43402

We have reviewed the *Independent Accountant's Report* of the BORMA, Inc., Wood County, prepared by James G. Zupka, CPA, Inc., for the audit period December 1, 2018 through November 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 BORMA, Inc. is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 10, 2020

This page intentionally left blank.

BORMA, INC.
WOOD COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Accountant's Report	1-2
Management's Discussion and Analysis	3-4
Financial Statements:	
Statement of Net Position	5
Statement of Revenues, Expenses, and Changes in Net Position	6
Statement of Cash Flows	7
Notes to the Basic Financial Statements	8-12
Required Supplementary Information	13
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	14-15
Schedule of Prior Audit Findings and Recommendations	16

This page intentionally left blank.

JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Trustees of
BORMA, Inc.
304 North Church Street
Bowling Green, OH 43402

The Honorable Keith Faber
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of BORMA, Inc. (BORMA), Wood County, Ohio as of and for the fiscal year ended November 30, 2019, and the related notes to the financial statements, which collectively comprise BORMA'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 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 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to BORMA's preparation and fair presentation of the 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 BORMA'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 financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BORMA, Inc., Wood County, Ohio as of November 30, 2019, and the respective changes in financial position, and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 3-4 and *Ten-Year Claims Development Information* on page 13 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, who 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 supplementary 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 other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 8, 2020, on our consideration of BORMA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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 BORMA's internal control over financial reporting and compliance.

James G.
Zupka, CPA,
President
James G. Zupka, CPA, Inc.
Certified Public Accountants

Digitally signed by James G.
Zupka, CPA, President
DN: cn=James G. Zupka, CPA,
President, o=James G. Zupka, CPA,
Inc., ou=Accounting,
email=jgz@jgzcpa.com, c=US
Date: 2020.05.26 12:04:54 -04'00'

May 8, 2020

BORMA, INC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

The discussion and analysis of the BORMA, Inc. financial statements provides an overall review of BORMA, Inc.'s financial activities for the fiscal year ended November 30, 2019. The intent of this discussion and analysis is to look at BORMA, Inc.'s financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of BORMA, Inc.'s financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2019 are as follows:

- BORMA, Inc.'s net financial position at November 30, 2019 was \$661,012.
- BORMA, Inc. has hired an independent actuary, Financial Risk Analysts, LLC to determine the loss and loss adjustment expense reserves. Based upon the actuary's report, the loss and loss adjustment expense reserves was \$138,228 at November 30, 2019 compared to \$149,160 at November 30, 2018.
- BORMA, Inc. had operating revenues from its members of \$511,276 and operating expenses of \$492,227 for the fiscal year. In addition, BORMA, Inc. had \$59,484 in provider refunds and \$2,865 in interest. The net income and increase in the net position was \$49,517 for the fiscal year.

Reporting of Financial Activities

The table below provides a summary of BORMA, Inc.'s net position for November 30, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 739,756	\$ 690,871
Account receivable	<u>59,484</u>	<u>69,784</u>
Total Assets	<u>\$ 799,240</u>	<u>\$ 760,655</u>
Liabilities and Net Position		
Reserve for unpaid claims	\$ 138,228	\$ 149,160
Net Position	<u>661,012</u>	<u>611,495</u>
Total Liabilities and Net Position	<u>\$ 799,240</u>	<u>\$ 760,655</u>

The total assets increased by \$38,585 or 5.1%. The loss reserve amount decreased by \$10,932, or 7.3%. Both of these factors resulted in the increase in net position of \$49,517, or 8.1%.

BORMA, INC

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

Reporting of Financial Activities

The table below shows the changes in net position for the fiscal years ending November 30, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
<u>Revenues</u>		
Member income	\$ 511,276	\$ 520,462
Return of member income	(36,572)	-
Claim recoveries	4,691	-
Interest income	2,865	186
Provider refunds	<u>59,484</u>	<u>69,784</u>
Total Revenues	<u>541,744</u>	<u>590,432</u>
<u>Expenses</u>		
Insurance expense	377,676	386,861
Claims expense	100,441	47,989
Other expenses	<u>14,110</u>	<u>13,747</u>
Total Expenses	<u>492,227</u>	<u>448,597</u>
Changes in net position	49,517	141,835
Net Position - beginning of year	<u>611,495</u>	<u>469,660</u>
Net Position - end of year	<u>\$ 661,012</u>	<u>\$ 611,495</u>

The net member income decreased by \$45,758, or 8.8%. The claim recoveries increased by \$4,691, or 100%. The claim expenses increased by \$52,452 or 109.3%.

The actual claims expenses are not predictable by the Pool and may vary significantly from actuarial loss projections in any given year. Included in this expense are the actual claims paid during the year plus the change in the Reserve for Unpaid Claims. Note 7 of the financial statements illustrates this calculation.

Financial Management

This financial report is designed to provide interested users and our membership with a general overview of BORMA, Inc.'s finances and to show BORMA, Inc.'s accountability for the money it receives. If you have questions about this report or need additional information contact Brian Bushong, Finance Director, 304 North Church Street, Bowling Green, Ohio 43402.

BORMA, INC.

Statement of Net Position
As of November 30, 2019

<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$ 739,756
Accounts Receivable	59,484
Total Current Assets	799,240
<u>TOTAL ASSETS</u>	<u>799,240</u>
<u>LIABILITIES</u>	
Reserve for Unpaid Claims	138,228
Total Liabilities	138,228
Net Position	
Unrestricted	\$ 661,012

See accompanying notes to the Basic Financial Statements

BORMA, INC.

Statement of Revenues, Expenses and Changes in Net Position For the fiscal year ended November 30, 2019

<u>OPERATING REVENUES</u>	
Membership Contributions	\$ 511,276
Excess Insurance Recoveries	4,691
	<hr/>
<u>TOTAL OPERATING REVENUES</u>	515,967
	<hr/>
<u>OPERATING EXPENSES</u>	
Claims Expense	100,441
Insurance Premiums for Coverage	377,676
Professional Fees	14,060
Service Fees	50
	<hr/>
<u>TOTAL OPERATING EXPENSES</u>	492,227
	<hr/>
<u>OPERATING INCOME</u>	23,740
	<hr/>
<u>NON-OPERATING REVENUES & EXPENSES</u>	
Provider Refunds	59,484
Interest Revenue	2,865
Return of Member Income	(36,572)
	<hr/>
<u>TOTAL NON-OPERATING REVENUES</u>	25,777
	<hr/>
<u>CHANGE IN NET POSITION</u>	49,517
	<hr/>
NET POSITION - Beginning of Year	611,495
	<hr/>
<u>NET POSITION - End of Year</u>	\$ 661,012
	<hr/> <hr/>

See accompanying notes to the Basic Financial Statements

BORMA, INC.

Statement of Cash Flows For the fiscal year ended November 30, 2019

<u>Cash Flows From Operating Activities</u>	
Cash received for premiums	\$ 511,276
Cash received for insurance recoveries	4,691
Cash paid for claims	(111,373)
Cash payments to vendors for services and goods	(14,110)
Cash paid for premiums	(377,676)
	<hr/>
Net cash provided by (used in) operating activities	12,808
	<hr/>
<u>Cash Flows From Investing Activities</u>	
Cash received from provider refunds	69,784
Cash received from interest income	2,865
Cash returned to members	(36,572)
	<hr/>
Net cash provided by investing activities	36,077
	<hr/>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	48,885
	<hr/>
Cash and Cash Equivalents - beginning of year	690,871
	<hr/>
<u>Cash and Cash Equivalents - end of year</u>	\$ 739,756
	<hr/> <hr/>
<u>Reconciliation of changes in operating income to net Cash Flows from operating activities:</u>	
Operating income	\$ 23,740
Changes in assets and liabilities:	
Increase/(Decrease) in reserve for unpaid claims	(10,932)
	<hr/>
<u>Net Cash Provided by (used in) Operating Activities</u>	\$ 12,808
	<hr/> <hr/>

See accompanying notes to the Basic Financial Statements

BORMA, INC

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

BORMA, Inc is a joint self-insurance pool organized under Section 2744.081 of the Ohio Revised Code for the public purpose of enabling its member political subdivisions to obtain insurance coverage, provide methods of paying claims and provide a formalized jointly administered self-insurance pool. Specifically, BORMA provides coverage for automobile liability, general liability, crime and property (including automobile physical damage), law enforcement liability, ambulance attendant's liability, miscellaneous error and omissions, property claims, and public official's liability. In addition to the self-insurance pool, the Organization provides risk management services, loss prevention programs and various other educational materials. The members of the Pool include the following municipalities within the State of Ohio: Bowling Green and Defiance. The Organization does not have any financial accountability over entities as defined by GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units", and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus", an amendment of GASB Statement No. 14 and No. 34.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation - These financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP), provided that they do not conflict or contradict statements issued by the Government Accounting Standards Board (GASB). GASB No. 10, **Accounting and Financial Reporting for Risk Financing and Related Insurance Issues** as amended by GASB Statement No. 30, **Risk Financing Omnibus** and GASB Statement No. 66, **Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62** provides standards for accounting and reporting that apply to public entity risk pools.

All transactions are accounted for in a single enterprise fund. Therefore, revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

Cash and Cash Equivalents - For cash flow purposes, BORMA, Inc. considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at November 30, 2019 consist of funds or deposits in banks and money market funds.

Investments - Investment income or loss (including realized gains and losses on investments, interest, and dividends) is recognized in the statement of revenues, expenses and changes in net position as a component of non-operating revenues or expenses.

BORMA, Inc. invested in STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." BORMA, Inc. measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

BORMA, INC

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Member and Supplemental Contributions - Member contributions are calculated to annually produce a sufficient sum of money within the self-insurance pool to fund administrative expenses of BORMA, Inc. and to create reserves for claims and unallocated loss adjustment expenses. Under the terms of membership, should annual member contributions not be sufficient to fund ultimate losses, establish adequate reserves and cover administrative expenses, the Board of Trustees can require supplementary contributions. Supplementary contributions may be assessed during the entire life of the BORMA, Inc. and any later period when claims or expenses need to be paid which are attributable to any membership year during which the event or claim occurred.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Reserve for Unpaid Claims - Provisions for claims reserves and loss adjustment expenses are based on information reported by members and are calculated by BORMA, Inc's actuary. These amounts represent an estimate of reported, unpaid claims, plus a provision for claims incurred, but not reported. The claims reserve is based on the estimated ultimate cost of settling the claims, including the effects of inflation and other factors. BORMA, Inc's management believes that the claim reserves is reasonable in the circumstances; however, actual incurred losses and loss adjustment expenses, may not conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of losses and related loss adjustment expenses may vary materially from the estimated amounts disclosed in Note 7. Should the provision for claims reserves not be sufficient, supplemental contributions will be assessed.

Net Position - Net position represents the excess of revenues over expenses since its inception.

As of November 30, 2019, BORMA, Inc. does not have any "restricted" net position. BORMA, Inc. Board of Trustees 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 BORMA, Inc. in the years in which said distribution was made.

In the event of dissolution of BORMA, Inc., any funds which remain unencumbered after all claims and all other BORMA, Inc. obligations have been paid shall be distributed to members in proportion to their interest in the surplus funds. Members that withdraw from BORMA, Inc. are obligated for any supplementary payments at the members's pool contribution factor in effect for the specific years to which the supplementary payments apply.

BORMA, Inc. applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

BORMA, INC

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary action of the association. For BORMA, Inc., these are member premiums from the associated entities and excess insurance recoveries. Operating expenses are necessary costs that have been incurred in order to support BORMA, Inc.'s primary mission. Revenues and expenses not meeting the definition are reported as nonoperating.

Reinsurance - BORMA, Inc. collectively represented its members within Public Entity Risk consortium, a public entity risk-sharing pool which functions as a reinsurer for its member entities. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Pool as direct insurer of the risks reinsured. BORMA, Inc. is contingently liable with respect to certain loss coverage which would become a liability in the event these insurance carriers are unable to meet obligations under these reinsurance contracts.

Income Taxes - The Pool is not subject to income taxes and the filing of tax returns since its members are political subdivisions in the State of Ohio.

Subsequent Events - Management has evaluated subsequent events through May 8, 2020, the date that the financial statements were available to be issued.

NOTE 3 - DEPOSITS AND INVESTMENTS

BORMA, Inc. follows the guidance of GASB Statement No. 40, ***Deposit and Investment Risk Disclosures***. This statement's required disclosures are as follows:

Deposits - At fiscal year-end, the carrying amount of BORMA, Inc.'s deposits was \$730,498 and the bank balance was \$730,498. \$255,212 of the bank balance was covered by federal depository insurance. The remaining balance of \$475,286 was exposed to custodial credit risk.

Investments - At year end, the fair value of investments treated as cash were as follows:

STAR Ohio	\$9,258
-----------	---------

Credit Risk - Credit risk is the risk that an issuer or counter party to an investment will be unable to fulfill its obligations. BORMA, Inc. does not have a policy to limit credit risk. STAR Ohio has a quality rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of Credit Risk - Concentration of credit risk is the risk of inability to recover the value of deposits or investments in the possession of an outside party caused by a lack of diversification. BORMA, Inc. does not have a policy to limit concentration of credit risk.

Interest Rate Risk - Interest rate risk is the risk that an interest rate change could adversely affect an investment's fair value. BORMA, Inc. does not have a policy to limit interest rate risk. At fiscal year-end, all investments had a maturity of less than one year.

BORMA, INC

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Reconciliation of Cash and Investments to the Statement of Net Position -

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net position as of November 30, 2019:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$730,498
Investments	<u>9,258</u>
Total	\$739,756
 <u>Cash and investments on Statement of Net Position</u>	
Cash and cash equivalents	<u>\$739,756</u>

NOTE 4 - SELF-INSURED RETENTION

BORMA, Inc. retains responsibility of claims within specified self-insured retention limits prior to the application of coverage provided by excess reinsurance contracts. BORMA, Inc.'s per occurrence retention limit is \$25,000 for all claims. BORMA, Inc. collectively represents its members as members within the Public Entity Risk Consortium ("PERC") pool. Under PERC, member entities maintain their present retention structure and the present retention effectively becomes a maintenance deductible under PERC. PERC then self-insures a primary portion over individual member retentions up to \$250,000 per occurrence for property coverages and \$500,000 for liability coverages, both inclusive of the member's retention (e.g. for property coverage, PERC self-insure \$225,000 in excess of BORMA, Inc.'s \$25,000 self-insured amount). PERC has a stop loss retention of \$1,575,000 per year, purchasing excess insurance coverage above its retention.

NOTE 5 - ADMINISTRATIVE FEES

BORMA has contracted with Arthur J. Gallagher & Co. to provide various management, underwriting, claim adjustments and loss control services.

NOTE 6- RISK MANAGEMENT

BORMA has contracted with a third-party administrator, Arthur J. Gallagher Risk Management Services, Inc. to provide management services. BORMA has also contracted with Gallagher Basset Services, Inc. to process all claims against the members.

The members contribute annual premiums into the self-insurance risk pool fund of the Pool. The Board of Directors approves payments to the third-party administrator for actual insurance claims processed, insurance premiums and administrative charges incurred on behalf of the Pool members, except to the extent discretionary authority is granted to Gallagher Basset for payment of claims. The Pool may extend an assessment to each member if additional funding is needed to cover expenses.

Members that withdraw from the Pool are obligated for any supplementary payments at the member's pool contribution factor in effect for the specific years to which the supplementary payments apply.

BORMA, INC

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

NOTE 7 - LOSS RESERVE

As discussed in Note 2, BORMA, Inc.'s loss reserve includes both reported and unreported insured events and estimated future payments of losses and related loss adjustment disbursements. The schedule below presents the changes in claims liabilities during the fiscal year ended November 30, 2019 and for the fiscal year ended November 30, 2018.

	<u>For the year ended November 30,</u>	
	<u>2019</u>	<u>2018</u>
<u>UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES</u>		
–beginning of period	<u>\$ 149,160</u>	<u>\$ 147,898</u>
Incurred Claims and Claim Adjustment Expenses:		
Provision for insured events of the current period	130,781	121,362
Increase/(Decrease) in provision for insured events of prior years	<u>(32,406)</u>	<u>(73,457)</u>
Total Incurred Claims and Claim Adjustment Expenses	<u>98,375</u>	<u>47,905</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current period	(37,559)	(21,591)
Claims and claim adjustment expenses attributable to insured events of prior years	<u>(71,748)</u>	<u>(25,052)</u>
Total Payments	<u>(109,307)</u>	<u>(46,643)</u>
<u>TOTAL UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES</u>		
–end of the period	<u>\$ 138,228</u>	<u>\$ 149,160</u>

NOTE 8 - CHANGE IN ACCOUNTING PRINCIPLES

During the fiscal year, BORMA implemented the following Governmental Accounting Standards:

GASB Statement No 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). The implementation of this Statement did not have an effect on the financial statements of the Pool.

GASB Statement No 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of this Statement did not have an effect on the financial statements of the Pool.

BORMA, Inc.

**Required Supplementary Information
Claim Development Information**

	December 31,					November 30,				
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Premiums and other income	1,187,728	1,461,498	1,159,265	555,148	428,648	700,583	626,313	760,885	590,432	518,832
Unallocated expenses	868,381	893,474	1,063,775	406,264	96,824	432,014	432,016	417,277	400,608	391,786
Estimated losses incurred and and expense, end of year	723,757	282,035	301,281	281,817	88,862	100,502	89,384	10,065	47,989	100,441
Paid (cumulative) as of:	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
end of year	235,796	79,846	39,202	1,509	16,561	38,592	4,148	0	21,591	37,559
one year later	319,890	265,569	55,561	27,555	41,561	64,233	6,257	25,000	71,784	
two years later	370,728	398,067	122,459	27,555	51,125	64,233	6,309	46,555		
three years later	435,049	472,499	189,897	27,555	51,125	64,233	6,309			
four years later	383,773	473,499	189,897	27,555	51,125	64,233				
five years later	383,773	473,499	189,897	27,555	51,125					
six years later	383,773	473,499	189,897	27,555						
seven years later	383,773	473,499	189,897							
eight years later	383,773	473,499								
nine years later	383,773									
Reestimated incurred claims	624,956	458,590	264,069	74,738	95,510	84,698	65,959	70,476	121,362	130,781
end of year	476,611	438,175	220,687	68,378	90,418	108,460	55,445	55,682	109,229	
one year later	457,856	530,951	228,820	51,097	73,137	81,355	16,889			
two years later	600,703	523,997	223,165	37,557	58,121	69,701	7,240			
three years later	383,773	499,676	206,255	31,671	53,784	64,492				
four years later	383,773	473,499	189,897	27,555	51,125					
five years later	383,773	473,499	189,897	27,555						
six years later	383,773	473,499	189,897							
seven years later	383,773	473,499								
eight years later	383,773									
nine years later	383,773									

Notes:

- 1) Losses excess of pool retention are not included as these are separately insured
- 2) The fiscal year was January 1 - December 31 for 2010 through 2013.
The fiscal year was changed to be concurrent with the policy year beginning December 1, 2013 and subsequent.

JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

To the Board of Trustees of
BORMA, Inc.
304 North Church Street
Bowling Green, OH 43402

The Honorable Keith Faber
Auditor of State
State of Ohio

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 BORMA, Inc. (BORMA), Wood County, Ohio as of and for the fiscal year ended November 30, 2019, and the related notes to the financial statements, which collectively comprise BORMA's basic financial statements and have issued our report thereon dated May 8, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BORMA'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BORMA's internal control. Accordingly, we do not express an opinion of the effectiveness of BORMA'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 BORMA'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 BORMA'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 BORMA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BORMA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James G.
Zupka, CPA,
President
James G. Zupka, CPA, Inc.
Certified Public Accountants

Digitally signed by James G. Zupka,
CPA, President
DN: cn=James G. Zupka, CPA,
President, o=James G. Zupka, CPA,
Inc., ou=Accounting,
email=jgz@jgzcpa.com, c=US
Date: 2020.05.26 12:05:31 -0400'

May 8, 2020

BORMA, INC.
WOOD COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

The prior audit report, for the fiscal year ended November 30, 2018, reported no audit findings or management letter recommendations.

OHIO AUDITOR OF STATE
KEITH FABER



BORMA INC.

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 23, 2020**