Mary Taylor, CPA
Auditor of State

Board of Directors
Schools of Ohio Risk Sharing Authority
8050 N. High Street, Suite 160
Columbus, Ohio 43235

We have reviewed the *Report of Independent Auditors* of the Schools of Ohio Risk Sharing Authority, Franklin County, prepared by Blue & Co., LLC, for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Schools of Ohio Risk Sharing Authority is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 1, 2009

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SCHOOLS OF OHIO RISK SHARING AUTHORITY

FINANCIAL STATEMENTS

AND

SUPPLEMENTAL SCHEDULES

JUNE 30, 2009 AND 2008

SCHOOLS OF OHIO RISK SHARING AUTHORITY

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June 30, 2009 and 2008

CPAs ADVISORS

blue

Blue & Co., LLC / 8800 Lyra Drive, Suite 450 / Columbus, OH 43240
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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Schools of Ohio Risk Sharing Authority
Columbus, Ohio

We have audited the accompanying statements of net assets of Schools of Ohio Risk Sharing Authority as of June 30, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Schools of Ohio Risk Sharing Authority's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Schools of Ohio Risk Sharing Authority as of June 30, 2009 and 2008 and the results of its operations, changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis, on pages i through vi, is not a required part of the basic financial statements, but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2009, on our consideration of the Schools of Ohio Risk Sharing Authority'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Blue & Co., LLC

October 23, 2009

SCHOOLS OF OHIO RISK SHARING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis of Schools of Ohio Risk Sharing Authority (SORSA) provides an overall review of SORSA's financial activities. The intent of this discussion and analysis is to provide further information on SORSA's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of SORSA's financial performance.

Overview of the Organization

SORSA is a 100% member-owned, non-profit insurance risk pool owned and governed by school district members. SORSA is dedicated to providing broad insurance coverage and high quality risk management services while maintaining long-term financial stability. Various plan options are available to members. SORSA was incorporated on January 31, 2002. Operations and plan coverage officially began on February 1, 2002.

SORSA employs a full-time Executive Director and a part-time Member Services Assistant.

At June 30, 2009, 2008, and 2007, SORSA had 87, 82, and 78 members, respectively.

SORSA has agreements with several separate organizations whereby each provides certain administrative, executive, accounting or other services to SORSA.

The insurance brokerage firm of Willis Pooling is contracted to provide reinsurance brokerage, underwriting, rating, billing and consulting services.

The Frank Gates Service Company (Frank Gates) provides insurance claims settlement and adjustment services to SORSA. Under contract, Frank Gates pays SORSA members' claims directly from a SORSA claims checking account.

The Verhoff Group provides bookkeeping, payroll, consulting and accounting services to SORSA. The Verhoff Group records and tracks accounts receivable from billings to SORSA members for annual premiums and monitors and maintains several bank accounts in the name of SORSA. The Verhoff Group also furnishes SORSA bank reconciliations for these accounts.

SORSA contracts with the law firm Isaac, Brant, Ledman & Teetor to provide lead defense counsel for third-party claims against members.

SORSA contracts with the law firm Peck, Shaffer, & Williams to provide legal counsel to the SORSA Board of Directors.

Actuarial services are provided by the firm SIGMA Actuarial Consulting Services, Inc.

Marketing of the SORSA program is by a selected panel of local independent insurance agents across Ohio along with SORSA's own internal staff.

Property replacement cost appraisals are provided by the firm American Appraisal Associates.

Risk management consulting services are provided by KLA Risk Consulting, Inc.

Overview of the Financial Statements

This annual report consists of financial statements and notes to those statements. The financial statements include the accounts and transactions of SORSA. The Statements of Net Assets, Statements of Revenue, Expenses, and Changes in Net Assets, and the Statements of Cash Flows provide an indication of SORSA's financial health. The Statements of Net Assets include SORSA's assets and liabilities, using the accrual basis of accounting, as well as an indication about which assets can be utilized for general purposes. The Statements of Revenue, Expenses, and Changes in Net Assets report the revenues and expenses during the time periods indicated. The Statement of Cash Flows report the sources and uses of cash during the periods indicated.

Financial Analysis of SORSA

Table 1 provides a summary of SORSA's Statement of Net Assets as of June 30, 2009, 2008, and 2007.

Table 1:

	6/30/09	6/30/08	6/30/07
Assets			
Current	$ 1,738,708	$ 744,032	$ 841,737
Other assets	1,167,373	2,415,976	1,803,324
Total assets	2,906,081	3,160,008	2,645,061
Liabilities	1,757,783	2,089,552	2,233,733
Net assets	$ 1,148,298	$ 1,070,456	$ 411,328

SORSA's assets are categorized in the "current asset" category and the capital asset category. The "current asset" category means that they are either cash, can be converted to cash quickly, or are expected to become cash soon. The statement shows SORSA's total current assets at June 30, 2009, 2008, and 2007 to be $1,738,708, $744,032 and $841,737, respectively. The primary component is cash in banks and investments. Assets in the long-term category are $1,167,373, $2,415,976, and $1,803,324 at June 30, 2009, 2008, and 2007, respectively.

The current liabilities include accounts payable to outside companies for various services, unearned premiums, and reserves for unpaid claims. Accounts payable totaled $11,320, $27,613, and $19,835 at June 30, 2009, 2008, and 2007 respectively. Unearned premiums totaled $264,723; $432,282; and $271,544 at June 30, 2009, 2008, and 2007, respectively. Unearned premium is the amount of premiums collected in advance of coverage periods that have been received but have not yet been earned. The reserve for unpaid claims totaled $1,481,740; $1,629,657; and $1,942,354 at June 30, 2009, 2008 and 2007, respectively.

As of June 30, 2009, 2008, and 2007, SORSA had net assets of $1,148,298; $1,070,456; and $411,328, respectively.

Statement of Revenues, Expenses, and Changes in Net Assets

The following table shows the changes in net assets for the years ended June 30, 2009, 2008, and 2007.

Table 2:

	Fiscal Year Ended June 30, 2009	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2007
Revenues			
Member premiums	$ 3,348,075	$ 3,314,942	$ 3,094,235
Ceded premiums	(1,447,117)	(1,452,458)	(1,169,570)
Net premiums earned	1,900,958	1,862,484	1,924,665
Expenses			
Loss adjustments	905,000	413,000	1,101,139
Agency commission	256,142	255,180	236,899
Claims administration	139,673	130,793	124,411
Pool administration	178,494	174,497	177,748
Salaries and benefits	170,331	159,770	147,820
Legal and professional	70,341	61,853	69,704
General and administrative	89,055	96,208	83,424
Travel and meetings	13,729	8,118	10,875
Appraisal fees	59,084	16,100	14,485
General insurance	8,103	8,057	8,079
Sales and marketing	21,171	14,356	6,237
Depreciation	2,725	3,228	3,566
Total expenses	1,913,848	1,341,160	1,984,387
Excess of revenues over expenses	(12,890)	521,324	(59,722)
Other revenue			
Non-operating gains (net)	90,732	137,804	136,456
Change in net assets	77,842	659,128	76,734
Net assets at beginning of period	1,070,456	411,328	334,594
Net assets at end of period	$ 1,148,298	$ 1,070,456	$ 411,328

Member premiums are the amount paid or due for the fiscal period. SORSA purchases reinsurance to cover the cost of large claims. For property and automobile physical damage claims SORSA collectively self-insures the first $100,000 of each claim; the reinsurer reimburses amounts above this level. For third-party liability claims other than Uninsured/Underinsured Motorists coverage, SORSA collectively self-insures the first $100,000 of each claim; the reinsurer reimburses amounts above this level. For third-party Uninsured/Underinsured Motorists coverage, SORSA collectively self-insures the first $200,000 of each claim. For equipment breakdown claims SORSA reinsures 100% of this exposure and does not retain any level of self-insurance.

Non-operating gain consists of the interest earned on SORSA's various checking and investment accounts. For the fiscal period ending June 30, 2009, 2008 and 2007 SORSA held its funds in fixed income federal obligations and various liquid cash accounts.

Loss adjustment expenses consist of claims paid during the year, plus the ultimate cost of claims determined to be incurred for the current year but not yet reported.

Claims administration and reinsurance broker fees are fees paid to vendors who process claims and provide underwriting, rating, billing, reinsurance brokering and consulting services for SORSA. Other expenses are general and administrative costs incurred during the year.

For the year ending June 30, 2009, SORSA's change in net assets was $77,842.

The Statement of Cash Flows

This statement shows how SORSA's cash balance changed in each period. It is divided into three different sections, each indicating the source or use of cash during the period. These sections relate to SORSA's operations, investing activities, and capital and related financing activities. This statement provides detail regarding the increases and decreases in SORSA's cash position during the period.

SORSA had a net cash outflow for the year ended June 30, 2009 totaling $14,615. The net cash expended by operating activities was $299,065. Other cash flows included the sale of investments of $284,450.

Going Forward

Insurance Market for Ohio School Districts

The environment in which SORSA operates is moderately competitive. There are options available to school districts for both pooling alternatives as well as traditional insurance.

Member Dividends

In order to maintain conservative funding for the SORSA pool, the Board of Directors has taken the position that there will be no dividends declared for distribution to members during the first several program years. When the SORSA Board of Directors determines that a dividend may be declared, SORSA will rely upon conservative actuarial estimates to formulate the plan for dividend distribution.

Cost Containment

SORSA endeavors to contain loss costs by utilizing claims administrators and defense attorneys who are very experienced in handling third-party liability cases for political subdivisions, by full utilization of statutory immunities and by implementing loss control and risk management training programs.

Legal Environment

The legal environment in which SORSA operates is relatively stable, with recent modest improvements in statutory immunity for school districts and other political subdivisions.

Contacting SORSA Financial Management

This financial report is designed to provide the users of SORSA'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, contact the SORSA Executive Director at 8050 North High Street, Suite 160, Columbus, Ohio 43235-6483.

SCHOOLS OF OHIO RISK SHARING AUTHORITY

STATEMENTS OF NET ASSETS
JUNE 30, 2009 AND 2008

ASSETS

	2009	2008
Current assets		
Cash and cash equivalents	$ 613,478	$ 628,093
Accounts receivable	2,634	7,967
Investments	1,085,051	32,891
Prepaid assets	37,545	75,081
Total current assets	1,738,708	744,032
Other assets		
Capital assets, net	8,288	11,013
Investments	1,159,085	2,404,963
Total other assets	1,167,373	2,415,976
Total assets	$ 2,906,081	$ 3,160,008

LIABILITIES AND NET ASSETS

	2009	2008
Current liabilities		
Accounts payable	$ 11,320	$ 27,613
Unearned premium	264,723	432,282
Reserve for unpaid claims	1,481,740	1,629,657
Total liabilities	1,757,783	2,089,552
Net assets		
Net assets - unrestricted	1,140,010	1,059,443
Net assets - invested in capital assets net of related debt	8,288	11,013
Total net assets	1,148,298	1,070,456
Total liabilities and net assets	$ 2,906,081	$ 3,160,008

See accompanying notes to financial statements.

SCHOOLS OF OHIO RISK SHARING AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Revenues		
Member premiums	$ 3,348,075	$ 3,314,942
Ceded premiums	(1,447,117)	(1,452,458)
Net premiums earned	1,900,958	1,862,484
Expenses		
Loss adjustments	905,000	413,000
Agency commission	256,142	255,180
Claims administration	139,673	130,793
Pool administration	178,494	174,497
Salaries and benefits	170,331	159,770
Legal and professional	70,341	61,853
General and administrative	89,055	96,208
Travel and meetings	13,729	8,118
Appraisal fees	59,084	16,100
General insurance	8,103	8,057
Sales and marketing	21,171	14,356
Depreciation	2,725	3,228
Total expenses	1,913,848	1,341,160
Excess (deficit) of revenues over expenses	(12,890)	521,324
Other revenue		
Non-operating gains	90,732	137,804
Change in net assets	77,842	659,128
Net assets at beginning of period	1,070,456	411,328
Net assets at end of period	$ 1,148,298	$ 1,070,456

See accompanying notes to financial statements.

SCHOOLS OF OHIO RISK SHARING AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Operating activities		
Cash received for premiums	$ 3,185,849	$ 3,467,713
Cash paid for claims	(1,052,917)	(725,697)
Cash payments to vendors for services and goods	(814,549)	(832,454)
Cash paid for excess insurance	(1,447,117)	(1,452,458)
Cash paid to employees for wages and benefits	(170,331)	(159,770)
Net cash flows from operating activities	(299,065)	297,334
Capital and related financing activities		
Purchase of capital assets	-	(1,372)
Net cash flows from investing activities	-	(1,372)
Investing activities		
Sales/(purchases) of investments	284,450	(128,630)
Net change in cash and cash equivalents	(14,615)	167,332
Cash and cash equivalents - beginning of period	628,093	460,761
Cash and cash equivalents - end of period	$ 613,478	$ 628,093
Reconciliation of change in net assets to net cash flows from operating activities:		
Excess (deficit) of revenue over expenses	$ (12,890)	$ 521,324
Depreciation	2,725	3,228
Changes in operating assets and liabilities		
Accounts receivable	5,333	(7,967)
Prepaid assets	37,536	(75,071)
Accounts payable	(16,293)	7,779
Unearned premium	(167,559)	160,738
Reserve for unpaid claims	(147,917)	(312,697)
Net cash provided by operating activities	$ (299,065)	$ 297,334

See accompanying notes to financial statements.

1. ORGANIZATION AND PLAN OF OPERATION

The Schools of Ohio Risk Sharing Authority (SORSA) is an Ohio non-profit organization formed by Ohio school districts to provide cost effective pooled insurance to its members. SORSA is a self-funded, group insurance consortium that offers property, electronic data processing, boiler and machinery, crime, general liability, automobile liability and physical damage, and school board errors and omissions insurance coverage. SORSA is governed by a Board of Directors comprised of representatives of school districts that participate in the program.

Premiums are paid on an annual basis. Pursuant to participation agreements with SORSA, each member agrees to pay all funding rates associated with the coverage elected, as such funding rates are set and billed to the members by SORSA. The assigned funding rates consist of the following components: administrative fees, stop loss fees, expected claims costs, and reserves. Reserves are determined by an independent actuary and allocated based on expected claim activity. Rates are calculated to cover the administrative expenses and expected claims costs of the program as well as provide additional member equity.

SORSA was incorporated as a governmental insurance pool on January 31, 2002. Operations and plan coverage officially began on February 1, 2002.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

SORSA uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, as amended, the Authority has elected to apply the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification that do not conflict with or contradict GASB pronouncements.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents consist of funds on deposits in banks and money market funds. SORSA maintains cash balances which are in excess of those insured by the Federal Depository Insurance Corporation. However, to date, no losses have been experienced.

Investments

SORSA holds Level 2 investments. The fair value is based on prices from broker-dealers who derive fair values for those assets from observable inputs. 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 assets as a component of other revenue.

Capital Assets

SORSA's capital assets are reported at historical cost net of depreciation. Depreciation is computed principally on the straight-line basis over the estimated useful lives of the assets. SORSA's capitalization policy is to capitalize all items greater than $500 with a useful life greater than one year. SORSA's capital assets consist of fixtures and are depreciated over a five year useful life.

Reserve for Unpaid Claims

SORSA's reserve for unpaid claims is determined using estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. The reserve represents an estimate of the ultimate cost of all claims incurred which were unpaid at each fiscal period end. While information is available for the known losses, the liability for which has been established on a case-by-case basis, the unknown losses are based on SORSA's best estimate of such liabilities. Although SORSA 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 revenues, expenses, and changes in net assets in the period in which estimates are changed. Reserves are not discounted.

Premiums Revenue and Unearned Premiums

Premiums are paid annually by participating entities and are recognized as revenue over the policy period. Receivables are recorded when earned. Premiums collected in advance of applicable coverage periods are classified as unearned premiums.

Income Taxes

SORSA is a not-for-profit corporation as defined under Section 501(c)(3) of the Internal Revenue Code. Accordingly, SORSA is exempt from federal, state and local taxes.

Accounting for Uncertainty in Income Taxes

SORSA evaluates uncertain tax positions in accordance with the Income Taxes Topic of FASB Accounting Standards Codification and makes such accruals and disclosures as might be required, if applicable.

Subsequent Events

SORSA has evaluated events or transactions occurring subsequent to the balance sheet date for recognition and disclosure in the accompanying financial statements through the date the financial statements are issued, which is October 16, 2009.

Risk Management

SORSA is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses and natural disasters.

3. RESERVE FOR UNPAID CLAIMS

As discussed in footnote 2, SORSA establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those liabilities for SORSA:

	2009	2008
Unpaid claims and claim adjustment expenses at beginning of period	$ 1,629,657	$ 1,942,354
Incurred losses and loss adjustment expense	905,000	413,000
Less payment of claims	1,052,917	725,697
Unpaid claims and claim adjustment expenses at end of period	$ 1,481,740	$ 1,629,657

4. DEPOSITS

At June 30, 2009, the bank balance of SORSA's demand deposits and money market accounts totaled $629,827. Of this balance, $494,260 was covered by federal depository insurance.

SORSA had the following investments and maturities, all of which were held in SORSA's name by custodial banks that are agents of SORSA:

Moody's	S&P	Fitch	Investment	Fair Value	Maturities < than 1 year	Maturities 1 - 5 years	As part of Total Investments
AAA	AAA	AAA	Federal Home Loan MTGE Corp	$ 607,833	$ -	$ 607,833	27%
AAA	AAA	AAA	Federal Farm Credit Bank	299,532	-	299,532	13%
AAA	AAA	AAA	Federal Home Loan Bank	1,223,554	971,834	251,720	55%
			Fixed income securities	2,130,919	971,834	1,159,085	
			Bank repurchase agreement - sweep	113,217	113,217	-	5%
				$ 2,244,136	$ 1,085,051	$ 1,159,085	100%

Interest rate risk – SORSA does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Concentration of credit risk – SORSA places no limit on the amount it may invest in any one issuer. SORSA maintains its investments, which at times may exceed federally insured limits. SORSA has not experienced any losses in such accounts. SORSA believes it is not exposed to any significant credit risk on investments.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, SORSA's deposits may not be returned. SORSA does not have a deposit policy for custodial credit risk. As of June 30, 2009 and 2008, respectively, $135,567 and $411,140 of SORSA's bank balance was exposed to custodial credit risk.

Concentration of credit risk – SORSA places no limit on the amount it may invest in any one issuer. SORSA maintains its investments, which at times may exceed federally insured limits. SORSA has not experienced any losses in such accounts. SORSA believes it is not exposed to any significant credit risk on investments.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Fair Value Measurements Topic (as amended) of FASB Accounting Standards Codification requires certain disclosures regarding the fair value of financial instruments. Financial instruments held by the Hospital impacted by this pronouncement include SORSA's investments which are measured using quoted prices in active markets.

Fair values of financial instruments at June 30, 2009 follow:

Description	6/30/09	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	$ 2,244,136	$ -	$ 2,244,136	$ -

6. CAPITAL ASSETS

Capital assets at June 30, 2009 and 2008 was as follows:

	2008	Additions	Retirements	2009
Furniture and fixtures	$ 24,240	$ -	$ -	$ 24,240
Less: accumulated depreciation	13,227	2,725	-	15,952
Capital assets, net	$ 11,013			$ 8,288

	2007	Additions	Retirements	2008
Furniture and fixtures	$ 22,869	$ 1,371	$ -	$ 24,240
Less: accumulated depreciation	9,999	3,228	-	13,227
Capital assets, net	$ 12,870			$ 11,013

7. EXCESS INSURANCE COVERAGE

SORSA purchases reinsurance to cover the cost of large claims. For property and automobile physical damage claims SORSA collectively self-insures the first $100,000 of each claim; the reinsurer reimburses amounts above this level. For third-party liability claims other than Uninsured/Underinsured Motorists coverage SORSA collectively self-insures $100,000 of each claim; the reinsurer reimburses amounts above this level. For third-party Uninsured/Underinsured Motorists coverage, SORSA collectively self-insures the first $200,000 of each claim. For equipment breakdown claims SORSA reinsures 100% of this exposure and does not retain any level of self-insurance.

8. COMMITMENTS AND CONTINGENCIES

SORSA leases office space from Ohio School Boards Association. Rent expense under the lease was $26,802 and $23,694 for 2009 and 2008, respectively.

Approximate future annual minimum lease payments under the lease are as follows:

2010	16,032
2011	16,032
2012	16,032
2013	16,032
2014	16,032
2015	8,016
	$ 88,176

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REPORT OF INDEPENDENT AUDITORS ON OTHER FINANCIAL INFORMATION

Board of Directors
SCHOOLS OF OHIO RISK SHARING AUTHORITY
Columbus, Ohio

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on pages 13 through 15 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Blue & Co., LLC

October 23, 2009

SCHOOLS OF OHIO RISK SHARING AUTHORITY

RECONCILIATION OF CLAIMS LIABILITY BY TYPE OF CONTRACT
YEARS ENDED JUNE 30, 2009 AND 2008

The schedule below presents the changes in claims liabilities for SORSA's contracts for the periods ending June 30, 2009 and June 30, 2008.

	Property and Liability
June 30, 2009	
Unpaid losses and loss adjustment expenses, beginning of fiscal period	$ 1,629,657
Plus: Incurred losses and loss adjustment expenses	
Provision for insured events of the period	905,000
Less: Payments	
Benefits attributable to insured events	1,052,917
Total unpaid losses and loss adjustment expenses, end of fiscal period	$ 1,481,740

	Property and Liability
June 30, 2008	
Unpaid losses and loss adjustment expenses, beginning of fiscal period	$ 1,942,354
Plus: Incurred losses and loss adjustment expenses	
Provision for insured events of the period	413,000
Less: Payments	
Benefits attributable to insured events	725,697
Total unpaid losses and loss adjustment expenses, end of fiscal period	$ 1,629,657

SCHOOLS OF OHIO RISK SHARING AUTHORITY

CLAIMS DEVELOPMENT
YEARS ENDED JUNE 2004 THROUGH 2009

Ten Year Claims Development Information

The table below illustrates how SORSA's earned revenues and investment income compare to related costs of loss and other expenses assumed by SORSA. The rows of the table are defined as follows:

1) This line shows the total of each fiscal year's earned contract revenues and investment revenues.

2) This line shows each fiscal year's other operating costs of SORSA including overhead and claims expense not allocable to individual claims.

3) This line shows SORSA's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).

4) This section of rows show the cumulative amounts paid as of the end of successive years for each policy year.

5) This section of rows shows how each policy year's incurred claims increased or decreased as of the end of the successive years. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.

6) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether the latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between the original estimated and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

See report of independent auditors on other financial information on page 12.

SCHOOLS OF OHIO RISK SHARING AUTHORITY

CLAIMS DEVELOPMENT
YEARS ENDED JUNE 2004 THROUGH 2009

	Fiscal Year Ended 6/30/2009	Fiscal Year Ended 6/30/2008	Fiscal Year Ended 6/30/2007	Fiscal Year Ended 6/30/2006	Fiscal Year Ended 6/30/2005	Five Month Period Ended 6/30/2004
1. Required contribution and investment revenue						
Earned	$ 3,348,075	$ 3,314,942	$ 3,094,235	$ 2,958,419	$ 3,673,926	$ 1,632,600
Ceded	1,447,117	1,452,458	1,169,570	955,265	1,590,395	913,321
Net earned	1,900,958	1,862,484	1,924,665	2,003,154	2,083,531	719,279
2. Unallocated expenses	1,008,848	928,160	883,248	871,413	981,423	514,783
3. Estimated claims and expenses end of policy year:						
Incurred	905,000	413,000	1,101,139	911,791	1,017,776	420,442
Ceded	-	-	-	-	-	-
Net incurred	905,000	413,000	1,101,139	911,791	1,017,776	420,442
4. Net paid claims as of: (cumulative)						
End of policy year	781,821	464,528	312,965	267,176	292,930	93,093
One year later	-	651,885	411,983	396,843	392,020	372,979
Two years later	-	-	460,722	474,574	396,931	437,591
Three years later	-	-	-	508,166	512,634	472,304
Four years later	-	-	-	-	513,711	485,334
Five years later	-	-	-	-	-	485,665
Six years later	-	-	-	-	-	-
Seven years later	-	-	-	-	-	-
Eight years later	-	-	-	-	-	-
Nine years later	-	-	-	-	-	-
5. Re-estimated net incurred claims and expense, as of:						
End of policy year	905,000	913,000	1,101,139	911,791	1,017,776	535,004
One year later	-	913,000	1,101,139	911,791	1,017,776	535,004
Two years later	-	-	1,101,139	661,791	1,017,776	535,004
Three years later	-	-	-	661,791	702,884	535,004
Four years later	-	-	-	-	702,884	599,896
Five years later	-	-	-	-	-	599,896
Six years later	-	-	-	-	-	-
Seven years later	-	-	-	-	-	-
Eight years later	-	-	-	-	-	-
Nine years later	-	-	-	-	-	-
6. Increase (decrease) in estimated incurred claims and expense from end of policy year	$ -	$ -	$ -	$ (250,000)	$ (314,892)	$ 64,892

See report of independent auditors on other financial information on page 12.

CPAs ADVISORS

blue

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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*

To the Board of Directors
Schools of Ohio Risk Sharing Authority
Columbus, Ohio

We have audited the financial statements Schools of Ohio Risk Sharing Authority (SORSA) as of June 30, 2009 and 2008 and have issued our report thereon dated October 23, 2009. 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.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SORSA's financial statements are free of 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.*

This report is intended solely for the information and use of the Board of Directors, management and The Ohio Auditor of State is not intended to be and should not be used by anyone other than those specified parties.

Blue & Co., LLC

October 23, 2009

Schools of Ohio Risk Sharing Authority
Schedule of Prior Audit Findings
June 30, 2008

2008-1: General Ledger Reconciliation - Cash

We noted a certain premium payment that was properly reflected within the bank reconciliation and not posted to the general ledger. An audit entry was proposed to correct the general ledger to match the bank reconciliation. If uncorrected, this would have understated cash and unearned revenue by $44,271. We recommend that management review its reconciliation process to determine if additional procedures are necessary to detect such differences and record them within the general ledger.

Management's Response

Procedures have been implemented whereby the necessary closing entries were made as of June 30, 2009 in order to conform with external reporting requirements.

2008-2: Accounts Receivable

We noted that amounts due from school districts were posted to unearned revenue rather than premiums receivable. An audit entry was proposed to reclassify these amounts to premiums receivable. If uncorrected, this condition would have understated accounts receivable and unearned revenue by $388,011. In order to conform internal reporting with external reporting requirements, we recommend that billed, unpaid premiums be classified as premium receivable.

Management's Response

Procedures have been implemented whereby the necessary closing entries were made as of June 30, 2009 in order to conform with external reporting requirements.

2008-2: Accounts Receivable

We noted that certain deposits were posted to unearned revenue rather than deposits. An entry was proposed to reclassify the related amounts from unearned revenue to deposits. If uncorrected, this would have understated deposits and unearned revenue by $75,071. In order to conform internal reporting to external reporting requirements, we recommend that amounts prepaid for future expenditures be recorded as deposits.

Management's Response

Procedures have been implemented whereby the necessary closing entries were made as of June 30, 2009 in order to conform with external reporting requirements.

Mary Taylor, CPA
Auditor of State

SCHOOLS OF OHIO 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
DECEMBER 15, 2009

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