**Section 2405.40 Financial Statements**

a) Each Pool shall, no later than 150 days after the end of its immediately preceding fiscal year, file with the Director audited Financial Statements, prepared in accordance with generally accepted accounting principles for Public Entity Risk Pools, pursuant to Governmental Accounting Standards Board (GASB) (401 Merritt 7, P.O. Box 5116, Norwalk, CT 06856-5116) (Codification of Governmental Accounting and Financial Reporting Standards, as of June 30, 1996, no subsequent dates or editions); supplemented, where applicable, pursuant to standards promulgated by the Public Risk Management Association Advisory Standards for Public Entity Pools (PRIMA, 1996, no subsequent dates or editions), reporting the financial condition of the Pool as of the end of its immediately preceding fiscal year and changes in net worth for the year then ending.

b) The annual audited Financial Statements shall include without implied limitation the following reported in sufficient detail and including appropriate notes to achieve fair presentation in accordance with generally accepted accounting principles:

1) The report of the independent certified public accountant including:

A) A certification that the Financial Statements were prepared in accordance with generally accepted auditing standards, AICPA Professional Standards, published for the American Institute of Certified Public Accountants by CCH, Inc., 4025 W. Peterson Avenue, Chicago, IL 60646, June 1996, no subsequent dates or editions.

B) A certification that the independent audit upon which the Financial Statements are based was conducted in accordance with generally accepted accounting standards.

C) An expression of the independent certified public accountant's opinion regarding the Financial Statements, taken as a whole, or an assertion to the effect that an opinion cannot be expressed. When an overall opinion is not expressed, the reasons therefore should be stated. In all cases where the independent certified public accountant's name is associated with the Financial Statements, the Report should contain a clear-cut indication of the character of the auditor's work, if any, and the degree of responsibility the auditor is taking.

2) A balance sheet reporting assets, liabilities and net worth, which shall also include a comparative balance sheet as of the end of the second preceding fiscal year for any pool which has been in existence for more than one fiscal year.

3) An income statement describing gain or loss from operations, which shall also include a comparative statement of gain or loss from operations as of the end of the second preceding fiscal year for any pool which has been in existence for more than one year.

4) A statement of cash flows, which shall also include a comparative statement of cash flow as of the end of the second preceding fiscal year for any pool which has been in existence for more than one fiscal year.

5) A statement of changes in net worth, which shall also include a comparative statement of changes in net worth as of the end of the second preceding fiscal year for any pool which has been in existence for more than one fiscal year.