

**PUBLIC ENTITY
RISK CONSORTIUM
MAHONING COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED NOVEMBER 30, 2021**

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

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Public Entity Risk Consortium
131 W. Boardman Street
Youngstown, Ohio 44503

We have reviewed the *Independent Auditor's Report* of the Public Entity Risk Consortium, Mahoning County, prepared by James G. Zupka, CPA, Inc., for the audit period December 1, 2020 through November 30, 2021. 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 Public Entity Risk Consortium 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 02, 2022

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**PUBLIC ENTITY RISK CONSORTIUM
MAHONING COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Public Entity Risk Consortium
Youngstown, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the Public Entity Risk Consortium (PERC), Mahoning County, Ohio as of and for the fiscal year ended November 30, 2021, and the related notes to the financial statements, which collectively comprise PERC'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 PERC'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 PERC'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Entity Risk Consortium, Mahoning County, Ohio as of November 30, 2021, 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 and Ten-Year Claims Development Information*, as listed in the table of contents, 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 March 15, 2022, on our consideration of Public Entity Risk Consortium'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 PERC's internal control over financial reporting and compliance.



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

March 15, 2022

**PUBLIC ENTITY RISK CONSORTIUM
MAHONING COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021**

The discussion and analysis of the Public Entity Risk Consortium (PERC) financial statements provides an overall review of PERC's financial activities for the fiscal year ended November 30, 2021. The intent of this discussion and analysis is to look at PERC'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 PERC's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2021 are as follows:

- PERC's net financial position at November 30, 2021 was \$6,884,537.
- PERC has hired an independent actuary, Principal & Consulting Actuary, to determine the loss and loss adjustment/expense reserves. Based upon the actuary's report, the loss and loss adjustment expense reserves were \$2,811,067 at November 30, 2021, compared to \$2,806,270 at November 30, 2020.
- PERC had operating revenues from its members of \$6,771,212 and operating expenses of \$5,959,901 for the fiscal year. In addition, PERC had \$257,768 in claim recoveries, and \$2,193 in investment income. There was a loss in value in the investments of \$39,075. There was a return of premiums to the members in the amount of \$776,109. Net income and increase in net position was \$256,088 for the fiscal year.

REPORTING OF FINANCIAL ACTIVITIES

The table below provides a summary of PERC's net position for November 30, 2021 and 2020.

Table 1 - Condensed Statement of Net Position Compared to Prior Year

	2021	2020
<u>Assets</u>		
Cash and Cash Equivalents	\$ 6,330,049	\$ 6,027,881
Receivables	55,000	0
Investments	4,102,663	4,164,488
Total Assets	10,487,712	10,192,369
<u>Liabilities and Net Position</u>		
Accounts Payable	\$ 792,108	\$ 757,650
Reserves for Unpaid Claims	2,811,067	2,806,270
Net Position	6,884,537	6,628,449
Total Liabilities and Net Position	\$ 10,487,712	\$ 10,192,369

Total assets increased by \$295,343 or 2.9 percent. The loss reserve amount increased by \$4,797 or .2 percent. Accounts payable increased by \$34,458, or 4.6 percent. These factors resulted in the increase in net position of \$256,088, or 3.9 percent.

**PUBLIC ENTITY RISK CONSORTIUM
MAHONING COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021**

The table below shows the changes in net position for the fiscal years ending November 30, 2021 and 2020.

**Table 2 - Condensed Statement of Revenues, Expenses, and Changes in Net Position Compared to
Prior Year**

	2021	2020
<u>Revenues</u>		
Membership Income	\$ 6,771,212	\$ 6,083,761
Claim Recoveries	257,768	410,626
Investment Income	(36,882)	80,514
Return of Member Income	(776,109)	(757,650)
Total Revenues	6,215,989	5,817,251
<u>Expenses</u>		
Insurance Expense	5,141,213	4,411,793
Claims Expense	796,967	1,211,223
Other Expense	21,721	28,063
Total Operating Expenses	5,959,901	5,651,079
Change in Net Position	256,088	166,172
Net Position - Beginning of Year	6,628,449	6,462,277
Net Position - End of Year	\$ 6,884,537	\$ 6,628,449

Member income increased by \$687,451, or 11.3 percent. The claim recoveries decreased by \$152,858, or 37.2 percent. The claims expense decreased by \$414,256 or 34.2 percent.

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 the Public Entity Risk Consortium's finances and to show its accountability for the money it receives. If you have questions about this report or need additional information contact Gary Cameron, 131 W. Boardman Street, Youngstown, Ohio 44503.

**PUBLIC ENTITY RISK CONSORTIUM
MAHONING COUNTY, OHIO
STATEMENT OF NET POSITION
NOVEMBER 30, 2021**

Assets

Cash and Cash Equivalents	\$ 6,330,049
Investments	4,102,663
Receivables - Claim Recoveries	<u>55,000</u>
Total Current Assets	<u>10,487,712</u>

Liabilities

Accounts Payable	15,999
Accounts Payable - Return of Premiums	776,109
Reserve for Unpaid Claims	<u>2,811,067</u>
Total Current Liabilities	<u>3,603,175</u>

Net Position

Unrestricted	<u>\$ 6,884,537</u>
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**PUBLIC ENTITY RISK CONSORTIUM
MAHONING COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021**

<u>Operating Revenues</u>	
Membership Contributions	\$ 6,771,212
Claim Recoveries	257,768
Total Operating Revenues	<u>7,028,980</u>
<u>Operating Expenses</u>	
Claims Expense	796,967
Insurance Premiums	5,141,213
Professional Fees	21,721
Total Operating Expenses	<u>5,959,901</u>
Operating Income (Loss)	<u>1,069,079</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	2,193
Loss on Investments	(39,075)
Return of Membership Contributions	(776,109)
Total Nonoperating Revenues (Expenses)	<u>(812,991)</u>
Change in Net Position	256,088
Net Position - Beginning of Year	<u>6,628,449</u>
Net Position - End of Year	<u>\$ 6,884,537</u>

See accompanying notes to the financial statements.

**PUBLIC ENTITY RISK CONSORTIUM
MAHONING COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021**

<u>Cash Flows from Operating Activities</u>	
Cash Received for Premiums	\$ 6,771,212
Cash Received for Insurance Recoveries	257,768
Cash Paid for Claims	(831,171)
Cash Payments to Vendors for Services and Goods	(21,721)
Cash Paid for Premiums	(5,141,213)
Net Cash Provided by (Used in) Operating Activities	<u>1,034,875</u>
<u>Cash Flows from Investing Activities</u>	
Cash Received from Investment Income	2,193
Cash Transferred to Investments	22,750
Net Cash Provided by Investing Activities	<u>24,943</u>
<u>Cash Flows from Non-Capital Financing Activities</u>	
Dividends to Members	(757,650)
Net Cash Provided by Non-Capital Financing Activities	<u>(757,650)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	302,168
Cash and Cash Equivalents - Beginning of Year	6,027,881
Cash and Cash Equivalents - End of Year	<u>\$ 6,330,049</u>
<u>Reconciliation of Changes in Operating Income to Net Cash from Operating Activities</u>	
Operating Income	\$ 1,069,079
Changes in Assets and Liabilities:	
(Increase)/Decrease in Receivables	(55,000)
Increase/(Decrease) in Payables	15,999
Increase/(Decrease) in Reserve for Unpaid Claims	4,797
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,034,875</u>

See accompanying notes to the financial statements.

**PUBLIC ENTITY RISK CONSORTIUM
MAHONING COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021**

NOTE 1: **DESCRIPTION OF THE ORGANIZATION**

The Public Entity Risk Consortium (PERC) is a joint self-insurance pool consortium established pursuant to the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio as defined by being organized under the Ohio Revised Code Chapter 2744.081. PERC is a shared risk pool as defined by Governmental Accounting Standards Board (GASB) Statement No. 10. It was formed to carry out a cooperative program for the provisions and administration of a self-insurance pool to provide excess coverage for automobile liability, general liability, crime and property, automobile physical damage, and public official's liability in accordance with PERC's agreement and bylaws. In addition to the self-insurance pool, PERC provides risk management services, loss prevention programs, and various other educational materials. The members of PERC include the following entities within the State of Ohio: City of Lorain, BORMA, Inc., Midwest Pool Risk Management Agency, Inc. (MPRMA), Ohio Housing Authority Property and Casualty, Inc. (OHAPCI), State Housing Authority Risk Pool Association, Inc. (SHARP), and the counties of Tuscarawas and Wayne. PERC 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 GASB Statement No. 34.

NOTE 2: **SUMMARY OF SIGNICANT 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 Governmental Accounting Standards Board. GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, as amended by GASB Statement No. 30, *Risk Financing Omnibus – an Amendment of GASB Statement No. 10*, 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, PERC 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, 2021, consist of funds or deposits in banks and money market funds.

Investments

Investments are reported as assets and are carried at fair market value. 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.

**PUBLIC ENTITY RISK CONSORTIUM
MAHONING COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNICANT 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 PERC and to create reserves for claims and unallocated loss adjustments 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 can be assessed during the entire life of PERC 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.

Reserve for Unpaid Claims

Provisions for claims reserves and loss adjustment expenses are based on information reported by members and are calculated by PERC'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. PERC's management believes that the claim reserves are 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.

Reinsurance

PERC uses reinsurance agreements to reduce its exposure to large losses on all types of insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of PERC as direct insurer of the risks reinsured. PERC 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.

Net Position

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

As of November 30, 2021, PERC does not have any "restricted" net position. PERC's 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 PERC in the years in which said distribution was made.

In the event of dissolution of PERC, any funds which remain unencumbered after all claims and all other obligations of PERC have been paid shall be distributed only to the entities which are members of PERC immediately prior to its dissolution. Any such surplus funds shall be distributed to members in proportion to the interest in the surplus funds.

**PUBLIC ENTITY RISK CONSORTIUM
MAHONING COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNICANT ACCOUNTING POLICIES** (Continued)

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 could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events and transactions occurring subsequent to the Statement of Financial Position for recognition and disclosure in the accompanying financial statements through the date the financial statements are issued, and has determined there were no material subsequent events of transactions.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary action of PERC. For PERC, 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 PERC's primary mission. Revenues and expenses not meeting the definitions are reported as nonoperating.

Income Taxes

PERC is not subject to income taxes and the filing of tax returns since its members are political subdivisions in the State of Ohio.

NOTE 3: **DEPOSITS AND INVESTMENTS**

PERC 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 PERC's deposits was \$5,977,098 and the bank balance was \$6,077,098. Of the bank balance, \$4,891,920 was covered by Federal Depository Insurance. The remaining balance of \$1,185,178 was uninsured and subject to custodial risk as described below.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of bank failure, PERC will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of PERC's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. Ohio law requires that deposits either be insured or protected by:

**PUBLIC ENTITY RISK CONSORTIUM
MAHONING COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021
(CONTINUED)**

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

Custodial Credit Risk (Continued)

Eligible securities pledged to PERC and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be at least 102 percent of the deposits being secured or a rate set by the Treasurer of State. PERC's financial institutions had enrolled in OPCS as of November 30, 2021.

Investments

At year end, the carrying amount and maturities of PERC's investments were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)		
		< 1	1-2	> 2
Federal Gov Obligations Fd	\$ 352,951	\$ 352,951	\$ 0	\$ 0
FHLB .6% 08/27/2025 - 2020	245,761	0	0	245,761
FFCB .3% 9/1/2023 - 2021	398,392	0	398,392	0
FFCB .43% 9/10/2024 - 2020	247,189	0	0	247,189
FHLMC .45% 12/24/2024 - 2021	246,541	0	0	246,541
FHLMC .4% 12/30/2024 - 2021	492,308	0	0	492,308
FHLMC .3% 12/29/2023 - 2021	496,767	0	496,767	0
FHLMC .57% 10/8/2025 - 2021	490,467	0	0	490,467
FNMA 1.875% 4/5/2022	100,613	100,613	0	0
US Treasury N/B 1.625% 12/15/2022	253,516	253,516	0	0
US Treasury N/B 1.125% 02/28/2025	251,640	0	0	251,640
US Treasury N/B .375% 1/31/2026	485,469	0	0	485,469
US Treasury N/B .75% 3/31/2026	394,000	0	0	394,000
Total	\$ 4,455,614	\$ 707,080	\$ 895,159	\$ 2,853,375

PERC's investments in federal agency securities and U.S. Treasury notes are valued using quoted prices in markets that are not considered to be active, dealer quotations, or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

**PUBLIC ENTITY RISK CONSORTIUM
MAHONING COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021
(CONTINUED)**

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

Reconciliation of Cash, Cash Equivalents, 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, cash equivalents, and investments reported on the Statement of Net Position as of November 30, 2021:

Cash and Investments per Note

Carrying Amount of Deposits	\$ 5,977,098
Investments	352,951
Total Cash and Cash Equivalents on Statement of Net Position	<u><u>\$ 6,330,049</u></u>

Investments per Note

Investments per Note	\$ 4,455,614
Investments Reported as Cash and Cash Equivalent	(352,951)
Total Investments on Statement of Net Position	<u><u>\$ 4,102,663</u></u>

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations. PERC does not have a policy to limit credit risk beyond the requirements of State statute. All of the federal agency securities carry a rating of Aaa by Moody's.

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. PERC 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. PERC does not have a policy to limit interest rate risk.

NOTE 4: **ADMINISTRATIVE FEES**

PERC has contracted with Arthur J. Gallagher Risk Management Services, Inc. to provide various management, underwriting, claim adjustments, and loss control services. The fees are calculated based on periodic contributions and are deferred and charged to periodic expenses on a straight-line basis over the related service period.

NOTE 5: **RISK MANAGEMENT**

PERC has contracted with a third-party administrator, Arthur J. Gallagher Risk Management Services, Inc. to provide management services. PERC has also contracted with Gallagher Bassett Services, Inc. to process claims incurred by its members.

The members contribute annual premiums into the self-insurance risk pool fund of PERC. The Treasurer approves payments to the third-party administrator for actual insurance claims processed, insurance premiums, and administrative charges incurred on behalf of PERC members. PERC may extend an assessment to each member if additional funding is needed to cover expenses.

**PUBLIC ENTITY RISK CONSORTIUM
MAHONING COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021
(CONTINUED)**

NOTE 5: RISK MANAGEMENT (Continued)

Members that withdraw from PERC are obligated for payment of any negative balance of their account and the remaining claims of any of its eligible members and dependents are the responsibility of each individual member upon withdrawal from PERC.

NOTE 6: MEMBER RETENTIONS

Member retentions per occurrence are as follows:

Member	Property	General Liability	Auto Liability	Public Officials E. & O.	Automobile Physical Damage	Crime
BORMA	\$25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
MPRMA	100,000	100,000	100,000	100,000	100,000	25,000
OHAPCI	100,000	100,000	100,000	100,000	100,000	100,000
SHARP	100,000	100,000	100,000	100,000	100,000	50,000
City of Lorain	75,000	50,000	50,000	50,000	5,000	10,000
Tuscarawas County	50,000	50,000	10,000	50,000	5,000	N/A
Wayne County	50,000	50,000	25,000	50,000	25,000	N/A

PERC self-insured amounts inclusive of members' individual self-insured retention is as follows:

Property	\$ 250,000 per occurrence
Liability	\$ 500,000 per occurrence
Stop Loss	\$1,650,000 maximum per year

NOTE 7: LOSS RESERVE

As discussed in Note 2, the Pool established a claim reserve liability which 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, 2021.

Unpaid Claims and Claim Adjustment Expenses	
Beginning of Year	<u>\$ 2,806,270</u>
Incurred Claims and Claim Adjustment Expenses	
Provision for Insured Events of the Current Year	914,945
Increase (Decrease) in Provision for Insured Events of Prior Years	<u>(227,982)</u>
Total Incurred Claims and Claim Adjustment Expenses	<u>686,963</u>
Payments	
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Year	(240,144)
Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Years	<u>(442,022)</u>
Total Payments	<u>(682,166)</u>
Total Unpaid Claims and Claim Adjustments Expenses - End of Period	<u><u>\$ 2,811,067</u></u>

**PUBLIC ENTITY RISK CONSORTIUM
MAHONING COUNTY, OHIO
CLAIMS DEVELOPMENT INFORMATION
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Pool Contributions	Information not available			\$ 5,009,674	\$ 4,934,815	\$ 4,912,557	\$ 5,589,209	\$ 5,700,522	\$ 6,083,761	\$ 6,771,212
Investment Income				21,414	42,853	47,607	92,993	191,406	80,514	(36,882)
Expenses	Information not available			4,062,394	3,990,394	3,993,875	4,005,113	4,120,927	4,439,856	5,162,934
Estimated Incurred										
Claims and Expenses	Information not available			543,659	388,113	317,853	435,253	1,002,460	1,211,223	796,967
Reestimated incurred claims and expense:										
End of Year	876,346	690,234	904,196	627,733	827,156	530,782	628,283	609,859	1,415,787	914,945
One Year Later	1,141,856	739,422	730,720	795,536	662,964	593,278	1,059,250	474,996	1,440,527	
Two Years Later	914,000	687,262	700,249	731,623	633,035	451,715	947,438	667,920		
Three Years Later	1,019,002	592,335	840,746	591,117	858,879	409,087	582,309			
Four Years Later	946,448	537,606	1,037,003	558,563	906,389	366,707				
Five Years Later	828,098	504,864	936,964	540,671	968,678					
Six Years Later	696,034	351,487	729,339	440,245						
Seven Years Later	696,034	329,487	729,339							
Eight Years Later	696,034	329,487								
Nine Years Later	696,034									
Paid (cumulative) as of:										
End of Year	161,488	30,271	55,328	34,575	34,852	30,909	138,238	32,181	204,552	240,144
One Year Later	460,852	165,702	200,706	385,362	170,916	238,202	281,698	210,597	367,457	
Two Years Later	516,171	291,123	304,947	437,300	216,883	244,060	281,698	266,511		
Three Years Later	651,464	329,487	416,793	438,747	305,226	264,764	467,660			
Four Years Later	695,408	329,487	603,902	440,245	486,242	264,764				
Five Years Later	696,034	329,487	729,339	440,245	523,483					
Six Years Later	696,034	329,487	729,339	440,245						
Seven Years Later	696,034	329,487	729,339							
Eight Years Later	696,034	329,487								
Nine Years Later	696,034									

Notes

1. Reestimated incurred claims and expense is net of reimbursement of excess coverage.
2. Estimated incurred claims and expense include incurred, but not reported claims.

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

Certified Public Accountants

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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 of
Public Entity Risk Consortium
Youngstown, Ohio

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 the Public Entity Risk Consortium (PERC), Mahoning County, Ohio as of and for the fiscal year ended November 30, 2021, and the related notes to the financial statements, which collectively comprise PERC's basic financial statements and have issued our report thereon dated March 15, 2022.

Internal Control Over Financial Reporting

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



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

March 15, 2022

**PUBLIC ENTITY RISK CONSORTIUM
MAHONING COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2021**

The prior audit report, as of November 30, 2020, included no citations, instances of noncompliance, or management letter recommendations.

OHIO AUDITOR OF STATE KEITH FABER



PUBLIC ENTITY RISK CONSORTIUM

MAHONING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/14/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov