

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

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED NOVEMBER 30, 2023**

Zupka & Associates
Certified Public Accountants



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Board of Directors
Public Entity Risk Consortium
C/O Youngstown MHA
131 West Boardmen Street
Youngstown, Ohio 44503

We have reviewed the *Independent Auditor's Report* of the Public Entity Risk Consortium, Mahoning County, prepared by Zupka & Associates, for the audit period December 1, 2022 through November 30, 2023. 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

May 31, 2024

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**PUBLIC ENTITY RISK CONSORTIUM
MAHONING COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

Public Entity Risk Consortium
131 W. Boardman St.
Youngstown, Ohio 44503

To the Board of Directors:

Report on the Financial Statements

Opinion

We have audited the financial statements of the Public Entity Risk Consortium (PERC), Mahoning County, Ohio as of and for the fiscal year ended November 30, 2023, and the related notes to the financial statements, which collectively comprise PERC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Public Entity Risk Consortium, Mahoning County, Ohio as of November 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PERC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PERC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PERC's ability to continue as a going concern for a reasonable period of time.

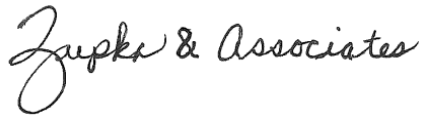
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2024, on our consideration of PERC'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 solely 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 effectiveness of PERC's 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.



Zupka & Associates
Certified Public Accountants

May 15, 2024

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PUBLIC ENTITY RISK CONSORTIUM

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2023

The discussion and analysis of the Public Entity Risk Consortium (PERC) financial statements provides an overall review of Public Entity Risk Consortium's financial activities for the fiscal year ended November 30, 2023. The intent of this discussion and analysis is to look at the Public Entity Risk Consortium'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 the Public Entity Risk Consortium's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2023 are as follows:

- PERC's net financial position at November 30, 2023 was \$4,980,243.
- PERC has hired an independent actuary, The Actuarial Advantage, to determine the loss and loss adjustment expense reserves. Based upon the actuary's report, the loss and loss adjustment expense reserves was \$3,349,464 at November 30, 2023 compared to \$3,258,069 at November 30, 2022.
- PERC had operating revenues from its members of \$7,883,858 and operating expenses of \$ 10,935,165 for the fiscal year. In addition, PERC had \$3,987,504 in claim recoveries, and \$149,465 in investment income. There was a gain in value in the investments of \$127,746. This resulted in a net income and increase in the net position was \$1,213,408 for the fiscal year.

Reporting of Financial Activities

The table below provides a summary of PERC's net position for November 30, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 5,464,931	\$ 3,645,575
Receivables	245,679	-
Investments	<u>4,255,992</u>	<u>4,083,255</u>
<u>Total Assets</u>	<u>\$ 9,966,602</u>	<u>\$ 7,728,830</u>
<u>Liabilities and Net Position</u>		
Accounts payable	\$ 1,636,895	\$ 703,926
Reserve for unpaid claims	3,349,464	3,258,069
Net Position	<u>4,980,243</u>	<u>3,766,835</u>
<u>Total Liabilities and Net Position</u>	<u>\$ 9,966,602</u>	<u>\$ 7,728,830</u>

The total assets increased by \$2,237,772 or 29.0% . The loss reserve amount increased by \$91,395, or 2.8%. Accounts payable increased by \$932,969, or 132.5%. These factors resulted in the increase in net position of \$1,213,408, or 32.2%.

PUBLIC ENTITY RISK CONSORTIUM

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2023

Reporting of Financial Activities

The table below shows the changes in net position for the fiscal years ending November 30, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
<u>Revenues</u>		
Member income	\$7,883,858	\$7,191,651
Claim recoveries	3,987,504	417,330
Investment income	277,211	(250,704)
Return of member income	-	<u>(703,926)</u>
Total Revenues	<u>12,148,573</u>	<u>6,654,351</u>
<u>Expenses</u>		
Insurance expense	6,235,603	5,541,104
Claims expense	4,648,378	4,197,854
Other expenses	<u>51,184</u>	<u>33,095</u>
Total Expenses	<u>10,935,165</u>	<u>9,772,053</u>
Changes in net position	1,213,408	(3,117,702)
Net Position - beginning of year	<u>3,766,835</u>	<u>6,884,537</u>
Net Position - end of year	<u>\$4,980,243</u>	<u>\$3,766,835</u>

The member income increased by \$692,207 or 9.6%. The claim recoveries increased by \$3,570,174, or 855.5%. The claim expenses increased by \$450,524, or 10.7%.

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

Statement of Net Position

As of November 30, 2023

<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 5,464,931
Investments	4,255,992
Receivables	245,679
	<hr/>
<u>TOTAL ASSETS</u>	9,966,602
	<hr/>
<u>LIABILITIES</u>	
Accounts Payable	1,636,895
Reserve for Unpaid Claims	3,349,464
	<hr/>
<u>TOTAL LIABILITIES</u>	4,986,359
	<hr/>
<u>NET POSITION</u>	
Unrestricted	\$ 4,980,243
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See accompanying notes to the basic financial statements.

PUBLIC ENTITY RISK CONSORTIUM

Statement of Revenues, Expenses and Changes in Net Position For the fiscal year ended November 30, 2023

<u>OPERATING REVENUES</u>	
Membership Contributions	\$ 7,883,858
Claim Recoveries	3,987,504
<u>TOTAL OPERATING REVENUES</u>	<u>11,871,362</u>
<u>OPERATING EXPENSES</u>	
Claims Expense	4,648,378
Insurance Premiums for Coverage	6,235,603
Professional Fees	51,120
Miscellaneous Expenses	64
<u>TOTAL OPERATING EXPENSES</u>	<u>10,935,165</u>
<u>OPERATING INCOME</u>	936,197
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest Income	149,465
Gain on Investments	127,746
TOTAL NON-OPERATING REVENUES/(EXPENSES)	<u>277,211</u>
<u>CHANGE IN NET POSITION</u>	1,213,408
NET POSITION - Beginning of Year	<u>3,766,835</u>
<u>NET POSITION - End of Year</u>	<u>\$ 4,980,243</u>

See accompanying notes to the basic financial statements.

PUBLIC ENTITY RISK CONSORTIUM

Statement of Cash Flows For the fiscal year ended November 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received for premiums	\$ 7,967,460
Cash received for insurance recoveries	4,310,294
Cash paid for claims	(3,572,160)
Cash payments to vendors for services and goods	(51,183)
Cash paid for premiums	(6,235,603)
Net cash provided by (used in) operating activities	<u>2,418,808</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Cash received from investment income	277,211
Cash transferred from investments	(172,737)
Net cash provided by investing activities	<u>104,474</u>

CASH FLOWS FROM NON-CAPITAL FINANCIAL ACTIVITIES

Dividends to Members	(703,926)
Net cash provided by (used in) non-capital financial activities	<u>(703,926)</u>

Net Increase in Cash and Cash Equivalents 1,819,356

Cash and Cash Equivalents - beginning of year 3,645,575

Cash and Cash Equivalents - end of year \$ 5,464,931

RECONCILIATION OF CHANGES IN OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:

Operating income	\$ 936,197
Changes in assets and liabilities:	
(Increase)/Decrease in receivables	(245,679)
Increase/(Decrease) in payables to members for claims	1,636,895
Increase/(Decrease) in reserve for unpaid claims	91,395

Net Cash Provided by (used in) Operating Activities \$ 2,418,808

See accompanying notes to the basic financial statements.

PUBLIC ENTITY RISK CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

November 30, 2023

NOTE 1 - DESCRIPTION OF THE ENTITY

The Public Entity Risk Consortium (the Consortium) 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 Ohio Revised Code Chapter 2744.081. The Consortium is a shared risk pool as defined by Government Accounting Standards Board 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 the Consortium's agreement and bylaws. In addition to the self-insurance pool, the Consortium provides risk management services, loss prevention programs and various other educational materials. The members of the Consortium 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 & Casualty, Inc. (OHAPCI), State Housing Authority Risk Pool Association, Inc. (SHARP), and the counties of Tuscarawas and Wayne. The Consortium 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.

Funding for the Pool's losses and loss expenses is accomplished via periodic budgeted contributions to the Pool by the Pool's members. Each member's premiums will be determined by multiplying their contribution factor by the total funding requirement determined by the Board. In addition to determining the total funding requirement for the Pool, the Board of Directors (the "Board") will review each member's contribution factor every year. A member's contribution factor is based upon the size of the member and their claim history. If the assets of the Pool were determined to be insufficient by the Board, they have the right to call for supplemental premiums.

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, Public Entity Risk Consortium 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, 2023 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

NOTES TO THE FINANCIAL STATEMENTS

November 30, 2023

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 Public Entity Risk Consortium 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 can be assessed during the entire life of the Public Entity Risk Consortium 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 Public Entity Risk Consortium'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. Public Entity Risk Consortium'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, 2023, Public Entity Risk Consortium does not have any "restricted" net position. Public Entity Risk Consortium 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 Public Entity Risk Consortium in the years in which said distribution was made.

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

Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary action of the association. For Public Entity Risk Consortium, 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 Public Entity Risk Consortium's primary mission. Revenues and expenses not meeting the definition are reported as nonoperating.

PUBLIC ENTITY RISK CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

November 30, 2023

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.

Reinsurance - The Consortium 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 reinsurance, although it does not discharge the primary liability of the Consortium as direct insurer of the risks reinsured. The Consortium is contingently liable with respect to certain loss coverage, which would become a liability in the event these insurance carriers are unable to meet the obligations under these contracts.

Subsequent Events - Management has evaluated subsequent events and transactions occurring subsequent to the statement of net 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 or transactions.

Income Taxes - The Consortium 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

Public Entity Risk Consortium 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 Public Entity Risk Consortium's deposits was \$5,413,269 and the bank balance was \$5,462,456. \$5,253,514 of the bank balance was covered by federal depository insurance. The remaining balance of \$208,942 was uninsured and subject to custodial risk as described below.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of bank failure, the Consortium will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the Consortium'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:

Eligible securities pledged to the Consortium 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. The Consortium's financial institutions had enrolled in OPCS as of November 30, 2023.

PUBLIC ENTITY RISK CONSORTIUM
NOTES TO THE FINANCIAL STATEMENTS
November 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u><1</u>	<u>1-2</u>	<u>>2</u>
Federated Gov Obligations Fd	\$ 51,662	\$ 51,662	\$ -	\$ -
FHLB .6% 8/27/2025 - 2020	231,981	-	231,981	-
FHLMC .45% 12/24/2024 - 2021	237,748	-	237,748	-
FHLMC .4% 12/30/2024 -2021	474,918	-	474,918	-
FHLMC .57% 10/8/2025 - 2021	461,649	-	461,649	-
US Treasury N/B 2.75% 2/15/2028	656,469	-	-	656,469
US Treasury N/B 2.875% 5/15/2028	188,094	-	-	188,094
US Treasury N/B 2.375% 5/15/2027	187,000	-	-	187,000
US Treasury N/B 1.125% 2/28/2025	238,164	-	238,164	-
US Treasury N/B .375% 1/31/2026	456,406	-	-	456,406
US Treasury N/B .75% 3/31/2026	366,688	-	-	366,688
US Treasury N/B 1.125% 10/31/2026	90,953	-	-	90,953
US Treasury N/B 2.625% 5/31/2027	282,703	-	-	282,703
US Treasury N/B 2.75% 7/31/2027	188,875	-	-	188,875
US Treasury N/B 3.625% 3/31/2028	<u>194,344</u>	<u>-</u>	<u>-</u>	<u>194,344</u>
Total	<u>\$ 4,307,654</u>	<u>\$ 51,662</u>	<u>\$ 1,644,460</u>	<u>\$ 2,611,532</u>

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

NOTES TO THE FINANCIAL STATEMENTS

November 30, 2023

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 note above to the amounts reported on the statement of net position as of November 30, 2023:

Cash per note	
Carrying amount of deposits	\$5,413,269
Investments reported as cash equivalent	<u>51,662</u>
Cash and Cash Equivalents on Statement of Net Position	<u>\$5,464,931</u>
Investments per note	\$4,307,654
Investments reported as cash equivalent	<u>(51,662)</u>
Investments on Statement of Net Position	<u>\$4,255,992</u>

Credit Risk - Credit risk is the risk that an issuer or counter party to an investment will be unable to fulfill its obligations. Public Entity Risk Consortium 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. Public Entity Risk Consortium 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. Public Entity Risk Consortium does not have a policy to limit interest rate risk.

NOTE 4 - ADMINISTRATIVE FEES

The Consortium has contracted with Arthur J. Gallagher & Co. 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

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

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

Members that withdraw from the Consortium 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 the Consortium.

PUBLIC ENTITY RISK CONSORTIUM

NOTES TO THE FINANCIAL STATEMENTS

November 30, 2023

NOTE 6 - MEMBER RETENTIONS

Member retentions per occurrence are as follows:

<u>Member</u>	<u>Property</u>	<u>General Liability</u>	<u>Auto Liability</u>	<u>Pub. Off. E & O</u>	<u>Automobile Physical Damage</u>	<u>Crime</u>
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

The Consortium self-insures amounts in excess of its members' individual self-insured retention as follows:

Property	\$ 250,000 per occurrence
Liability	\$ 500,000 per occurrence
Stop Loss	\$1,750,000 maximum per year

NOTE 7 - LOSS RESERVE

As discussed in Note 2, PERC'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, 2023.

UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES

--beginning of period	<u>\$3,258,069</u>
Incurred Claims and Claim Adjustment Expenses:	
Provision for insured events of the current period	1,750,000
Increase/(Decrease) in provision for insured events of prior years	<u>242,478</u>
Total Incurred Claims and Claim Adjustment Expenses	<u>1,992,478</u>
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current period	(509,346)
Claims and claim adjustment expenses attributable to insured events of prior years	<u>(1,391,737)</u>
Total Payments	<u>(1,901,083)</u>
<u>TOTAL UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES</u>	
--end of the period	<u>\$3,349,464</u>

PUBLIC ENTITY RISK CONSORTIUM

CLAIMS DEVELOPMENT INFORMATION

For the year ended November 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Pool Contributions	-	5,009,674	\$ 4,934,815	\$ 4,912,557	\$ 5,589,209	\$ 5,700,522	\$ 6,083,761	\$ 6,771,212	\$ 7,191,651	\$ 7,883,857
Investment Income	-	21,414	42,853	47,607	92,993	191,406	80,514	(36,882)	(250,704)	277,211
Expenses	-	4,062,394	3,990,394	3,993,875	4,005,112	4,120,927	4,439,856	5,162,934	5,574,199	6,286,786
Estimated incurred claims and expense	-	543,659	388,113	317,853	435,253	1,002,460	1,211,223	796,967	3,780,523	660,874
Reestimated incurred claims and expense:										
End of year	904,196	627,733	827,156	530,782	628,283	609,859	1,415,787	914,945	1,534,092	1,750,000
One year later	730,720	795,536	662,964	593,278	1,059,250	474,996	1,440,527	1,241,244	1,514,842	
Two years later	700,249	731,623	633,035	451,715	947,438	667,920	1,575,000	1,318,679		
Three years later	840,746	591,117	858,879	409,087	582,309	1,053,074	1,575,000			
Four years later	1,037,003	558,563	906,389	366,707	557,659	1,358,938				
Five years later	936,964	540,671	968,678	352,055	543,742					
Six years later	729,339	440,245	1,046,892	264,764						
Seven years later	729,339	440,245	1,026,529							
Eight years later	729,339	440,245								
Nine years later	729,339									
Paid (cumulative) as of:										
End of year	55,328	34,575	34,852	30,909	138,238	32,181	204,552	240,144	483,388	509,346
One year later	200,706	385,362	170,916	238,202	281,698	210,597	367,457	364,732	964,959	
Two years later	304,947	437,300	216,883	244,060	281,698	266,511	959,150	497,517		
Three years later	416,793	438,747	305,226	264,764	467,660	846,891	1,460,848			
Four years later	603,902	440,245	486,242	264,764	467,660	1,077,806				
Five years later	729,339	440,245	523,483	264,764	467,660					
Six years later	729,339	440,245	715,362	264,764						
Seven years later	729,339	440,245	760,130							
Eight years later	729,339	440,245								
Nine years later	729,339									

Notes

1. Reestimated incurred claims and expense shows the latest estimate of claim losses for the policy year.
2. Losses in excess of Pool retention are not included as these are separately insured.
3. Estimated incurred claims and expense include actuary's original estimate of claims.

Schedule I

**INDEPENDENT AUDITOR'S 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**

Public Entity Risk Consortium
131 W. Boardman St.
Youngstown, Ohio 44503

To the Board of Directors:

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, Mahoning County, Ohio, (PERC) as of and for the year ended November 30, 2023, and the related notes to the financial statements, which collectively comprise PERC's basic financial statements, and have issued our report thereon dated May 15, 2024.

Report on 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 on 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.

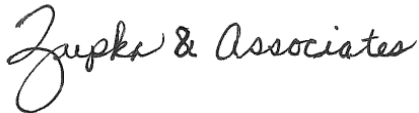
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on 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.



Zupka & Associates
Certified Public Accountants

May 15, 2024

**PUBLIC ENTITY RISK CONSORTIUM
MAHONING COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2023**

The prior audit report, as of November 30, 2022, included no citations, instances of noncompliance, or management letter recommendations.

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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 6/13/2024

65 East State 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