

OHIO VALLEY PUBLIC EMPLOYEES
JOINT SELF-INSURANCE
COOPERATIVE
JEFFERSON COUNTY, OHIO

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2020



Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER



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

Board of Directors
Ohio Valley Public Employees Joint Self-Insurance Cooperative
2023 Sunset Blvd
Steubenville, Ohio 43952

We have reviewed the *Independent Auditor's Report* of the Ohio Valley Public Employees Joint Self-Insurance Cooperative, Jefferson County, prepared by Rea & Associates, Inc., for the audit period January 1, 2020 through December 31, 2020. 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 Ohio Valley Public Employees Joint Self-Insurance Cooperative 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

July 20, 2021

This page intentionally left blank.

Ohio Valley Public Employees Joint Self-Insurance Cooperative
Jefferson County, Ohio

Table of Contents
December 31, 2020

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Statements of Net Position	5
Statements of Revenues, Expenses, and Change in Net Position	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Required Supplemental Information:	
Claims Development.....	14
Schedule of Claims Development	15
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 <i>Government Auditing Standards</i>	16

This page intentionally left blank.

Independent Auditor's Report

To the Board of Directors
Ohio Valley Public Employees Joint
Self-Insurance Cooperative
2023 Sunset Blvd
Steubenville, OH 43952

Report on the Financial Statements

We have audited the accompanying financial statements of Ohio Valley Public Employees Joint Self-Insurance Cooperative, Jefferson County, Ohio, (OV-INS CO-OP) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the OV-INS CO-OP'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 the OV-INS CO-OP'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 the OV-INS CO-OP'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 respective financial position of the Ohio Valley Public Employees Joint Self-Insurance Cooperative, Jefferson County, Ohio, as of December 31, 2020, and the changes in its financial position and its cash flows thereof for the 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 the Schedule of Claims Development, 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 assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2021 on our consideration of the OV-INS CO-OP'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 the OV-INS CO-OP'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 OV-INS CO-OP's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Medina, Ohio
June 9, 2021

**OHIO VALLEY PUBLIC EMPLOYEES JOINT SELF-INSURANCE COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Our discussion and analysis of the Ohio Valley Public Employees Joint Self-Insurance Cooperative's (OV-InsCo-op) financial performance provides an overview of OV-InsCo-op's financial activities for the year ended December 31, 2020. The intent of the Management's Discussion and Analysis is to provide an overview of OV-InsCo-op's financial performance as a whole. The readers should also review the basic financial statements and the notes to the basic financial statements in conjunction with the Management's Discussion and Analysis.

FINANCIAL HIGHLIGHTS

- As described in Note 1 to the financial statements, OV-InsCo-op has prepared their financial statements using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) to meet the reporting requirements of the Ohio Administrative Code 117-2-03(B).
- OV-InsCo-op's net position was \$(239,114) and \$(670,998) at December 31, 2020 and 2019, respectively. Net position increased \$431,884 for the year ended December 31, 2020.
- Ov-InsCo-op's assets were \$97,761 and \$186,578, at December 31, 2020 and 2019, respectively. The decrease relates to less of a large claim reimbursement receivable compared to the prior year. Ov-InsCo-op's liabilities were \$336,875 and \$857,576, at December 31, 2020 and 2019, respectively. The majority of the decrease was due to the Reserve for Claims decreasing from \$516,000 at December 31, 2019 to \$84,000 at December 31, 2020. Furthermore, Accounts Payable decreased from \$293,240 at December 31, 2019 to \$225,874 at December 31, 2020.
- For the years ended December 31, 2020 and 2019, OV-InsCo-op had operating revenues of \$3,650,532 and \$3,474,983, and operating expenses \$3,218,648 and \$4,120,421, respectively, with operating income (loss) of \$431,884 and \$(645,438), respectively. For the fiscal year ended December 31, 2020 operating revenues increased due to an increase in contributions from members. Expenses decreased due to a decrease in claims.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements, notes to the financial statements and required supplemental information. The statement of net position and the statement of revenues, expenses, and change in net position provide information about the activities of OV-InsCo-op as a whole and present a longer-term view of OV-InsCo-op's finances.

- **Statement of Net Position** – statement includes all of OV-InsCo-op's assets and liabilities. The statement provides information about the nature and amount of resources (assets) owned by OV-InsCo-op, and obligations owed by OV-InsCo-op (liabilities) at December 31, 2020. OV-InsCo-op's net position is the difference between the assets and liabilities.

**OHIO VALLEY PUBLIC EMPLOYEES JOINT SELF-INSURANCE COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

USING THIS ANNUAL REPORT (Continued)

- **Statement of Revenues, Expenses, and Change in Net Position** – statement includes information on OV-InsCo-op's operating and non-operating revenue and expenses for the year ended December 31, 2020. Operating revenue consists primarily of contributions from members and receipts from the Large Claim Reimbursement Program, and the major sources of operating expenses consist of claims payments and administrative fees. Non-operating revenue consists of investment earnings.
- **Statement of Cash flows** – statement is prepared on the direct method of reporting and provides information about OV-InsCo-op's cash receipts and cash disbursements. The statement is summarized with the net change resulting from operating activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At December 31, 2020 and 2019, OV-InsCo-op had no capital assets.

During the years 2020 and 2019, OV-InsCo-op had no debt outstanding.

BUDGET HIGHLIGHTS

OV-InsCo-op is not required to follow the budgetary provisions set forth in the Ohio Revised Code (ORC) Chapter 5705.

CONTACTING THE OV-INSCO-OP'S FINANCIAL MANAGEMENT

This financial report is designated to provide our citizens, taxpayers, investors, and creditors with a general overview of OV-InsCo-op's finances and to show OV-InsCo-op's accountability for the money it received. If you have any questions about this report or need additional information, contact the fiscal officer, Ethan Tice, 2023 Sunset Blvd., Steubenville, Ohio, 43952.

**OHIO VALLEY PUBLIC EMPLOYEES JOINT SELF-INSURANCE COOPERATIVE
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

ASSETS

Current assets

Other receivables

		\$	97,761
Total assets		\$	<u>97,761</u>

LIABILITIES AND NET POSITION

Current liabilities

Reserve for claims

Accounts payable

Accrued expenses

Unearned revenue

		\$	84,000
			225,874
			6,621
			<u>20,380</u>
Total liabilities			336,875

Net position

Unrestricted

			(239,114)
Total net position			<u><u>(239,114)</u></u>

The accompanying notes are an integral part of these financial statements.

**OHIO VALLEY PUBLIC EMPLOYEES JOINT SELF-INSURANCE COOPERATIVE
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020**

Operating revenues

Contributions from members	\$	2,872,924
Large Claim Reimbursement Program		735,065
Rebates		42,543
Total operating revenues		3,650,532

Operating expenses

Claims expense		2,586,277
Administrative fees		164,138
Affordable Care Act fees and taxes		681
Large Claim Reimbursement Program		460,835
Life and vision premiums		6,717
Total operating expenses		3,218,648

Operating income 431,884

Change in net position

431,884

Net position

Beginning of year		(670,998)
End of year	\$	(239,114)

The accompanying notes are an integral part of these financial statements.

OHIO VALLEY PUBLIC EMPLOYEES JOINT SELF-INSURANCE COOPERATIVE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash Flows from Operating Activities	
Cash received from members	\$ 2,851,809
Cash received from other	823,882
Cash received from rebates	42,543
Cash paid for claims	(3,018,277)
Cash paid for administrative and general expenses	(699,957)
Net cash used in operating activities	0
Net Change in Cash and Cash Equivalents	0
Cash and Cash Equivalents - Beginning of year	0
Cash and Cash Equivalents - End of year	\$ 0

A reconciliation of operating loss to net cash used in operating activities is as follows:

Reconciliation of Operating Income to Net Cash used in Operating Activities	
Operating income	\$ 431,884
Adjustments to reconcile operating income to net cash used in operating activities:	
Changes in assets and liabilities:	
Other receivables	88,817
Accrued expenses	(220)
Reserve for claims	(432,000)
Accounts payable	(67,366)
Unearned revenue	(21,115)
Net cash used in operating activities	\$ 0

There were no noncash transactions in 2020.

The accompanying notes are an integral part of these financial statements.

**OHIO VALLEY PUBLIC EMPLOYEES JOINT SELF-INSURANCE COOPERATIVE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Ohio Valley Public Employees Joint Self-Insurance Cooperative (OV-InsCo-op) organized pursuant to ORC Chapter Section 9.833 was established for the public purpose of enabling its members to obtain insurance coverage, provide methods for paying claims and provide a formalized jointly administered self-insurance pool. Specifically, OV-InsCo-op provides coverage for medical, vision, dental and prescription drug benefits. During 2019 Members of OV-InsCo-op included the following eight entities: Huron County Engineers, Kirtland Hills Village, Monroeville Village, Portage Township – Ottawa County, Public Library of Steubenville, Jefferson County, Townsend Community School, Green Township – Scioto, and Middleton Township.

The Managing Board is composed of representatives of Member organizations in good standing with OV-InsCo-op. The Managing Board shall be five duly-elected representatives of Members. Management Board members shall be elected by the Assembly with each member of OV-InsCo-op receiving one vote with respect to the election of the Managing Board.

Member contributions are calculated to annually produce a sufficient sum of money within the self-insurance pool adequate to fund administrative expenses of OV-InsCo-op and to create adequate reserves for claims and allocated expense.

Besides the standard monthly contributions, OV-InsCo-op may extend an assessment to each participant based on a three-year window calculation. The calculation is based on the ratio of total expense to total income for each member during the previous three years ended. Conversely, a participant may be eligible for a month or two-month waiver of its monthly contributions based on the above calculation.

A participant may withdraw from OV-InsCo-op or any particular benefits program.

No new members enrolled into OV-InsCo-op during 2020 and no members withdrew from OV-InsCo-op during 2020.

The Jefferson County Education Service Center acts as fiscal agent for OV-InsCo-op and is a separate reporting entity with separate financial statements.

OV-InsCo-op management believes that these financial statements present all activities for which OV-InsCo-op is financially accountable.

**OHIO VALLEY PUBLIC EMPLOYEES JOINT SELF-INSURANCE COOPERATIVE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

OV-InsCo-op utilizes the accrual basis of accounting for financial statement presentation purposes. Under this method of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

OV-InsCo-op's activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources and all liabilities and deferred inflows of resources associated with OV-InsCo-op's operations are included on the statement of net position. The statement of revenues, expenses, and change in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position.

OV-InsCo-op distinguishes operating revenues and expenses from non-operating items. Operating revenues generally result from member contributions for insurance coverage and receipts from the Large Claim Reimbursement Program. Operating expenses for OV-InsCo-op include the payment of claims, administrative fees, professional fees and other fees as well as reimbursements of member balances. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Cash and Cash Equivalents

OV-InsCo-op considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents. Deposits are either: 1) insured by the Federal Depository Insurance Corporation, 2) collateralized by securities specifically pledged by the financial institution to OV-InsCo-op, or 3) collateralized by the financial institution's public entity deposit pool. There were no cash equivalents at December 31, 2020.

**OHIO VALLEY PUBLIC EMPLOYEES JOINT SELF-INSURANCE COOPERATIVE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Receivables and Contributions

All members are required to remit monthly contributions to OV-InsCo-op, which are used to pay claims and administrative expenses. The monthly contribution is determined for each member in accordance with the number of covered employees and dependents and the prior loss experience of the respective member group that is set each plan year. Member contributions are recorded in revenue in the period that they are earned. A premium moratoria is used to offset cash remittals to OV-InsCo-op and can be granted up to a three month limit at any one time. OV-InsCo-op may request a premium moratoria once they have sufficient reserves. Contributions from members are shown net of approved premium moratoria. There were no approved premium moratoria in 2020.

Receivables are recorded as an asset in the period that they are earned. OV-InsCo-op had no uncollectible amounts for the year ended December 31, 2020.

E. Other Receivable

Other receivables represents \$97,761 of Large Claim Reimbursement Program receivables at December 31, 2020.

F. Reserve for Claims

Reserves for claims represent OV-InsCo-op's reserves for incurred claims, plus an estimate of provisions for loss development and claims incurred but not reported (IBNR) and allocated and unallocated loss adjustment expenses. See Note 4 for additional information related to OV-InsCo-op's reserve for claims.

G. Unearned Revenue

Unearned revenues represent contributions paid in advance of the coverage date by members at December 31, 2020. The contributions will be recognized as revenue in the month to which they pertain.

H. Net Position

Unrestricted net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

At December 31, 2020, OV-InsCo-op does not have a "restricted" or "net investment in capital assets".

**OHIO VALLEY PUBLIC EMPLOYEES JOINT SELF-INSURANCE COOPERATIVE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Large Claim Reimbursement Program

OV-InsCo-op employs reinsurance agreements (Large Claim Reimbursement Program) to reduce its risk that large losses may be incurred on medical claims. This allows OV-InsCo-op to recover a portion of losses on claims from re-insurers, although it does not discharge their primary liability.

J. Contracted Services

OV-InsCo-op participates in The Jefferson Health Plan (the Health Plan), a claims servicing pool organized under ORC Chapter 167, for the purpose of establishing and carrying out a cooperative program to administer insurance benefits for employees of the participating entities and their eligible dependents. The Health Plan contracts with third-party administrators to process and pay claims incurred by its members. The Health Plan also purchases stop-loss coverage for claims in excess of a set amount for individual claims and in the pool's aggregate.

K. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

L. Budgetary Process

The budgetary process is not a requirement of OV-InsCo-op.

M. Accounts payable

The accounts payable that are recorded on the statement of net position represents amounts due to the Health Plan for deficit cash balances.

N. Subsequent Events

OV-InsCo-op has evaluated all events or transactions subsequent to the statement of net position date of December 31, 2020 through June 9, 2021, which is the date these financial statements were issued, and determined no other items should be disclosed or recorded.

O. Risks and Uncertainties

As a result of the spread of the COVID-19 coronavirus during 2020, economic uncertainties have arisen as of the date of the financial statements. The extent of the impact of COVID-19 on the OV-InsCo-op's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the OV-InsCo-op's members and service providers, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the OV-InsCo-op's financial condition or results of operations is uncertain.

**OHIO VALLEY PUBLIC EMPLOYEES JOINT SELF-INSURANCE COOPERATIVE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

2. RISK MANAGEMENT

Each member of OV-InsCo-op is obligated to pay a fee based on an estimate of the member's share of OV-InsCo-op costs for the year. Included in this estimate are claims by eligible employees, which are payable by each member, the member's share of the medical, prescription, vision and dental premiums, and their proportionate share of the administrative costs of OV-InsCo-op. If a member is in a deficit position, the participating member has two fiscal years to make up a negative reserve amount or an insufficient IBNR and three fiscal years to make up insufficient claims fluctuation reserves.

Members are required to provide six months' notice of withdrawal from OV-InsCo-op for the termination, allowing OV-InsCo-op time to determine any withdrawal balance owed to or by the departing employer. Any outstanding reserve balances are held by OV-InsCo-op for a maximum period of six months to satisfy the payment of claims incurred before termination. The terminating member has the option to pay all of claims incurred prior to the termination of membership so that any reserves could be released sooner. Employers found to be in a deficit position wishing to leave OV-InsCo-op will be required to repay the deficit in full within 90 days of the effective withdrawal date. Additionally, such terminating member will be required to pay any claims incurred prior to termination notification.

3. DEPOSITS AND INVESTMENTS

As mentioned in Note 1, OV-InsCo-op participates in the Health Plan, a public entity, risk-sharing, claims servicing and insurance purchasing pool. The money is held by the claims servicing pool in a pooled account, which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by OV-InsCo-op. The Treasurer of the Jefferson County Educational Service Center serves as the Fiscal Agent for OV-InsCo-op as well as the Health Plan. OV-InsCo-op had no cash balance at December 31, 2020. The ORC prescribes allowable deposits and investments.

**OHIO VALLEY PUBLIC EMPLOYEES JOINT SELF-INSURANCE COOPERATIVE
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

4. RESERVE FOR CLAIMS

The IBNR claims at December 31 are used by OV-InsCo-op to help determine the rates to charge members. Additionally, the estimation of IBNR, allows OV-InsCo-op to compare the liability to the funds reserved and to determine whether the amounts reserved meet the requirements of ORC Chapter Section 9.833. OV-InsCo-op has also established a formal funding policy for claims fluctuation reserves to aid in tempering potential significant fluctuations in premiums and contribution levels that may be required. The IBNR claims liability are based on an analysis of claims that produce a liability estimate consistent with the plan of benefits in force and with administrative practices and have been calculated on a basis that is reasonable and appropriate under the circumstances. The following table represents changes in the reserve for unpaid claims for OV-InsCo-op for the years ended December 31, 2020 and 2019:

	2020	2019
Reserves for Unpaid Claims and Claim		
Adjustment Expenses - Beginning of year	\$ 516,000	\$ 156,000
Incurred Claims and Claim Adjustment Expenses		
Provision for claims incurred in current year	2,718,108	3,300,249
Change in provision for claims incurred in prior years	(131,831)	114,0024
Total incurred claims and claim adjustment expenses	2,586,277	3,414,273
Payments		
Claims and claim adjustment expenses for claims incurred in current year	(2,634,108)	(2,784,249)
Claims and claim adjustment expenses paid for claims incurred in prior years	(384,169)	(270,024)
Total payments	(3,018,277)	(3,054,273)
Reserves for Unpaid Claims and Claim		
Adjustment Expenses - End of year	\$ 84,000	\$ 516,000

Required Supplemental Information

**OHIO VALLEY PUBLIC EMPLOYEES JOINT SELF-INSURANCE COOPERATIVE
CLAIMS DEVELOPMENT
FOR THE YEAR ENDED DECEMBER 31, 2020**

Claims Development Information

The following table illustrates how OV-InsCo-op earned revenue and investment income compare to related costs of loss and other expenses assumed by OV-InsCo-op as of the end of each of the last three years. The columns of the table show data for successive policy years.

The rows of the table are defined as follows:

1. This line shows the total of each fiscal year's earned contribution revenue and investment revenue, contribution revenue ceded to excess insurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs of OV-InsCo-op including overhead and claims expense not allocable to individual claims.
3. This line shows OV-InsCo-op's gross incurred claims and allocated claim adjustment expenses, claims assumed by excess insurers, and net incurred claims and allocated adjustment expenses (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 shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest re-estimated amount of claims assumed by excess insurers as of the end of the current year for each accident year.
6. This section of 10 rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, re-evaluation of existing information on known claims, as well as emergence of new claims not previously known.
7. This line compares the latest re-estimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years matures, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

OHIO VALLEY PUBLIC EMPLOYEES JOINT SELF-INSURANCE COOPERATIVE
SCHEDULE OF CLAIMS DEVELOPMENT
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1. Required contributions and investment income:						
Earned	\$ 377,799	\$ 1,696,507	\$ 2,398,880	\$ 3,133,217	\$ 2,754,473	\$ 2,872,924
Ceded	-	-	-	-	-	-
Net	377,799	1,696,507	2,398,880	3,133,217	2,754,473	2,872,924
2. Expenses other than allocated claim adjustment expenses	114,248	556,783	698,835	718,917	628,014	632,371
3. Estimated claims incurred and expense						
Incurred	434,848	1,538,200	2,327,872	2,627,167	3,300,249	2,718,108
Ceded	-	-	-	-	-	-
Net	434,848	1,538,200	2,327,872	2,627,167	3,300,249	2,718,108
4. Cumulative paid claims and allocated claim adjustment expenses						
End of policy year	327,146	1,313,676	2,207,872	2,471,167	2,784,429	2,634,108
One year later	410,081	1,483,141	2,446,588	2,741,191	3,168,598	-
Two years later	410,081	1,483,141	2,446,588	2,741,191	-	-
Three years later	410,081	1,483,141	2,446,588	-	-	-
Four years later	-	-	-	-	-	-
Five years later	-	-	-	-	-	-
Six years later	-	-	-	-	-	-
Seven years later	-	-	-	-	-	-
Eight years later	-	-	-	-	-	-
Nine years later	-	-	-	-	-	-
5. Re-estimated ceded claims and expenses	-	-	-	-	-	-
6. Re-estimated incurred claims and allocated claim adjustment expenses						
End of policy year	434,848	1,538,200	2,327,872	2,627,167	3,300,249	2,718,108
One year later	410,081	1,483,141	2,446,588	2,741,191	3,168,598	-
Two years later	410,081	1,483,141	2,446,588	2,741,191	-	-
Three years later	410,081	1,483,141	2,446,588	-	-	-
Four years later	-	-	-	-	-	-
Five years later	-	-	-	-	-	-
Six years later	-	-	-	-	-	-
Seven years later	-	-	-	-	-	-
Eight years later	-	-	-	-	-	-
Nine years later	-	-	-	-	-	-
7. (Decrease) increase in estimated incurred claims and allocated claim adjustment expenses subsequent to initial policy year end	\$ 24,767	\$ 55,059	\$ (118,716)	\$ (114,024)	\$ 131,831	\$ -

* 2015 was the first year of existence.

**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***

To the Board of Directors
Ohio Valley Public Employees Joint
Self-Insurance Cooperative
2023 Sunset Blvd
Steubenville, OH 43952

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 Ohio Valley Public Employee Joint Self-Insurance Cooperative, Jefferson County, Ohio (OV-INS CO-OP) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the OV-INS CO-OP's basic financial statements, and have issued our report thereon dated June 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the OV-INS CO-OP's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the OV-INS CO-OP's internal control. Accordingly, we do not express an opinion on the effectiveness of the OV-INS CO-OP'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 the entity'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 the OV-INS CO-OP'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 financial statements. 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Medina, Ohio
June 9, 2021

OHIO AUDITOR OF STATE KEITH FABER



OHIO VALLEY PUBLIC EMPLOYEES JOINT SELF-INSURANCE COOPERATIVE

JEFFERSON 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 8/3/2021

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