

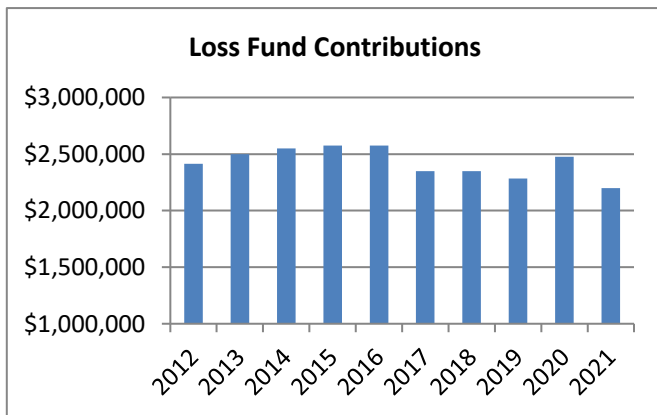
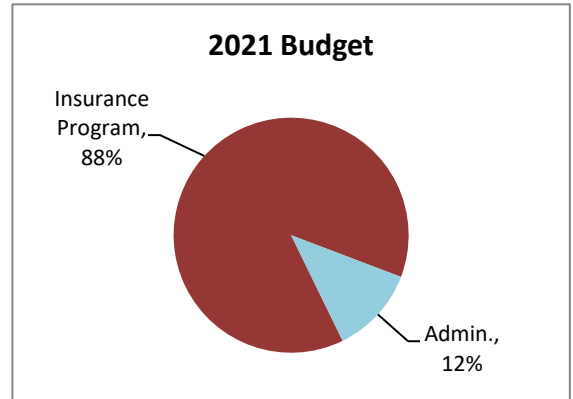
**Miami Valley Risk Management Association (MVRMA)
2021 Budget Memo**

December 21, 2020

This memo will provide an overview of the 2021 budget and relevant budget issues.

2021 Budget Highlights:

- Members’ contributions increase by about 4.2% in 2021 versus 2020. This is discussed in more detail below.
- Budgeted revenues are \$5,406,537, a 2.2% increase over the 2020 budget.
 - Over 96% of revenues consist of contributions and other revenue received from the member cities.
 - Investment income is projected to decrease significantly in 2020 and 2021 due to changes in the investment markets.
- Budgeted general & administrative expenditures for 2021 are \$909,835, an increase of 2.9% compared to the 2020 Budget.
- The 2021 budget for reinsurance/excess insurance premiums is \$1,794,302, an increase of 19.5% versus 2020 due to further hardening in the insurance market. This is discussed in more detail below.
- The budget for claims expenditures, \$2,000,000, is based on the actuarially expected claims. Actual results can vary widely. Historically, actual claims expenditures are considerably less than the budgeted amount.
- The budget can be divided into two broad segments: insurance program expenditures and administrative expenditures. Insurance program expenditures include claims paid from the loss fund (claims that are within the pool’s self-insured retention), excess insurance and reinsurance premiums, broker services, actuarial services, and in-house claims management. Insurance program expenditures comprise about 88% of the budget compared to only 12% for administrative expenditures. Included in the administrative expenditures are the loss control and training program costs.



Loss Fund Contributions:

Each year, the pool contracts with an actuary to calculate the members’ required annual contribution to the upcoming loss year fund based on the pool’s loss history and industry trends. This amount has been very consistent over the last decade with a small downward movement in 2017. The funding for the 2020 Loss Year was \$2,475,776, up from \$2,285,000 in 2019 as a result of the additional member. The funding for

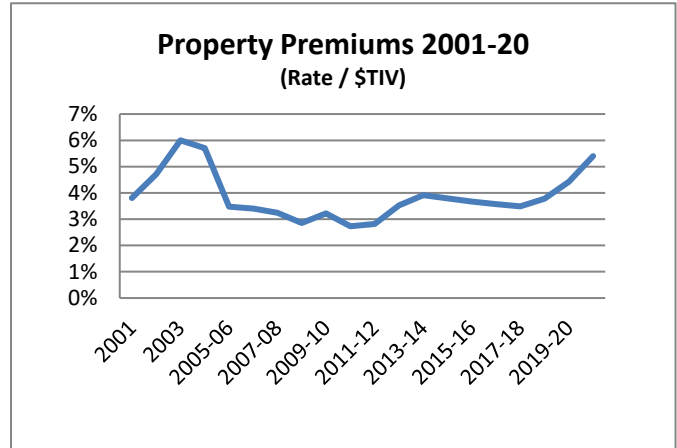
2021 decreases to \$2,200,000. As always, members will be refunded any unspent loss funds, with interest, upon the closure of any loss year.

Excess Insurance / Re-Insurance:

Since 2010, the pool’s self-insured retention (SIR) has been the first \$500,000 of each liability occurrence and \$250,000 for most property occurrences. These SIRs will remain unchanged in 2021.

Property coverage in excess of the \$250,000 SIR will continue to be placed with Alliant Property Insurance Program (APIP).

Rates for property coverage increased 8.5% in 2018, 16.9% in 2019, and 22.1% in 2020. The 2021 Budget allows for a rate increase of about 20% compared to 2020. These increases are attributable to large losses suffered by the insurance industry from catastrophic weather events and a general hardening of the market. Rates have returned to levels last seen in the post-9/11 market.



For liability claims, the limit will remain at \$12 million per occurrence in 2020. Government Entities Mutual (GEM), the captive insurance company of which MVRMA is a member, will reinsure \$4.5 million excess of MVRMA's \$500,000 SIR; Genesis Reinsurance will reinsure the next \$7 million excess of \$5 million.

Premiums paid by the pool to its liability reinsurers increased by about 6% in 2019 and 8% in 2020 excluding the effects of the additional member. Most of these premium increases were attributable to increases in the pool’s exposures (net operating expense and number of vehicles) rather than increases in rates. Liability reinsurance premiums are expected to decrease 4.7% in 2021. This decrease is attributable to a decrease in members’ net operating expenses; this factor serves as the primary driver of general liability premiums. This decrease is due to a change in the accounting for pensions and is expected to be a one-year occurrence. Current rates remain relatively low from an historical perspective.

Member Contributions:

The pool is funded by members’ contributions. The contributions have three components: amounts designated for the Operating Fund, the current year’s Loss Fund, and the Shock Loss Fund. Total members’ contributions in 2021 will increase by about 4.2% compared to 2020. The breakdowns of 2021 and 2020 are as follows:

<u>Fund</u>	<u>2021</u> <u>Contributions</u>	<u>2020</u> <u>Contributions</u>
Loss Fund	\$2,200,000	\$2,475,776
Shock Loss Fund	29,825	4,372
Operating Fund *	<u>2,745,037</u>	<u>2,293,445</u>
Total Contributions	\$4,974,862	\$4,773,593

* operating contribution is net of prior year operating rebate

Annual contributions are allocated among the members based on a formula that is weighted 2/3 for risk exposures and 1/3 for claims experience. Risk exposures include number of employees, uniformed police, vehicles, net operating expenditures, population, and insurable property values. Claims experience is based on a four-year rolling average.

Loss Fund Refunds:

One of the benefits of membership in MVRMA is that, when a loss year is closed, unspent loss funds are returned to the members, with interest, in the same proportion as they were contributed. On average, members have been refunded over half of the amounts they contributed to loss funds. Two loss years were closed and nearly \$2.8 million refunded to the members in 2020. No loss year closures are anticipated at this time for 2021.

Fund Balances:

MVRMA's claims are prudently well-funded and MVRMA is very well-capitalized versus industry standards. The pool is expected to end 2021 with cash fund balances of about \$8.5 million spread among six open loss years. In addition, there will be about \$3.0 million in the Shock Loss Fund. This fund was accumulated for the purpose of being a "shock absorber" in the event the funding for any particular loss year proves to be insufficient; fortunately, this is a rare occurrence.

If you have questions or need more detailed budget information, please feel free to contact MVRMA staff.

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MIAMI VALLEY RISK MANAGEMENT ASSOCIATION
SCHEDULE OF REVENUES AND EXPENDITURES - Budget Basis
FOR YEARS ENDING DECEMBER 31, 2018, 2019, 2020 AND 2021

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020 Budget</u>	<u>2020 Projected</u>	<u>2021 Budget</u>
Revenue:						
Member Contributions:						
Operating Contributions	1,658,870	1,729,647	1,918,530	2,293,445	2,293,445	2,745,037
Loss Fund Contributions	2,350,000	2,350,000	2,285,000	2,475,776	2,475,776	2,200,000
Shock Loss Fund Contributions	5,776	-	2,330	4,372	4,372	29,825
Retroactive Date Endorsement	-	-	-	33,700	33,700	16,875
Investment Income	230,418	238,301	271,353	244,800	292,470	189,800
Deductible Reimbursements	253,538	185,308	209,804	170,000	194,500	175,000
Excess Insurance Reimbursements	-	-	-	-	1,514,165	-
Pass-through	14,723	18,023	22,827	25,000	6,500	20,000
Training Program	35,140	48,029	35,497	40,500	16,000	30,000
Other Revenue	630	640	690	-	400	-
Total Revenue	4,549,095	4,569,948	4,746,031	5,287,593	6,831,328	5,406,537
Expenditures:						
Wages and Benefits	474,761	485,824	528,019	520,175	521,250	535,135
Professional Services	156,675	168,659	169,207	179,720	168,320	187,600
Pool Operations	92,292	99,957	105,386	105,150	80,500	117,100
Training Program	56,976	86,982	35,363	54,000	27,000	50,000
Pass-Through	14,301	18,047	23,645	25,000	6,500	20,000
Reinsurance / Excess Insurance Premiums	951,913	1,031,773	1,199,996	1,501,800	1,580,270	1,794,302
Claims / LAE	1,355,628	1,355,775	1,268,095	2,340,000	3,100,000	2,000,000
Total Expenditures	3,102,546	3,247,017	3,329,711	4,725,845	5,483,840	4,704,137
Operating Surplus / (Deficit)	1,446,549	1,322,931	1,416,320	561,748	1,347,488	702,400
Non-Operating:						
Transfer-In to GRF from Closed LY	1,519,932	2,964,307	-	1,700,000	2,789,500	-
Transfer-Out from Closed LY to GRF	(1,519,932)	(2,964,307)	-	(1,700,000)	(2,789,500)	-
Transfer-In to Gen. Res. from Shock Loss	116,367	70,998	98,303	69,933	69,933	253,567
Transfer-Out from Shock Loss to Gen. Res.	(116,367)	(70,998)	(98,358)	(69,933)	(69,933)	(253,567)
Transfer-In to Operating from Shock Loss	-	-	75,000	-	-	-
Transfer-Out from Shock Loss to Operating	-	-	(75,000)	-	-	-
GRF Refunds to Members	(1,308,650)	(1,912,584)	(1,618,076)	(1,800,000)	(1,600,000)	(1,200,000)
GRF Investment Income & Other Income	66,109	75,599	113,096	95,100	95,110	70,100
Net Surplus / (Deficit)	204,008	(514,054)	(88,715)	(1,143,152)	(157,402)	(427,500)
Cash Fund Balances, Jan. 1	17,774,356	17,978,364	17,464,310	17,375,595	17,375,595	17,218,193
Cash Fund Balances, Dec. 31	17,978,364	17,464,310	17,375,595	16,232,443	17,218,193	16,790,693

MIAMI VALLEY RISK MANAGEMENT ASSOCIATION
SCHEDULE OF BUDGETED REVENUES AND EXPENDITURES - BY FUND - Budget Basis
FOR THE YEAR ENDING DECEMBER 31, 2021

	Operating Fund	Loss Year Funds	Shock Loss Fund	General Reserve Fund	Total
Revenue:					
Member Contributions	2,745,037	2,200,000	29,825	-	4,974,862
Member Contrib. - Retro Date Endorsement	-	16,875	-	-	16,875
Investment Income	9,100	120,600	60,100	-	189,800
Deductible Reimbursements	-	175,000	-	-	175,000
Pass-through	20,000	-	-	-	20,000
Training Program	30,000	-	-	-	30,000
Other Revenue	-	-	-	-	-
Total Revenue	2,804,137	2,512,475	89,925	-	5,406,537
Expenditures:					
Wages and Benefits	535,135	-	-	-	535,135
Professional Services	187,600	-	-	-	187,600
Pool Operations	117,100	-	-	-	117,100
Training Program	50,000	-	-	-	50,000
Pass-Through	20,000	-	-	-	20,000
Reinsurance/Excess Insurance Premiums	1,794,302	-	-	-	1,794,302
Claims / LAE	-	2,000,000	-	-	2,000,000
Total Expenditures	2,704,137	2,000,000	-	-	4,704,137
Operating Surplus / (Deficit)	100,000	512,475	89,925	-	702,400
Non-Operating:					
Transfer from Closed LY to GRF	-	-	-	-	-
Transfer from Shock Loss to Gen. Res.	-	-	(253,567)	253,567	-
GRF Investment Income	-	-	-	70,100	70,100
GRF Refunds to Members	-	-	-	(1,200,000)	(1,200,000)
Net Surplus / (Deficit)	100,000	512,475	(163,642)	(876,333)	(427,500)
Fund Balance, 1/1/21	20,572	8,544,638	3,013,497	5,639,486	17,218,193
Fund Balance, 12/31/21	120,572	9,057,113	2,849,855	4,763,153	16,790,693

**MVRMA 2021 BUDGET
SUMMARY OF TOTAL REVENUES**

<u>Program Description</u>	2018 Actual	2019 Actual	2020 Budget	2020 Actual	2021 Budget
Operating Revenues	\$1,807,009	\$1,990,832	\$2,405,845	\$2,369,875	\$2,804,137
Retro Endorsement Revenues					\$16,975
Loss Year 24 Revenues	\$4,642	\$0	\$0	\$0	\$0
Loss Year 25 Revenues	\$23,005	\$0	\$0	\$0	\$0
Loss Year 26 Revenues	\$22,662	\$22,637	\$0	\$1,521,135	\$0
Loss Year 27 Revenues	\$36,256	\$37,267	\$18,200	\$27,690	\$0
Loss Year 28 Revenues	\$50,739	\$42,711	\$32,400	\$41,140	\$23,800
Loss Year 29 Revenues	\$97,129	\$38,039	\$33,300	\$34,280	\$19,600
Loss Year 30 Revenues	\$2,474,742	\$139,655	\$49,400	\$47,400	\$28,800
Loss Year 31 Revenues	\$0	\$2,411,801	\$106,400	\$143,730	\$45,200
Loss Year 32 Revenues	\$0	\$0	\$2,575,976	\$2,579,396	\$98,000
Loss Year 33 Revenues	\$0	\$0	\$0	\$0	\$2,301,000
Shock Loss Fund Revenues	\$53,764	\$63,089	\$66,072	\$66,682	\$69,025
SUB-TOTAL	\$4,569,948	\$4,746,031	\$5,287,593	\$6,831,328	\$5,406,537
Transfer-In to GRF from Closed LY	\$2,964,307	\$0	\$1,700,000	\$2,789,500	\$0
Transfer-In to GRF from SLF	\$70,998	\$98,303	\$69,933	\$69,933	\$253,567
Transfer-In to Operating from SLF	\$0	\$75,000	\$0	\$0	\$0
GRF Investment Income & Other	\$75,599	\$113,096	\$95,100	\$95,110	\$70,100
TOTAL	\$7,680,852	\$5,032,430	\$7,152,626	\$9,785,871	\$5,730,204

**MVRMA 2021 BUDGET
SUMMARY OF TOTAL EXPENDITURES**

<u>Program Description</u>	2018 Actual	2019 Actual	2020 Budget	2020 Projected	2021 Budget	Increase / (Decrease)	
						Amount	Pct.
<u>Insurance Program:</u>							
Reinsurance / Excess Insurance	\$1,031,773	\$1,199,996	\$1,501,800	\$1,580,270	\$1,794,302	\$292,502	19.5%
Claims/LAE	\$1,355,775	\$1,268,095	\$2,340,000	\$3,100,000	\$2,000,000	(\$340,000)	-14.5%
SUB-TOTAL Insurance	\$2,387,548	\$2,468,091	\$3,841,800	\$4,680,270	\$3,794,302	(\$47,498)	-1.2%
<u>General & Administrative:</u>							
Wages & Benefits	\$485,824	\$528,019	\$520,175	\$521,250	\$535,135	\$14,960	2.9%
Professional Services	\$168,659	\$169,207	\$179,720	\$168,320	\$187,600	\$7,880	4.4%
Pool Operations	\$99,957	\$105,386	\$105,150	\$80,500	\$117,100	\$11,950	11.4%
Training	\$86,982	\$35,363	\$54,000	\$27,000	\$50,000	(\$4,000)	-7.4%
Pass Through Expenditures	\$18,047	\$23,645	\$25,000	\$6,500	\$20,000	(\$5,000)	-20.0%
SUB-TOTAL G&A	\$859,469	\$861,620	\$884,045	\$803,570	\$909,835	\$25,790	2.9%
TOTAL BEFORE INTERFUND	\$3,247,017	\$3,329,711	\$4,725,845	\$5,483,840	\$4,704,137	(\$21,708)	-0.5%
<u>Interfund:</u>							
Interfund Transfer-Out	\$0	\$0	\$0	\$0	\$0	\$0	-----
Transfer from Shock Loss to General Reserve	\$70,998	\$98,358	\$69,933	\$69,933	\$253,567	\$183,634	262.6%
Transfer from Shock Loss to Operating	\$0	\$75,000	\$0	\$0	\$0	\$0	-----
GRF: Member Withdrawals	\$1,912,584	\$1,618,076	\$1,800,000	\$1,600,000	\$1,200,000	(\$600,000)	-33.3%
Transf to GRF from Closed Loss Yrs	\$2,964,307	\$0	\$1,700,000	\$2,789,500	\$0	(\$1,700,000)	-100.0%
TOTAL	\$8,194,906	\$5,121,145	\$8,295,778	\$9,943,273	\$6,157,704	(\$2,138,074)	-25.8%

**MVRMA 2021 BUDGET
REINSURANCE / EXCESS INSURANCE EXPENDITURES**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2018 Actual	2019 Actual	2020 Budget	2020 Projected	Increase / (Decrease)		
						2021 Budget	Amount	Pct.
Crime Policy	100-107	\$19,181	\$19,181	\$21,500	\$20,700	\$21,500	\$0	0.0%
General Surety Bonds	100-108	\$10,112	\$22,186	\$16,000	\$8,000	\$16,000	\$0	0.0%
Builder's Risk/Other Pass Thru	100-112	\$2,338	\$2,038	\$5,000	\$2,500	\$5,000	\$0	0.0%
Primary Liability Reinsurance Layer (GEM)	100-113	\$365,278	\$388,762	\$479,400	\$478,450	\$395,000	(\$84,400)	-17.6%
Secondary Liab. Reinsurance Layer (Genesis)	100-114	\$120,847	\$125,732	\$173,400	\$173,420	\$195,000	\$21,600	12.5%
Commercial Property/Boiler&Machinery (APIP)	100-117	\$506,647	\$635,243	\$800,000	\$888,550	\$1,101,802	\$301,802	37.7%
Cyber Liability Excess Coverage	100-122	\$0	\$0	\$0	\$0	\$53,000	\$53,000	-----
Special Events Pass Thru	100-118	\$15,709	\$21,607	\$20,000	\$4,000	\$15,000	(\$5,000)	-25.0%
Deadly Weapon Event Coverage	100-121	\$9,708	\$8,892	\$11,500	\$11,150	\$12,000	\$500	4.3%
TOTAL		\$1,049,820	\$1,223,641	\$1,526,800	\$1,586,770	\$1,814,302	\$287,502	18.8%

NOTES:

- 100-107, Crime Policy: Crime coverage \$2M/occurrence. A relatively flat renewal is expected for 2021. Increase in 2020 due to new member.
- 100-108, General Surety Bonds: Reflects the amount to purchase scheduled surety bonds as defined in MVRMA's Bond Coverage Policy.
- 100-113, Primary Liability Reinsurance: Reflects GEM's layer excess MVRMA's SIR of \$500K. Since 2016, GEM has provided a limit of \$4.5M excess of \$500K. The 2020 amount includes a one-time premium of \$16,200 for the new member's prior acts coverage; this amount was billed to the member. The 2021 amount decreases due to decreases in members' net operating expenses, which serves as the General Liability exposure base; this is likely a one-year decrease only.
- 100-114, Secondary Liability Reinsurance: Reflects Genesis layer of excess of the MVRMA SIR and GEM layer. Since 2016, Genesis' reinsurance limits have been \$7M excess of \$5M. Total limits increased from \$10M per occurrence to \$12M in 2017. The 2020 amount includes a one-time premium of \$17,500 for the new member's prior acts coverage; this amount was billed to the member.
- 100-117, Commercial Property: Commercial Property/Boiler & Machinery/Cyber Liability/Pollution Liability will renew 7/1/21. Budgeted 2021 premium is a 24% increase over 2020 actual based on assumed 4% TIV increase and 20% rate increase. Property rates have increased 9%, 17% and 22%, respectively, in the last three years due to the hardening market. The 2020 amount included about \$60,000 for the new member.

**MVRMA 2021 BUDGET
CLAIMS / LOSS ADJUSTMENT EXPENDITURES**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2018 Actual	2019 Actual	2020 Budget	2020 Projected	2021 Budget	Increase / (Decrease)	
							Amount	Pct.
Claims & LAE--LY21	500-521							
Claims & LAE--LY22	500-522							
Claims & LAE--LY23	500-523							
Claims & LAE--LY24	500-524							
Claims & LAE--LY25	500-525	\$447						
Claims & LAE--LY26	500-526	\$109,650	\$188,356					
Claims & LAE--LY27	500-527	\$27,855	\$16,950					
Claims & LAE--LY28	500-528	\$156,273	\$71,112					
Claims & LAE--LY29	500-529	\$667,234	\$122,470					
Claims & LAE--LY30	500-530	\$394,316	\$470,995					
Claims & LAE--LY31	500-531		\$398,212					
Claims & LAE--LY32	500-532							
Claims & LAE--LY33	500-533			\$2,340,000	\$3,100,000			
Claims & LAE--LY34	500-534					\$2,000,000		
TOTAL		\$1,355,775	\$1,268,095	\$2,340,000	\$3,100,000	\$2,000,000	(\$340,000)	-14.5%

NOTES:

1. The 2021 claims estimate will be based upon the "expected" amount per the 2021 actuarial loss simulation and risk retention study prepared by Pinnacle Actuaries. As the Pinnacle report is not available yet, the amount shown is an estimate. This amount is based on a liability SIR of \$500K and a property SIR of \$250K.

**MVRMA 2021 BUDGET
WAGES AND BENEFITS**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2018 Actual	2019 Actual	2020 Budget	2020 Projected	2021 Budget	Increase / (Decrease)	
							Amount	Pct.
Salaries & Wages	300-301	\$337,591	\$371,438	\$366,400	\$366,000	\$375,500	\$9,100	2.5%
Health Insurance	300-302	\$70,274	\$71,177	\$69,250	\$69,200	\$73,350	\$4,100	5.9%
Auto Allowance/Mileage Reimb.	300-304	\$18,495	\$19,790	\$19,000	\$19,000	\$20,060	\$1,060	5.6%
Life Insurance/Disability	300-305	\$2,766	\$2,990	\$3,100	\$3,000	\$3,100	\$0	0.0%
Medicare	300-306	\$4,930	\$5,440	\$5,100	\$5,300	\$5,300	\$200	3.9%
OPERS	300-307	\$47,169	\$52,287	\$52,000	\$54,000	\$52,600	\$600	1.2%
Dental / Vision	300-308	\$4,572	\$4,733	\$4,825	\$4,700	\$4,825	\$0	0.0%
Workers' Comp	300-309	\$252	\$164	\$500	\$50	\$400	(\$100)	-20.0%
Other	300-303	(\$225)	\$0	\$0	\$0	\$0	\$0	-----
TOTAL		\$485,824	\$528,019	\$520,175	\$521,250	\$535,135	\$14,960	2.9%

NOTES:

- 300-301, Salaries & Wages: 2019 was a 27-pay year, which occurs every 13 years. The budget, as presented, includes an allowance for reasonable merit increases. The recommended pay ranges for 2021 are: Office Manager \$26.82 - \$38.64/hour; Cleaning Services \$83.33 monthly; Loss Control Manager \$64,004 - \$96,006; Claims Manager \$64,004 - \$96,006; Executive Director \$114,713 - \$137,657. These ranges reflect a 2.38% increase based on a survey of members' non-bargaining employees' wages.
- 300-302, Health Insurance: All full-time employees contribute 10% of the cost of this coverage. Cost to decrease in 2020 due to employee participation in wellness program. 2021 amounts reflect a 6% increase.
- 300-304, Auto Allowance/Mileage: Auto allowance for the Executive Director of \$550/month. The 2021 budget reflects an increase from \$485 to \$540 per month for the Claims Manager and Loss Control Manager. Claims Manager allowance has not increased since 2012. Mileage reimbursement provided to the Office Manager at the IRS rate.
- 300-305, Life Insurance/Disability: Premiums for a \$100,000 life insurance policy for the Executive Director and coverage equal to annual salary, up to \$50,000, for other full-time employees and Long Term Disability coverage.
- 300-308, Dental / Vision: Rates will remain constant in 2021.

**MVRMA 2021 BUDGET
PROFESSIONAL SERVICES EXPENDITURES**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2018 Actual	2019 Actual	2020 Budget	2020 Projected	2021 Budget	Increase / (Decrease)	
							Amount	Pct.
Actuarial Services	200-201	\$12,100	\$12,460	\$12,850	\$12,850	\$23,100	\$10,250	79.8%
Loss Control Services	200-202	\$2,626	\$1,956	\$3,000	\$1,500	\$2,500	(\$500)	-16.7%
Corporate Legal Services	200-204	\$14,019	\$15,562	\$16,000	\$14,000	\$16,000	\$0	0.0%
Claims Admin Services	200-203	\$2,190	\$1,242	\$2,800	\$3,500	\$3,500	\$700	25.0%
Financial Auditing Services	200-205	\$25,042	\$25,176	\$25,250	\$25,250	\$25,250	\$0	0.0%
Claims Auditing Services	200-206	\$0	\$0	\$0	\$0	\$0	\$0	-----
Payroll Services	200-207	\$1,456	\$1,434	\$1,420	\$1,420	\$1,450	\$30	2.1%
Banking Services	200-208	\$1,042	\$1,015	\$1,200	\$1,500	\$1,500	\$300	25.0%
Appraisal Services	200-209	\$0	\$0	\$7,400	\$0	\$5,000	(\$2,400)	-32.4%
Brokering Services	200-210	\$78,768	\$78,768	\$78,800	\$78,800	\$78,800	\$0	0.0%
Technology Services	200-211	\$11,993	\$12,783	\$10,000	\$9,500	\$10,000	\$0	0.0%
Other Services	200-212	\$8,261	\$8,600	\$10,000	\$10,000	\$10,000	\$0	0.0%
Investment Services Fees	200-213	\$11,162	\$10,211	\$11,000	\$10,000	\$10,500	(\$500)	-4.5%
TOTAL		\$168,659	\$169,207	\$179,720	\$168,320	\$187,600	\$7,880	4.4%

NOTES:

1. 200-201, Actuarial Services: Reflects fees for annual Loss Funding Study and Reserve Opinion actuarial reports. 2021 amount includes fee to update the surplus study, last completed in 2015.
2. 200-202, Loss Control Services: Miscellaneous loss control expenses and subsidy for Target Solutions.
3. 200-205, Financial Auditing Services: Auditing fees per audit contract with Julian & Grube and Auditor of State fees. The new contract with Julian & Grube holds their fee constant through the 2024 audit.
4. 200-206, Claims Auditing: GEM performed the triennial claims audit in 2019. GEM does not charge its members for this service.
5. 200-208, Banking Services: Fees for safekeeping account and other bank service fees.
6. 200-209, Appraisal Services: 2020 includes an amount for the appraisal of facilities not covered by the APIP appraisal services
6. 200-210, Brokering Services: Fee per broker services agreement with Alliant Insurance Services Inc. New agreement provides for no increase in annual fee for through 7/1/23.
7. 200-211, Technology Services: Includes \$420/mo. for hosted cloud server
8. 200-212, Other Services: Fee for Alliant Insurance Services for Alliant Signature Services (appraisal and loss control services).
9. 200-213, Investment Services Fees: Investment advisor fees (SJS).

**MVRMA 2021 BUDGET
POOL OPERATIONS EXPENDITURES**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2018 Actual	2019 Actual	2020 Budget	2020 Projected	2021 Budget	Increase / (Decrease)	
							Amount	Pct.
Awards Program	400-401	\$2,726	\$3,499	\$5,000	\$3,000	\$6,000	\$1,000	20.0%
Office Equipment/Software	400-403	\$20,658	\$22,016	\$21,000	\$20,000	\$23,700	\$2,700	12.9%
Memberships/Publications	400-404	\$3,786	\$2,040	\$4,500	\$4,500	\$4,300	(\$200)	-4.4%
Office Rent	400-405	\$36,400	\$35,779	\$33,500	\$33,500	\$34,200	\$700	2.1%
Office Supplies	400-406	\$2,345	\$2,356	\$2,000	\$2,000	\$2,000	\$0	0.0%
Postage	400-407	\$376	\$233	\$400	\$400	\$400	\$0	0.0%
Telephone / Internet	400-409	\$7,827	\$7,424	\$8,000	\$7,000	\$7,000	(\$1,000)	-12.5%
Education/Travel	400-410	\$15,572	\$18,072	\$18,500	\$4,000	\$18,500	\$0	0.0%
Miscellaneous/Contingency	400-411	\$48	\$5,895	\$7,500	\$3,000	\$7,500	\$0	0.0%
Advertising	400-412	\$793	\$1,251	\$850	\$800	\$800	(\$50)	-5.9%
Board Meetings	400-413	\$1,783	\$2,001	\$1,400	\$600	\$10,000	\$8,600	614.3%
Equipment Maintenance	400-415	\$1,670	\$2,596	\$2,100	\$1,500	\$2,100	\$0	0.0%
Gas & Electric	400-416	\$2,726	\$1,715	\$0	\$0	\$0	\$0	-----
Records Disposal	400-418	\$0	\$220	\$0	\$0	\$300	\$300	-----
Cleaning, water, mats	400-419	\$3,247	\$289	\$400	\$200	\$300	(\$100)	-25.0%
Training Program	400-420	\$86,982	\$35,363	\$54,000	\$27,000	\$50,000	(\$4,000)	-7.4%
TOTAL		\$186,939	\$140,749	\$159,150	\$107,500	\$167,100	\$7,950	5.0%

NOTES:

- 400-403, Office Equipment/Software: Includes \$15,768 for Riskmaster Express software lease and amounts for subscriptions to Office 365, Quickbooks and Adobe.
- 400-405, Office Rent: New 5-yr lease was effective 6/15/19 at a cost savings versus previous lease.
- 400-409, Telephone/Internet: Includes cost of internet service and cell phone allowances for the Executive Director of \$60/month and \$86/month for the Claims Manager & Loss Control Manager.
- 400-410, Education/Travel: Includes conference fees and related expenses to sponsor the attendance of the President and four other Board Trustees at AGRiP/PRIMA Conferences. Also included is funding for staff members' attendance at relevant state and national training programs.
- 400-413, Board Meetings: Includes \$8,000 for triennial Strategic Planning Meeting
- 400-415, Equipment Maintenance: Includes maintenance contracts for the telephone system and copier/printer.
- 400-420, Training program: The goal has been is to cover 75% of training program expenditures with seminar fee revenue with the exception of the cost to recertify driver trainers. However, a 60% cost recovery was included in this budget due to the uncertainties of a possible shift toward webinar training.

**MVRMA 2021 BUDGET
GENERAL RESERVE FUND EXPENDITURES**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2018 Actual	2019 Actual	2020 Budget	2020 Projected	2021 Budget	Increase / (Decrease)	
							Amount	Pct.
GRF Member Withdrawals	501-501	\$1,912,584	\$1,618,076	\$1,800,000	\$1,600,000	\$1,200,000		
TOTAL		\$1,912,584	\$1,618,076	\$1,800,000	\$1,600,000	\$1,200,000	(\$600,000)	-33%

NOTES:

1. The General Reserve Fund receives, holds and invests members' refunds from closed loss years. By policy, members may withdraw funds within 30 days of a loss year closure, or in January, or at any time to pay a MVRMA bill.

**MVRMA 2021 BUDGET
SHOCK LOSS FUND EXPENDITURES**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2018 Actual	2019 Actual	2020 Budget	2020 Projected	2021 Budget	Increase / (Decrease)	
							Amount	Pct.
Transfer to GRF	510-572	\$70,998	\$98,358	\$69,933	\$69,933	\$253,567	\$183,634	262.6%
Transfer to Loss Years	510-590	\$0	\$0	\$0	\$0	\$0	\$0	-----
Transfer to Operating Fund		\$0	\$75,000	\$0	\$0	\$0	\$0	-----
TOTAL		\$70,998	\$173,358	\$69,933	\$69,933	\$253,567	\$183,634	262.6%

NOTES:

1. 510-572, Transfer to GRF: Members are refunded the portion of their Shock Loss Fund balance in excess of 140% of the current year loss fund contribution.
2. Transfer to Operating Fund in 2019 to cover the unbudgeted expense of the adverse property renewal.

**MVRMA 2021 BUDGET
CLOSED LOSS YEAR TRANSFERS**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2018 Actual	2019 Actual	2020 Budget	2020 Projected	2021 Budget	Increase / (Decrease)	
							Amount	Pct.
Closed Loss Year 18	555-518							
Closed Loss Year 19	555-519							
Closed Loss Year 20	555-520							
Closed Loss Year 21	555-521							
Closed Loss Year 22	555-522							
Closed Loss Year 23	555-523							
Closed Loss Year 24	555-524	\$1,555,842						
Closed Loss Year 25	555-525	\$1,408,465		\$1,700,000	\$2,789,500	\$0		
TOTAL		\$2,964,307	\$0	\$1,700,000	\$2,789,500	\$0	(\$1,700,000)	-100%

NOTES:

1. Amounts shown above reflect the internal transfers from closed loss years to the GRF. Each member's GRF account is credited for their proportionate share of loss year refunds based on the proportion in which the funds were contributed.
2. Reflects the closure of LY24 (2012) and LY 25 (2013) in 2018, no closures in 2019 and the closures of LY 26 (2014) and LY 27 (2015) in 2020. No loss year closures anticipated in 2021 at this time.

2021 Budget Member Contributions

2021 / LY 33 Member Contributions												
Member	2021 / LY 33 PCF	2021 OPER Contribution	Less: 2020 OPER Rebate	Subtotal: Net OPER Contribution	LY 33 Loss Fund Contribution	Shock Loss Fund Contribution	TOTAL 2021 Contribution	2020 Contribution	2019 Contribution	2018 Contribution	2017 Contribution	2016 Contribution
Beavercreek	5.56411%	\$152,737	\$0	\$152,737	\$122,411	\$0	\$275,148	\$290,474	\$385,600	\$376,481	\$396,331	\$404,225
Bellbrook	0.82688%	\$22,698	\$0	\$22,698	\$18,191	\$0	\$40,889	\$42,823	\$41,492	\$41,654	\$43,586	\$58,945
Blue Ash	6.57027%	\$180,356	\$0	\$180,356	\$144,546	\$0	\$324,902	\$270,323	\$271,296	\$272,335	\$305,552	\$270,782
Centerville	3.92024%	\$107,612	\$0	\$107,612	\$86,245	\$0	\$193,857	\$180,592	\$171,375	\$163,297	\$165,657	\$194,763
Englewood	2.54523%	\$69,868	\$0	\$69,868	\$55,995	\$0	\$125,863	\$119,708	\$120,680	\$121,263	\$110,777	\$122,470
Fairfield	8.64434%	\$237,290	\$0	\$237,290	\$190,176	\$28,526	\$455,992	\$413,680	\$0	\$0	\$0	\$0
Indian Hill	2.23790%	\$61,431	\$0	\$61,431	\$49,234	\$0	\$110,665	\$116,852	\$97,111	\$92,846	\$96,127	\$102,159
Kettering	12.45086%	\$341,781	\$0	\$341,781	\$273,919	\$0	\$615,700	\$554,768	\$527,168	\$482,101	\$483,326	\$510,029
Madeira	1.02622%	\$28,170	\$0	\$28,170	\$22,577	\$0	\$50,747	\$78,629	\$65,731	\$53,754	\$43,778	\$35,798
Mason	7.64024%	\$209,727	\$0	\$209,727	\$168,085	\$0	\$377,812	\$377,074	\$311,800	\$297,685	\$258,915	\$252,994
Miamisburg	5.74378%	\$157,669	\$0	\$157,669	\$126,363	\$0	\$284,032	\$255,813	\$265,815	\$234,983	\$218,238	\$248,201
Montgomery	2.32368%	\$63,786	\$0	\$63,786	\$51,121	\$0	\$114,907	\$102,692	\$105,924	\$110,282	\$104,963	\$104,255
NAWA	0.39348%	\$10,801	\$0	\$10,801	\$8,657	\$1,299	\$20,757	\$7,919	\$7,714	\$7,630	\$7,807	\$11,018
Piqua	6.66851%	\$183,053	\$0	\$183,053	\$146,707	\$0	\$329,760	\$380,083	\$307,239	\$326,311	\$286,932	\$312,389
Sidney	5.77160%	\$158,433	\$0	\$158,433	\$126,975	\$0	\$285,408	\$288,514	\$259,960	\$268,006	\$248,446	\$267,186
Springdale	2.76740%	\$75,966	\$0	\$75,966	\$60,883	\$0	\$136,849	\$137,851	\$139,288	\$144,919	\$147,329	\$155,822
Tipp City	4.23266%	\$116,188	\$0	\$116,188	\$93,119	\$0	\$209,307	\$201,495	\$234,116	\$203,316	\$188,514	\$263,477
Troy	6.38287%	\$175,212	\$0	\$175,212	\$140,423	\$0	\$315,635	\$300,246	\$311,387	\$282,197	\$288,345	\$304,759
Vandalia	3.63919%	\$99,897	\$0	\$99,897	\$80,062	\$0	\$179,959	\$193,224	\$183,259	\$163,633	\$181,551	\$165,571
West Carrollton	2.21115%	\$60,697	\$0	\$60,697	\$48,645	\$0	\$109,342	\$108,407	\$105,505	\$121,320	\$114,605	\$152,266
Wilmington	6.54865%	\$179,763	\$0	\$179,763	\$144,070	\$0	\$323,833	\$253,712	\$212,186	\$180,841	\$204,166	\$199,029
Wyoming	1.89075%	\$51,902	\$0	\$51,902	\$41,596	\$0	\$93,498	\$98,714	\$81,159	\$134,793	\$119,701	\$99,813
TOTALS	100.00000%	\$2,745,037	\$0	\$2,745,037	\$2,200,000	\$29,825	\$4,974,862	\$4,773,593	\$4,205,805	\$4,079,647	\$4,014,646	\$4,235,951

MVRMA POOL CONTRIBUTION FACTORS -- 2021 / Loss Year 33
2021 MVRMA Budget

Member City	2010 Population	# Sworn FT Police	# Other Full-Time	# Titled Vehicles	Insurable Property Values	NOE	Avg. Annual Adjusted Losses	Pool Contribution Factors
Beavercreek	45,193	68	81	148	\$43,358,980	\$18,083,165	\$39,895	5.56411%
Bellbrook	6,943	12	21	33	\$15,645,922	\$2,763,959	\$448	0.82688%
Blue Ash	12,114	34	108	113	\$126,361,440	\$25,329,457	\$87,544	6.57027%
Centerville	23,999	34	89	130	\$44,493,221	\$17,813,739	\$26,075	3.92024%
Englewood	13,465	21	74	60	\$50,223,936	\$10,425,343	\$16,744	2.54523%
Fairfield	42,613	63	215	211	\$113,086,436	\$46,650,598	\$70,000	8.64434%
Indian Hill	5,785	21	59	71	\$30,991,521	\$14,006,258	\$15,722	2.23790%
Kettering	56,163	81	337	237	\$182,701,883	\$54,811,490	\$118,849	12.45086%
Madeira	8,726	14	11	19	\$5,754,721	\$3,177,565	\$8,611	1.02622%
Mason	30,712	50	156	179	\$151,009,644	\$33,096,301	\$71,077	7.64024%
Miamisburg	20,181	36	106	105	\$100,777,341	\$24,394,278	\$64,527	5.74378%
Montgomery	10,251	22	64	54	\$29,531,227	\$11,470,634	\$17,931	2.32368%
NAWA	-	0	4	2	\$16,012,021	\$1,337,640	\$6,162	0.39348%
Piqua	20,522	34	155	153	\$192,648,005	\$45,211,920	\$46,030	6.66851%
Sidney	21,229	36	161	161	\$96,951,816	\$20,058,856	\$53,230	5.77160%
Springdale	11,223	34	91	74	\$44,445,359	\$10,698,055	\$15,671	2.76740%
Tipp City	9,689	20	51	76	\$45,585,223	\$25,608,347	\$58,348	4.23266%
Troy	25,058	43	153	149	\$114,842,219	\$25,141,395	\$60,130	6.38287%
Vandalia	15,246	27	108	104	\$66,802,205	\$19,528,185	\$23,298	3.63919%
West Carrollton	13,143	21	52	64	\$34,246,229	\$9,901,609	\$13,571	2.21115%
Wilmington	12,520	22	124	136	\$84,552,649	\$20,334,591	\$97,941	6.54865%
Wyoming	8,428	19	35	38	\$37,756,374	\$10,135,719	\$14,024	1.89075%
TOTALS	413,203	712	2255	2317	\$1,627,778,372	\$449,979,104	\$925,830	100.00000%

Notes:

- The data is as of 8/31/20 unless otherwise noted.
- "Avg. Annual Adjusted Losses" are calculated by averaging each member's losses for the years 2016, 2017, 2018 & 2019.
Losses are adjusted in accordance with MVRMA's Loss Capping Policy and include both paid claims and open claim reserves.
Loss data is as of August 5, 2020
- Annually, all buildings valued in excess of \$50K, that were constructed or acquired since the previous year's on-site appraisal, are appraised.
Annually, Alliant updates the values of existing buildings using an index.
- "NOE" are calculated based upon each members' audited financial statements for the fiscal year most recently concluded. The amount has been adjusted to exclude depreciation, interest expense, and contracts for which the risk has been effectively transferred to a third party.
- A member's PCF value is determined by applying the following formula to the member's percentage share of each of the factors in the above table:

$$(3 \times \%AAAL) + (\%Population + \%FT Police + \% Other FT + \%Titled Vehicles + \% IRPRV + \%NOE)$$

**2021 BUDGET
SHOCK LOSS FUND - CONTRIBUTIONS AND REFUNDS**

	SLF Balance 6/30/20	2021 LF Contrib.	Excess / (Def.)	2021 SLF Contrib. (1)	2021 SLF Refund (2)
Beavercreek	\$214,580	\$122,411	\$92,169	\$0	\$43,205
Bellbrook	\$31,623	\$18,191	\$13,432	\$0	\$6,156
Blue Ash	\$199,651	\$144,546	\$55,105	\$0	\$0
Centerville	\$133,206	\$86,245	\$46,961	\$0	\$12,463
Englewood	\$88,413	\$55,995	\$32,418	\$0	\$10,020
Fairfield	\$0	\$190,176	(\$190,176)	\$28,526	\$0
Indian Hill	\$75,598	\$49,234	\$26,364	\$0	\$6,670
Kettering	\$400,223	\$273,919	\$126,304	\$0	\$16,736
Madeira	\$39,143	\$22,577	\$16,566	\$0	\$7,535
Mason	\$222,252	\$168,085	\$54,167	\$0	\$0
Miamisburg	\$187,964	\$126,363	\$61,601	\$0	\$11,056
Montgomery	\$75,853	\$51,121	\$24,732	\$0	\$4,284
NAWA	\$5,849	\$8,657	(\$2,808)	\$1,299	\$0
Piqua	\$227,793	\$146,707	\$81,086	\$0	\$22,403
Sidney	\$202,607	\$126,975	\$75,632	\$0	\$24,842
Springdale	\$101,814	\$60,883	\$40,931	\$0	\$16,578
Tipp City	\$135,838	\$93,119	\$42,719	\$0	\$5,471
Troy	\$221,746	\$140,423	\$81,323	\$0	\$25,154
Vandalia	\$135,730	\$80,062	\$55,668	\$0	\$23,643
West Carrollton	\$80,054	\$48,645	\$31,409	\$0	\$11,951
Wilmington	\$144,874	\$144,070	\$804	\$0	\$0
Wyoming	\$63,634	\$41,596	\$22,038	\$0	\$5,400
Total	\$2,988,445	\$2,200,000	\$788,445	\$29,825	\$253,567

1. Required Contribution per SLF Policy is lesser of: 1) deficiency of SLF balance versus current year LF contribution, or 2) 15% of LF contribution.

2. Per SLF Policy, members with SLF balance > 140% of current year LF contribution are refunded the excess. The refund will be transferred to the members' General Reserve Fund accounts in January.