

**MIAMI VALLEY RISK MANAGEMENT
ASSOCIATION**

2022 BUDGET

AS ADOPTED BY THE BOARD OF TRUSTEES

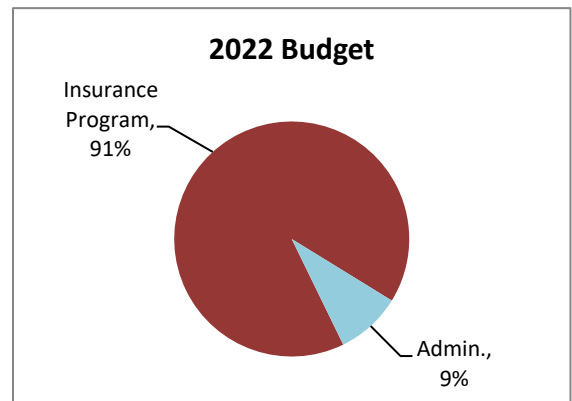
**Miami Valley Risk Management Association (MVRMA)
2022 Budget Memo**

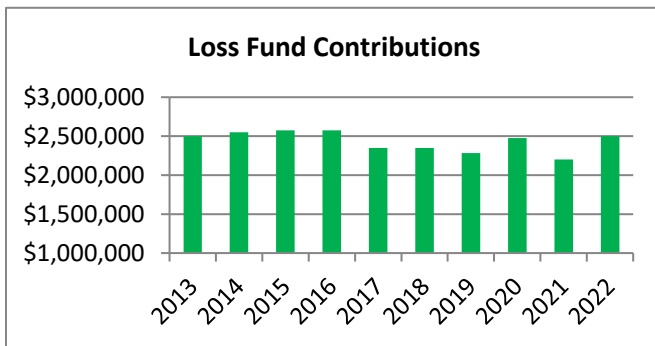
December 20, 2021

The 2022 Budget as adopted by the Board of Trustees is presented in the following pages.

2022 Budget Highlights:

- Budgeted revenues are \$6,826,909, a 15% increase over the 2021 actual revenues.
 - About 92% of revenues consist of contributions and other revenue received from the member cities. Members' contributions will increase by about 21% in 2022 versus 2021. This is discussed in more detail below.
 - Investment income continues to decrease. Investment income in 2022 will be about 40% less than its high point in 2019.
- Budgeted general & administrative expenditures for 2022 are \$915,025, an increase of 0.6% compared to the 2021 Budget.
 - Beginning in early 2021, the claims management function became a contracted service rather than the previous in-house claims operation. The transition appears to have created a slight budget reduction in 2022. More experience with the new system will enable us to better quantify that amount.
- Reinsurance/excess insurance premiums are now the largest budget component. This budget item has increased considerably in the last two years as the commercial insurance market has experienced difficulties. After adjusting for the impact of a new member, these premiums were about 60% greater in 2021 versus 2019 and are expected to increase another 27% in 2022.
- The budget for claims expenditures, \$2,370,000, is based on the actuarially expected claims. Actual results can vary widely. Historically, actual claims expenditures are generally less than the budgeted amount.
- The budget can be viewed as consisting of 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 an allocation of wages and other general expenses. Insurance program expenditures comprise about 91% of the budget compared to only 9% for administrative expenditures. Included in the administrative expenditures are the loss control and training program costs.





Loss Fund Contributions:

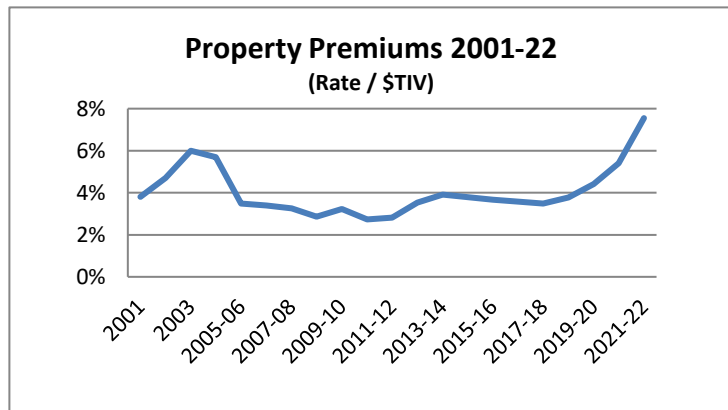
Each year, the pool contracts with an actuary to calculate the members’ required annual contribution to the upcoming loss year fund based on the pool’s loss history and industry trends. A new loss year fund is established each year to account for claims occurring in that year. This amount has been relatively consistent from year to year over the last decade. The funding for the 2022 loss year will be \$2.5 million.

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 2022.

Property coverage for claims in excess of the \$250,000 SIR is currently placed with Alliant Property Insurance Program (APIP).

The commercial property market has been difficult for the last 4 years. The rates MVRMA pays for property coverage increased approximately 9% in 2018, 17% in 2019, 22% in 2020, and 40% in 2021. The 2022 Budget allows for a rate increase of about 22% compared to 2021. Rates have returned to, and exceed, levels last seen in the post-9/11 market. There is expected to be some leveling off in the commercial property market soon.



For liability claims, the limit will remain at \$12 million per occurrence in 2022. Since 2016, Government Entities Mutual (GEM), the captive insurance company of which MVRMA is a member, has reinsured \$4.5 million excess of MVRMA's \$500,000 SIR and Genesis Reinsurance has reinsured the next \$7 million excess of \$5 million. This will change in 2022 as Genesis is limiting their capacity to a maximum of \$5 million. This budget reflects premiums for GEM to increase their level to \$6.5 million excess of the pool’s \$500,000 retention, and Genesis will reinsure only the final \$5 million.

Premiums paid by the pool to its liability reinsurers are expected to increase by about 30% in 2022 after a 10% decrease in 2021. This fluctuation requires an explanation. The members’ net operating expenses (NOE) are the single largest exposure base upon which the premium is calculated. The 2021 premium decrease was due to the members’ large expenditure reductions resulting from a change in the method of accounting for pensions. This was a one-year occurrence. Pension expense, and thus NOE, has now returned to a more “normal” amount; this accounts for much of the increase in 2022 liability reinsurance premium.

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 21% compared to 2020. The primary cause of the increase is the increased excess insurance/reinsurance premiums discussed above. The breakdowns of 2022 and 2021 are as follows:

<u>Fund</u>	<u>2022</u> <u>Contributions</u>	<u>2021</u> <u>Contributions</u>
Loss Fund	\$2,500,000	\$2,200,000
Shock Loss Fund	50,909	29,825
Operating Fund	<u>3,489,025</u>	<u>2,745,037</u>
Total Contributions	\$6,039,934	\$4,974,862

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. Another \$1.47 million was refunded in 2021. No loss year closures are anticipated at this time for 2022.

Fund Balances:

MVRMA’s claims are prudently well-funded and MVRMA is very well-capitalized versus industry standards. The pool is expected to end 2022 with cash fund balances of about \$8.6 million spread among six open loss years. These balances will be supplemented by about \$2.8 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 me.

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MIAMI VALLEY RISK MANAGEMENT ASSOCIATION
SCHEDULE OF REVENUES AND EXPENDITURES - Budget Basis
FOR YEARS ENDING DECEMBER 31, 2020, 2021 AND 2022

	<u>2020</u>	<u>2021 Budget</u>	<u>2021 Projected</u>	<u>2022 Budget</u>
Revenue:				
Member Contributions:				
Operating Contributions	2,293,445	2,744,627	2,745,037	3,488,312
Loss Fund Contributions	2,475,776	2,200,000	2,200,000	2,500,000
Shock Loss Fund Contributions	4,372	29,825	29,825	50,909
Retroactive Date Endorsement	33,700	16,875	16,875	16,875
Investment Income	295,716	189,800	221,432	167,600
Deductible Reimbursements	191,599	175,000	251,714	220,000
Subrogation Recoveries	-	-	241,378	175,000
Excess Insurance Reimbursements	1,514,164	-	154,735	150,000
Pass-through	5,321	20,000	14,373	20,000
Training Program	17,928	30,000	49,204	37,500
Other Revenue	1,394	-	1,279	-
Total Revenue	6,833,415	5,406,127	5,925,852	6,826,196
Expenditures:				
Reinsurance / Excess Insurance Premiums	1,579,087	1,794,301	2,003,953	2,540,688
Claims / LAE	3,176,770	2,000,000	2,183,703	2,370,000
Subtotal - Insurance Program	4,755,857	3,794,301	4,187,656	4,910,688
Wages and Benefits	516,283	534,725	424,154	408,900
Professional Services	164,437	187,600	323,182	326,425
Pool Operations	75,566	117,100	85,839	109,700
Training Program	26,615	50,000	68,302	50,000
Pass-Through	5,494	20,000	14,394	20,000
Subtotal - G&A	788,395	909,425	915,871	915,025
Total Expenditures	5,544,252	4,703,726	5,103,527	5,825,713
Operating Surplus / (Deficit)	1,289,163	702,401	822,325	1,000,483
Non-Operating:				
Transfer-In to GRF from Closed LY	2,789,488	-	1,471,075	-
Transfer-Out from Closed LY to GRF	(2,789,488)	-	(1,471,075)	-
Transfer-In to Gen. Res. from Shock Loss	69,933	253,567	253,567	11,012
Transfer-Out from Shock Loss to Gen. Res.	(69,933)	(253,567)	(253,567)	(11,012)
Transfer-In to Operating from Shock Loss	-	-	90,000	-
Transfer-Out from Shock Loss to Operating	-	-	(90,000)	-
GRF Refunds to Members	(1,541,109)	(1,200,000)	(996,872)	(1,600,000)
GRF Investment Income & Other Income	96,959	70,100	90,307	72,500
Net Surplus / (Deficit)	(154,987)	(427,499)	(84,240)	(527,017)
Cash Fund Balances, Jan. 1	17,375,595	17,220,608	17,220,608	17,136,368
Cash Fund Balances, Dec. 31	17,220,608	16,793,109	17,136,368	16,609,351

MIAMI VALLEY RISK MANAGEMENT ASSOCIATION
SCHEDULE OF BUDGETED REVENUES AND EXPENDITURES - BY FUND - Budget Basis
FOR THE YEAR ENDING DECEMBER 31, 2022

	Operating Fund	Loss Year Funds	Shock Loss Fund	General Reserve Fund	Total
Revenue:					
Member Contributions	3,488,312	2,500,000	50,909	-	6,039,221
Member Contrib. - Retro Date Endorsement	-	16,875	-	-	16,875
Investment Income	9,900	120,800	36,900	-	167,600
Deductible Reimbursements	-	220,000	-	-	220,000
Subrogation Recoveries	-	175,000	-	-	175,000
Excess Insurance Reimbursements	-	150,000	-	-	150,000
Pass-through	20,000	-	-	-	20,000
Training Program	37,500	-	-	-	37,500
Other Revenue	-	-	-	-	-
Total Revenue	3,555,712	3,182,675	87,809	-	6,826,196
Expenditures:					
Wages and Benefits	408,900	-	-	-	408,900
Professional Services	326,425	-	-	-	326,425
Pool Operations	109,700	-	-	-	109,700
Training Program	50,000	-	-	-	50,000
Pass-Through	20,000	-	-	-	20,000
Reinsurance/Excess Insurance Premiums	2,540,688	-	-	-	2,540,688
Claims / LAE	-	2,370,000	-	-	2,370,000
Total Expenditures	3,455,713	2,370,000	-	-	5,825,713
Operating Surplus / (Deficit)	99,999	812,675	87,809	-	1,000,483
Non-Operating:					
Transfer from Closed LY to GRF	-	-	-	-	-
Transfer from Shock Loss to Gen. Res.	-	-	(11,012)	11,012	-
GRF Investment Income	-	-	-	72,500	72,500
GRF Refunds to Members	-	-	-	(1,600,000)	(1,600,000)
Net Surplus / (Deficit)	99,999	812,675	76,797	(1,516,488)	(527,017)
Fund Balance, 1/1/22	35,183	7,834,625	2,748,269	6,518,291	17,136,368
Fund Balance, 12/31/22	135,182	8,647,300	2,825,066	5,001,803	16,609,351

**MVRMA 2022 BUDGET
SUMMARY OF TOTAL REVENUES**

<u>Program Description</u>	2020 Actual	2021 Budget	2021 Projected	2022 Budget
Operating Revenues	\$2,371,751	\$2,803,727	\$2,826,201	\$3,555,712
Retro Endorsement Revenues	\$0	\$16,975	\$17,019	\$17,075
Loss Year 24 Revenues	\$0	\$0	\$0	\$0
Loss Year 25 Revenues	\$0	\$0	\$0	\$0
Loss Year 26 Revenues	\$1,521,138	\$0	\$0	\$0
Loss Year 27 Revenues	\$27,685	\$0	\$0	\$0
Loss Year 28 Revenues	\$41,708	\$23,800	\$30,492	\$22,400
Loss Year 29 Revenues	\$34,856	\$19,600	\$21,525	\$0
Loss Year 30 Revenues	\$47,899	\$28,800	\$31,455	\$19,800
Loss Year 31 Revenues	\$144,457	\$45,200	\$122,570	\$173,400
Loss Year 32 Revenues	\$2,576,233	\$98,000	\$287,905	\$69,100
Loss Year 33 Revenues	\$0	\$2,301,000	\$2,511,352	\$184,800
Loss Year 34 Revenues	\$0	\$0	\$0	\$2,696,100
Shock Loss Fund Revenues	\$67,688	\$69,025	\$77,333	\$87,809
SUB-TOTAL	\$6,833,415	\$5,406,127	\$5,925,852	\$6,826,196
Transfer-In to GRF from Closed LY	\$2,789,488	\$0	\$1,471,075	\$0
Transfer-In to GRF from SLF	\$69,933	\$253,567	\$253,567	\$11,012
Transfer-In to Operating from SLF	\$0	\$0	\$90,000	\$0
GRF Investment Income & Other	\$96,959	\$70,100	\$90,307	\$72,500
TOTAL	\$9,789,795	\$5,729,794	\$7,830,801	\$6,909,708

**MVRMA 2022 BUDGET
SUMMARY OF TOTAL EXPENDITURES**

<u>Program Description</u>	2019 Actual	2020 Actual	2021 Budget	2021 Actual	2022 Budget	Increase / (Decrease)	
						Amount	Pct.
<u>Excess Insurance/Reinsurance & Claims:</u>							
Reinsurance / Excess Insurance	\$1,199,996	\$1,579,087	\$1,794,301	\$2,003,953	\$2,540,688	\$746,387	41.6%
Claims/LAE	\$1,268,095	\$3,176,770	\$2,000,000	\$2,183,703	\$2,370,000	\$370,000	18.5%
SUB-TOTAL	\$2,468,091	\$4,755,857	\$3,794,301	\$4,187,656	\$4,910,688	\$1,116,387	29.4%
<u>Other Expenditures:</u>							
Wages & Benefits	\$528,019	\$516,283	\$534,725	\$424,154	\$408,900	(\$125,825)	-23.5%
Professional Services	\$169,207	\$164,437	\$187,600	\$323,182	\$326,425	\$138,825	74.0%
Pool Operations	\$105,386	\$75,566	\$117,100	\$85,839	\$109,700	(\$7,400)	-6.3%
Training	\$35,363	\$26,615	\$50,000	\$68,302	\$50,000	\$0	0.0%
Pass Through Expenditures	\$23,645	\$5,494	\$20,000	\$14,394	\$20,000	\$0	0.0%
SUB-TOTAL	\$861,620	\$788,395	\$909,425	\$915,871	\$915,025	\$5,600	0.6%
TOTAL BEFORE INTERFUND	\$3,329,711	\$5,544,252	\$4,703,726	\$5,103,527	\$5,825,713	\$1,121,987	23.9%
<u>Interfund:</u>							
Interfund Transfer-Out	\$0	\$0	\$0	\$0	\$0	\$0	-----
Transfer from Shock Loss to General Reserve	\$98,358	\$69,933	\$253,567	\$253,567	\$11,012	(\$242,555)	-95.7%
Transfer from Shock Loss to Operating	\$75,000	\$0	\$0	\$90,000	\$0	\$0	-----
GRF: Member Withdrawals	\$1,618,076	\$1,541,109	\$1,200,000	\$996,872	\$1,600,000	\$400,000	33.3%
Transf to GRF from Closed Loss Yrs	\$0	\$2,789,488	\$0	\$1,471,075	\$0	\$0	-----
TOTAL	\$5,121,145	\$9,944,782	\$6,157,293	\$7,915,041	\$7,436,725	\$1,279,432	20.8%

**MVRMA 2022 BUDGET
REINSURANCE / EXCESS INSURANCE EXPENDITURES**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2019 Actual	2020 Actual	2021 Budget	2021 Actual	2022 Budget	Increase / (Decrease)	
							Amount	Pct.
Crime Policy	100-107	\$19,181	\$20,699	\$21,500	\$20,486	\$21,500	\$0	0.0%
General Surety Bonds	100-108	\$22,186	\$6,837	\$16,000	\$18,346	\$16,000	\$0	0.0%
Builder's Risk/Other Pass Thru	100-112	\$2,038	\$2,038	\$5,000	\$4,987	\$5,000	\$0	0.0%
Primary Liability Reinsurance Layer (GEM)	100-113	\$388,762	\$478,444	\$395,000	\$394,007	\$592,000	\$197,000	49.9%
Secondary Liab. Reinsurance Layer (Genesis)	100-114	\$125,732	\$173,416	\$195,000	\$195,000	\$175,000	(\$20,000)	-10.3%
Commercial Property/Boiler&Machinery (APIP)	100-117	\$635,243	\$888,549	\$1,101,801	\$1,249,513	\$1,561,891	\$460,090	41.8%
Cyber Liability Excess Coverage	100-122	\$0	\$0	\$53,000	\$115,926	\$162,296	\$109,296	206.2%
Special Events Pass Thru	100-118	\$21,607	\$3,456	\$15,000	\$9,407	\$15,000	\$0	0.0%
Deadly Weapon Event Coverage	100-121	\$8,892	\$11,142	\$12,000	\$10,675	\$12,000	\$0	0.0%
TOTAL		\$1,223,641	\$1,584,581	\$1,814,301	\$2,018,347	\$2,560,688	\$746,387	41.1%

NOTES:

- 100-107, Crime Policy: Crime coverage \$2M/occurrence. A relatively flat renewal is expected for 2022.
- 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. From 2016 through 2021, GEM has provided a limit of \$4.5M excess of \$500K. That layer will increase to \$6.5 million excess of \$500K in 2022 due to Genesis reducing their capacity (see #4 below). Note that the 2021 amount decreased due to a one-year decrease in members' net operating expenses, which serves as the General Liability exposure base. The 2022 premium expected to increase due to a significant increase in members' NOE as well as the increased limits.
- 100-114, Secondary Liability Reinsurance: Reflects Genesis layer of excess of the MVRMA SIR and GEM layer. From 2016 through 2021 Genesis' reinsurance limits have been \$7M excess of \$5M. Beginning in 2022, Genesis is offering limits no greater than \$5 million. This decrease was offset by increasing GEM's layer (see #3 above).
- 100-117, Commercial Property: Commercial Property/Boiler & Machinery/Cyber Liability/Pollution Liability will renew 7/1/22. Budgeted 2022 premium is a 25% increase over 2021 actual based on assumed 4% TIV increase and 21% rate increase. Property rates have increased 9%, 17%, 22% and 40%, respectively, in the last four years due to the hardening market. Beginning in 2020, the amount reflects the 21st member.
- 100-122, Cyber Liability Excess Coverage: This coverage augments the base cyber liability coverage provided within the APIP program. The cyber liability market has become very difficult, especially for local governments. The 7/1/21 renewal was much higher than anticipated and another significant increase is expected for 2022.

**MVRMA 2022 BUDGET
CLAIMS / LOSS ADJUSTMENT EXPENDITURES**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2019 Actual	2020 Actual	2021 Budget	2021 Actual	2022 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							
Claims & LAE-LY26-2014	500-526	\$188,356	\$1,710,530					
Claims & LAE-LY27-2015	500-527	\$16,950	\$8,406					
Claims & LAE-LY28-2016	500-528	\$71,112	\$78,604		\$94,250			
Claims & LAE-LY29-2017	500-529	\$122,470	\$27,274		\$8,825			
Claims & LAE-LY30-2018	500-530	\$470,995	\$141,434		\$308,852			
Claims & LAE-LY31-2019	500-531	\$398,212	\$482,741		\$397,671			
Claims & LAE-LY32-2020	500-532		\$727,781		\$420,008			
Claims & LAE-LY33-2021	500-533				\$954,097			
Claims & LAE-LY34-2022	500-534			\$2,000,000		\$2,370,000		
TOTAL		\$1,268,095	\$3,176,770	\$2,000,000	\$2,183,703	\$2,370,000	\$370,000	18.5%

NOTES:

1. The 2022 claims estimate will be based upon the "expected" amount per the 2022 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 2022 BUDGET
WAGES AND BENEFITS**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2019 Actual	2020 Actual	2021 Budget	2021 Actual	2022 Budget	Increase / (Decrease)	
							Amount	Pct.
Salaries & Wages	300-301	\$371,438	\$365,218	\$375,500	\$305,870	\$294,000	(\$81,500)	-21.7%
Health Insurance	300-302	\$71,177	\$68,816	\$72,940	\$52,021	\$48,700	(\$24,240)	-33.2%
Auto Allowance/Mileage Reimb.	300-304	\$19,790	\$18,290	\$20,060	\$13,911	\$14,000	(\$6,060)	-30.2%
Life Insurance/Disability	300-305	\$2,990	\$3,026	\$3,100	\$2,311	\$2,400	(\$700)	-22.6%
Medicare	300-306	\$5,440	\$5,345	\$5,300	\$4,427	\$4,200	(\$1,100)	-20.8%
OPERS	300-307	\$52,287	\$52,204	\$52,600	\$41,687	\$42,000	(\$10,600)	-20.2%
Dental / Vision	300-308	\$4,733	\$4,639	\$4,825	\$3,567	\$3,200	(\$1,625)	-33.7%
Workers' Comp	300-309	\$164	(\$1,255)	\$400	\$360	\$400	\$0	0.0%
Other	300-303	\$0	\$0	\$0	\$0	\$0	\$0	-----
TOTAL		\$528,019	\$516,283	\$534,725	\$424,154	\$408,900	(\$125,825)	-23.5%

NOTES:

- 300-301, Salaries & Wages: The budget, as presented, includes an allowance for reasonable merit increases. The recommended pay ranges for 2022 are: Office Manager \$27.44 - \$39.54/hour; Cleaning Services \$83.33 monthly; Loss Control Manager \$65,495 - \$98,243; Executive Director \$117,386 - \$140,864. These ranges reflect a 2.33% 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. 2022 amount based on flat rates and decrease from 4 employees to 3.
- 300-304, Auto Allowance/Mileage: Auto allowance for the Executive Director of \$550/month and \$555/mo. for the Loss Control Manager. Also includes mileage reimbursement 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: no rate change expected for 2022.

**MVRMA 2022 BUDGET
PROFESSIONAL SERVICES EXPENDITURES**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2019 Actual	2020 Actual	2021 Budget	2021 Actual	2022 Budget	Increase / (Decrease)	
							Amount	Pct.
Actuarial Services	200-201	\$12,460	\$12,830	\$23,100	\$23,060	\$13,300	(\$9,800)	-42.4%
Loss Control Services	200-202	\$1,956	\$580	\$2,500	\$25	\$2,000	(\$500)	-20.0%
Corporate Legal Services	200-204	\$15,562	\$12,627	\$16,000	\$19,720	\$18,000	\$2,000	12.5%
Claims Admin Services	200-203	\$1,242	\$3,362	\$3,500	\$144,139	\$150,000	\$146,500	4185.7%
Financial Auditing Services	200-205	\$25,176	\$24,205	\$25,250	\$24,308	\$24,500	(\$750)	-3.0%
Claims Auditing Services	200-206	\$0	\$0	\$0	\$0	\$0	\$0	-----
Payroll Services	200-207	\$1,434	\$1,297	\$1,450	\$1,480	\$1,625	\$175	12.1%
Banking Services	200-208	\$1,015	\$1,865	\$1,500	\$2,758	\$2,700	\$1,200	80.0%
Appraisal Services	200-209	\$0	\$0	\$5,000	\$0	\$5,000	\$0	0.0%
Brokering Services	200-210	\$78,768	\$78,768	\$78,800	\$78,768	\$78,800	\$0	0.0%
Technology Services	200-211	\$12,783	\$9,271	\$10,000	\$8,901	\$10,000	\$0	0.0%
Other Services	200-212	\$8,600	\$9,667	\$10,000	\$9,253	\$10,000	\$0	0.0%
Investment Services Fees	200-213	\$10,211	\$9,965	\$10,500	\$10,770	\$10,500	\$0	0.0%
TOTAL		\$169,207	\$164,437	\$187,600	\$323,182	\$326,425	\$138,825	74.0%

NOTES:

1. 200-201, Actuarial Services: Reflects fees for annual Loss Funding Study and Reserve Opinion actuarial reports. 2021 amount includes fee to perform a 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 2022 BUDGET
POOL OPERATIONS EXPENDITURES**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2019 Actual	2020 Actual	2021 Budget	2021 Actual	2022 Budget	Increase / (Decrease)	
							Amount	Pct.
Awards Program	400-401	\$3,499	\$1,818	\$6,000	\$2,456	\$6,000	\$0	0.0%
Office Equipment/Software	400-403	\$22,016	\$18,031	\$23,700	\$29,208	\$18,000	(\$5,700)	-24.1%
Memberships/Publications	400-404	\$2,040	\$4,730	\$4,300	\$3,779	\$4,000	(\$300)	-7.0%
Office Rent	400-405	\$35,779	\$33,479	\$34,200	\$34,130	\$35,000	\$800	2.3%
Office Supplies	400-406	\$2,356	\$1,887	\$2,000	\$1,252	\$1,500	(\$500)	-25.0%
Postage	400-407	\$233	\$356	\$400	\$229	\$300	(\$100)	-25.0%
Telephone / Internet	400-409	\$7,424	\$6,091	\$7,000	\$4,886	\$5,000	(\$2,000)	-28.6%
Education/Travel	400-410	\$18,072	\$3,246	\$18,500	\$3,001	\$19,500	\$1,000	5.4%
Miscellaneous/Contingency	400-411	\$5,895	\$3,299	\$7,500	\$3,606	\$7,500	\$0	0.0%
Advertising	400-412	\$1,251	\$796	\$800	\$725	\$800	\$0	0.0%
Board Meetings	400-413	\$2,001	\$612	\$10,000	\$1,398	\$10,000	\$0	0.0%
Equipment Maintenance	400-415	\$2,596	\$1,155	\$2,100	\$1,169	\$2,000	(\$100)	-4.8%
Gas & Electric	400-416	\$1,715	\$0	\$0	\$0	\$0	\$0	-----
Records Disposal	400-418	\$220	\$0	\$300	\$0	\$0	(\$300)	-100.0%
Cleaning, water, mats	400-419	\$289	\$66	\$300	\$0	\$100	(\$200)	-66.7%
Training Program	400-420	\$35,363	\$26,615	\$50,000	\$68,302	\$50,000	\$0	0.0%
TOTAL		\$140,749	\$102,181	\$167,100	\$154,141	\$159,700	(\$7,400)	-4.4%

NOTES:

1. 400-403, Office Equipment/Software: Includes 3 months Riskmaster Express software fees (contract expires 3/31/22) and amounts for subscriptions to Office 365, Quickbooks and Adobe, replacement of laptop(s) and copier.
2. 400-405, Office Rent: New 5-yr lease was effective 6/15/19 at a cost savings versus previous lease.
3. 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 Loss Control Manager.
4. 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.
4. 400-413, Board Meetings: Includes \$8,500 for triennial Strategic Planning Meeting
5. 400-415, Equipment Maintenance: Includes maintenance contracts for the telephone system and copier/printer.
6. 400-420, Training program: The goal is to cover 75% of training program expenditures with seminar fee revenue.

**MVRMA 2022 BUDGET
GENERAL RESERVE FUND EXPENDITURES**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2019 Actual	2020 Actual	2021 Budget	2021 Actual	2022 Budget	Increase / (Decrease)	
							Amount	Pct.
GRF Member Withdrawals	501-501	\$1,618,076	\$1,541,109	\$1,200,000	\$996,872	\$1,600,000		
TOTAL		\$1,618,076	\$1,541,109	\$1,200,000	\$996,872	\$1,600,000	\$400,000	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 2022 BUDGET
SHOCK LOSS FUND EXPENDITURES**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2019 Actual	2020 Actual	2021 Budget	2021 Actual	2022 Budget	Increase / (Decrease)	
							Amount	Pct.
Transfer to GRF	510-572	\$98,358	\$69,933	\$253,567	\$253,567	\$11,012	(\$242,555)	-95.7%
Transfer to Loss Years	510-590	\$0	\$0	\$0	\$0	\$0	\$0	-----
Transfer to Operating Fund		\$75,000	\$0	\$0	\$90,000	\$0	\$0	-----
TOTAL		\$173,358	\$69,933	\$253,567	\$343,567	\$11,012	(\$242,555)	-95.7%

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. Transfers to Operating Fund in 2019 and 2021 to cover the unbudgeted expense of an adverse property renewal.

**MVRMA 2022 BUDGET
CLOSED LOSS YEAR TRANSFERS**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2019 Actual	2020 Actual	2021 Budget	2021 Actual	2022 Budget	Increase / (Decrease)	
							Amount	Pct.
		\$0	\$2,789,488	\$0	\$1,471,075	\$0		
TOTAL		\$0	\$2,789,488	\$0	\$1,471,075	\$0	\$0	-

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, the closures of LY 26 (2014) & LY 27 (2015) in 2020, and LY 29 (2017) in 2021. No loss year closures anticipated in 2022 at this time.

2022 Budget Member Contributions

2022 / LY 34 Member Contributions												
Member	2022 / LY 34 PCF	2022 OPER Contribution	Add: 2021 OPER Supplement	Subtotal: Net OPER Contribution	LY 34 Loss Fund Contribution	Shock Loss Fund Contribution	TOTAL 2022 Contribution	2021 Contribution	2020 Contribution	2019 Contribution	2018 Contribution	2017 Contribution
Beavercreek	5.03746%	\$170,685	\$5,564	\$176,249	\$125,937	\$0	\$302,186	\$275,125	\$290,474	\$385,600	\$376,481	\$396,331
Bellbrook	0.87634%	\$29,693	\$827	\$30,520	\$21,908	\$0	\$52,428	\$40,886	\$42,823	\$41,492	\$41,654	\$43,586
Blue Ash	5.78241%	\$195,926	\$6,570	\$202,496	\$144,560	\$0	\$347,056	\$324,875	\$270,323	\$271,296	\$272,335	\$305,552
Centerville	4.21064%	\$142,670	\$3,920	\$146,590	\$105,266	\$0	\$251,856	\$193,841	\$180,592	\$171,375	\$163,297	\$165,657
Englewood	2.87790%	\$97,512	\$2,545	\$100,057	\$71,947	\$0	\$172,004	\$125,852	\$119,708	\$120,680	\$121,263	\$110,777
Fairfield	8.13852%	\$275,758	\$8,644	\$284,402	\$203,463	\$30,519	\$518,384	\$455,957	\$413,680	\$0	\$0	\$0
Indian Hill	2.31314%	\$78,376	\$2,238	\$80,614	\$57,828	\$0	\$138,442	\$110,656	\$116,852	\$97,111	\$92,846	\$96,127
Kettering	12.70986%	\$430,650	\$12,451	\$443,101	\$317,747	\$0	\$760,848	\$615,648	\$554,768	\$527,168	\$482,101	\$483,326
Madeira	1.02633%	\$34,775	\$1,026	\$35,801	\$25,658	\$0	\$61,459	\$50,743	\$78,629	\$65,731	\$53,754	\$43,778
Mason	7.50998%	\$254,462	\$7,640	\$262,102	\$187,750	\$0	\$449,852	\$377,781	\$377,074	\$311,800	\$297,685	\$258,915
Miamisburg	5.46879%	\$185,300	\$5,744	\$191,044	\$136,720	\$0	\$327,764	\$284,008	\$255,813	\$265,815	\$234,983	\$218,238
Montgomery	2.16058%	\$73,207	\$2,324	\$75,531	\$54,014	\$0	\$129,545	\$114,897	\$102,692	\$105,924	\$110,282	\$104,963
NAWA	0.39910%	\$13,523	\$393	\$13,916	\$9,978	\$1,497	\$25,391	\$20,756	\$7,919	\$7,714	\$7,630	\$7,807
Piqua	7.52451%	\$254,954	\$6,669	\$261,623	\$188,113	\$0	\$449,736	\$329,733	\$380,083	\$307,239	\$326,311	\$286,932
Sidney	5.46654%	\$185,223	\$5,772	\$190,995	\$136,663	\$0	\$327,658	\$285,384	\$288,514	\$259,960	\$268,006	\$248,446
Springdale	3.27472%	\$110,958	\$2,767	\$113,725	\$81,868	\$0	\$195,593	\$136,838	\$137,851	\$139,288	\$144,919	\$147,329
Tipp City	3.36575%	\$114,042	\$4,233	\$118,275	\$84,144	\$0	\$202,419	\$209,290	\$201,495	\$234,116	\$203,316	\$188,514
Troy	7.66996%	\$259,882	\$6,383	\$266,265	\$191,749	\$0	\$458,014	\$315,609	\$300,246	\$311,387	\$282,197	\$288,345
Vandalia	3.66004%	\$124,014	\$3,639	\$127,653	\$91,501	\$0	\$219,154	\$179,944	\$193,224	\$183,259	\$163,633	\$181,551
West Carrollton	2.13452%	\$72,324	\$2,211	\$74,535	\$53,363	\$0	\$127,898	\$109,333	\$108,407	\$105,505	\$121,320	\$114,605
Wilmington	6.41298%	\$217,292	\$6,549	\$223,841	\$160,325	\$18,893	\$403,059	\$323,806	\$253,712	\$212,186	\$180,841	\$204,166
Wyoming	1.97994%	\$67,086	\$1,891	\$68,977	\$49,498	\$0	\$118,475	\$93,490	\$98,714	\$81,159	\$134,793	\$119,701
TOTALS	100.00000%	\$3,388,312	\$100,000	\$3,488,312	\$2,500,000	\$50,909	\$6,039,221	\$4,974,452	\$4,773,593	\$4,205,805	\$4,079,647	\$4,014,646

**MVRMA POOL CONTRIBUTION FACTORS -- 2022 / Loss Year 34
2022 MVRMA BUDGET**

Member City	2020 Population	# Sworn FT Police	# Other Full-Time	# Titled Vehicles	Insurable Property Values	NOE	Avg. Annual Adjusted Losses	Pool Contribution Factors
Beavercreek	47,995	50	100	148	\$44,537,133	\$27,383,221	\$26,413	5.03746%
Bellbrook	7,383	12	21	33	\$15,925,415	\$5,605,524	\$448	0.87634%
Blue Ash	12,492	34	103	111	\$128,264,108	\$35,486,941	\$65,117	5.78241%
Centerville	23,700	40	99	97	\$44,428,340	\$23,820,101	\$34,544	4.21064%
Englewood	13,502	22	74	60	\$53,459,485	\$14,971,864	\$24,336	2.87790%
Fairfield	42,603	61	206	195	\$114,709,867	\$61,403,012	\$60,260	8.13852%
Indian Hill	5,769	21	60	63	\$31,192,427	\$17,482,082	\$19,150	2.31314%
Kettering	54,773	81	318	234	\$194,662,733	\$78,900,656	\$124,711	12.70986%
Madeira	9,284	14	11	21	\$5,893,027	\$5,529,035	\$7,207	1.02633%
Mason	34,300	44	161	184	\$167,089,530	\$49,652,469	\$60,432	7.50998%
Miamisburg	20,117	35	103	104	\$102,524,114	\$27,222,464	\$60,263	5.46879%
Montgomery	10,888	22	50	56	\$30,173,316	\$20,363,268	\$11,839	2.16058%
NAWA	-	0	5	2	\$16,234,233	\$1,853,587	\$6,162	0.39910%
Piqua	21,435	34	153	155	\$195,833,972	\$54,113,478	\$72,148	7.52451%
Sidney	20,301	36	162	163	\$98,329,965	\$30,849,890	\$42,433	5.46654%
Springdale	11,201	35	85	71	\$45,181,659	\$22,805,421	\$25,833	3.27472%
Tipp City	10,166	20	51	73	\$44,257,664	\$29,654,495	\$36,845	3.36575%
Troy	26,473	43	151	148	\$115,480,095	\$34,245,515	\$94,420	7.66996%
Vandalia	14,987	35	102	96	\$65,785,774	\$23,975,572	\$23,623	3.66004%
West Carrollton	12,850	22	54	64	\$33,938,286	\$12,970,833	\$11,070	2.13452%
Wilmington	12,399	20	125	142	\$90,304,603	\$22,136,394	\$95,146	6.41298%
Wyoming	8,550	17	32	40	\$39,446,852	\$11,626,496	\$18,089	1.97994%
TOTALS	421,168	698	2226	2260	\$1,677,652,598	\$612,052,318	\$920,489	100.00000%

Notes:

- The data is as of 8/15/21 unless otherwise noted.
- "Avg. Annual Adjusted Losses" are calculated by averaging each member's losses for the years 2017, 2018, 2019 & 2020.
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 2, 2021
- 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 OPERATING FUND REBATE / SUPPLEMENT

City	2021 Operating Contributions	2021 PCF Factor	Rebate / (Supplement)
Beavercreek	\$152,714	5.564%	-\$5,564
Bellbrook	\$22,695	0.827%	-\$827
Blue Ash	\$180,329	6.570%	-\$6,570
Centerville	\$107,596	3.920%	-\$3,920
Englewood	\$69,857	2.545%	-\$2,545
Fairfield	\$237,255	8.644%	-\$8,644
Indian Hill	\$61,422	2.238%	-\$2,238
Kettering	\$341,729	12.451%	-\$12,451
Madeira	\$28,166	1.026%	-\$1,026
Mason	\$209,696	7.640%	-\$7,640
Miamisburg	\$157,645	5.744%	-\$5,744
Montgomery	\$63,776	2.324%	-\$2,324
NAWA	\$10,800	0.393%	-\$393
Piqua	\$183,026	6.669%	-\$6,669
Sidney	\$158,409	5.772%	-\$5,772
Springdale	\$75,955	2.767%	-\$2,767
Tipp City	\$116,171	4.233%	-\$4,233
Troy	\$175,186	6.383%	-\$6,383
Vandalia	\$99,882	3.639%	-\$3,639
West Carrollton	\$60,688	2.211%	-\$2,211
Wilmington	\$179,736	6.549%	-\$6,549
Wyoming	\$51,894	1.891%	-\$1,891

\$ 2,744,627 100.000% \$ (100,000)

2021 Operating Supplement to be added to the 2022 Operating Contribution.

**2022 BUDGET
SHOCK LOSS FUND - CONTRIBUTIONS AND REFUNDS**

	Adjusted SLF			2022 SLF Contrib. (2)	2022 SLF Refund (3)
	Balance 6/30/21 (1)	2022 LF Contrib.	Excess / (Def.)		
Beavercreek	\$169,662	\$125,937	\$43,725	\$0	\$0
Bellbrook	\$25,210	\$21,908	\$3,302	\$0	\$0
Blue Ash	\$197,116	\$144,560	\$52,556	\$0	\$0
Centerville	\$119,373	\$105,266	\$14,107	\$0	\$0
Englewood	\$77,520	\$71,947	\$5,573	\$0	\$0
Fairfield	\$20,967	\$203,463	(\$182,496)	\$30,519	\$0
Indian Hill	\$68,141	\$57,828	\$10,313	\$0	\$0
Kettering	\$378,923	\$317,747	\$61,176	\$0	\$0
Madeira	\$31,288	\$25,658	\$5,630	\$0	\$0
Mason	\$219,136	\$187,750	\$31,386	\$0	\$0
Miamisburg	\$174,834	\$136,720	\$38,114	\$0	\$0
Montgomery	\$70,728	\$54,014	\$16,714	\$0	\$0
NAWA	\$6,903	\$9,978	(\$3,075)	\$1,497	\$0
Piqua	\$203,068	\$188,113	\$14,955	\$0	\$0
Sidney	\$175,806	\$136,663	\$39,143	\$0	\$0
Springdale	\$84,339	\$81,868	\$2,471	\$0	\$0
Tipp City	\$128,814	\$84,144	\$44,670	\$0	\$11,012
Troy	\$194,403	\$191,749	\$2,654	\$0	\$0
Vandalia	\$110,925	\$91,501	\$19,424	\$0	\$0
West Carrollton	\$67,374	\$53,363	\$14,011	\$0	\$0
Wilmington	\$141,432	\$160,325	(\$18,893)	\$18,893	\$0
Wyoming	\$57,567	\$49,498	\$8,069	\$0	\$0
Total	\$2,723,529	\$2,500,000	\$223,529	\$50,909	\$11,012

1. 6/30/21 SLF Balance adjusted for anticipated transfer from SLF to Operating in 2021.

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

3. 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.