

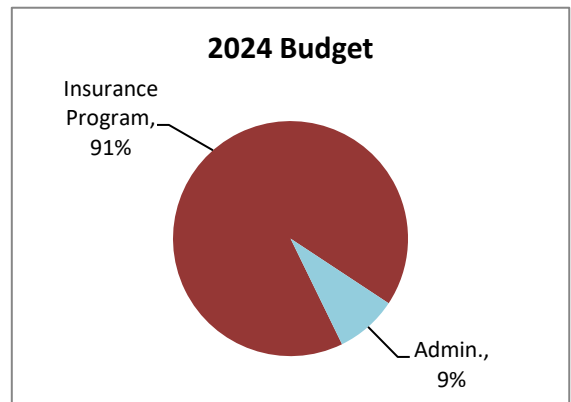
**Miami Valley Risk Management Association (MVRMA)
2024 Budget Memo**

December 31, 2023

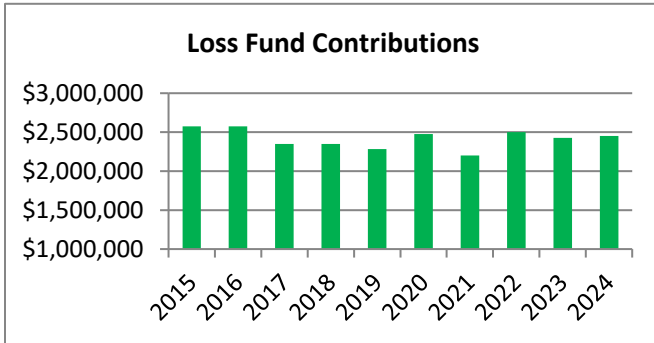
The following budget document reflects the 2024 Budget as approved by the Board of Trustees updated for actual 2023 results.

2024 Budget Highlights:

- Total members' contributions increase 11.7% in 2024. The change in each individual member's contribution will depend upon the member's loss exposure factors and, especially, its average annual adjusted losses. Members' contributions will be discussed in more detail below.
 - Budgeted revenues for 2024 are \$7,787,546, about 91% of which consists of contributions and other revenue received from the member cities.
 - Investment income is expected to rise in 2024; however, the rate of return continues to lag the market due to the rapid rise in rates. On the other hand, due to its laddered portfolio strategy, MVRMA's investment returns will outperform the market in declining-rate environments.
- Budgeted general & administrative expenditures for 2024 are \$938,805, an increase of 3.0% compared to the 2023 Budget.
 - The 2024 budget includes funds for an anticipated one-month overlap of the incoming and outgoing Executive Directors.
 - Beginning in early 2021, the claims management function was contracted out to a third-party administrator. Claims processing fees are expected to be \$145,000 in 2024. A separate line item tracks subrogation recovery fees which are generally 20% of the amounts recovered.
- Reinsurance/excess insurance premiums represent about 49% of the budget and have increased significantly in the past few years due to external market forces. These costs are expected to increase about 21% in 2024. This increase is driven by continuing weakness in the commercial property market.
- The budget for claims expenditures, \$2,600,000, is based on the actuarially expected claims. Actual results can vary widely.
- 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:



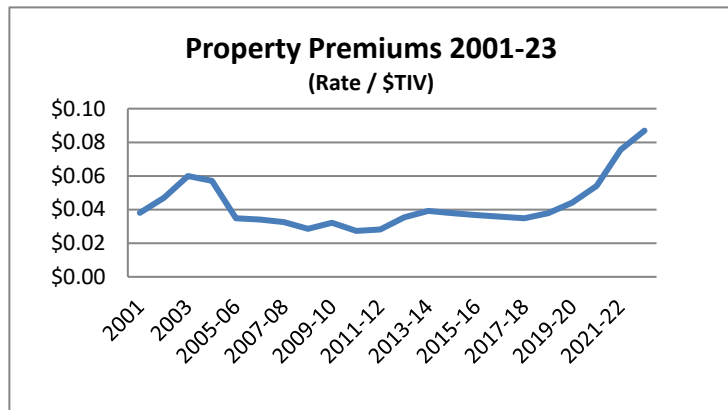
Each year, the pool contracts with an actuary to calculate the members’ required annual contribution to the upcoming loss year fund based on the pool’s loss history and industry trends. A new loss year fund is established each year to account for claims occurring in that year. This amount has been relatively consistent from year to year over the last decade. The funding for the 2024 loss year will be \$2.45 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 2024.

Property coverage for claims in excess of the \$250,000 SIR is currently placed with Alliant Property Insurance Program (APIP). The 2024 Budget assumes a continuation of this amount.

The commercial property market has been difficult for the last 5 years primarily due to severe weather events. The rates MVRMA pays for property coverage increased approximately 17% in 2019, 22% in 2020, 40% in 2021, 15% in 2022, and 29% in 2023. The 2024 budget provides for a 13% premium increase as well as a 6% increase in insured values. This more moderate increase reflects some indications of a levelling of the market.



For liability claims, the limit will remain at \$12 million per occurrence in 2024. Government Entities Mutual (GEM), the captive insurance company of which MVRMA is a member, will reinsure \$6.5 million excess of MVRMA's \$500,000 SIR and Genesis Reinsurance will reinsure the next \$5 million excess of \$7 million.

There is good news on the liability reinsurance front. These premiums are expected to increase by only 0.2% in 2024; this follows a 0.6% decrease in 2023 due to the pool’s favorable loss experience.

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 2024 will increase by about 11.7% compared to 2023. The breakdowns of 2024 and 2023 are as follows:

<u>Fund</u>	<u>2024</u> <u>Contributions</u>	<u>2023</u> <u>Contributions</u>
Loss Fund	\$2,450,000	\$2,425,000
Shock Loss Fund	48,616	39,987
Operating Fund	<u>4,488,255</u>	<u>3,790,325</u>
Total Contributions	<u>\$6,986,871</u>	<u>\$6,255,312</u>

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. A partial refund from the 2016 loss year in the amount of \$1.4 million will be made in 2023. The remaining balance from that loss year, about \$300,000, is expected to be refunded upon its closure in 2024. These refunds are deposited to the members' accounts in the General Reserve Fund (GRF). Members may withdraw their GRF funds or leave them on account with MVRMA to be used for the payment of future MVRMA contributions. The anticipated balance in the GRF fund at the end of 2024 is about \$4 million.

Fund Balances:

MVRMA's claims are well-funded and MVRMA is very well-capitalized versus industry standards. The pool is expected to end 2024 with cash fund balances of about \$8.6 million spread among seven open loss years. These balances are supplemented by about \$2.8 million in the Shock Loss Fund.

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

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Strategic Goals Dashboard - 2024

Goal		Priority Activity	2024 Timeline	Status
I Ensure the long-term stability of MVRMA				
I - 1	Conduct comprehensive financial analyses to determine optimal net position targets that support rate stabilization	Perform Retention (SIR) analysis annually	Annually, Q4	○
II Determine future growth opportunities in balance with existing member satisfaction and engagement with MVRMA				
II - 2	Develop a member outreach program to preserve and strengthen member loyalty	Executive Director to visit every member at least once every 18 months	Ongoing	○
		Identify and facilitate at least 5 cross-member collaborations annually	Ongoing	○
III Provide risk management education and training with enhanced tools and knowledge to assist members in best practices				
III - 1	Design and implement engaging member trainings that have an impact on members accountability	Determine priority areas most likely to shift member behavior with training	Annually, Q3	○
III - 2	Determine cyber solutions that help members address this high priority need	Sponsor at least 4 cyber-related communication events including roundtables and training	Ongoing	○
		Evaluate Self-Insurance option	Q4 2024	○
IV Evolve MVRMA's strong and stable governance, while keeping member leaders and MVRMA staff engaged and focused on long-term success				
IV - 2	Infuse generative governance training and discussion topics on a regular basis in board meetings in keeping with governance best practices.	Create MVRMA Generative Map that aligns with strategic plan priorities	Q3 2024	○
V Determine optimal administrative model to ensure efficient delivery of services and meet growth/retention goals				
V - 1	Create a staff succession plan preserving institutional knowledge and service model expectations, including review of resources, division of work, and identified gaps	Review and recommend a service model as a result of the resource evaluation study	Q2 2024	○
		Provide board recommendation on office rental terms, accommodating efficiencies in remote work	Q1 2024	○
VI Efficiently utilize technology to innovate and better serve the membership				
VI - 3	Evaluate need for updates to MVRMA website	Conduct website review, update site messaging, and implement new interactive tools as needed	Q3 2024	○

Status Key: complete ● on track ● at risk ● not started ○

MIAMI VALLEY RISK MANAGEMENT ASSOCIATION
SCHEDULE OF REVENUES AND EXPENDITURES - Budget Basis
FOR YEARS ENDING DECEMBER 31, 2022, 2023, and 2024

	<u>2022</u>	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2024 Budget</u>
Revenue:				
Member Contributions:				
Operating Contributions	3,489,025	3,790,325	3,790,325	4,488,255
Loss Fund Contributions	2,500,000	2,425,000	2,424,000	2,450,000
Shock Loss Fund Contributions	50,909	39,987	39,987	48,616
Retroactive Date Endorsement	17,075	16,875	16,875	16,875
Investment Income	197,216	235,600	299,097	325,300
Deductible Reimbursements	227,340	210,000	195,137	90,000
Subrogation Recoveries	358,536	220,000	395,394	240,000
Excess Insurance Reimbursements	310,637	265,000	352,211	36,000
Pass-through	17,315	20,000	22,918	25,000
Training Program	57,559	37,500	57,107	67,500
Other Revenue	382	-	502	-
Total Revenue	7,225,994	7,260,287	7,593,553	7,787,546
Expenditures:				
Reinsurance / Excess Insurance Premiums	2,519,580	2,962,500	3,125,829	3,589,450
Claims / LAE	2,612,641	2,300,000	2,710,724	2,600,000
Subtotal - Insurance Program	5,132,221	5,262,500	5,836,553	6,189,450
Wages and Benefits	407,016	424,400	413,382	466,510
Professional Services	313,082	376,475	361,239	355,595
Pool Operations	97,068	90,950	82,099	91,700
Pass-Through	16,620	20,000	23,097	25,000
Subtotal - G&A	833,786	911,825	879,817	938,805
Training Program	60,965	50,000	110,368	90,000
Subro Collection Fees	66,682	44,000	67,609	48,000
Total Expenditures	6,093,654	6,268,325	6,894,347	7,266,255
Operating Surplus / (Deficit)	1,132,340	991,962	699,206	521,291
Non-Operating:				
Transfer-In to GRF from Closed LY	-	1,400,000	1,400,000	300,000
Transfer-Out from Closed LY to GRF	-	(1,400,000)	(1,400,000)	(300,000)
Transfer-In to Gen. Res. from Shock Loss	11,012	72,132	72,132	53,265
Transfer-Out from Shock Loss to Gen. Res.	(11,012)	(72,132)	(72,132)	(53,265)
Transfer-In to Operating from Shock Loss	-	-	100,000	-
Transfer-Out from Shock Loss to Operating	-	-	(100,000)	-
GRF Refunds to Members	(1,865,661)	(2,000,000)	(730,899)	(2,000,000)
GRF Investment Income & Other Income	74,878	79,400	89,571	124,900
Net Surplus / (Deficit)	(658,443)	(928,638)	57,878	(1,353,809)
Cash Fund Balances, Jan. 1	17,208,237	16,549,794	16,549,794	16,607,672
Cash Fund Balances, Dec. 31	16,549,794	15,621,156	16,607,672	15,253,863

MIAMI VALLEY RISK MANAGEMENT ASSOCIATION
SCHEDULE OF BUDGETED REVENUES AND EXPENDITURES - BY FUND - Budget Basis
FOR THE YEAR ENDING DECEMBER 31, 2024

	<u>Operating Fund</u>	<u>Loss Year Funds</u>	<u>Shock Loss Fund</u>	<u>General Reserve Fund</u>	<u>Total</u>
Revenue:					
Member Contributions	4,488,255	2,450,000	48,616	-	6,986,871
Member Contrib. - Retro Date Endorsement	-	16,875	-	-	16,875
Investment Income	37,500	215,400	72,400	-	325,300
Deductible Reimbursements	-	90,000	-	-	90,000
Subrogation Recoveries	-	240,000	-	-	240,000
Excess Insurance Reimbursements	-	36,000	-	-	36,000
Pass-through	25,000	-	-	-	25,000
Training Program	67,500	-	-	-	67,500
Other Revenue	-	-	-	-	-
Total Revenue	4,618,255	3,048,275	121,016	-	7,787,546
Expenditures:					
Reinsurance/Excess Insurance Premiums	3,589,450	-	-	-	3,589,450
Claims / LAE	-	2,600,000	-	-	2,600,000
Subtotal - Insurance Program	3,589,450	2,600,000	-	-	6,189,450
Wages and Benefits	466,510	-	-	-	466,510
Professional Services	355,595	-	-	-	355,595
Pool Operations	91,700	-	-	-	91,700
Pass-Through	25,000	-	-	-	25,000
Subtotal - G&A	938,805	-	-	-	938,805
Training Program	90,000	-	-	-	90,000
Subro Collection fees	-	48,000	-	-	48,000
Total Expenditures	4,618,255	2,648,000	-	-	7,266,255
Operating Surplus / (Deficit)	-	400,275	121,016	-	521,291
Non-Operating:					
Transfer from Closed LY to GRF	-	(300,000)	-	300,000	-
Transfer from Shock Loss to Gen. Res.	-	-	(53,265)	53,265	-
GRF Investment Income	-	-	-	124,900	124,900
GRF Refunds to Members	-	-	-	(2,000,000)	(2,000,000)
Net Surplus / (Deficit)	-	100,275	67,751	(1,521,835)	(1,353,809)
Fund Balance, 1/1/24	90,346	8,189,694	2,758,308	5,569,324	16,607,672
Fund Balance, 12/31/24	90,346	8,289,969	2,826,059	4,047,489	15,253,863

**MVRMA 2024 BUDGET
SUMMARY OF TOTAL REVENUES**

<u>Program Description</u>	2022 Actual	2023 Budget	2023 Actual	2024 Budget
Operating Revenues	\$3,583,251	\$3,874,325	\$3,902,255	\$4,618,255
Retro Endorsement Revenues	\$17,595	\$17,775	\$17,954	\$18,575
Loss Year 28 (2016) Revenues	\$26,003	\$21,200	\$36,790	\$0
Loss Year 29 (2017) Revenues	\$0	\$0	\$0	\$0
Loss Year 30 (2018) Revenues	\$21,131	\$22,900	\$29,473	\$25,000
Loss Year 31 (2019) Revenues	\$110,820	\$284,400	\$277,096	\$61,000
Loss Year 32 (2020) Revenues	\$269,897	\$24,400	\$32,105	\$27,500
Loss Year 33 (2021) Revenues	\$314,580	\$66,200	\$115,537	\$30,000
Loss Year 34 (2022) Revenues	\$2,788,870	\$224,700	\$350,416	\$108,700
Loss Year 35 (2023) Revenues	\$0	\$2,633,200	\$2,732,592	\$177,500
Loss Year 36 (2024) Revenues	\$0	\$0	\$0	\$2,600,000
Shock Loss Fund Revenues	\$93,847	\$91,187	\$99,335	\$121,016
SUB-TOTAL	\$7,225,994	\$7,260,287	\$7,593,553	\$7,787,546
Transfer-In to GRF from Closed LY	\$0	\$1,400,000	\$1,400,000	\$300,000
Transfer-In to GRF from SLF	\$11,012	\$72,132	\$72,132	\$53,265
Transfer-In to Operating from SLF	\$0	\$0	\$100,000	\$0
GRF Investment Income & Other	\$74,878	\$79,400	\$89,571	\$124,900
TOTAL	\$7,311,884	\$8,811,819	\$9,255,256	\$8,265,711

**MVRMA 2024 BUDGET
SUMMARY OF TOTAL EXPENDITURES**

Program Description	2021 Actual	2022 Actual	2023 Budget	2023 Actual	2024 Budget	Increase / (Decrease)	
						Amount	Pct.
<u>Excess Insurance/Reinsurance & Claims:</u>							
Reinsurance / Excess Insurance	\$2,003,953	\$2,519,580	\$2,962,500	\$3,125,829	\$3,589,450	\$626,950	21.2%
Claims/LAE	\$2,131,209	\$2,612,641	\$2,300,000	\$2,710,724	\$2,600,000	\$300,000	13.0%
SUB-TOTAL	\$4,135,162	\$5,132,221	\$5,262,500	\$5,836,553	\$6,189,450	\$926,950	17.6%
<u>Other Expenditures:</u>							
Wages & Benefits	\$424,154	\$407,016	\$424,400	\$413,382	\$466,510	\$42,110	9.9%
Professional Services	\$323,182	\$313,082	\$376,475	\$361,239	\$355,595	(\$20,880)	-5.5%
Pool Operations	\$85,839	\$97,068	\$90,950	\$82,099	\$91,700	\$750	0.8%
Pass Through Expenditures	\$14,394	\$16,620	\$20,000	\$23,097	\$25,000	\$5,000	25.0%
SUB-TOTAL	\$847,569	\$833,786	\$911,825	\$879,817	\$938,805	\$26,980	3.0%
<u>Training</u>	\$68,302	\$60,965	\$50,000	\$110,368	\$90,000	\$40,000	80.0%
<u>Subro Collection Fees</u>	\$44,202	\$66,682	\$44,000	\$67,609	\$48,000	\$4,000	9.1%
TOTAL BEFORE INTERFUND	\$5,095,235	\$6,093,654	\$6,268,325	\$6,894,347	\$7,266,255	\$997,930	15.9%
<u>Interfund:</u>							
Interfund Transfer-Out	\$0	\$0	\$0	\$0	\$0	\$0	-----
Transfer from Shock Loss to General Reserve	\$253,567	\$11,012	\$72,132	\$72,132	\$53,265	(\$18,867)	-26.2%
Transfer from Shock Loss to Operating	\$90,000	\$0	\$0	\$100,000	\$0	\$0	-----
GRF: Member Withdrawals	\$996,872	\$1,865,661	\$2,000,000	\$730,899	\$2,000,000	\$0	0.0%
Transf to GRF from Closed Loss Yrs	\$1,471,075	\$0	\$1,400,000	\$1,400,000	\$300,000	(\$1,100,000)	-78.6%
TOTAL	\$7,906,749	\$7,970,327	\$9,740,457	\$9,197,378	\$9,619,520	(\$120,937)	-1.2%

**MVRMA 2024 BUDGET
REINSURANCE / EXCESS INSURANCE EXPENDITURES**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2021 Actual	2022 Actual	2023 Budget	2023 Actual	2024 Budget	Increase / (Decrease)	
							Amount	Pct.
Crime Policy	100-107	\$20,486	\$21,128	\$21,500	\$21,135	\$23,600	\$2,100	9.8%
General Surety Bonds	100-108	\$18,346	\$15,339	\$16,000	\$15,105	\$16,000	\$0	0.0%
Builder's Risk/Other Pass Thru	100-112	\$4,987	\$2,410	\$5,000	\$2,269	\$5,000	\$0	0.0%
Primary Liability Reinsurance Layer (GEM)	100-113	\$394,007	\$591,889	\$570,000	\$569,623	\$551,350	(\$18,650)	-3.3%
Secondary Liab. Reinsurance Layer (Genesis)	100-114	\$195,000	\$175,132	\$193,000	\$192,900	\$212,500	\$19,500	10.1%
Commercial Property/Boiler&Machinery (APIP)	100-117	\$1,249,513	\$1,559,601	\$1,900,000	\$2,179,284	\$2,620,000	\$720,000	37.9%
Cyber Liability Excess Coverage	100-122	\$115,926	\$144,772	\$250,000	\$133,346	\$150,000	(\$100,000)	-40.0%
Special Events Pass Thru	100-118	\$9,407	\$14,210	\$15,000	\$20,828	\$20,000	\$5,000	33.3%
Deadly Weapon Event Coverage	100-121	\$10,675	\$11,719	\$12,000	\$14,436	\$16,000	\$4,000	33.3%
TOTAL		\$2,018,347	\$2,536,200	\$2,982,500	\$3,148,926	\$3,614,450	\$631,950	21.2%

NOTES:

- 100-107, Crime Policy: Crime coverage \$2M/occurrence.
- 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 provided a limit of \$4.5M excess of \$500K. That layer increased to \$6.5 million excess of \$500K in 2022 due to Genesis reducing their capacity (see #4 below).
- 100-114, Secondary Liability Reinsurance: Reflects Genesis layer of excess of the MVRMA SIR and GEM layer. From 2016 through 2021 Genesis' reinsurance limits were \$7M excess of \$5M. Beginning in 2022, Genesis reduced their limit to \$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 7/1/24. Property rates have increased 17%, 22%, 40%, 15%, and 29% respectively, in the last 5 years due to the hard commercial property market. The 2024 budget assumes maintaining a \$250K All-Risk SIR, a rate increase of 13% and a 6% increase in insured values.
- 100-122, Cyber Liability Excess Coverage: This coverage augments the base cyber liability coverage provided within the APIP program and will renew 7/1/24. The uncertainty in this market seems to have decreased considerably in the last year.

**MVRMA 2024 BUDGET
CLAIMS**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2021 Actual	2022 Actual	2023 Budget	2023 Actual	2024 Budget	Increase / (Decrease)	
							Amount	Pct.
Claims & LAE-LY26-2014	500-526							
Claims & LAE-LY27-2015	500-527							
Claims & LAE-LY28-2016	500-528	\$94,250	\$23,733					
Claims & LAE-LY29-2017	500-529	\$8,825	\$0					
Claims & LAE-LY30-2018	500-530	\$308,852	\$6,721					
Claims & LAE-LY31-2019	500-531	\$389,013	\$471,412					
Claims & LAE-LY32-2020	500-532	\$406,803	\$676,540					
Claims & LAE-LY33-2021	500-533	\$923,466	\$642,821					
Claims & LAE-LY34-2022	500-534		\$791,414					
				\$2,300,000	\$2,710,724	\$2,600,000		
TOTAL		\$2,131,209	\$2,612,641	\$2,300,000	\$2,710,724	\$2,600,000	\$300,000	13.0%

NOTES:

1. The 2024 claims expenditure estimate will be based upon the "expected" amount per the 2024 actuarial loss simulation and risk retention study prepared by Pinnacle Actuaries. This amount is based on a liability SIR of \$500K and a property SIR of \$250K.

**MVRMA 2024 BUDGET
WAGES AND BENEFITS**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2021 Actual	2022 Actual	2023 Budget	2023 Actual	2023 Budget	Increase / (Decrease)	
							Amount	Pct.
Salaries & Wages	300-301	\$305,870	\$293,552	\$303,300	\$298,875	\$330,000	\$26,700	8.8%
Health Insurance	300-302	\$52,021	\$48,453	\$54,300	\$44,889	\$64,700	\$10,400	19.2%
Auto Allowance/Mileage Reimb.	300-304	\$13,911	\$13,226	\$14,500	\$16,552	\$14,700	\$200	1.4%
Life Insurance/Disability	300-305	\$2,311	\$2,021	\$2,200	\$2,315	\$2,325	\$125	5.7%
Medicare	300-306	\$4,427	\$4,105	\$4,300	\$4,383	\$4,785	\$485	11.3%
OPERS	300-307	\$41,687	\$41,887	\$42,000	\$43,020	\$46,200	\$4,200	10.0%
Dental / Vision	300-308	\$3,567	\$3,318	\$3,300	\$3,098	\$3,300	\$0	0.0%
Workers' Comp	300-309	\$360	\$454	\$500	\$250	\$500	\$0	0.0%
TOTAL		\$424,154	\$407,016	\$424,400	\$413,382	\$466,510	\$42,110	9.9%

NOTES:

- 300-301, Salaries & Wages: The budget, as presented, includes an allowance for reasonable merit increases. The recommended pay ranges for 2024 are: Office Manager \$29.07 - \$41.88/hour; Cleaning Services \$83.33 monthly; Loss Control Manager \$69,382 - \$104,074; Executive Director \$124,353 - \$149,225. These ranges reflect a 3.06% increase based on a survey of members' non-bargaining employees' wages. One month overlap in Exec. Dir. position reflected in 2024
- 300-302, Health Insurance: All full-time employees contribute 10% of the cost of this coverage. Rates for 2024 reflect a 13% rate increase and the elimination of the wellness rate. One month overlap in the Exec. Dir. position is included in 2024 budget.
- 300-304, Auto Allowance/Mileage: Auto allowance for the Executive Director of \$550/month and \$605/mo. for the Loss Control Manager. Also includes mileage reimbursement to the Office Manager at the IRS rate. Loss Control Mgr rate reflects 4% increase effective 1/1/24.
- 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: Flat renewals are expected.
- * Amounts reflect a hire date of 01/01/24 for new Executive Director and 1/31/24 retirement date for current Executive Director.

**MVRMA 2024 BUDGET
PROFESSIONAL SERVICES EXPENDITURES**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2021 Actual	2022 Actual	2023 Budget	2023 Actual	2024 Budget	Increase / (Decrease)	
							Amount	Pct.
Actuarial Services	200-201	\$23,060	\$13,870	\$21,915	\$21,915	\$23,670	\$1,755	8.0%
Loss Control Services	200-202	\$25	\$912	\$20,000	\$6,092	\$15,000	(\$5,000)	-25.0%
Corporate Legal Services	200-204	\$19,720	\$20,743	\$20,000	\$12,093	\$20,000	\$0	0.0%
Claims Admin Services	200-203	\$144,139	\$147,071	\$145,000	\$162,406	\$145,000	\$0	0.0%
Financial Auditing Services	200-205	\$24,308	\$21,230	\$21,000	\$21,685	\$21,000	\$0	0.0%
Claims Auditing Services	200-206	\$0	\$0	\$7,000	\$6,050	\$0	(\$7,000)	-100.0%
Payroll Services	200-207	\$1,480	\$1,776	\$1,860	\$2,169	\$2,125	\$265	14.2%
Banking Services	200-208	\$2,758	\$2,834	\$2,900	\$2,951	\$3,000	\$100	3.4%
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	\$8,901	\$12,849	\$12,000	\$6,291	\$10,000	(\$2,000)	-16.7%
Other Services	200-212	\$9,253	\$2,649	\$10,000	\$15,998	\$17,000	\$7,000	70.0%
Investment Services Fees	200-213	\$10,770	\$10,380	\$11,000	\$9,629	\$15,000	\$4,000	36.4%
Recruitment Services		\$0	\$0	\$20,000	\$15,192	\$0	(\$20,000)	-100.0%
TOTAL		\$323,182	\$313,082	\$376,475	\$361,239	\$355,595	(\$20,880)	-5.5%

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. Fees increased in 2023 with new actuarial services contract.
2. 200-202, Loss Control Services: Miscellaneous loss control expenses including Target Solutions. New for 2023: allocation for cyber loss control member services
3. 200-203, Claims Admin Fees: Fees to Gallagher Bassett for claims third party administrator services.
4. 200-205, Financial Auditing Services: Auditing fees per audit contract with Julian & Grube and Auditor of State fees. The contract with Julian & Grube called for no increases through the 2024 audit. The 2022 - 2024 amounts reflect decrease due to decrease in audit scope from our use of a claims TPA.
5. 200-206, Claims Auditing: GEM performed the triennial claims audit in 2019. GEM does not charge its members for this service. 2023 amount includes claims audit using an independent claims auditor.
6. 200-209, Appraisal Services: Includes an amount for the appraisal of facilities not covered by the APIP appraisal services
7. 200-210, Brokering Services: Fee per broker services agreement with Alliant Insurance Services Inc. Agreement provides for no increase in annual fee to 7/1/25.
8. 200-211, Technology Services: Includes cost of hosted cloud server, contract maintenance services.
9. 200-212, Other Services: Fee for Alliant Insurance Services for Alliant Signature Services (appraisal and loss control services).
10. Recruitment Services: new line item for executive recruitment services

**MVRMA 2024 BUDGET
POOL OPERATIONS EXPENDITURES**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2021 Actual	2022 Actual	2023 Budget	2023 Actual	2024 Budget	Increase / (Decrease)	
							Amount	Pct.
Awards Program	400-401	\$2,456	\$0	\$5,000	\$2,817	\$5,000	\$0	0.0%
Office Equipment/Software	400-403	\$29,208	\$14,364	\$8,000	\$7,850	\$8,000	\$0	0.0%
Memberships/Publications	400-404	\$3,779	\$4,038	\$4,000	\$5,592	\$4,700	\$700	17.5%
Office Rent	400-405	\$34,130	\$34,813	\$35,500	\$35,509	\$35,000	(\$500)	-1.4%
Office Supplies	400-406	\$1,252	\$1,051	\$1,200	\$1,222	\$1,300	\$100	8.3%
Postage	400-407	\$229	\$72	\$200	\$130	\$200	\$0	0.0%
Printing/Photocopying	400-408		\$677	\$0	\$591	\$800	\$800	-----
Telephone / Internet	400-409	\$4,886	\$4,755	\$5,000	\$4,513	\$5,200	\$200	4.0%
Education/Travel	400-410	\$3,001	\$17,194	\$19,500	\$19,439	\$20,000	\$500	2.6%
Miscellaneous/Contingency	400-411	\$3,606	\$225	\$7,500	\$1,198	\$7,500	\$0	0.0%
Advertising	400-412	\$725	\$814	\$1,000	\$775	\$1,000	\$0	0.0%
Board Meetings	400-413	\$1,398	\$17,562	\$1,750	\$1,838	\$2,000	\$250	14.3%
Equipment Maintenance	400-415	\$1,169	\$1,326	\$2,000	\$446	\$600	(\$1,400)	-70.0%
Records Disposal	400-418	\$0	\$177	\$200	\$179	\$200	\$0	0.0%
Cleaning, water, mats	400-419	\$0	\$0	\$100	\$0	\$200	\$100	100.0%
Training Program	400-420	\$68,302	\$60,965	\$50,000	\$110,368	\$90,000	\$40,000	80.0%
TOTAL		\$154,141	\$158,033	\$140,950	\$192,467	\$181,700	\$40,750	28.9%

NOTES:

- 400-401, Awards Program: No awards presented in 2022 due to a change in the timing of the program.
- 400-403, Office Equipment/Software: Includes subscriptions to Office 365, Quickbooks and Adobe, replacement of laptop(s).
- 400-405, Office Rent: Per 5-yr lease to expire 6/30/24.
- 400-409, Telephone/Internet: Includes cost of internet service and cell phone allowances for the Executive Director of \$75/month and \$86/month for the 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 cost of triennial Strategic Planning Meeting in 2022.
- 400-415, Equipment Maintenance: Includes maintenance contracts for the telephone system and copier/printer.
- 400-420, Training program: The goal is to cover 75% of training program expenditures with seminar fee revenue.

**MVRMA 2024 BUDGET
GENERAL RESERVE FUND EXPENDITURES**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2021 Actual	2022 Actual	2023 Budget	2023 Actual	2024 Budget	Increase / (Decrease)	
							Amount	Pct.
GRF Member Withdrawals	501-501	\$996,872	\$1,865,661	\$2,000,000	\$730,899	\$2,000,000		
TOTAL		\$996,872	\$1,865,661	\$2,000,000	\$730,899	\$2,000,000	\$0	0%

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 2024 BUDGET
SUBROGATION COLLECTION FEES**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2021 Actual	2022 Actual	2023 Budget	2023 Actual	2024 Budget	Increase / (Decrease)	
							Amount	Pct.
Subrogation Fees - 2019	500-430				\$55			
Subrogation Fees - 2019	500-431	\$1,443			\$99			
Subrogation Fees - 2020	500-432	\$12,298	\$2,211		\$256			
Subrogation Fees - 2021	500-433	\$30,461	\$43,347	\$5,000	\$11,092			
Subrogation Fees - 2022	500-434		\$21,124	\$25,000	\$47,642	\$14,000		
Subrogation Fees - 2023	500-435			\$14,000	\$8,465	\$20,000		
Subrogation Fees - 2024	500-436					\$14,000		
TOTAL		\$44,202	\$66,682	\$44,000	\$67,609	\$48,000	\$4,000	9.1%

NOTES:

1. Expenses incurred in the collection subrogation recoveries, generally 20% of recovered amount.

**MVRMA 2024 BUDGET
SHOCK LOSS FUND EXPENDITURES**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2021 Actual	2022 Actual	2023 Budget	2023 Actual	2024 Budget	Increase / (Decrease)	
							Amount	Pct.
Transfer to GRF	510-572	\$253,567	\$11,012	\$72,132	\$72,132	\$53,265	(\$18,867)	-26.2%
Transfer to Loss Years	510-590	\$0	\$0	\$0	\$0	\$0	\$0	-----
Transfer to Operating Fund		\$90,000	\$0	\$0	\$100,000	\$0	\$0	-----
TOTAL		\$343,567	\$11,012	\$72,132	\$172,132	\$53,265	(\$18,867)	-26.2%

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 2021 and 2023 to offset the unbudgeted expense of adverse property renewal.

**MVRMA 2024 BUDGET
CLOSED LOSS YEAR TRANSFERS**

<u>Line Item Description</u>	<u>Budgetary Account #</u>	2021 Actual	2022 Actual	2023 Budget	2023 Actual	2024 Budget	Increase / (Decrease)	
							Amount	Pct.
		\$1,471,075	\$0	\$1,400,000	\$1,400,000	\$300,000		
TOTAL		\$1,471,075	\$0	\$1,400,000	\$1,400,000	\$300,000	(\$1,100,000)	-79%

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 closures of LY 29 (2017) in 2021. Partial refund from LY 28 (2016) in 2023 and closure of LY 28, with a refund of the remaining balance in 2024.

2024 Budget Member Contributions

2024 / LY 36 Member Contributions												
Member	2024 / LY36 PCF	2024 OPER Contribution	Less: 2023 OPER Rebate	Subtotal: Net OPER Contribution	LY 36 Loss Fund Contribution	Shock Loss Fund Contribution	TOTAL 2024 Contribution	2023 Contribution	2022 Contribution	2021 Contribution	2020 Contribution	2019 Contribution
Beavercreek	4.75892%	\$213,592	\$0	\$213,592	\$116,594	\$0	\$330,186	\$322,772	\$302,186	\$275,125	\$290,474	\$385,600
Bellbrook	0.89757%	\$40,285	\$0	\$40,285	\$21,991	\$0	\$62,276	\$56,286	\$52,428	\$40,886	\$42,823	\$41,492
Blue Ash	3.83423%	\$172,090	\$0	\$172,090	\$93,939	\$0	\$266,029	\$281,645	\$347,056	\$324,875	\$270,323	\$271,296
Centerville	4.66910%	\$209,561	\$0	\$209,561	\$114,393	\$0	\$323,954	\$301,302	\$251,856	\$193,841	\$180,592	\$171,375
Englewood	3.53577%	\$158,695	\$0	\$158,695	\$86,626	\$0	\$245,321	\$230,458	\$172,004	\$125,852	\$119,708	\$120,680
Fairfield	8.74076%	\$392,307	\$0	\$392,307	\$214,148	\$32,122	\$638,577	\$535,330	\$518,384	\$455,957	\$413,680	\$0
Indian Hill	2.73491%	\$122,750	\$0	\$122,750	\$67,005	\$0	\$189,755	\$139,891	\$138,442	\$110,656	\$116,852	\$97,111
Kettering	12.15340%	\$545,476	\$0	\$545,476	\$297,758	\$0	\$843,234	\$741,779	\$760,848	\$615,648	\$554,768	\$527,168
Madeira	0.89859%	\$40,331	\$0	\$40,331	\$22,015	\$0	\$62,346	\$59,166	\$61,459	\$50,743	\$78,629	\$65,731
Mason	8.32851%	\$373,805	\$0	\$373,805	\$204,048	\$0	\$577,853	\$526,659	\$449,852	\$377,781	\$377,074	\$311,800
Miamisburg	5.85141%	\$262,626	\$0	\$262,626	\$143,360	\$0	\$405,986	\$342,543	\$327,764	\$284,008	\$255,813	\$265,815
Montgomery	1.99549%	\$89,563	\$0	\$89,563	\$48,890	\$0	\$138,453	\$127,622	\$129,545	\$114,897	\$102,692	\$105,924
NAWA	0.35037%	\$15,725	\$0	\$15,725	\$8,584	\$0	\$24,309	\$23,044	\$25,391	\$20,756	\$7,919	\$7,714
Piqua	7.29297%	\$327,327	\$0	\$327,327	\$178,678	\$0	\$506,005	\$494,664	\$449,736	\$329,733	\$380,083	\$307,239
Sidney	5.55657%	\$249,393	\$0	\$249,393	\$136,136	\$0	\$385,529	\$355,042	\$327,658	\$285,384	\$288,514	\$259,960
Springdale	4.48827%	\$201,445	\$0	\$201,445	\$109,963	\$16,494	\$327,902	\$229,566	\$195,593	\$136,838	\$137,851	\$139,288
Tipp City	2.57477%	\$115,562	\$0	\$115,562	\$63,082	\$0	\$178,644	\$181,752	\$202,419	\$209,290	\$201,495	\$234,116
Troy	7.12594%	\$319,830	\$0	\$319,830	\$174,585	\$0	\$494,415	\$427,416	\$458,014	\$315,609	\$300,246	\$311,387
Vandalia	4.20483%	\$188,724	\$0	\$188,724	\$103,018	\$0	\$291,742	\$213,810	\$219,154	\$179,944	\$193,224	\$183,259
West Carrollton	2.61375%	\$117,312	\$0	\$117,312	\$64,037	\$0	\$181,349	\$122,955	\$127,898	\$109,333	\$108,407	\$105,505
Wilmington	5.51951%	\$247,730	\$0	\$247,730	\$135,228	\$0	\$382,958	\$413,092	\$403,059	\$323,806	\$253,712	\$212,186
Wyoming	1.87436%	\$84,126	\$0	\$84,126	\$45,922	\$0	\$130,048	\$128,518	\$118,475	\$93,490	\$98,714	\$81,159
TOTALS	100.00000%	\$4,488,255	\$0	\$4,488,255	\$2,450,000	\$48,616	\$6,986,871	\$6,255,312	\$6,039,221	\$4,974,452	\$4,773,593	\$4,205,805

**MVRMA POOL CONTRIBUTION FACTORS -- 2024 / Loss Year 36
2024 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	46,507	47	81	129	\$50,279,767	\$23,684,996	\$35,524	4.75892%
Bellbrook	7,308	13	20	32	\$17,835,813	\$4,839,484	\$1,936	0.89757%
Blue Ash	13,379	34	110	118	\$144,138,523	\$36,120,845	\$12,069	3.83423%
Centerville	24,255	37	98	108	\$57,375,214	\$20,587,562	\$58,988	4.66910%
Englewood	13,450	21	68	63	\$59,681,449	\$16,497,024	\$53,283	3.53577%
Fairfield	44,936	66	235	215	\$139,745,609	\$62,110,637	\$80,824	8.74076%
Indian Hill	5,769	21	67	72	\$60,394,553	\$15,376,259	\$32,251	2.73491%
Kettering	57,743	84	339	249	\$224,062,076	\$66,736,821	\$133,985	12.15340%
Madeira	9,483	15	11	22	\$6,684,588	\$5,597,340	\$3,676	0.89859%
Mason	34,787	49	169	152	\$201,556,308	\$49,232,352	\$102,815	8.32851%
Miamisburg	19,890	39	103	102	\$134,917,816	\$26,289,919	\$83,780	5.85141%
Montgomery	10,846	19	58	58	\$34,656,675	\$17,008,546	\$11,301	1.99549%
NAWA	-	0	5	2	\$18,900,367	\$1,575,004	\$6,162	0.35037%
Piqua	20,361	31	139	141	\$241,875,016	\$53,394,662	\$86,699	7.29297%
Sidney	20,592	33	172	166	\$109,857,863	\$27,140,228	\$58,796	5.55657%
Springdale	10,990	32	86	69	\$52,100,280	\$19,820,175	\$77,192	4.48827%
Tipp City	10,282	22	52	75	\$56,418,297	\$30,584,922	\$15,190	2.57477%
Troy	23,027	43	159	157	\$146,086,482	\$36,781,277	\$95,017	7.12594%
Vandalia	15,177	32	113	97	\$75,770,917	\$24,563,937	\$47,352	4.20483%
West Carrollton	13,095	21	48	74	\$38,198,983	\$14,427,733	\$29,190	2.61375%
Wilmington	12,518	23	134	158	\$85,297,299	\$22,926,932	\$84,972	5.51951%
Wyoming	8,749	17	35	42	\$46,479,171	\$9,901,566	\$18,871	1.87436%
TOTALS	423,144	699	2302	2301	\$2,002,313,066	\$585,198,221	\$1,129,873	100.00000%

Notes:

- The data is as of 11/15/2023 unless otherwise indicated.
- West Carrollton NOE data not available until 2024. Amount shown is an estimate. PCF and members' contributions will be adjusted when this data is received. Adjustments will be made on 2nd half 2024 contribution billing.
- "Avg. Annual Adjusted Losses" are calculated by averaging each member's losses for the years 2019, 2020, 2021 & 2022.
Losses are adjusted in accordance with MVRMA's Loss Capping Policy and include both paid claims and open claim reserves.
Losses are net of subrogation recoveries and open subrogation claims. Loss Data is as of 8/1/23
- 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:

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

**2024 BUDGET
SHOCK LOSS FUND - CONTRIBUTIONS AND REFUNDS**

	Adjusted SLF			2024 SLF Contrib. (1)	2024 SLF Refund (2)
	Balance 6/30/23	2024 LF Contrib.	Excess / (Def.)		
Beavercreek	\$175,468	\$116,594	\$58,874	\$0	\$12,236
Bellbrook	\$26,072	\$21,991	\$4,081	\$0	\$0
Blue Ash	\$156,354	\$93,939	\$62,415	\$0	\$24,839
Centerville	\$123,457	\$114,393	\$9,064	\$0	\$0
Englewood	\$87,887	\$86,626	\$1,261	\$0	\$0
Fairfield	\$82,882	\$214,148	(\$131,266)	\$32,122	\$0
Indian Hill	\$70,473	\$67,005	\$3,468	\$0	\$0
Kettering	\$391,889	\$297,758	\$94,131	\$0	\$0
Madeira	\$32,359	\$22,015	\$10,344	\$0	\$1,538
Mason	\$226,638	\$204,048	\$22,590	\$0	\$0
Miamisburg	\$180,816	\$143,360	\$37,456	\$0	\$0
Montgomery	\$70,649	\$48,890	\$21,759	\$0	\$2,203
NAWA	\$8,989	\$8,584	\$405	\$0	\$0
Piqua	\$210,017	\$178,678	\$31,339	\$0	\$0
Sidney	\$181,822	\$136,136	\$45,686	\$0	\$0
Springdale	\$89,663	\$109,963	(\$20,300)	\$16,494	\$0
Tipp City	\$100,764	\$63,082	\$37,682	\$0	\$12,449
Troy	\$201,056	\$174,585	\$26,471	\$0	\$0
Vandalia	\$114,721	\$103,018	\$11,703	\$0	\$0
West Carrollton	\$68,078	\$64,037	\$4,041	\$0	\$0
Wilmington	\$165,646	\$135,228	\$30,418	\$0	\$0
Wyoming	\$59,537	\$45,922	\$13,615	\$0	\$0
Total	\$2,825,237	\$2,450,000	\$375,237	\$48,616	\$53,265

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