

**OHIO HOUSING AUTHORITY
PROPERTY AND CASUALTY, INC.
SELF-INSURANCE POOL
MAHONING COUNTY, OHIO**

AUDIT REPORT

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

Zupka & Associates
Certified Public Accountants



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Trustees
Ohio Housing Authority Property & Casualty Inc.
131 West Boardman Street
Youngstown, Ohio 44503

We have reviewed the *Independent Auditor's Report* of the Ohio Housing Authority Property & Casualty Inc., Mahoning County, prepared by Zupka & Associates, for the audit period December 1, 2022 through November 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ohio Housing Authority Property & Casualty Inc. is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

June 04, 2024

This page intentionally left blank.

OHIO HOUSING AUTHORITY PROPERTY AND CASUALTY, INC.
MAHONING COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2023

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	5-6
Basic Financial Statements:	
Statement of Net Position	7
Statement of Revenues, Expenses, and Changes in Net Position	8
Statement of Cash Flows	9
Notes to the Financial Statements	10-15
Claims Development Information	16
Ratios	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18-19
Schedule of Prior Audit Findings and Recommendations	20

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

Ohio Housing Authority Property and Casualty, Inc.
131 W. Boardman St.
Youngstown, Ohio 44503

To the Board of Trustees:

Report on the Financial Statements

Opinion

We have audited the financial statements of Ohio Housing Authority Property and Casualty, Inc. (OHAPCI), Mahoning County, Ohio as of and for the fiscal year ended November 30, 2023, and the related notes to the financial statements, which collectively comprise OHAPCI's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Ohio Housing Authority Property and Casualty, Inc., Mahoning County, Ohio as of November 30, 2023, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OHAPCI's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about OHAPCI's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* and *Ten-Year Claims Development Information*, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

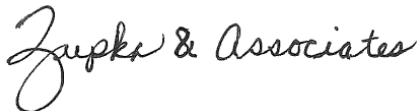
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Ratios as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2024, on our consideration of OHAPCI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of OHAPCI's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OHAPCI's internal control over financial reporting and compliance.



Zupka & Associates
Certified Public Accountants

May 15, 2024

This page intentionally left blank.

OHIO HOUSING AUTHORITY PROPERTY AND CASUALTY, INC.

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

The discussion and analysis of the Ohio Housing Authority Property and Casualty, Inc. (OHAPCI) financial statements provides an overall review of OHAPCI's financial activities for the fiscal year ended November 30, 2023. The intent of this discussion and analysis is to look at OHAPCI's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of OHAPCI's financial performance.

Financial Highlights

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

- OHAPCI's net financial position at November 30, 2023 was \$2,635,010.
- OHAPCI has hired an independent actuary, The Actuarial Advantage, to determine the reserves for unpaid claims. Based upon the actuary's report, the reserves for unpaid claims was \$1,110,680 at November 30, 2023 compared to \$1,065,059 at November 30, 2022.
- OHAPCI had operating revenues from its members of \$2,729,991 and operating expenses of \$2,768,769 for the fiscal year. In addition, OHAPCI had \$887 in claim recoveries and \$83,270 in investment income. These factors resulted in a net increase in the net position of \$45,379 for the fiscal year.

Reporting of Financial Activities

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

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 2,353,447	\$ 2,167,017
Investments	1,362,243	1,346,661
Account receivable	<u>60,000</u>	<u>141,012</u>
Total Assets	<u>\$ 3,775,690</u>	<u>\$ 3,654,690</u>
Liabilities and Net Position		
Accounts payable	\$ 30,000	\$ -
Reserve for unpaid claims	1,110,680	1,065,059
Net Position	<u>2,635,010</u>	<u>2,589,631</u>
Total Liabilities and Net Position	<u>\$ 3,775,690</u>	<u>\$ 3,654,690</u>

The total assets increased by \$121,000 or 3.3%. The loss reserve amount increased by \$45,621, or 4.3%. These factors resulted in the increase in net position of \$45,379, or 1.8%.

OHIO HOUSING AUTHORITY PROPERTY AND CASUALTY, INC.

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

Reporting of Financial Activities

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

	<u>2023</u>	<u>2022</u>
<u>Revenues</u>		
Member income	\$2,729,991	\$2,531,573
Claim recoveries	887	-
Investment income	83,270	(81,233)
Provider refunds	<u>-</u>	<u>141,012</u>
Total Revenues	<u>2,814,148</u>	<u>2,591,352</u>
<u>Expenses</u>		
Insurance expense	1,780,021	1,581,572
Claims expense	965,048	568,336
Other expenses	<u>23,700</u>	<u>17,163</u>
Total Expenses	<u>2,768,769</u>	<u>2,167,071</u>
Changes in net position	45,379	424,281
Net Position - beginning of year	<u>2,589,631</u>	<u>2,165,350</u>
<u>Net Position</u> - end of year	<u>\$2,635,010</u>	<u>\$2,589,631</u>

The member income increased by \$198,418, or 7.8%. The claims expense increased by \$396,712 or 69.8%.

The actual claims expenses are not predictable by the Pool and may vary significantly from actuarial loss projections in any given year. Included in this expense are the actual claims paid during the year plus the change in the Reserve for Unpaid Claims. Note 7 of the financial statements illustrates this calculation.

Financial Management

This financial report is designed to provide interested users and our membership with a general overview of the Ohio Housing Authority Property and Casualty, Inc. finances and to show its accountability for the money it receives. If you have questions about this report or need additional information contact Gary Cameron, 131 W. Boardman Street, Youngstown, Ohio 44503.

OHIO HOUSING AUTHORITY PROPERTY AND CASUALTY, INC.

Statement of Net Position

As of November 30, 2023

ASSETS

Cash and Cash Equivalents	\$	2,353,447
Investments		1,362,243
Receivables		60,000
<u>TOTAL ASSETS</u>		<u>3,775,690</u>

LIABILITIES

Accounts Payable		30,000
Reserve for Unpaid Claims		1,110,680
<u>TOTAL LIABILITIES</u>		<u>1,140,680</u>
<u>NET POSITION - Unrestricted</u>	\$	<u>2,635,010</u>

See accompanying notes to the basic financial statements.

OHIO HOUSING AUTHORITY PROPERTY AND CASUALTY, INC.

Statement of Revenues, Expenses and Changes in Net Position

For the fiscal year ended November 30, 2023

OPERATING REVENUES

Membership Contributions	\$ 2,729,991
Claim Recoveries	887

TOTAL OPERATING REVENUES 2,730,878

OPERATING EXPENSES

Claims Expense	965,048
Insurance Premiums for Coverage	1,780,021
Professional Fees	20,952
Miscellaneous Expenses	2,748

TOTAL OPERATING EXPENSES 2,768,769

OPERATING INCOME (LOSS) (37,891)

NON-OPERATING REVENUES & EXPENSES

Investment Income	83,270
-------------------	--------

CHANGE IN NET POSITION 45,379

NET POSITION - Beginning of Year 2,589,631

NET POSITION - End of Year \$ 2,635,010

See accompanying notes to the basic financial statements.

OHIO HOUSING AUTHORITY PROPERTY AND CASUALTY, INC.

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

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash received for premiums	\$ 2,759,991
Cash received for insurance recoveries	887
Cash paid for claims	(979,427)
Cash payments to vendors for services and goods	(23,700)
Cash paid for premiums	(1,780,021)
Net cash provided by (used in) operating activities	<u>(22,270)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Cash received from investment income	83,270
Cash transferred to investments	(15,582)
Net cash provided by investing activities	<u>67,688</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCIAL ACTIVITIES</u>	
Cash received from Provider	<u>141,012</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	186,430
Cash and Cash Equivalents - beginning of year	<u>2,167,017</u>
<u>CASH AND CASH EQUIVALENTS - end of year</u>	<u>\$ 2,353,447</u>
<u>RECONCILIATION OF CHANGES IN OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Operating Income/(Loss)	\$ (37,891)
Changes in assets and liabilities:	
(Increase)/Decrease in receivables	(60,000)
Increase/(Decrease) in accounts payable	30,000
Increase/(Decrease) in reserve for unpaid claims	45,621
<u>Net Cash Provided by (used in) Operating Activities</u>	<u>\$ (22,270)</u>

See accompanying notes to the basic financial statements.

OHIO HOUSING AUTHORITY PROPERTY AND CASUALTY, INC.

NOTES TO FINANCIAL STATEMENTS

November 30, 2023

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

Ohio Housing Authority Property and Casualty, Inc. (OHAPCI) is a corporation organized under Section 2744.081 of the Ohio Revised Code for the public purpose of enabling its member political subdivisions to obtain insurance coverage, provide methods of paying claims and provide a formalized jointly administered self-insurance pool. Specifically, OHAPCI provides coverage for automobile liability, general liability, crime and property (including automobile physical damage), law enforcement liability, ambulance attendant's liability, miscellaneous error and omissions, property claims, and public official's liability. In addition to the self-insurance pool, OHAPCI provides risk management services, loss prevention programs and various other educational materials. The members of the Pool include the following housing authorities within the State of Ohio: Cincinnati Metropolitan Housing Authority, Dayton Metropolitan Housing Authority and Youngstown Metropolitan Housing Authority. The Organization does not have any financial accountability over entities as defined by GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units", and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus", an amendment of GASB Statement No. 14 and No. 34.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

These financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP), provided that they do not conflict or contradict statements issued by the Government Accounting Standards Board (GASB). GASB No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* as amended by GASB Statement No. 30, *Risk Financing Omnibus* and GASB Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62* provides standards for accounting and reporting that apply to public entity risk pools.

All transactions are accounted for in a single enterprise fund. Therefore, revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

Cash and Cash Equivalents

For cash flow purposes, OHAPCI considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at November 30, 2023 consist of funds or deposits in banks and money market funds.

Investments

Investments are reported as assets and are carried at fair market value. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is recognized in the statement of revenues, expenses and changes in net position as a component of non-operating revenues or expenses.

OHIO HOUSING AUTHORITY PROPERTY AND CASUALTY, INC.

NOTES TO FINANCIAL STATEMENTS

November 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Member and Supplemental Contributions

Member contributions are calculated to annually produce a sufficient sum of money within the self-insurance pool to fund administrative expenses of OHAPCI and to create reserves for claims and unallocated loss adjustment expenses. Under the terms of membership, should annual member contributions not be sufficient to fund ultimate losses, establish adequate reserves and cover administrative expenses, the Board of Trustees can require supplementary contributions. Supplementary contributions can be assessed during the entire life of the OHAPCI and any later period when claims or expenses need to be paid which are attributable to any membership year during which the event or claim occurred.

Reserve for Unpaid Claims

Provisions for claims reserves and loss adjustment expenses are based on information reported by members and are calculated by OHAPCI's actuary. These amounts represent an estimate of reported, unpaid claims, plus a provision for claims incurred, but not reported. The claims reserve is based on the estimated ultimate cost of settling the claims, including the effects of inflation and other factors. OHAPCI's management believes that the claim reserves is reasonable in the circumstances; however, actual incurred losses and loss adjustment expenses, may not conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of losses and related loss adjustment expenses may vary materially from the estimated amounts disclosed in Note 7. Should the provision for claims reserves not be sufficient, supplemental contributions will be assessed.

Net Position

Net position represents the excess of revenues over expenses since its inception.

As of November 30, 2023, OHAPCI does not have any "restricted" net position. OHAPCI Board of Trustees may authorize the distribution of the net position to those members who constituted the self-insurance pool during the years when such net position was earned, provided that such members must also be members of OHAPCI in the years in which said distribution was made.

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

OHAPCI applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

OHIO HOUSING AUTHORITY PROPERTY AND CASUALTY, INC.

NOTES TO FINANCIAL STATEMENTS

November 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary action of the Pool. For OHAPCI, these are member premiums from the associated entities and excess insurance recoveries. Operating expenses are necessary costs that have been incurred in order to support OHAPCI's primary mission. Revenues and expenses not meeting the definition are reported as nonoperating.

Reinsurance

OHAPCI collectively represented its members within Public Entity Risk consortium, a public entity risk-sharing pool which functions as a reinsurer for its member entities. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Pool as direct insurer of the risks reinsured. OHAPCI is contingently liable with respect to certain loss coverage which would become a liability in the event these insurance carriers are unable to meet obligations under these reinsurance contracts.

Subsequent Events - Management has evaluated subsequent events and transactions occurring subsequent to the statement of net position for recognition and disclosure in the accompanying financial statements through the date the financial statements are issued, and has determined there were no material subsequent events or transactions.

Income Taxes - OHAPCI is not subject to income taxes and the filing of tax returns since its members are political subdivisions in the State of Ohio.

NOTE 3 - DEPOSITS AND INVESTMENTS

OHAPCI follows the guidance of GASB Statement No. 40, ***Deposit and Investment Risk Disclosures***. This statement's required disclosures are as follows:

Deposits - At fiscal year-end, the carrying amount of OHAPCI's deposits was \$2,315,795 and the bank balance was \$2,392,327. Of the bank balance, \$2,087,110 was covered by the Federal Depository Insurance program. The remaining balance of \$305,217 was exposed to custodial credit risk.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of bank failure, the Consortium will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the Consortium's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC) as well as qualified securities pledged by the institution holding the assets. Ohio law requires that deposits either be insured or protected by:

Eligible securities pledged to the Consortium and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be at least 102 percent of the deposits being secured or a rate set by the Treasurer of State. The Consortium's financial institutions had enrolled in OPCS as of November 30, 2023.

OHIO HOUSING AUTHORITY PROPERTY AND CASUALTY, INC.

NOTES TO FINANCIAL STATEMENTS

November 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

Investments - At year end, the carrying amount of the investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u><1</u>	<u>1-2</u>	<u>>2</u>
Federated Govt Obligations Fund	\$ 37,652	\$ 37,652	\$ 0	\$ 0
FHLB .45% 8/27/24	96,468	96,468	0	0
FHLMC .57% 10/08/2025	46,165	0	46,165	0
FHLMC .375% 12/23/2024	95,043	0	95,043	0
US Treasury 2.75% 2/15/2028	211,008	0	0	211,008
US Treasury 2.875% 5/15/2028	47,023	0	0	47,023
US Treasury 2.375% 5/15/2027	70,125	0	0	70,125
US Treasury 1.625% 10/31/2026	23,063	0	0	23,063
US Treasury 1.125% 2/28/2025	238,164	0	0	238,164
US Treasury .75% 3/31/2026	320,852	0	0	320,852
US Treasury 2.625% 5/31/2027	94,234	0	0	94,234
US Treasury 2.75% 7/31/2027	47,219	0	0	47,219
US Treasury 3.65% 3/31/2028	<u>72,879</u>	<u>0</u>	<u>0</u>	<u>72,879</u>
<u>Total</u>	<u>\$1,399,895</u>	<u>\$ 134,120</u>	<u>\$ 141,208</u>	<u>\$ 1,124,567</u>

OHAPCI's investments in federal agency securities, and U.S. Treasury notes are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Reconciliation of Cash and Investments to the Statement of Net Position -

The following is a reconciliation of cash and investments as reported in the note above to the amounts as reported on the statement of net position as of November 30, 2023:

Cash per note	
Carrying amount of deposits	\$2,315,795
Investments reported as cash equivalent	<u>37,652</u>
Cash and Cash Equivalents on Statement of Net Position	<u>\$2,353,447</u>
Investments per note	\$1,399,895
Investments reported as cash equivalent	<u>(37,652)</u>
Investments on Statement of Net Position	<u>\$1,362,243</u>

OHIO HOUSING AUTHORITY PROPERTY AND CASUALTY, INC.

NOTES TO FINANCIAL STATEMENTS

November 30, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk - Credit risk is the risk that an issuer or counter party to an investment will be unable to fulfill its obligations. OHAPCI does not have a policy to limit credit risk beyond the requirements of State statute. All of the federal agency securities carry a rating of Aaa by Moody's.

Concentration of Credit Risk - Concentration of credit risk is the risk of inability to recover the value of deposits or investments in the possession of an outside party caused by a lack of diversification. OHAPCI does not have a policy to limit concentration of credit risk.

Interest Rate Risk - Interest rate risk is the risk that an interest rate change could adversely affect an investment's fair value. OHAPCI does not have a policy to limit interest rate risk.

NOTE 4 - SELF-INSURED RETENTION

OHAPCI retains responsibility of claims within specified self-insured retention limits prior to the application of coverage provided by excess reinsurance contracts. OHAPCI's per occurrence retention limit is \$100,000 for all claims. OHAPCI collectively represents its members as members within the Public Entity Risk Consortium ("PERC") pool. Under PERC, member entities maintain their present retention structure and the present retention effectively becomes a maintenance deductible under PERC. PERC then self-insures a primary portion over individual member retentions up to \$250,000 per occurrence for property coverages and \$500,000 for liability coverages, both inclusive of the member's retention (e.g. for property coverage, PERC self-insure \$150,000 in excess of OHAPCI's \$100,000 self-insured amount). PERC had a stop loss retention of \$1,750,000 per year, purchasing excess insurance coverage above its retention.

NOTE 5- RISK MANAGEMENT

OHAPCI has contracted with a third-party administrator, Arthur J. Gallagher Risk Management Services, Inc. to provide management services. OHAPCI has also contracted with Gallagher Bassett Services, Inc. to process all claims against the members.

The members contribute annual premiums into the self-insurance risk pool fund of the Pool. The Board of Directors approves payments to the third-party administrator for actual insurance claims processed, insurance premiums and administrative charges incurred on behalf of the Pool members, except to the extent discretionary authority is granted to Gallagher Bassett for payment of claims. The Pool may extend an assessment to each member if additional funding is needed to cover expenses.

Members that withdraw from the Pool are obligated for any supplementary payments at the member's pool contribution factor in effect for the specific years to which the supplementary payments apply.

OHIO HOUSING AUTHORITY PROPERTY AND CASUALTY, INC.

NOTES TO FINANCIAL STATEMENTS

November 30, 2023

NOTE 6 - ADMINISTRATIVE FEES

OHAPCI has contracted with Arthur J. Gallagher & Co. to provide various management, underwriting, claim adjustments and loss control services.

NOTE 7 - CLAIMS RESERVE

As discussed in Note 2, the Pool establishes a claims reserve liability which includes both reported and unreported insured events and estimates the future payments of losses and related claim adjustment expenses. The change in the aggregate liability for the Pool during 2023 is as follows:

<u>UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES</u>	
– November 30, 2022	<u>\$ 1,065,059</u>
<u>INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES:</u>	
Provision for insured events of the current year	773,915
Increase/(Decrease) in provision and insured events of prior years	<u>227,036</u>
<u>TOTAL INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES</u>	<u>1,000,951</u>
<u>PAYMENTS</u>	
Claims and claim adjustment expenses attributable to insured events of the current year	(190,973)
Claims and claim expenses attributable to insured events of prior years	<u>(764,357)</u>
<u>TOTAL PAYMENTS</u>	<u>(955,330)</u>
<u>TOTAL UNPAID CLAIMS AND CLAIM ADJUSTMENT EXPENSES</u>	
- November 30, 2023	<u><u>\$ 1,110,680</u></u>

OHIO HOUSING AUTHORITY PROPERTY AND CASUALTY, INC.

CLAIMS DEVELOPMENT INFORMATION

For the year ended November 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Pool Contributions	\$ 1,878,906	\$ 1,972,027	\$ 1,630,448	\$ 1,954,253	\$ 1,904,315	\$ 1,917,068	\$ 2,218,979	\$ 2,415,584	\$ 2,531,573	\$ 2,729,991
Investment Income	8,754	12,420	12,498	16,847	30,084	47,644	32,497	(10,021)	(81,233)	83,270
Expenses	1,120,671	1,189,112	1,217,684	1,328,269	1,222,333	1,236,669	1,433,271	1,530,204	1,598,735	1,803,721
Estimated incurred claims and expense	837,078	181,859	611,567	814,532	1,272,297	937,631	620,203	662,054	568,336	965,048
Reestimated incurred claims and expense:										
End of year	1,114,194	658,111	781,115	980,019	1,227,850	1,158,314	1,050,622	988,710	695,656	773,915
One year later	807,410	545,664	701,940	735,404	1,047,255	752,932	835,118	906,188	887,422	
Two years later	689,869	515,430	770,900	757,023	1,054,267	618,685	803,004	932,569		
Three years later	666,830	519,008	738,655	681,321	991,945	523,914	828,495			
Four years later	666,830	507,712	738,245	681,321	992,485	506,948				
Five years later	666,830	507,712	738,245	681,321	992,849					
Six years later	666,830	507,712	738,245	681,321						
Seven years later	666,830	507,712	738,245							
Eight years later	666,830	507,712								
Nine years later	666,830									
Paid (cumulative) as of:										
End of year	333,512	48,514	145,534	307,039	461,881	195,940	309,113	290,342	237,805	190,973
One year later	589,575	380,081	558,155	640,210	801,694	524,235	515,304	518,979	540,063	
Two years later	666,830	480,253	636,356	668,883	938,357	506,292	599,972	788,714		
Three years later	666,830	507,711	675,953	681,321	963,419	506,948	791,972			
Four years later	666,830	507,712	738,245	681,321	992,485	506,948				
Five years later	666,830	507,712	738,245	681,321	992,849					
Six years later	666,830	507,711	783,245	681,321						
Seven years later	666,830	507,711	738,245							
Eight years later	666,830	507,711								
Nine years later	666,830									

Notes

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

OHIO HOUSING AUTHORITY PROPERTY & CASUALTY, INC.

RATIOS

	For the Year Ended November 30,		Components of Calculation	For the Year Ended November 30,	
	2023	2022		2023	2022
Loss Ratio	101.6%	59.8%	Net Incurred losses Net premiums earned	\$ 965,047 950,000	\$ 568,336 950,000
Expense Ratio	2.5%	1.8%	Expenses Net premiums earned	23,700 950,000	17,163 950,000
Combined Ratio	104.1%	61.6%	Loss ratio + Expense ratio		
Net Investment Income Ratio	8.8%	-8.6%	Investment income Net premiums earned	83,270 950,000	(81,233) 950,000
Operating Ratio	95.3%	70.2%	Combined ratio - Net investment income ratio		
Yield on Investment Assets	2.2%	-2.3%	Investment income Cash & investments	83,270 3,715,790	(81,233) 3,513,678
Change in Surplus	1.8%	19.6%	Increase/(Decrease) in surplus Previous year's surplus	45,379 2,589,630	424,281 2,165,350
Return on Surplus	1.8%	16.8%	Operating income Previous year's surplus	45,379 2,589,630	364,502 2,165,350
Net Premium Written to Surplus	.36 : 1	.44 : 1	Net premiums written Previous year's surplus	950,000 2,589,630	950,000 2,165,350
Current Liquidity	3.3 : 1	3.4 : 1	Total assets Total liabilities	3,775,690 1,140,680	3,654,690 1,065,059

The above ratios are presented to assist HUD in their review of the financial statements.

Schedule II

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Ohio Housing Authority Property and Casualty, Inc.
131 W. Boardman St.
Youngstown, Ohio 44503

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ohio Housing Authority Property and Casualty, Inc., Mahoning County, Ohio, (OHAPCI) as of and for the year ended November 30, 2023, and the related notes to the financial statements, which collectively comprise OHAPCI's basic financial statements, and have issued our report thereon dated May 15, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered OHAPCI's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OHAPCI's internal control. Accordingly, we do not express an opinion on the effectiveness of OHAPCI's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of OHAPCI's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

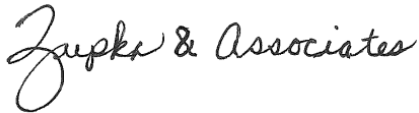
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether OHAPCI's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of OHAPCI's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OHAPCI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Zupka & Associates
Certified Public Accountants

May 15, 2024

OHIO HOUSING AUTHORITY PROPERTY AND CASUALTY, INC.
MAHONING COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2023

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

OHIO AUDITOR OF STATE KEITH FABER



OHIO HOUSING AUTHORITY PROPERTY AND CASUALTY, INC.

MAHONING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 6/18/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov