

**MIDWEST POOL RISK
MANAGEMENT AGENCY, INC.
VAN WERT COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR ENDED
NOVEMBER 30, 2024**

Zupka & Associates
Certified Public Accountants



65 East State Street
Columbus, Ohio 43215
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800-282-0370

Board of Trustees:
Midwest Pool Risk Management Agency, Inc.
209 S. Blackhood Street, Room 201
Wapakoneta, Ohio 45895

We have reviewed the *Independent Auditor's Report* of the Midwest Pool Risk Management Agency, Inc., Van Wert County, prepared by Zupka & Associates, for the audit period December 1, 2023 through November 30, 2024. 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 Midwest Pool Risk Management Agency, Inc. is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

August 01, 2025

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MIDWEST POOL RISK MANAGEMENT AGENCY, INC.
VAN WERT COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Midwest Pool Risk Management Agency, Inc.
Van Wert County
204 S. Blackhood Street, Room 201
Wapakoneta, Ohio 45895

To the Members of the Board of Trustees:

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Midwest Pool Risk Management Agency, Inc. (MPRMA), Van Wert County, Ohio as of and for the fiscal year ended November 30, 2024, and the related notes to the financial statements, which collectively comprise MPRMA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Midwest Pool Risk Management Agency, Inc., Van Wert County, Ohio as of November 30, 2024, and the 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* (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 MPRMA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating 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 MPRMA'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 MPRMA'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 MPRMA's ability to continue as a going concern for a reasonable period of time.

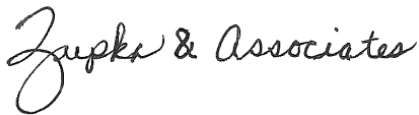
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Ten-Year Loss 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2025, on our consideration of MPRMA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 MPRMA'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 MPRMA's internal control over financial reporting and compliance.



Zupka & Associates
Certified Public Accountants

May 15, 2025

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MIDWEST POOL RISK MANAGEMENT AGENCY, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024

The discussion and analysis of the Midwest Pool Risk Management Agency, Inc.'s (the "Agency") financial performance provides an overall review of the Agency's financial activities for the fiscal year ended November 30, 2024. The intent of this discussion and analysis is to look at the Agency'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 the Agency's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2024 are as follows:

- For 2024, the total net position of the Agency increased \$437,557, which represents a 30.65% increase from November 30, 2023.
- The Agency has hired an independent actuary, The Actuarial Advantage, to determine the loss and loss adjustment expense reserves. Based upon the actuary's report, the loss and loss adjustment expense reserves was \$432,852 at November 30, 2024.
- The Agency had operating revenues of \$2,200,641 and operating expenses of \$1,854,600 for fiscal year 2024. The Agency had \$91,516 in nonoperating revenue. Operating income and the change in net position for the fiscal year were \$346,041 and a increase of \$437,557, respectively.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Agency's financial activities. The *statement of net position* and the *statement of revenues, expenses, and changes in net position* provide information about the activities of the Agency, including all short-term and long-term financial resources and obligations. The *statement of cash flows* provides information about the Agency's short-term cash flows needs to support operations.

Reporting the Agency Financial Activities

Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did the Agency perform financially during fiscal year 2024?" The statement of net position and the statement of revenues, expenses and changes in net position answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting*, similar to the accounting used by most private-sector companies. This basis of accounting considers all current year's revenues and expenses regardless of when cash is received or paid.

The statement of net position and the statement of revenues, expenses and changes in net position report the Agency's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the Agency as a whole, the *financial position* of the Agency has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. The Agency's statement of net position and statement of revenues, expenses and changes in net position can be found on pages 9-10 of this report. The statement of cash flows provides information about how the Agency's finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 11 of this report.

MIDWEST POOL RISK MANAGEMENT AGENCY, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 13-19 of this report.

Required Supplementary Information

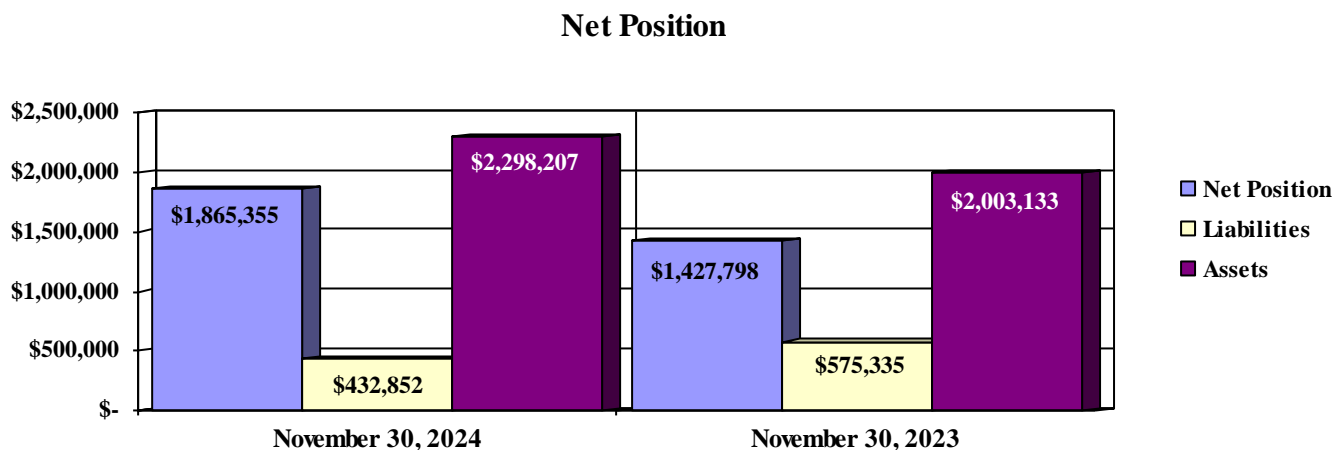
Ten years of loss development information can be found on pages 21-25 of this report.

Net Position and Changes in Net Position

The table below provides a summary of the Agency's net position at November 30, 2024 and 2023.

	Net Position	
	2024	2023
<u>Assets</u>		
Cash and cash equivalents	\$ 2,298,207	\$ 2,003,133
<u>Liabilities:</u>		
Loss and loss adjustment expense reserves	432,852	575,335
<u>Net Position:</u>		
Unrestricted	\$ 1,865,355	\$ 1,427,798

Cash and cash equivalents increased due to current year operations. For fiscal year 2024, no PERC dividend was announced for distribution to the Agency. The loss and loss adjustment expense reserve at fiscal year-end is provided by The Actuarial Advantage, the Agency's independent actuary. Net position at November 30, 2024 was \$1,865,355, all of which is considered unrestricted. The chart below shows a breakdown of the Agency's assets, liabilities and net position for 2024:



MIDWEST POOL RISK MANAGEMENT AGENCY, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024

The table below shows the changes in net position for fiscal year 2024 and 2023.

	2024	2023
<u>Operating revenues:</u>		
Member contributions	\$ 2,200,641	\$ 1,979,177
Total operating revenues	<u>2,200,641</u>	<u>1,979,177</u>
<u>Operating expenses:</u>		
Loss and loss adjustment expenses, net	175,737	381,123
Insurance premiums:		
Public Entity Risk Consortium	1,592,340	1,529,172
Other	71,493	69,602
Professional fees	14,270	14,135
Miscellaneous expenses	<u>760</u>	<u>437</u>
Total operating expenses	<u>1,854,600</u>	<u>1,994,469</u>
Operating income (loss)	<u>346,041</u>	<u>(15,292)</u>
<u>Non-operating revenues (expense):</u>		
Investment income	91,516	72,868
PERC dividend distributed to members	<u>-</u>	<u>(138,858)</u>
Total non-operating revenues (expense)	<u>91,516</u>	<u>(65,990)</u>
Change in net position	437,557	(81,282)
Net position, December 1	<u>1,427,798</u>	<u>1,509,080</u>
Net position, November 30	<u>\$ 1,865,355</u>	<u>\$ 1,427,798</u>

Member contribution revenue increased from 2023 due to increased premiums to PERC. The Agency's two largest areas of expenses are (1) loss and loss adjustment expenses, net and (2) insurance premiums to PERC. These expenses represent 9.48% and 85.86%, respectively, of total operating expenses for fiscal year 2024. Fluctuations in these expenses will result from claims activity and insurance costs established by PERC. Interest revenues increased due to increased interest rates on the Agency's investments in STAR Ohio. Overall, net position at November 30, 2024 increased by \$437,557 from the prior year as member premiums were sufficient to support claims and administrative expenses during the fiscal year.

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MIDWEST POOL RISK MANAGEMENT AGENCY, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024

Capital Assets and Debt Administration

At November 30, 2024, the Agency had no capital assets or outstanding debt obligations.

Current Financial Related Activities

The Agency is committed to providing the advantages of obtaining insurances and to providing a formalized, jointly administered self-insurance pool its members. The Agency also provides risk management services, loss prevention programs and other educational materials to its members. The Agency is committed to protecting the financial interests of its members and will continue to monitor claims activity and insurance costs to best meet the needs of its members.

Contacting the Agency's Financial Management

This financial report is designed to provide interested users and our membership with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. David Bambauer, Treasurer, Auglaize County Commissioner's Office, 209 S. Blackhoof Street, Room 201, Wapakoneta, Ohio 45895 or by calling (419) 739-6710.

MIDWEST POOL RISK MANAGEMENT AGENCY, INC.

STATEMENT OF NET POSITION
NOVEMBER 30, 2024

Assets:

Current assets:

Cash and cash equivalents	\$ 2,298,207
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Total assets	<u>2,298,207</u>
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Liabilities:

Current liabilities:

Loss and loss adjustment expense reserves (see Note 6)	<u>432,852</u>
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Total liabilities	<u>432,852</u>
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Net position:

Unrestricted	<u>\$ 1,865,355</u>
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THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

MIDWEST POOL RISK MANAGEMENT AGENCY, INC.

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024

Operating revenues:	
Member contributions	\$ 2,200,641
Operating expenses:	
Loss and loss adjustment expenses, net (see Note 7)	175,737
Insurance premiums:	
Public Entity Risk Consortium	1,592,340
Other	71,493
Professional fees	14,270
Miscellaneous expenses	760
Total operating expenses	<u>1,854,600</u>
Operating income	<u>346,041</u>
Non-operating revenues:	
Investment income	<u>91,516</u>
Change in net position	437,557
Net position, December 1	<u>1,427,798</u>
Net position, November 30	<u><u>\$ 1,865,355</u></u>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

MIDWEST POOL RISK MANAGEMENT AGENCY, INC.

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024

Cash flows from operating activities:	
Cash received from member contributions	\$ 2,200,641
Cash payments for covered losses	(318,220)
Cash payments for Public Entity Risk Consortium premiums	(1,592,340)
Cash payments for other premiums	(71,493)
Cash payments for professional services	(14,270)
Cash payments for miscellaneous expenses	(760)
	<hr/>
Net cash provided by operating activities	203,558
	<hr/>
Cash flows from investing activities:	
Interest received	91,516
	<hr/>
Net cash provided by investing activities	91,516
	<hr/>
Net increase in cash and cash equivalents	295,074
Cash and cash equivalents, December 1	2,003,133
Cash and cash equivalents, November 30	<hr/>
	\$ 2,298,207
	<hr/>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 346,041
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in assets and liabilities:	
(Decrease) in loss and loss adjustment expense reserves	(142,483)
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Net cash provided by operating activities	\$ 203,558
	<hr/>

THE NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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MIDWEST POOL RISK MANAGEMENT AGENCY, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024

NOTE 1 - DESCRIPTION OF THE ENTITY

The Midwest Pool Risk Management Agency, Inc., Van Wert County, Ohio (the “Agency”) is a legally separate entity organized under Ohio Revised Code (ORC) 1702.01. The Agency was formed pursuant to Chapter 2744.081 of the ORC for the public purpose of enabling the subscribing political subdivisions to obtain insurance and to provide a formalized, jointly administered self-insurance pool for its members. The Agency provides a cooperative program for the provisions and administration of a self-insurance pool to provide coverage for automobile liability, general liability, crime and property, automobile physical damage and public official’s liability in accordance with the Agency’s amended and restated agreement. In addition to the self-insurance pool, the Agency provides risk management services, loss prevention programs and other educational materials. The members of the Agency include the following counties within the State of Ohio: Auglaize, Hancock, Mercer, Shelby and Van Wert.

The Assembly is the legislative body (the “Board of Trustees”) of the Agency consisting of each member’s board of county commissioners. Officers of the Assembly are elected from the Board of Trustees for a one eleven-month term. The Board of Trustees acts as the managerial body of the Agency.

Member premiums are calculated to annually produce a sufficient sum of money within the self-insurance pool adequate to fund administrative expenses of the Agency and to create adequate reserves for claims and allocated loss adjustment expenses.

Under the terms of membership, should annual member premiums 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 Agency 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.

For claims, the Agency pays the first \$100,000 of loss per occurrence (the “Self-insured retention”). Amounts over the Agency deductible and the self-insured retention amount of \$100,000, are payable by a commercial insurance policy subject to scheduled limits at each location per a statement of values on file with the company.

Effective December 1, 2005, the Agency joined a Public Entity Risk Consortium (PERC) (excess pool) which consists of seven (7) pool risk groups including the Agency. Under this program, the Agency continues as is, including the \$100,000 self-insurance retention. However, the super pool self-insures amounts in excess of its members’ individual self-insured retention as follows:

Property	\$250,000 per occurrence
Liability	\$500,000 per occurrence
Stop Loss	\$1,850,000 maximum per year

The Agency uses reinsurance agreements to reduce its exposure to large losses on all types of insured events. Reinsurance permits recovery of a portion of losses from reinsurance, although it does not discharge the primary liability of the agency as direct insurer of the risks reinsured. The Agency is contingently liable with respect to certain loss coverage, which would become a liability in the event these insurance carriers are unable to meet the obligations under these contracts.

Members may withdraw from the Agency or from any particular benefits program with at least 12 months notice. There were no members that withdrew from the Agency during the period from December 1, 2023 through November 30, 2024. Van Wert County provided notice of withdrawal from the Agency that will be effective on December 1, 2024.

All administrative costs and expenses incurred for the maintenance of the Agency are paid through the pool account balances through November 30, 2024.

Management believes this financial statement presents all activities for which the Agency is financially accountable.

MIDWEST POOL RISK MANAGEMENT AGENCY, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Agency's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with 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 Statements No. 14 and No. 34". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the Agency are not misleading. On this basis, no governmental organizations or agencies other than the Agency itself are included in the financial reporting entity.

B. Fund Accounting

The Agency maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of government entities in which legal or other restraints require the recording of specific revenues and expenses. The Agency uses an enterprise fund to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for public policy, management control, accountability or other purposes.

C. Basis of Accounting/Measurement Focus

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

For financial statement presentation purposes, the Agency utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

The Agency's activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the Agency's operations are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues generally result from charges to members for insurance premiums. Operating expenses for the Agency include the payment of loss and loss adjustment expenses, insurance premiums, professional fees and miscellaneous expenses. Non-operating revenues and expenses include investment income, dividend revenue from PERC and PERC dividends distributed to members.

MIDWEST POOL RISK MANAGEMENT AGENCY, INC.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Assets, Liabilities, and Net Position

Cash, Cash Equivalents and Investments:

The Agency maintains demand deposit accounts and investments in STAR Ohio.

During fiscal year 2024, the Agency invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Agency measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

For purposes of the statement of cash flows and for reporting on the statement of net position, investments with original maturities of three months or less at the time they are purchased by the Agency are considered to be "cash equivalents". Investments with an initial maturity of more than three months are considered to be "investments".

An analysis of the Agency's cash and investments at fiscal year-end is provided in Note 4.

Receivables:

All receivables are shown net of an allowance for uncollectible amounts, as applicable. Receivables in excess of 90 days are evaluated for the ability to collect them and an allowance is established, as deemed necessary, based on the best information available and in an amount that management believes is adequate. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The Agency has no receivables in fiscal year 2024.

Loss and loss adjustment expense reserves:

Provisions for loss reserves and loss adjustment expense reserves are based on information reported by members and are calculated by an actuary. These amounts represent an estimate of reported unpaid claims plus a provision for claims incurred but not reported. Adjustments to this reserve account are charged or credited to expense in the period in which they are made. The Agency's management believes that the estimate of the liability for loss reserves is reasonable; however, actual incurred loss and loss adjustment expense may not conform to the assumptions inherent in the determination of the liability. Accordingly, the ultimate settlement of losses and the related loss adjustment expense may vary from the estimated amounts included in the accompanying financial statements. Should the provision for loss reserves be insufficient, supplemental contributions will be assessed to the Agency members. See Note 6 for more information of the Agency's loss and loss adjustment expense reserves.

MIDWEST POOL RISK MANAGEMENT AGENCY, INC.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Net position:

Net position is the excess of revenues over expenses during the period in which the Agency has been in existence. If adequate provision has been made for the payment of all claims and expenses of the Agency, the Board of Trustees, at its discretion, may distribute surplus funds to members during that particular year, provided that such members are also members in the year in which the distribution is made. In lieu of distributing surplus funds to the members, the Board may carry forward the surplus to offset annual or supplemental payments in the subsequent fiscal year.

In the event the Agency is terminated, all members of the Agency are obligated for any necessary supplemental payments applicable to the years during which they were members. After all claims and related expenses have been paid or reserves established for the payment of any such claims, any surplus funds will be distributed to members, past or present, who constituted the Agency for that fiscal year.

E. Budgetary Process

Under Ohio law, the Agency is not required to follow a budgetary process and, therefore, no budgetary information is provided in these basic financial statements.

F. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2024, the Agency has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "Omnibus 2022", GASB Statement No. 100, "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62", Implementation Guide No. 2023-1 and GASB Statement No. 101, "Compensated Absences".

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously reported by the Agency.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the Agency.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the Agency.

MIDWEST POOL RISK MANAGEMENT AGENCY, INC.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the Agency.

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The implementation of GASB Statement No. 101 did not have an effect on the financial statements of the Agency.

NOTE 4 - DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At November 30, 2024, the carrying amount of all Agency deposits was \$501,371. Of the bank balance of \$501,371, \$265,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$236,371 was covered by the Ohio Pooled Collateral System (OPCS).

Custodial credit risk is the risk that, in the event of bank failure, the Agency will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Agency has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Agency 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 (2) participation in the 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. The OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2024, the Agency's deposits were collateralized at 102 percent through its financial institution's participation in the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Agency to a successful claim by the FDIC.

B. Investments

As of November 30, 2024, the Agency had the following investment and maturity:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>Investment Maturity 6 months or less</u>
<i>Amortized cost:</i>		
STAR Ohio	<u>\$ 1,796,836</u>	<u>\$ 1,796,836</u>

The weighted average maturity of investments is 1 day.

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Agency's investment policy limits investment portfolio maturities to five years or less.

MIDWEST POOL RISK MANAGEMENT AGENCY, INC.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Agency has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Concentration of Credit Risk: The Agency places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Agency at November 30, 2024:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Amortized cost:</i>		
STAR Ohio	<u>\$ 1,796,836</u>	<u>100.00</u>

C. Reconciliation of Cash and Investment to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net position as of November 30, 2024:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 501,371
Investments	<u>1,796,836</u>
Total	<u>\$ 2,298,207</u>
<u>Cash and investments on Statement of Net Position</u>	
Cash and cash equivalents	<u>\$ 2,298,207</u>

NOTE 5 - RISK MANAGEMENT

The Agency contracted with a third-party administrator, Arthur J. Gallagher Risk Management Services, Inc. to provide management services and Gallagher Bassett Services, Inc. to process claims incurred by its members. The members contribute monthly premiums into the self-insurance risk pool fund of the Agency. The Treasurer approves payments to the third-party administrator for actual insurance claims processed, insurance premiums and administrative charges incurred on behalf of the Agency members. Besides the standard monthly contributions, the Agency may extend an assessment to each member.

Member counties that withdraw or are expelled from the Agency are responsible for any supplementary payments in the same proportion as was their Annual Payment for that year to the Annual Payments of all Members that year for the entire life of the Agency and any later period when claims or expenses need be paid which are attributable to any year of membership when the event out of which the expense or claim occurred.

MIDWEST POOL RISK MANAGEMENT AGENCY, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024

NOTE 6 - LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

The Agency reports a reserve liability that includes a provision for reported and unreported insured events and an estimate of future payment of losses and related loss adjustment expenses. The claims liability as required by GASB Statement No. 10, "*Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*", as amended by GASB Statement No. 30, "*Risk Financing Omnibus*", was provided by the Agency's independent actuary, The Actuarial Advantage. The changes in the aggregate liabilities for the Agency for the fiscal year ended November 30, 2024 and November 30, 2023 is presented below.

	2024	2023
Unpaid loss and loss adjustment expense reserves, beginning	\$ 575,335	\$ 558,520
<u>Loss and loss adjustment expenses, net:</u>		
Incurred loss and loss adjustment expenses, provision for		
insured events of the current period	511,846	561,195
(Decrease) in provision for insured events of the prior years	(336,109)	(180,072)
Total loss and loss adjustment expenses, net	175,737	381,123
<u>Payments for covered losses:</u>		
Loss and loss adjustment expenses attributable to insured		
events of the current year	240,583	247,457
Loss and loss adjustment expenses paid attributable to insured		
events of prior years	77,637	116,851
Total payments for covered losses	318,220	364,308
Unpaid loss and loss adjustment expense reserves, ending	\$ 432,852	\$ 575,335

NOTE 7 - LOSS AND LOSS ADJUSTMENT EXPENSES, NET

For fiscal year 2024, the Agency reported loss and loss adjustment expenses, net of \$175,737. The Agency's independent actuary for fiscal year 2024 was The Actuarial Advantage.

The \$142,483 decrease in the loss and loss adjustment expense reserves from November 30, 2023 to November 30, 2024 is reflected in the fiscal year 2024 loss and loss adjustment expenses, net as reported on the Statement of Revenues, Expenses and Changes in Net Position. For fiscal year 2024, actual claims payments for covered losses were \$318,220 as reported on the Statement of Cash Flows.

NOTE 8 - CONTINGENCIES

In the normal course of business, the Agency is involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

MIDWEST POOL RISK MANAGEMENT AGENCY, INC.

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
TEN-YEAR LOSS DEVELOPMENT INFORMATION**

The following table illustrates how the Consortium's premium revenue and investment income compares to related costs of loss and other expenses assumed by the Consortium as of the end of the year. The rows of the table are defined as follows:

- (1) This line shows the total of each fiscal year's gross earned premiums and reported investment income.
- (2) This line shows each fiscal year's other operating costs of the Consortium including overhead and loss adjustment expenses not allocable to individual claims.
- (3) This line shows the Consortium's gross incurred losses and allocated loss adjustment expense as originally reported at the end of the year in which the event that triggered coverage occurred (called *accident year*).
- (4) This section shows the cumulative net amounts paid as of the end of the accident year.
- (5) This section shows how each accident year's net incurred losses increased or decreased as of the end of the year. (This annual re-estimation results from new information received on known losses, re-evaluation of existing information on known losses and emergence of new losses not previously known).
- (6) This line compares the latest re-estimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally thought.

As data for individual accident years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature accident years. The columns of the table show data for successive accident years. Loss development information for the fiscal years ended November 30, 2015 through 2024 is provided on the next page.

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MIDWEST POOL RISK MANAGEMENT, INC.

**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
TEN-YEAR LOSS DEVELOPMENT INFORMATION (CONTINUED)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
1. Premiums and investment income	\$ 1,526,298	\$ 1,770,610	\$ 1,805,112	\$ 1,813,540
2. Unallocated expenses	1,225,963	1,222,412	1,249,226	1,239,300
3. Estimated losses incurred and expense, end of year	302,086	455,634	556,901	354,476
4. Paid, cumulative as of:				
End of accident year	63,794	160,979	227,342	79,627
One year later	96,426	236,313	365,683	257,204
Two years later	96,426	183,069	390,758	315,713
Three years later	98,406	266,338	390,758	393,005
Four years later	142,201	340,358	390,758	393,005
Five years later	166,737	351,313	390,758	393,005
Six years later	166,737	351,313	390,758	393,005
Seven years later	166,737	351,313	390,758	-
Eight years later	166,737	351,313	-	-
Nine years later	166,737	-	-	-
5. Re-estimated incurred losses and expense:				
End of accident year	302,086	455,634	556,901	354,476
One year later	182,489	326,595	497,734	388,594
Two years later	129,401	260,923	420,752	442,187
Three years later	207,501	318,765	390,758	400,554
Four years later	196,926	354,656	390,758	393,005
Five years later	166,737	351,313	390,758	393,005
Six years later	166,737	351,313	390,758	393,005
Seven years later	166,737	351,313	390,758	-
Eight years later	166,737	351,313	-	-
Nine years later	166,737	-	-	-
6. Increase (decrease) in estimated incurred losses and expenses from end of accident year	(135,349)	(104,321)	(166,143)	38,529

2019	2020	2021	2022	2023	2024
\$ 1,842,424	\$ 1,871,857	\$ 1,996,214	\$ 2,062,218	\$ 2,052,045	\$ 2,292,157
1,231,333	1,271,317	1,399,654	1,461,495	1,613,346	1,678,863
439,121	480,073	396,945	515,695	561,195	511,846
197,153	97,865	45,345	206,153	247,457	240,583
248,549	248,991	103,283	272,368	30,199	-
258,049	286,268	105,784	286,537	-	-
258,049	334,403	108,784	-	-	-
258,049	341,129	-	-	-	-
258,049	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
439,121	480,073	396,945	515,695	561,195	511,846
403,402	429,532	293,244	488,343	424,175	-
287,823	343,072	135,985	320,332	-	-
260,263	349,825	113,603	-	-	-
258,049	341,129	-	-	-	-
258,049	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(181,072)	(138,944)	(283,342)	(195,363)	(137,020)	-

**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***

Midwest Pool Risk Management Agency, Inc.
Van Wert County
204 S. Blackhood Street, Room 201
Wapakoneta, Ohio 45895

To the Members of 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 Midwest Pool Risk Management Agency, Inc. (MPRMA), Van Wert County, Ohio as of and for the fiscal year ended November 30, 2024, and the related notes to the financial statements, which collectively comprise MPRMA's basic financial statements and have issued our report thereon dated May 15, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MPRMA'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 MPRMA's internal control. Accordingly, we do not express an opinion on the effectiveness of MPRMA'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 MPRMA'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.

Midwest Pool Risk Management Agency, Inc.

Van Wert County

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

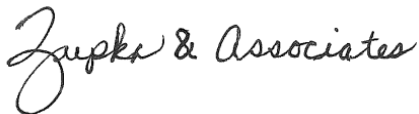
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Report on Compliance and Other Matters

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

Purpose of This Report

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



Zupka & Associates
Certified Public Accountants

May 15, 2025

MIDWEST POOL RISK MANAGEMENT AGENCY, INC.
VAN WERT COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2024

The prior audit report, for the fiscal year ended November 30, 2023, reported no audit findings or management letter recommendations.

OHIO AUDITOR OF STATE KEITH FABER



MIDWEST POOL RISK MANAGEMENT AGENCY

VAN WERT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/14/2025

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