

**ILLINOIS COUNTIES
RISK MANAGEMENT TRUST**

Springfield, Illinois

**ANNUAL FINANCIAL REPORT
and
INDEPENDENT AUDITOR'S REPORT**

November 30, 2024

ILLINOIS COUNTIES RISK MANAGEMENT TRUST

November 30, 2024

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INTRODUCTORY SECTION

April 10, 2025

Executive Board

Illinois Counties Risk Management Trust

Re: Letter of Transmittal

Please accept this comprehensive annual financial report for the Illinois Counties Risk Management Trust (ICRMT) for fiscal year end November 30, 2024. I am confident the data presented is accurate in all material respects.

Administration

The ICRMT is a risk-pooling program for workers' compensation, property and casualty coverages and unemployment insurance for Illinois public entities. The ICRMT's elected Executive Board oversees the administration of the program by Insurance Program Managers Group, LLC (IPMG) via meetings. All aspects of program administration including risk management and claims management are handled by IPMG.

In addition, the ICRMT uses independent actuaries, Casualty Actuarial Consultants, Inc. for actuarial services and Odoni Partners, LLC as their independent auditing firm.

History

The ICRMT began providing continuous insurance and risk management services to Illinois public entities in 1983.

Throughout its history the ICRMT has provided the highest level of services and resources to program members. Since its founding, the ICRMT has strived to deliver exceptional risk management service, specialized coverage, and financial security. Our commitment to this is why the ICRMT is considered the premier provider of risk management and insurance resources to Illinois public entities today. That consistency and commitment to Illinois public entities has been rewarded by maintaining 95% or better retention of all ICRMT members for over 10 years and is the primary factor in the continued growth of the program.

The ICRMT recognizes sound, basic business principles designed to benefit our members. IPMG focuses on the following to ensure the financial stability of the ICRMT and to continue to expand services and resources that benefit our members and allow us to keep premiums stable.

A focus on underwriting and risk pricing

Risk management services tailored to the needs of IL public entities. Aggressive claims management

Dedicated legal services.

Partnership with our member's broker representatives to coordinate the delivery of

coverages and services.

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The ICRMT remains focused on building our financial strength to provide pricing consistency for our members which unfortunately has resulted in higher premiums due to escalating litigation costs as well as property losses. In addition to increased losses in these areas the cost of reinsurance for these coverages has increased. Our goal continues to be overall rate stability while at the same time continuing to invest in services to reduce risk and loss for ICRMT members. To maintain this goal, we evaluate rates and underwriting factors for all members at each renewal.

In partnership with our clients and brokers we continue to work towards one common goal to deliver strong program performance and membership retention, both key components to ensuring financial success.

2025

The ICRMT maintains two common effective dates, July 1 for most of our schools and December 1 for our other entities and a few school accounts. Both common dates in 2024 saw excellent growth in the program as membership grew from 481 members and \$132 million on 1/1/24 to 553 members and \$155 million in premium as of December 1, 2024.

We thank our members and broker partners for working with ICRMT to achieve this success.

ICRMT has been here to meet the needs of our clients for 42 years. We look forward to continued growth and we commit to meeting the needs of our members during a challenging market for public entities. Markets such as this are where public entity risk pools shine by continuing to offer the coverages and limits required by our members while others exit the market in Illinois. Thank you for choosing ICRMT.

Sincerely,



Gregg Peterson
Program Administrator



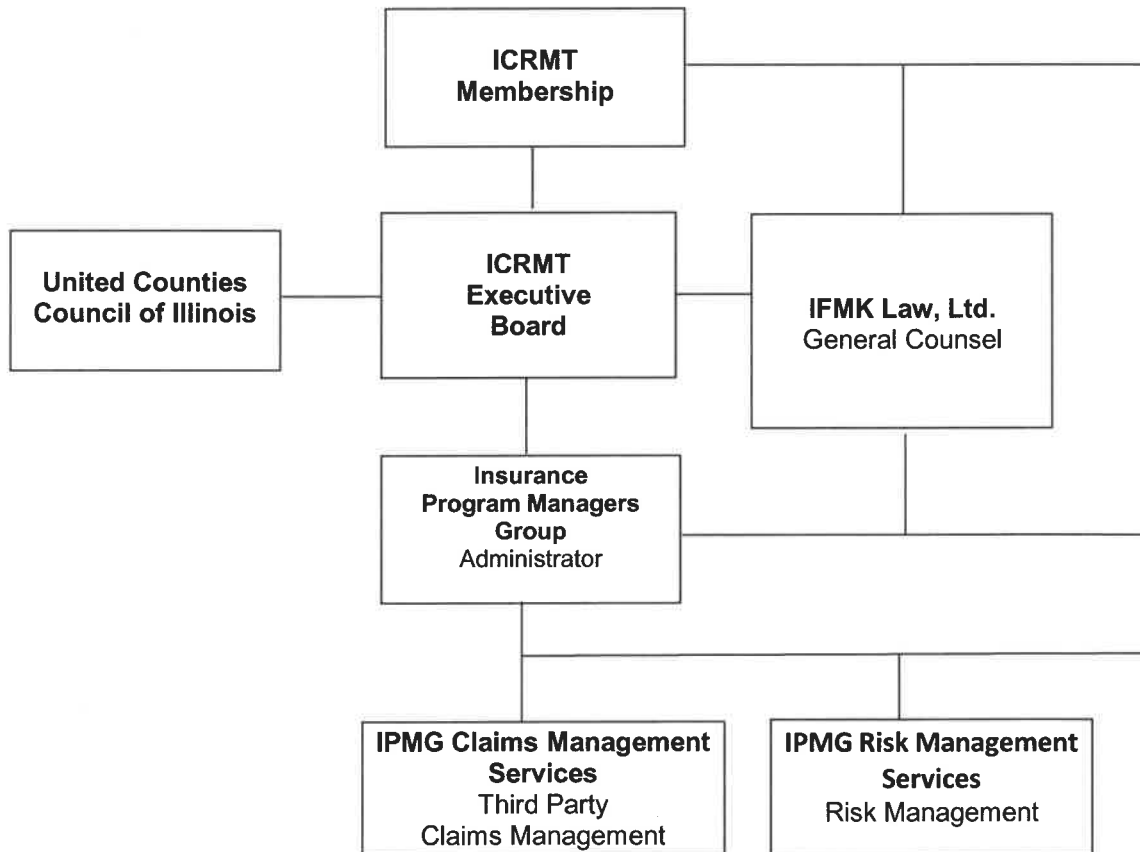
Todd Greer
COO

ILLINOIS COUNTIES RISK MANAGEMENT TRUST
PRINCIPAL OFFICIALS
November 30, 2024

EXECUTIVE BOARD MEMBERS

Chairman	Dr. Marc Kiehna Randolph County
Vice Chairman	Mr. Ryan McCreery United Counties Council of Illinois
Treasurer	Mr. Andrew Erbes Jackson County
Secretary	Mr. Sam Newton Stephenson County
Member	Mr. Matt Prochaska Kendall County
Member	Mr. Dave Meyer Washington County
Member	Mr. Terry Woelfel Calhoun County

ILLINOIS COUNTIES RISK MANAGEMENT TRUST
ORGANIZATIONAL CHART
November 30, 2024



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Executive Board
Board of Trustees
Illinois Counties Risk Management Trust

Opinion

We have audited the accompanying financial statements of the Illinois Counties Risk Management Trust (the ICRMT) as of and for the year ended November 30, 2024, and the related notes to the financial statements, which collectively comprise the Trust'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 respective financial position of the Illinois Counties Risk Management Trust, as of November 30, 2024, and the respective changes in financial position and cash flows thereof for the 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. 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 the Illinois Counties Risk Management Trust, 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 the Illinois Counties Risk Management Trust'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 generally accepted 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, misrepresentation, 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 the Trust'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust'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 Reconciliation of Unpaid Losses and Loss Adjustment Expense by Type of Contract and Claims Development Information on pages 18-19 and 20-22, respectively, 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 response 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.

Management has omitted a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government 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. Our opinion on the basic financial statements is not affected by this missing information.

Odoni Partners, LLC
Moline, Illinois
April 10, 2025

ILLINOIS COUNTIES RISK MANAGEMENT TRUST
BALANCE SHEET
November 30, 2024

ASSETS

Cash and cash equivalents	\$ 6,012,686
Investments	221,880,290
Receivables	
Premiums and deductibles, net of allowance of \$50,000	1,948,654
Interest	1,340,460
Due from excess insurance carrier	9,045,441
Other	-
Prepaid excess insurance	9,167,103
Prepaid expense	<u>202,528</u>
Total assets	<u><u>\$ 249,597,162</u></u>

LIABILITIES AND POLICYHOLDERS' SURPLUS

LIABILITIES

Unpaid losses and loss adjustment expenses	\$ 160,260,000
Unearned premium revenue	19,708,895
Due to others	35,886
Accrued expenses	<u>3,158,919</u>
Total liabilities	\$ 183,163,700

POLICYHOLDERS' SURPLUS

	<u>66,433,462</u>
Total liabilities and policyholders' surplus	<u><u>\$ 249,597,162</u></u>

The accompanying notes are an integral part of these financial statements.

ILLINOIS COUNTIES RISK MANAGEMENT TRUST
STATEMENT OF INCOME AND POLICYHOLDERS' SURPLUS
For the Year Ended November 30, 2024

REVENUES

Premiums written and earned	<u>\$139,120,950</u>
Total revenues	<u>\$139,120,950</u>

EXPENSES

Excess insurance placement	\$ 26,608,159
Losses and loss adjustments	82,434,037
Claims administration, management, and agent commissions	37,265,070
Professional fees	304,477
Other	<u>1,148,829</u>
Total expenses	<u>\$147,760,572</u>

OPERATING LOSS

\$ (8,639,622)

OTHER INCOME (EXPENSE)

Investment income (net expenses of \$1,057,431)	<u>18,347,970</u>
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NET INCOME

\$ 9,708,348

POLICYHOLDERS' SURPLUS, beginning of year56,725,114**POLICYHOLDERS' SURPLUS, end of year**\$ 66,433,462

The accompanying notes are an integral part of these financial statements.

ILLINOIS COUNTIES RISK MANAGEMENT TRUST
STATEMENT OF CASH FLOWS

For the Year Ended November 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Premiums written	\$ 142,336,868
Excess insurance premiums paid	(34,260,057)
Losses and loss adjustments paid	(66,404,037)
Claims administration, commission, and other expenses paid	(37,968,122)

Net cash provided by operating activities	\$ 3,704,652
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CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Decrease in due to others	(261,110)
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Net cash used by noncapital financing activities	\$ (261,110)
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CASH FLOWS FROM INVESTING ACTIVITIES

Investment income received	\$ 12,494,552
Net increase in investments	(14,499,625)

Net cash used by investing activities	\$ (2,005,073)
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Net increase in cash and cash equivalents	\$ 1,438,469
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Cash and cash equivalents, beginning of year	4,574,217
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Cash and cash equivalents, end of year	\$ 6,012,686
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RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating loss	\$ (8,639,622)
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Adjustments to reconcile operating income to net cash provided by operating activities:

Increase in premiums and deductibles receivable	(168,657)
Decrease in other receivable	25,432
Increase in prepaid excess insurance	(1,398,855)
Increase in prepaid expense	(11,436)
Increase in due from excess insurance carrier	(6,253,043)
Increase in unpaid losses and adjustments	16,030,000
Increase in accrued expenses	736,258
Increase in unearned premium revenue	3,384,575

Net cash provided by operating activities	\$ 3,704,652
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The accompanying notes are an integral part of these financial statements.

ILLINOIS COUNTIES RISK MANAGEMENT TRUST
NOTES TO FINANCIAL STATEMENTS

November 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Illinois Counties Risk Management Trust are prepared in accordance with U.S. generally accepted accounting principles applicable to public entity risk pools as promulgated by the Governmental Accounting Standards Board in 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*. The following is a summary of the significant accounting policies and philosophies of the ICRMT.

Trending Approach and Philosophy - The ICRMT utilizes independent actuaries to assist in the forecasting of ultimate incurred as well as unreported losses. These independent actuaries review all loss data relative to the program. Historical analysis along with industry trends are brought together to establish a range in which the expected losses should fall for the fiscal year under review.

Reserves for the current year area reflective of the actuarial expected loss. Reserving will continue to be monitored to reflect the impacts of inflation, increased levels of retention and changing legal climate. Rate adjustments over the past year have been implemented to maintain consistent underwriting results.

Reporting Entity - The ICRMT was organized on January 1, 1983 as a group worker's compensation self-insurer pursuant to the terms of the State of Illinois Worker's Compensation Law under Illinois Compiled Statutes (ILCS) to administer a program of self-insurance for selected counties in the State of Illinois. In June 1996, the ICRMT expanded the services that it provides to its membership by offering a risk pooling program for the purposes of covering property and casualty losses for its members. In addition, during 1996, the ICRMT approved allowing non-county units of local government in the State of Illinois to participate in either the workers' compensation program and/or the property and casualty program.

The ICRMT is governed by a Board of Trustees with each member county appointing one Trustee. Annually, the Board of Trustees elects an Executive Board from its members to oversee the day-to-day operations of the ICRMT. The ICRMT is a jointly governed public entity risk management pool, since no single member can collectively control the ICRMT.

At November 30, 2024, the ICRMT program membership consisted of 553 local governments and other tax-based entities.

Fund Accounting - The ICRMT operates and reports as a single enterprise fund, as required for public entity risk pools, including workers' compensation and property and casualty programs. An enterprise fund is used to account for operations that are financed and operated in a manner similar to that of private business enterprises, where the intent is that the costs of providing goods or services are to be financed or recovered through user charges. The ICRMT applies GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – (Continued)

Basis of Accounting - The enterprise fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations of the ICRMT are included on the balance sheet. Fund equity (i.e., net total assets) is reported as policyholders' surplus. The statement of income presents increases (e.g., revenues) and decreases (e.g., expenses and dividends) in net total assets (i.e., policyholders' surplus).

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The enterprise fund is accounted for using the accrual basis of accounting. Revenue is recognized when it is earned and expenses are recognized when the liabilities are incurred.

Cash and Cash Equivalents - Cash consists of demand deposit accounts and money market accounts. The ICRMT considers deposits in transit to be a cash equivalent.

Investments - Investments consist primarily of obligations of, or backed by, the U.S. Treasury, corporate debt securities, equity securities, and mutual funds and are stated at fair value. Fair value has been based on quoted market prices as of November 30, 2024.

The ICRMT invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

Unpaid Losses and Loss Adjustment Expenses - The liability for unpaid losses and loss adjustment expenses is based upon management's estimate of the ultimate cost of settling claims, including the effects of inflation and other societal and economic factors, and upon past experience adjusted for current trends. Such amounts are determined actuarially by an independent third-party actuary on the basis of claims adjusters' evaluations and other estimates. While management believes that the liability provision is adequate, because of the necessary use of estimates, the ultimate liability may be in excess of or less than the amount provided.

Any change in such estimates is reflected in current operating results when they occur. The liability is presented net of amounts estimated for subrogations, deductibles recoverable, and coverage provided by reinsurers or excess insurers.

Insurance Premiums - Insurance premiums are reported as gross premiums written and amounts ceded to excess carriers are shown as an expense. The ICRMT considers anticipated investment earnings when determining sufficiency of member contributions. Premiums paid in advance of the policy year are reported as unearned premium revenue.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – (Continued)

Income Tax Exemption - The ICRMT was organized as an association of governmental entities providing workers' compensation insurance and property and casualty lines, an essential governmental function, and is therefore exempt from federal income taxes under Internal Revenue Code Section 115.

Due from Excess Insurance Carrier - Amounts owed to the ICRMT by the excess insurance carrier for payments in excess of specific reinsurance bonds are recognized as a receivable claim.

Due to/from TPA - At the start of the policy year, an estimated fee for claims servicing for the policy year is paid to the third-party administrator (TPA), based on the volume of prior year claims. At the end of the policy year, a claims audit is performed to determine the actual claims servicing fee due to the TPA. Underpayments are recorded as accrued expenses and overpayments are recorded as a receivable due from TPA.

Due to Others - Due to others represents overpayments of contributions by members, commissions and fees due on premium receivables recorded at year end, and amounts due to reinsurer.

Due to Members - Due to members represents claims paid by members in excess of their specific insurance amounts and reimbursements due them from excess insurance coverage.

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The ICRMT does not have items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The ICRMT does not have items that qualify for reporting in this category.

NOTE 2 – DEPOSITS AND INVESTMENTS

Cash and investments as of November 30, 2024 consist of the following:

Deposits with financial institutions	\$ 6,012,686
Investments	<u>221,880,290</u>
Total cash and investments	<u>\$ 227,892,976</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – (Continued)

Investment return as of November 30, 2024 consists of the following:

Interest and dividend income	\$ 6,714,187
Net realized gain on securities	7,057,466
Change in unrealized gains and (losses)	5,633,748
Investment expenses	<u>(1,057,431)</u>
Total investment income	<u>\$ 18,347,970</u>

The calculation of realized gains or losses is independent of a calculation of the net change in the fair value of investments. Furthermore, realized gains or losses on investments that had been held in more than one fiscal year and sold in the current year were included as a net change in the fair value of investments reported in the prior year(s) and the current year.

Illinois Compiled Statutes (ILCS) and the investment policy adopted by the ICRMT's Executive Board authorize the ICRMT to make deposits/invest in insured commercial banks and savings and loan institutions in Illinois, direct obligations of the U.S. Treasury and U.S. Agencies, obligations of international governments, corporate debt and equity securities of U.S. and foreign issuers, mutual funds, exchange-traded funds/notes, comingled trusts, separately managed accounts, and hybrid securities including but not limited to preferred stocks, convertible securities, real estate investment trusts (REIT's), and master limited partnerships (MLP's) etc.

In order to reduce the risk of default, the investment portfolio of the Illinois Counties Risk Management Trust shall not exceed the following diversification limits unless specifically authorized by the Board of Trustees:

The target asset allocation will be determined by the market value of the ICRMT's assets and is as follows:

	<u>Percentage</u>
Fixed income	60-100%
Equities	0-40
Cash and equivalents	0-10
Other asset classes and alternative strategies	0-20

During the year ended November 30, 2023, the ICRMT complied with the provisions of these statutes pertaining to the types of investments held and institutions in which deposits were made.

Disclosures Relating to Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Per the investment policy, interest rate risk may be mitigated by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter-term securities. Safety of

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – (Continued)

principal is the foremost objective of the investment program. Investment of the ICRMT shall be undertaken in a manner that seeks to preserve and enhance inflation adjusted purchasing power of the Trust's assets.

Information about the sensitivity of the fair values of the ICRMT's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the ICRMT's investments in debt securities by maturity:

Investment Type	Investment Maturities (in years)				
	Total	Less than 1	1-5	6-10	More than 10
U.S. Treasury Securities	\$ 88,914,364	\$ - - -	\$ 88,914,364	\$ ---	\$ - - -
U.S. Agency Securities	3,182,625	- - -	3,182,625	---	- - -
Residential Mortgage - Backed Securities	18,365,746	- - -	227,847	1,509,176	16,628,723
Corporate Bonds	43,760,291	1,540,960	35,953,221	5,582,546	683,564
Total	<u>\$ 154,223,026</u>	<u>\$ 1,540,960</u>	<u>\$128,278,057</u>	<u>\$7,091,722</u>	<u>\$ 17,312,287</u>

Disclosures Relating to Credit Risk - Credit Risk is the risk of loss due to the failure of the security issuer or backer and per the investment policy, may be mitigated by:

- Limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which an entity will do business.
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

This is measured by the assignment of a rating by a nationally recognized statistical rating organization and the actual rating as of year-end for each investment type.

Concentration of Credit Risk - There are no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total ICRMT investments.

Custodial credit risk - deposits. In the case of deposits, this is the risk that, in the event of the failure of a depository financial institution, the ICRMT will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The ICRMT may request collateral for any part of deposits in financial institutions when the ICRMT determines it to be in the best interests of safeguarding the funds on deposit.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - (Continued)

Investment Type	Total	Exempt from Disclosure	Rating as of Year-End						
			AAA	AA+	AA	AA-	A+	A	
U.S. Treasury Securities	\$ 88,914,364	\$ 88,914,364	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
U.S. Agency Securities	\$ 3,182,625	-	-	3,182,625	-	-	-	-	
Residential Mortgage-Backed Securities	\$ 18,365,746	-	-	-	-	-	-	-	
Corporate Bonds	\$ 43,760,291	-	-	497,013	2,355,255	4,758,803	960,615	14,270,351	
Equities	\$ 26,736,150	-	294,830	-	471,582	1,682,019	2,200,421	3,730,630	
Money Market Mutual Fund	\$ 2,734,276	2,734,276	-	-	-	-	-	-	
Mutual Funds	\$ 38,186,838	38,186,838	-	-	-	-	-	-	
Total	\$ 221,880,290	\$ 129,835,478	\$ 294,830	\$ 3,679,638	\$ 2,826,837	\$ 6,440,822	\$ 3,161,036	\$ 18,000,981	

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - (Continued)

Investment Type	Rating as of Year-End						
	A-	BBB+	BBB	BBB-	BB+	BB	BB-
U.S. Treasury Securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Agency Securities	-	-	-	-	-	-	-
Residential Mortgage-Backed Securities	-	-	-	-	-	-	-
Corporate Bonds	7,363,155	4,431,491	9,123,608	-	-	-	-
Equities	3,109,902	3,864,879	1,743,373	429,806	953,671	927,000	69,994
Money Market Mutual Fund	-	-	-	-	-	-	-
Mutual Funds	-	-	-	-	-	-	-
Total	\$ 10,473,057	\$ 8,296,370	\$ 10,866,981	\$ 429,806	\$ 953,671	\$ 927,000	\$ 69,994
Investment Type	B+		NR				
U.S. Treasury Securities	\$ -	\$ -					
U.S. Agency Securities	-	-					
Residential Mortgage-Backed Securities	-	18,365,746					
Corporate Bonds	-	-					
Equities	-	7,258,043					
Money Market Mutual Fund	-	-					
Mutual Funds	-	-					
Total	\$ -	\$ 25,623,789					

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – (Continued)

As of November 30, 2024, there was no cash with a brokerage firm awaiting reinvestment. Cash balances are insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000. In addition to SIPC protection, the brokerage provides additional “Excess of SIPC” coverage. There is a per customer limit of \$1.9 million. As of November 30, 2023, there was no uninsured cash with the brokerage firm.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the ICRMT will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Custodial Credit Risk is mitigated by separating the brokerage function (purchase/sale) from the custodian function, evidenced by a separate custodial agreement.

NOTE 3 – FAIR VALUE INVESTMENTS

The Trust holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the Trust’s activities, the Trust shows greater disaggregation in its disclosures. The Trust chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Trust has the following recurring fair value measurements as of November 30, 2024:

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - (Continued)

Investments measured at fair value as of November 30, 2024 are:

	Fair Value Measurements Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities:				
U.S. Treasury securities	\$ 88,914,364	\$ 88,914,364	\$ -	\$ -
U.S. Agency securities	3,182,625	3,182,625	-	-
Residential mortgage-backed securities	18,365,746	18,365,746	-	-
Corporate bonds	43,760,291	43,760,291	-	-
Total debt securities	\$ 154,223,026	\$ 154,223,026	\$ -	\$ -
Equity securities:				
Communication services	\$ 775,474	\$ 775,474	\$ -	\$ -
Consumer discretionary	2,382,061	2,382,061	-	-
Consumer staples	1,788,932	1,788,932	-	-
Energy	1,790,349	1,790,349	-	-
Financials	5,682,783	5,682,783	-	-
Healthcare	3,390,689	3,390,689	-	-
Industrials	4,930,865	4,930,865	-	-
Information technology	2,356,300	2,356,300	-	-
Materials	2,237,543	2,237,543	-	-
Real estate	968,442	968,442	-	-
Utilities	432,712	432,712	-	-
Total equity securities	\$ 26,736,150	\$ 26,736,150	\$ -	\$ -
Mutual funds:				
Fixed Income	\$ 18,437,760	\$ 18,437,760	\$ -	\$ -
US equity	19,749,078	19,749,078	-	-
Money market	2,734,276	2,734,276	-	-
Total mutual funds	\$ 40,921,114	\$ 40,921,114	\$ -	\$ -
Total investments by fair value	\$ 221,880,290	\$ 221,880,290	\$ -	\$ -

Debt and equity securities and mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – EXCESS INSURANCE

The ICRMT's workers' compensation policy liabilities are insured under contract with an excess carrier. The contracts provide that individual claims in excess of \$1,500,000 each year, except police and fire which is \$2,000,000 each year, are recoverable from the excess carrier up to the statutory limit established by Illinois Compiled Statutes.

The ICRMT casualty liabilities are insured for the general liability, law enforcement liability, public officials' liability and auto liability. The Trust is subject to a specific self-insured retention (SIR) of \$4,000,000 for all Liability lines. All covered losses in excess of the SIR are the responsibility of the reinsurer up to the individual members purchased limit of liability.

Property coverage is reinsured on a separate policy carrying a SIR of \$2,000,000 per occurrence with a \$1,000,000 corridor deductible with a limit of \$1,000,000,000 per occurrence and \$250,000,000 occurrence/aggregate on flood and earthquake.

In addition, each participant purchases their desired limits of liability (specific insurance) not to be shared by other members. The participants are subject to individual deductibles per line of coverage as pre-determined by them.

For the 2023/2024 policy term, the ICRMT chose to self-insure the program's crime coverage, unemployment insurance, and uninsured/underinsured motorist coverage.

NOTE 5 – COMMITMENTS

The ICRMT has contracted with Insurance Program Managers Group to provide certain executive, marketing, administrative, loss control and claims processing functions for the ICRMT. Loss control services and claims management services are separately contracted for with IPMG Risk Management Services and IPMG Claims Management Services, respectively. The ICRMT also has an agreement with the United Counties Council of Illinois.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LOSSES AND LOSS ADJUSTMENT EXPENSES

The ICRMT establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in the liability for unpaid losses and loss adjustment expenses for the ICRMT for the fiscal years ended November 30, 2024 and 2023 (in thousands):

	<u>2024</u>	<u>2023</u>
Unpaid losses and loss adjustment expenses at beginning of period	<u>\$ 144,230</u>	<u>\$ 135,420</u>
Incurring losses and loss adjustment expenses		
Provision for insured events of the current fiscal year	\$78,087	\$ 67,655
Increase (decrease) in provision for insured events of prior fiscal years	<u>7,493</u>	<u>(4,832)</u>
Total incurred losses and loss adjustment expenses	<u>\$ 85,580</u>	<u>\$ 62,823</u>
Payments		
Payments for losses and loss adjustment expenses attributable to insured events of the current fiscal year	\$ 19,756	\$ 18,569
Payments for losses and loss adjustment expenses attributable to insured events of prior fiscal years	<u>49,794</u>	<u>35,444</u>
Total payments	<u>\$ 69,550</u>	<u>\$ 54,013</u>
Total unpaid losses and loss adjustment expenses at the end of the period	<u>\$ 160,260</u>	<u>\$ 144,230</u>

REQUIRED SUPPLEMENTARY INFORMATION

ILLINOIS COUNTIES RISK MANAGEMENT TRUST
RECONCILIATION OF UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSE BY TYPE OF CONTRACT
(Unaudited)
For the Year Ended November 30, 2024
(in thousands of dollars)

	Worker's Compensation	Property and Casualty	Total
Unpaid losses and loss adjustment expenses at November 30, 2023	\$ 62,944	\$ 81,286	\$ 144,230
Incurring losses and loss adjustment expenses:			
Provision for insured events for fiscal year 2024	\$ 28,820	\$ 49,267	\$ 78,087
Increase/(decrease) in provision for insured events of prior fiscal years	834	6,659	7,493
Total incurred losses and loss adjustment expenses	\$ 29,654	\$ 55,926	\$ 85,580
Payments:			
Payments for losses and loss adjustment expenses attributable to insured events of fiscal year 2024	\$ 7,396	\$ 12,360	\$ 19,756
Payments for losses and loss adjustment expenses attributable to insured events of prior fiscal years	22,215	27,579	49,794
Total payments	\$ 29,611	\$ 39,939	\$ 69,550
Unpaid losses and loss adjustment expenses at November 30, 2024	\$ 62,987	\$ 97,273	\$ 160,260

See accompanying auditor's report.

ILLINOIS COUNTIES RISK MANAGEMENT TRUST
RECONCILIATION OF UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSE BY TYPE OF CONTRACT
(Unaudited)
For the Year Ended November 30, 2023
(in thousands of dollars)

	<u>Worker's Compensation</u>	<u>Property and Casualty</u>	<u>Total</u>
Unpaid losses and loss adjustment expenses at November 30, 2022	\$ 66,182	\$ 69,238	\$ 135,420
Incurring losses and loss adjustment expenses:			
Provision for insured events for fiscal year 2023	\$ 26,706	\$ 40,949	\$ 67,655
Increase/(decrease) in provision for insured events of prior fiscal years	<u>(4,207)</u>	<u>(625)</u>	<u>(4,832)</u>
Total incurred losses and loss adjustment expenses	<u>\$ 22,499</u>	<u>\$ 40,324</u>	<u>\$ 62,823</u>
Payments:			
Payments for losses and loss adjustment expenses attributable to insured events of fiscal year 2023	\$ 5,992	\$ 12,577	\$ 18,569
Payments for losses and loss adjustment expenses attributable to insured events of prior fiscal years	<u>19,745</u>	<u>15,699</u>	<u>35,444</u>
Total payments	<u>\$ 25,737</u>	<u>\$ 28,276</u>	<u>\$ 54,013</u>
Unpaid losses and loss adjustment expenses at November 30, 2023	<u><u>\$ 62,944</u></u>	<u><u>\$ 81,286</u></u>	<u><u>\$ 144,230</u></u>

(Continued)

ILLINOIS COUNTIES RISK MANAGEMENT TRUST
SCHEDULE OF CLAIMS DEVELOPMENT

(Unaudited)
November 30, 2024

The tables on pages 21 and 22 illustrate how the ICRMT earned premiums (net of reinsurance) and investment income compare to the related costs of the loss (net of loss assumed by reinsurers) and other expenses assumed by the ICRMT as of the end of each year for the last ten years. The rows of tables are defined as follows:

1. This line shows the ICRMT's incurred claims and allocated claim adjustment expense (both paid and incurred) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
2. This section shows the cumulative amounts paid as of the end of each successive year, 2015 to 2024 for each policy year.
3. This section shows how each policy year's incurred claims increased or decreased as of the end of the successive years, 2015 to 2024. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
4. This line compares the latest reestimated incurred claims amount to the amount originally established (line 1) and shows whether this latest estimate of claims cost is greater or less than originally estimated. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

(Continued)

ILLINOIS COUNTIES RISK MANAGEMENT TRUST
SCHEDULE OF CLAIMS DEVELOPMENT - WORKER'S COMPENSATION SUBFUND

(Unaudited)

November 30, 2024

(in thousands of dollars)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1. Estimated incurred claims and expenses, end of policy year	26,792	26,439	25,776	19,692	24,395	21,105	30,280	34,048	26,706	28,820
2. Paid (cumulative as of)										
End of policy year	3,497	3,800	3,602	3,342	4,342	3,312	5,883	5,616	5,992	7,396
One year later	8,689	8,590	8,848	7,429	10,734	8,697	14,880	15,397	14,174	
Two years later	12,218	11,834	11,363	9,776	15,277	11,831	19,811	21,326		
Three years later	13,748	13,989	13,284	11,889	17,323	13,785	24,313			
Four years later	14,508	15,153	14,728	13,132	19,025	15,024				
Five years later	14,851	15,734	15,441	13,409	19,530					
Six years later	14,947	16,676	15,546	14,038						
Seven years later	15,089	16,956	15,645							
Eight years later	15,197	17,637								
Nine years later	15,534									
3. Reestimated incurred claims and expenses										
End of policy year	26,792	26,439	25,776	19,692	24,395	21,105	30,280	34,048	26,706	28,820
One year later	22,443	21,819	20,965	18,238	25,043	18,642	29,160	32,405	26,456	
Two years later	19,816	19,925	18,806	16,088	23,207	17,737	29,210	32,683		
Three years later	17,723	19,178	17,986	15,688	22,313	17,376	30,686			
Four years later	17,512	19,065	18,075	15,542	22,310	17,406				
Five years later	16,861	18,624	17,629	14,851	22,017					
Six years later	16,527	18,672	17,027	15,030						
Seven years later	16,465	18,512	16,855							
Eight years later	16,504	18,612								
Nine years later	16,641									
4. Increase (decrease) in estimated incurred claims and expense from end of policy year	(10,151)	(7,827)	(8,921)	(4,662)	(2,378)	(3,699)	406	(1,365)	(250)	0

(Continued)

ILLINOIS COUNTIES RISK MANAGEMENT TRUST
SCHEDULE OF CLAIMS DEVELOPMENT - PROPERTY AND CASUALTY SUBFUND

(Unaudited)

November 30, 2023

(in thousands of dollars)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1. Estimated incurred claims and expenses, end of policy year	10,901	14,057	15,711	18,810	16,690	21,571	28,059	39,836	40,949	49,267
2. Paid (cumulative as of)										
End of policy year	2,369	3,677	3,479	2,851	3,921	4,073	6,537	8,168	12,577	12,360
One year later	4,732	6,657	6,011	5,108	6,665	6,549	8,870	13,966	19,030	
Two years later	8,229	9,956	9,062	6,644	8,537	10,100	11,383	20,541		
Three years later	8,985	11,514	11,051	11,258	10,599	12,641	18,209			
Four years later	12,192	15,076	12,502	13,754	12,681	17,156				
Five years later	12,893	15,546	14,376	14,554	14,756					
Six years later	12,598	16,051	15,055	14,781						
Seven years later	12,731	16,362	15,582							
Eight years later	13,311	16,623								
Nine years later	13,311									
3. Reestimated incurred claims and expenses										
End of policy year	10,901	14,057	15,711	18,810	16,690	21,571	28,059	39,836	40,949	49,267
One year later	12,588	16,242	15,183	16,876	18,945	20,806	21,623	38,282	43,724	
Two years later	13,626	17,485	17,200	16,770	18,805	20,830	22,581	39,216		
Three years later	13,975	17,147	17,483	16,574	17,593	20,406	24,653			
Four years later	14,161	17,722	16,607	15,482	17,999	21,217				
Five years later	14,557	17,259	16,996	15,384	17,945					
Six years later	13,749	16,922	16,965	15,229						
Seven years later	13,504	17,113	17,114							
Eight years later	13,623	17,312								
Nine years later	13,552									
4. Increase (decrease) in estimated incurred claims and expense from end of policy year	2,651	3,255	1,403	(3,581)	1,255	(354)	(3,406)	(620)	2,775	0

See accompanying auditor's report.