Ohio School Plan

Financial Report
with Supplemental Information
December 31, 2020

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Directors
Ohio School Plan
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We have reviewed the *Independent Auditor's Report* of the Ohio School Plan, Lucas County, prepared by Plante & Moran, PLLC, for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

May 24, 2021

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Independent Auditor's Report

To the Board of Directors
Ohio School Plan

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of Ohio School Plan (the "Plan") as of and for the years ended December 31, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Ohio School Plan as of December 31, 2020 and 2019 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Ohio School Plan

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of claims information for casualty lines of coverage, schedule of claims information for property lines of coverage, and statement of reconciliation of net losses and loss adjustment expense liability by contract type be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental 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 April 30, 2021 on our consideration of Ohio School Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Ohio School Plan's internal control over financial reporting and compliance.

Plante & Moran, PLLC

April 30, 2021

Management's Discussion and Analysis

This section of Ohio School Plan's (the "Plan") annual financial report presents our discussion and analysis of the Plan's financial performance during the year ended December 31, 2020. Please read it in conjunction with the Plan's basic financial statements, which immediately follow this section.

Using this Annual Report

The Plan is an unincorporated nonprofit association that provides property and casualty coverage to its participating members. Membership in the Plan includes public school districts, educational service centers, joint vocational schools, centers of government, boards of developmental disabilities, and community colleges in the state of Ohio. The Plan uses the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

The financial statements, which follow this section, provide both long- and short-term information about the Plan's financial status. The statement of net position and the statement of revenue, expenses, and changes in net position provide information about the financial activities of the Plan. These are followed by the statement of cash flows, which presents detailed information about the changes in the Plan's cash position during the year. These statements reflect only the risk carried by the Plan, which also includes any potential unrecoverable reinsurance claims.

Financial Overview

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplemental information.

The three basic financial statements presented are as follows:

- **Statement of Net Position** - This statement presents information reflecting the Plan's assets, liabilities, and net position and is categorized into current and noncurrent assets and liabilities.

- **Statement of Revenue, Expenses, and Changes in Net Position** - This statement reflects the operating and nonoperating revenue and expenses for the previous two fiscal years. Operating revenue consists primarily of member premiums and membership fees, with the major sources of operating expenses being loss and loss adjustment expense, general and administrative expenses, and reinsurance costs. Nonoperating revenue consists of investment activity and distributions to members.

- **Statement of Cash Flows** - This statement is presented on the direct method of reporting and reflects cash flows from operating activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents for the fiscal year.

Condensed Financial Information

The basic financial statements report the Plan's net position and how it has changed. Net position - the difference between the Plan's assets and liabilities - is one way to measure the Plan's financial health or position. Over time, increases and decreases in the Plan's net position are an indicator of whether its financial health is improving or deteriorating, respectively. Summarized financial information follows:

	December 31		
Condensed Statement of Net Position	2020	2019	2018
Assets			
Cash and cash equivalents and investments	$ 11,440,544	$ 11,146,641	$ 10,546,088
Accounts receivable	10,043	282,106	290,358
Reinsurance receivable	1,994,872	1,504,237	1,911,905
Other assets	25,782	34,938	15,758
Total assets	13,471,241	12,967,922	12,764,109
Liabilities			
Losses and loss adjustment expense reserves	2,198,126	2,168,928	2,040,070
Unearned premiums and membership fees	2,007,973	1,723,168	1,667,681
Other liabilities	703,564	951,666	743,446
Total liabilities	4,909,663	4,843,762	4,451,197
Net Position - Unrestricted	**$ 8,561,578**	**$ 8,124,160**	**$ 8,312,912**

	Year Ended December 31		
Condensed Statement of Changes in Net Position	2020	2019	2018
Changes in Net Position			
Earned premiums and membership fees	$ 17,793,066	$ 16,442,961	$ 15,795,365
Reinsurance premiums ceded	(11,302,839)	(10,453,360)	(9,939,614)
Total operating revenue	6,490,227	5,989,601	5,855,751
Losses and loss adjustment expense	1,858,263	2,250,261	1,377,746
Operating expenses	3,855,189	3,480,891	3,295,260
Total operating expenses	5,713,452	5,731,152	4,673,006
Total nonoperating (expense) revenue	(339,357)	(447,201)	191,649
Change in Net Position	**$ 437,418**	**$ (188,752)**	**$ 1,374,394**

In addition to net position, when assessing the overall health of the Plan, the reader needs to consider other nonfinancial factors such as the legal climate in the state, the general state of the financial markets, and the level of risk prevention undertaken by the Plan and its members.

The Plan cannot control the first two factors. However, since its inception, the Plan has been a leader in implementing aggressive risk-prevention programs. It provides extensive training to its members in various areas of school district operations.

Condensed Comparative Financial Highlights

- The Plan's total assets increased $503,319 or 4 percent and $203,813 or 2 percent in 2020 and 2019, respectively. The 2020 and 2019 changes are related to overall plan operations.

- The Plan's premiums receivable decreased $272,063 or 96 percent and decreased $8,252, or 3 percent in 2020 and 2019, respectively. The changes are due primarily to the timing of payments received from members.

- The Plan's investment portfolio increased $962,348 or 10 percent in 2020 and $305,751 or 3 percent in 2019. The increase in 2020 and 2019 relates to investment portfolio cash contributions, as well as favorable market conditions.

- Reinsurance receivables increased $490,635 or 33 percent and decreased $407,668 or 21 percent in 2020 and 2019, respectively. The increase from 2019 to 2020 relates to the timing of remittance payments received by the plan. The decrease in 2019 was due to payables to the reinsurers exceeding the casualty and property premium receivables from those same reinsurers.

- Unearned premiums and membership fees increased $284,805 or 17 percent and increased $55,487 or 3 percent in 2020 and 2019, respectively. The increase in 2020 is due to an increase in premiums as well as an increase in the casualty quota share retention. For 2019, the unearned premiums fluctuated based on the timing of premiums paid as well as changes in membership.

- In 2020 loss reserves increased $29,198 or 2 percent and in 2019 loss reserves increased $128,858 or 6 percent. For the year ended December 31, 2020, the increase in the loss reserves related to the 2014 casualty paid loss ratio corridor decreased by $76,698. The 2017 property retention decreased $55,595 and 2019 property retention decreased $559,062 due to losses paid and positive experience in 2020. The remaining change relates to the Plan's retained property losses as well as movement to the Plan's loss corridors. For 2019, the increase in loss reserves related to the 2006 casualty paid loss ratio corridor decreased by $83,066 due to payments made and the 2016 casualty loss corridor decreased by $289,011 while the 2017 and 2018 casualty loss corridors increased by $529,313. The remaining change relates to the Plan's retained property losses.

- The Plan's net position increased $437,418 and decreased $188,752 in 2020 and 2019, respectively. The increase in 2020 was primarily related to positive claim results and development and the decrease in 2019 was related heavily to the $850,000 dividend paid to the membership in September of 2019 as well as the property loss activity.

- Earned premiums and membership fees increased $1,350,105 or 8 percent and $647,596 or 4 percent in 2020 and 2019, respectively. The increases were due to excellent retention and strong new business growth.

- Management fees and commission expense have changed on a percentage basis at the same rate as written premiums as these amounts are a function of written premiums.

- The Plan decreased operating cash on hand by $668,445 or 35 percent in 2020 and increased cash on hand by $294,802 or 18 percent in 2019. The decrease in operating cash on hand in 2020 is related to the timing of payments due from reinsurers, as well as the Plan contributing a net total of $700,000 of operating cash on hand into Plan investments throughout the year. The increase in cash in 2019 is related to the timing of payments to reinsurers, as well as an increase in member premiums.

Reserves for Unpaid Claims

A significant liability in the Plan's statement of net position is the reserves for reported and incurred but not reported loss and loss adjustment expense. IRMS Actuarial Services conducts an independent actuarial analysis to determine the adequacy and reasonableness of such reserves.

Budgetary Highlights

Each year, the Plan adopts an annual operating budget for the current year. The budget is presented to the Plan's board of directors for final review and adoption. The Plan's administrator prepares the budget and reviews expenditures on a quarterly basis to assure compliance with the adopted budget.

	Year to Date Actual	Annual Budget	Favorable (Unfavorable)
Operating Revenue			
Earned premiums and membership fees	$ 17,793,066	$ 16,609,591	$ 1,183,475
Reinsurance premiums ceded	(11,302,839)	(10,098,925)	(1,203,914)
Total operating revenue	6,490,227	6,510,666	(20,439)
Operating Expenses			
Losses and loss adjustment expense	1,858,263	2,695,450	837,187
Commission expense	813,247	841,577	28,330
Management fees expense	2,439,742	2,524,731	84,989
Directors' travel and meetings	557	10,000	9,443
Plan marketing fees	225,000	225,000	-
Professional fees	222,956	62,775	(160,181)
Website development and maintenance	8,529	15,000	6,471
Other	5,490	6,000	510
Licenses and fees	2,569	-	(2,569)
Pollution insurance	107,308	125,000	17,692
D & O insurance	29,791	29,791	-
Total operating expense	5,713,452	6,535,324	821,872
Nonoperating (Expense) Revenue			
Net investment income	269,817	125,000	144,817
Distributions to members	(609,174)	-	(609,174)
Total nonoperating (expense) revenue	(339,357)	125,000	(464,357)
Change in Net Position	**$ 437,418**	**$ 100,342**	**$ 337,076**

The following is an explanation of the significant variances of the budget to actual for 2020.

- Premiums and membership fees exceeded the budget due to the addition of 18 new members during the year and membership retention of over 99 percent.

- As reinsurance premiums ceded, management fees and commission expense are based on premiums; their variance to budget is consistent with the variance generated with respect to the premiums.

- The loss and loss adjustment expenses were under budget primarily due to a decrease in loss activity related to the plan in 2020, as well as new claims activity being lower than anticipated.

- Professional fees exceeded the budget due to appraisal fees being included within the ceded premium amount for budgeting purposes, but within professional fees for financial statement purposes. Appraisal fees were $99,080 for the year ended December 31, 2020. Additionally, subsequent to the board approving the budget, the board approved the hiring of a lobbying firm which resulted in a fee of $60,000 in the current year, which was included within professional fees.

Contacting the Plan's Administration

This report is designed to give an overview of the financial condition of Ohio School Plan. If there are additional questions or if you need additional information, please contact the Plan's administrator, Hylant Administrative Services, LLC, 811 Madison Avenue, Toledo, Ohio 43624.

Statement of Net Position

December 31, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$ 1,268,438	$ 1,936,883
Investments (Notes 3 and 4)	3,736,888	3,534,859
Accounts receivable:		
Trade	10,043	282,106
Excess insurance	1,994,872	1,504,237
Accrued interest on investments	25,782	34,938
Total current assets	7,036,023	7,293,023
Noncurrent assets - Investments (Notes 3 and 4)	6,435,218	5,674,899
Total assets	13,471,241	12,967,922
Liabilities		
Current liabilities:		
Member funds held on deposit	-	289,988
Losses and loss adjustment expense reserves (Note 5)	1,250,517	1,127,962
Accrued liabilities	26,743	122,518
Unearned premiums and membership fees	2,007,973	1,723,168
Reinsurance payable	676,821	539,160
Total current liabilities	3,962,054	3,802,796
Noncurrent liabilities - Losses and loss adjustment expense reserves - Net of current portion (Note 5)	947,609	1,040,966
Total liabilities	4,909,663	4,843,762
Net Position - Unrestricted	**$ 8,561,578**	**$ 8,124,160**

See notes to financial statements.

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended December 31, 2020 and 2019

	2020	2019
Operating Revenue		
Earned premiums and membership fees	$ 17,793,066	$ 16,442,961
Reinsurance premiums ceded (Note 6)	(11,302,839)	(10,453,360)
Total operating revenue	6,490,227	5,989,601
Operating Expenses		
Losses and loss adjustment expenses (Note 5)	1,858,263	2,250,261
Directors' and officers' coverage	29,791	29,791
Commission expense	813,247	743,448
General and administrative expenses:		
Pollution insurance	107,308	102,590
Professional fees	222,956	159,571
Directors' travel and meetings	557	9,438
Licenses and fees	2,569	1,471
Plan marketing fees	225,000	200,000
Management fees	2,439,742	2,230,344
Other	14,019	4,238
Total operating expenses	5,713,452	5,731,152
Operating Income - After general and administrative expenses	776,775	258,449
Nonoperating Revenue (Expense)		
Interest and dividend income	6,084	92,733
Realized and unrealized gain on investments	263,733	310,066
Distributions to members	(609,174)	(850,000)
Total nonoperating expense	(339,357)	(447,201)
Change in Net Position	437,418	(188,752)
Net Position - Beginning of year	8,124,160	8,312,912
Net Position - End of year	**$ 8,561,578**	**$ 8,124,160**

See notes to financial statements.

Statement of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Receipts from member premiums	$ 18,349,934	$ 16,506,700
Losses and loss adjustment expense paid	(1,829,065)	(2,121,403)
Payments to reinsurers - Net	(11,655,813)	(9,848,993)
Payments for expenses	(3,950,964)	(3,759,358)
Member funds held on deposit	(289,988)	289,988
Net cash and cash equivalents provided by operating activities	624,104	1,066,934
Cash Flows Used in Noncapital Financing Activities - Distributions to members	(609,174)	(850,000)
Cash Flows from Investing Activities		
Interest income received	15,240	73,553
Purchase of investments	(7,322,991)	(11,245,540)
Proceeds from sale of investments	6,624,376	11,249,855
Net cash and cash equivalents (used in) provided by investing activities	(683,375)	77,868
Net (Decrease) Increase in Cash and Cash Equivalents	(668,445)	294,802
Cash and Cash Equivalents - Beginning of year	1,936,883	1,642,081
Cash and Cash Equivalents - End of year	**$ 1,268,438**	**$ 1,936,883**
Reconciliation of Operating Income to Net Cash and Cash Equivalents from Operating Activities		
Operating income	$ 776,775	$ 258,449
Adjustments to reconcile operating income to net cash and cash equivalents from operating activities - Changes in assets and liabilities:		
Excess insurance receivable	(490,635)	407,668
Trade receivable	272,063	8,252
Losses and loss adjustment expense reserves	29,198	128,858
Reinsurance payable	137,661	196,699
Unearned premiums and membership fees	284,805	55,487
Accrued liabilities	(95,775)	(278,467)
Member funds held on deposit	(289,988)	289,988
Net cash and cash equivalents provided by operating activities	**$ 624,104**	**$ 1,066,934**

See notes to financial statements.

Note 1 - Nature of Business

Ohio School Plan (the “Plan”) was organized in January 2002, as authorized by Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated, nonprofit association of its members and an instrumentality for each member for the sole purpose of enabling members of the Plan to provide for a formalized, jointly administered self-insurance program to maintain adequate self-insurance protection, risk management programs, and other administrative services. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity for the purpose of enabling its members to obtain self-insurance through a jointly administered self-insurance fund. Members of the Plan include public school districts, educational service centers, joint vocational schools, centers of government, boards of developmental disabilities, and community colleges in the state of Ohio that are eligible to participate under applicable statute, ruling, or law subject to certain underwriting standards, as deemed appropriate by the Plan and its administrator. The Plan had 299 participating members as of December 31, 2020.

The Plan was established to provide property, liability, automobile, violence, cyber, and other coverage to its members sold through designated agents in the state of Ohio. Coverage programs are developed specific to each member's risk management needs, and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. The Plan has agreed to pay judgments, settlements, and other expenses resulting from claims arising related to the coverage provided, in excess of the member's deductible.

The Plan has developed the policy forms and endorsements of coverage and substantially reinsured these coverages. The individual members are only responsible for their self-retention (deductible) amounts that vary from member to member.

Premiums from members are recognized as revenue in the year to which they apply. Member premiums are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Claim losses, along with reinsurance premiums, commissions, and administrative costs, are recorded as expenses. The estimated total cost of losses and loss adjustment expense is accrued based on the estimate of claims that will ultimately be filed for an insurance period.

The Plan shall cease activities upon a three-fourths vote of the board to such effect. Any assets or property of the Plan remaining after the Plan is completed shall be distributed as determined by the board to and among the current members at the date of termination.

The accompanying financial statements are presented using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America, as applicable to governmental entities.

The Plan distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with the Plan's principal ongoing operations. The principal operating revenue relates to members' premiums. Operating expenses include the cost of services and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses. Net investment earnings and distributions to members are reported as nonoperating income.

The members are charged an annual membership fee, which is based on a percentage of each member's annual premium and earned on a pro rata basis over the life of the policy. These fees are charged to cover professional fees, directors' travel and meeting expenses, and other administrative and marketing expenses. Written membership fees were $1,183,159 and $1,079,720 for the years ended December 31, 2020 and 2019, respectively.

The Plan has an agreement with Hylant Administrative Services, LLC (HAS) to provide underwriting, claim management, risk management, accounting, system support services, sales, and marketing for the Plan. All of these services are paid for by the Plan. HAS also coordinates reinsurance brokerage services for the Plan.

Note 1 - Nature of Business (Continued)

The Plan is composed exclusively of Ohio public educational entities and county boards of developmental disabilities. Although its exposure is concentrated to a single geographical area, such exposure is reduced by the practice of substantially reinsuring coverage provided.

Note 2 - Significant Accounting Policies

Cash and Cash Equivalents

The Plan considers all liquid securities with an original maturity of 90 days or less when purchased to be cash equivalents. Cash and cash equivalents consist of an operating checking account, commercial paper, and a money market fund.

Investments

Investments consist of U.S. government agency bonds, U.S. Treasury securities, certificates of deposit, and commercial paper with maturities greater than three months from date of purchase and are stated at fair value based on quoted market prices. Investment income, including changes in the fair value of investments, is recognized as nonoperating revenue in the statement of revenue, expenses, and changes in net position.

Accounts Receivable

Receivables from members are stated at net invoice amounts. Receivables from reinsurers and for deductibles are computed based on the applicable treaty. Collectibility of balances is reviewed periodically. Any amounts deemed to be uncollectible are written off at that time. Management has determined all amounts are collectible, and no allowance for doubtful accounts is required.

Policy Acquisition Costs

Policy acquisition costs, which include agent commissions and certain other administration and underwriting expenses, are expensed as incurred. Agent commissions are approximately 5 percent to 10 percent of gross premiums written, amounting to $813,247 and $743,448 for the years ended December 31, 2020 and 2019, respectively.

Losses and Loss Adjustment Expense Reserves

Losses and loss adjustment expense reserves represent the estimated liability for unpaid claims and related claims expenses from reported claims and claims incurred but not reported (IBNR), net of salvage and subrogation. The length of time for which such costs must be estimated varies depending on the coverage. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts, particularly for coverages such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims is implicit in the calculation, as reliance is placed both on actual and industry data that reflects past inflation and on other factors that are considered appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. The Plan retains a qualified, independent actuary to perform an annual actuarial review of the risk retained by the Plan. Premium deficiency is defined as the amount by which expected claims costs (including IBNR) and all expected claims adjustment expenses exceed related unearned premiums. The Plan has determined that a premium deficiency does not exist. In making this determination, management has taken into consideration anticipated investment income. It is at least reasonably possible that a material change in the estimate will occur within the near term; thus, the actual claims paid may be substantially different than these estimates. Any future adjustments to these amounts will affect the reported results of future periods.

Note 2 - Significant Accounting Policies (Continued)

Unearned Premiums

Unearned premiums represent the portion of net premiums written by the Plan related to the unexpired risk period of underlying policies. Net premiums are earned on a pro rata basis over the term of the related policies.

Ceding Commissions

Ceding commissions total $3,252,989 and $2,973,792 for 2020 and 2019, respectively, and are computed at 20 percent of gross premiums written. Fees for all administrative, management, and brokerage-related services provided to the Plan are incurred at a cost of 10 to 15 percent of gross premiums written.

Risk Management

The Plan is exposed to various risks of loss related to property loss, torts, and errors and omissions. The Plan has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage since inception.

Federal Income Tax Status

The Plan is a qualified investment plan under the applicable sections of the Internal Revenue Code. The Plan is required to file a federal income tax return; however, the income of the Plan is exempt under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates exist relating to the reserve for losses and loss adjustment expense reserves.

Risks and Uncertainties

On March 11, 2020 the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus, COVID-19, a pandemic. The outbreak has impacted millions of individuals worldwide. As the Company's services continued to be offered throughout the course of the pandemic, the administrative offices remained open. No impairments were recorded as of the statement of net position date; however, due to the significant uncertainty surrounding the situation and the potential long-term impact on the financial markets, management's judgment regarding this could change in the future.

Note 3 - Deposits and Investments

The Plan has established an investment policy, and the fundamental objectives are as follows:

1. To preserve the capital in the investment portfolio
2. To remain sufficiently liquid to enable the Plan to meet its cash flow requirements
3. To attain a market rate of return on the investments consistent with the constraints imposed by the Plan's capital preservation objective and cash flow considerations

Note 3 - Deposits and Investments (Continued)

The Plan is permitted to invest in United States Treasury bills, notes, bonds, or any other obligations or securities issued by the United States Treasury or any other obligations guaranteed as principal and interest by the United States; bonds or other obligations of the State of Ohio, including the Ohio Subdivision's Fund, STAROhio, and commercial paper notes issued by an entity that has assets exceeding $500 million (limited to 40 percent of the total investment portfolio available for investment and written repurchase agreements with eligible financial institutions); and certificates of deposit. All debt securities must be rated investment grade by a securities rating organization approved by the Securities and Exchange Commission. Money market mutual funds must have a quality rating of AAA or above.

Investment guidelines for cash and cash equivalents provide that managers using cash and cash equivalents in their portfolio are expected to adhere to the American Banking Association investment standards on security type, quality, and maturity for short-term investment funds (STIF), except for money market funds.

The Plan's investments are professionally managed and invested consistent with the safeguards and diversity that aim to, at a minimum, preserve overall portfolio principal. Investments are held in trust by U.S. Bank in the Plan's name. RedTree Investments acts as the investment portfolio manager.

The Plan's cash and investments are subject to several types of risk, which are examined in more detail below:

Deposits

Cash and cash equivalents include an operating checking account and a security with a maturity of 90 days or less when purchased. Cash and cash equivalents totaled $1,268,438 and $1,936,883 at December 31, 2020 and 2019, respectively.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Plan's deposits may not be returned to it. The Plan does not have a deposit policy for custodial credit risk. The Plan believes that, due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (FDIC) insurance, it is impractical to insure all deposits. As a result, the Plan evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The Plan maintains balances in its deposit accounts to adequately cover current operating and claim payment expenses. At December 31, 2020 and 2019, the Plan had $6,566 and $5,180, respectively, of deposits that were uninsured and uncollateralized.

Investments

Investments are reported at fair value. At December 31, 2020 and 2019, the Plan had the following investments:

	Fair Value	
Investment Type	2020	2019
U.S. government agency bonds	$ 2,566,728	$ 2,384,055
U.S. Treasury securities	340,899	718,313
Commercial paper	2,417,482	1,355,770
Certificates of deposit	4,846,997	4,751,620
Total	$ 10,172,106	$ 9,209,758

Note 3 - Deposits and Investments (Continued)

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the custodian, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2020 and 2019, all of the Plan's investments were held by the investment's counterparty.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Plan's investment policy requires any investment to mature within five years from the date of settlement as a means of managing its exposure to fair value losses arising from increasing interest rates.

At December 31, 2020 and 2019, the Plan had the following investments subject to interest rate risk:

	2020		2019	
Investment	Fair Value	Weighted-average Maturity (Years)	Fair Value	Weighted-average Maturity (Years)
U.S. government agency bonds	$ 2,566,728	3.39	$ 2,384,055	2.38
U.S. Treasury notes	340,899	0.25	718,313	0.65
Commercial paper	2,417,482	0.46	1,355,770	0.58
Certificate of deposit	4,846,997	1.77	4,751,620	2.08
Total	$ 10,172,106		$ 9,209,758	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The Plan's investments consist of U.S. Treasury securities, U.S. government agency bonds, and certificates of deposit that have a credit quality rating of AAA as of December 31, 2020 and 2019. The rating organization used by the Plan to rate its investments is Standard & Poor's.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Plan's investment policy does not place a limit on the amount it may invest in any single issuer. Governmental Accounting Standards Board (GASB) Statement No. 40 requires disclosure of investments in any one issuer that represent 5 percent or more of total investments. At December 31, 2020, the Plan had the following investments subject to concentration of credit risk:

Investment	Fair Market Value at December 31, 2020	Percentage of Portfolio
Federal National Mortgage Association	$ 1,981,397	19.48%
Federal Home Loan Bank	585,337	5.75%
Total	$ 2,566,734	

Note 4 - Fair Value Measurements

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Plan's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Plan has the following recurring fair value measurements as of December 31, 2020 and 2019:

	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2020
Debt securities:				
U.S. government agency bonds	$ -	$ 2,566,728	$ -	$ 2,566,728
U.S. Treasury notes	-	340,899	-	340,899
Commercial paper	-	2,417,482	-	2,417,482
Certificate of deposit	-	4,846,997	-	4,846,997
Money market funds (debt)	-	6,566	-	6,566
Total investments by fair value level	$ -	$ 10,178,672	$ -	$ 10,178,672

	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2019
Debt securities:				
U.S. government agency bonds	$ -	$ 2,384,055	$ -	$ 2,384,055
U.S. Treasury notes	-	718,313	-	718,313
Commercial paper	-	1,355,770	-	1,355,770
Certificate of deposit	-	4,751,620	-	4,751,620
Money market funds (debt)	-	5,180	-	5,180
Total investments by fair value	$ -	$ 9,214,938	$ -	$ 9,214,938

The fair values of U.S. government agency bonds, U.S. Treasury securities, money market funds (debt), commercial paper, and certificates of deposit at December 31, 2020 and 2019 were determined primarily based on Level 2 inputs. The Plan estimates the fair values of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Note 5 - Losses and Loss Adjustment Expense Reserves

The Plan establishes reserves for unpaid losses and loss adjustment expense for both reported and unreported insured events. A summary of changes in the losses and loss adjustment expense reserves for the Plan for the years ended December 31, 2020, 2019, and 2018 is as follows:

	2020	2019	2018
Unpaid losses and loss adjustment expenses - Beginning of fiscal year	$ 2,168,928	$ 2,040,070	$ 2,382,566
Incurred losses and loss adjustment expenses:			
Provisions for insured events of the current fiscal year	1,983,918	3,466,681	1,941,531
Change in provision for insured events of prior fiscal years	(125,655)	(1,216,420)	(563,785)
Total incurred losses and loss adjustment expenses	1,858,263	2,250,261	1,377,746
Payments:			
Losses and loss adjustment expenses attributable to insured events of the current fiscal year	1,309,145	1,930,712	1,129,110
Losses and loss adjustment expenses attributable to insured events of the prior fiscal year	519,920	190,691	591,132
Total payments	1,829,065	2,121,403	1,720,242
Unpaid losses and loss adjustment expenses - End of fiscal year	$ 2,198,126	$ 2,168,928	$ 2,040,070

Reserves for losses and loss adjustment expense attributable to covered events in prior years changed as a result of reestimation of unpaid losses and loss adjustment expenses. This change is generally a result of ongoing analysis of recent development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims. In the current year, the change in provision for insured events of prior fiscal periods decreased significantly due to favorable development in incurred but not reported reserves.

Note 6 - Reinsurance Coverage

With the exception of the Plan's property reinsurance treaty and the paid loss corridor deductible, the Plan fully reinsures its coverage with various reinsurance companies. Effective November 1, 2004, casualty and auto liability coverages were reinsured up to a limit of $11,000,000 per occurrence, per member. Effective March 15, 2003, the Plan began offering property coverage to its members. These coverages are reinsured up to a limit of $700,000,000 per occurrence. The Plan has the ability to access additional property reinsurance capacity if needed.

Note 6 - Reinsurance Coverage (Continued)

Effective January 1, 2004, the Plan elected to participate in a paid loss ratio corridor deductible in its first $1 million layer of casualty reinsurance. The corridor includes losses paid between 65 and 80 percent of premiums earned under this treaty. If the Plan's paid loss ratio reaches 65 percent, the Plan would pay all losses incurred related to this treaty up to the next 15 percent of premiums earned. Reinsurance coverage would resume after a paid loss ratio of 80 percent is exceeded. Effective November 1, 2006, the Plan's loss corridor includes losses paid between 65 and 73 percent of premium earned under this treaty. Effective November 1, 2007, the Plan's loss corridor includes losses paid between 70 and 74 percent of premium earned under this treaty. Effective November 1, 2008, the Plan's loss corridor includes losses paid between 75 and 79 percent of premium earned under this treaty. Effective November 1, 2009, the Plan's loss corridor includes losses paid between 80 and 85 percent of premium earned under this treaty. Effective November 1, 2018, the Plan's loss corridor includes losses between 65 and 71 percent of premium earned under this treaty. Effective November 1, 2019, the Plan's loss corridor includes losses between 60 and 75 percent of premium earned under this treaty. Effective November 1, 2019, the Plan began retaining a 4 percent of the first $1,000,000 of casualty losses. Effective November 1, 2020, the Plan retains 78 percent of the first $1,000,000 of every loss. The Plan participates in a casualty excess of loss reinsurance agreement that reimburses the Plan 78 percent for losses between $150,000 and $1,000,000.

Effective July 1, 2007, the Plan began retaining 100 percent of the first $150,000 layer of property reinsurance, except for boiler equipment breakdown coverage for which the Plan retains 100 percent of the first $25,000 layer. The Plan's annual loss aggregate under this property treaty is $750,000. Effective July 1, 2008, the Plan continued to retain 100 percent of the first $150,000 layer of property reinsurance. The Plan's annual loss aggregate under this property treaty is $800,000. Effective July 1, 2009, the Plan's retention remained 100 percent of the first $150,000 layer of property. The Plan's annual loss aggregate under this property treaty is $1 million. Effective July 1, 2010, the Plan's retention remained 100 percent of the first $150,000 layer of property. The Plan's annual loss aggregate under this property treaty is $1.2 million. Effective July 1, 2011, the Plan's annual loss aggregate under this property treaty is $1.5 million. For July 1, 2012 and 2013, the Plan's annual loss aggregate under the property treaty is $1.75 million. Effective July 1, 2014, the Plan's annual loss aggregate under the property treaty is $1.95 million.

In the event that the reinsurance company should be unable to meet its obligations under the existing reinsurance agreements, the Plan would be liable for such defaulted amounts. Conversely, should the Plan be unable to meet its obligations, amounts due to the Plan under reinsurance contracts shall be payable by the reinsurers on the basis of the liability of the Plan under the original plan policies reinsured without diminution.

The Plan evaluates the financial condition of its reinsurers and monitors the concentrations of credit risk to minimize its exposure to significant losses from reinsurer insolvencies. Premiums ceded to reinsurance carriers during the years ended December 31, 2020 and 2019 totaled $11,302,839 and $10,453,360, respectively.

Note 7 - Commitments and Contingencies

The individual members of the Plan are named as defendants in various lawsuits. These actions were considered by the Plan in establishing its losses and loss adjustment expense reserves. The Plan believes the ultimate disposition of these and other pending lawsuits against the Plan's members will not materially impact the Plan's financial position, results of operations, or cash flows.

Required Supplemental Information

Required Supplemental Information
Schedules of Claims Information for Casualty and Property Lines of Coverage

December 31, 2020

Claims Development Information

The tables on the following pages illustrate how the Plan's earned revenue (net of reinsurance) and investment income compared to related costs of loss (net of loss assumed by excess insurers) and other expenses assumed by the Plan as of the end of each of the last 10 years. The rows of the tables are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, premium revenue ceded to excess insurers, and net earned premium revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs of the Plan, including overhead and claims expense not allocable to individual claims.
3. This line shows the Plan's gross incurred losses and allocated loss adjustment expenses, losses assumed by excess insurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. This section of 10 rows shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest reestimated amount of claims assumed by excess insurers as of the end of the current year for each accident year.
6. This section of 10 rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest reestimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought.

As data for individual policy years matures, 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. The columns of the tables show data for successive policy years.

Required Supplemental Information
Schedule of Claims Information for Casualty Lines of Coverage

	Policy Year Ended October 31	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1.	Required premiums and investment income:										
	Earned	$ 9,966,003	$ 12,155,145	$ 14,063,204	$ 14,418,218	$ 15,492,547	$ 15,565,455	$ 15,961,174	$ 15,987,014	$ 16,845,760	$ 18,062,883
	Ceded	6,398,083	8,012,356	9,153,269	8,525,904	9,788,944	9,736,452	9,972,365	9,939,614	10,453,360	11,302,839
	Net	3,567,920	4,142,789	4,909,935	5,892,314	5,703,603	5,829,003	5,988,809	6,047,400	6,392,400	6,760,044
2.	Expenses other than allocated loss adjustment expenses	2,133,343	2,489,281	2,835,610	3,046,251	3,226,205	3,343,973	3,402,193	3,295,260	3,480,891	3,855,189
3.	Estimated losses and loss adjustment expenses - End of policy year:										
	Incurred	2,301,660	2,291,714	2,377,033	2,522,997	2,651,960	3,268,551	2,847,911	2,632,067	2,901,616	2,100,999
	Ceded	2,248,233	2,291,714	2,377,033	2,522,997	2,651,960	3,099,723	2,829,644	2,632,067	2,674,881	2,094,544
	Net	53,427	-	-	-	-	168,828	18,267	-	226,735	6,455
4.	Cumulative paid losses and loss adjustment expenses:										
	End of policy year	-	-	-	-	-	-	-	-	-	6,455
	One year later	-	-	-	-	-	-	-	-	-	-
	Two years later	-	-	-	-	-	-	-	-	-	-
	Three years later	-	-	-	-	-	-	-	-	-	-
	Four years later	-	-	-	-	-	-	-	-	-	-
	Five years later	-	-	-	-	-	-	-	-	-	-
	Six years later	-	-	-	-	-	-	-	-	-	-
	Seven years later	-	-	-	-	-	-	-	-	-	-
	Eight years later	-	-	-	-	-	-	-	-	-	-
	Nine years later	-	-	-	-	-	-	-	-	-	-
5.	Reestimated ceded losses and expenses	3,434,358	3,450,389	2,153,158	2,508,838	4,662,505	5,185,740	2,849,132	5,416,280	3,719,444	2,017,498
6.	Reestimated incurred losses and loss adjustment expenses:										
	End of policy year	53,427	-	-	-	-	168,828	18,267	-	226,735	6,455
	One year later	224,924	141,089	271,797	285,139	291,411	291,718	289,011	302,577	290,315	-
	Two years later	224,924	6,921	-	-	291,411	291,718	-	280,737	-	-
	Three years later	120,214	-	-	-	291,407	291,718	-	-	-	-
	Four years later	78,554	-	-	-	291,407	291,718	-	-	-	-
	Five years later	-	-	-	-	214,709	-	-	-	-	-
	Six years later	-	-	-	-	-	-	-	-	-	-
	Seven years later	-	-	-	-	-	-	-	-	-	-
	Eight years later	-	-	-	-	-	-	-	-	-	-
	Nine years later	-	-	-	-	-	-	-	-	-	-
7.	(Decrease) increase in estimated incurred losses and loss adjustment expenses subsequent to initial policy year end	(53,427)	-	-	-	214,709	122,890	(18,267)	280,737	63,580	-

The Plan commenced operations in 2002 and was fully reinsured in 2002 and 2003. Beginning in March 2003, the Plan began offering property coverage to its members. The Plan's net casualty exposure is associated with various casualty corridors beginning in 2004. The Plan's fiscal year ends on December 31, and the policy year ends on June 30. Required contributions and investment income and unallocated expenses are reported on a fiscal year and include both lines of coverage.

The reestimated ceded losses and expenses decreased significantly in the current year for policy years ended December 31, 2018; December 31, 2017; and December 31, 2016. The decrease is the result of favorable development as more information was received on open claims, resulting in an decrease in reserves. Additionally, the reestimated ceded losses and expenses increased significantly in the current year for policy year ended December 31, 2019. The increase is the result of unfavorable development based on additional information that was received on open claims, resulting in an increase in reserves.

Required Supplemental Information
Schedule of Claims Information for Property Lines of Coverage

	Policy Year Ended June 30	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1.	Required premiums and investment income:										
	Earned	$ 9,966,003	$ 12,155,145	$ 14,063,204	$ 14,418,218	$ 15,492,547	$ 15,565,455	$ 15,961,174	$ 15,987,014	$ 16,845,760	$ 18,062,883
	Ceded	6,398,083	8,012,356	9,153,269	8,525,904	9,788,944	9,736,452	9,972,365	9,939,614	10,453,360	11,302,839
	Net	3,567,920	4,142,789	4,909,935	5,892,314	5,703,603	5,829,003	5,988,809	6,047,400	6,392,400	6,760,044
2.	Expenses other than allocated loss adjustment expenses	2,133,343	2,489,281	2,835,610	3,046,251	3,226,205	3,343,973	3,402,193	3,295,260	3,480,891	3,855,189
3.	Estimated losses and loss adjustment expenses - End of policy year:										
	Incurred	1,656,291	2,068,345	2,003,502	3,191,209	2,121,995	1,292,293	2,009,898	2,687,615	2,846,371	1,976,894
	Ceded	456,291	672,083	581,439	992,118	393,911	29,717	59,898	737,615	896,371	93,896
	Net	1,200,000	1,396,262	1,422,063	2,199,091	1,728,084	1,262,576	1,950,000	1,950,000	1,950,000	1,882,998
4.	Cumulative paid losses and loss adjustment expenses:										
	End of policy year	1,200,000	1,127,916	673,706	1,622,067	975,252	779,123	1,281,685	1,623,038	1,950,000	1,568,300
	One year later	1,200,000	1,083,409	776,047	1,724,758	1,124,997	805,176	1,381,372	1,677,803	1,950,000	-
	Two years later	1,200,000	1,097,187	776,047	1,750,000	1,097,476	814,542	1,482,190	1,685,789	-	-
	Three years later	1,200,000	1,124,962	776,047	1,750,000	1,075,094	814,542	1,478,950	-	-	-
	Four years later	1,200,000	1,083,365	776,047	1,750,000	1,091,366	814,376	-	-	-	-
	Five years later	1,200,000	1,092,413	776,047	1,750,000	1,091,366	-	-	-	-	-
	Six years later	1,200,000	1,092,523	778,055	1,750,000	-	-	-	-	-	-
	Seven years later	1,200,000	1,092,523	778,055	-	-	-	-	-	-	-
	Eight years later	1,200,000	1,098,085	-	-	-	-	-	-	-	-
	Nine years later	1,200,000	-	-	-	-	-	-	-	-	-
5.	Reestimated ceded losses and expenses	444,822	732,497	454,536	993,871	289,835	31,289	37,510	737,615	896,371	93,896
6.	Reestimated incurred losses and loss adjustment expenses:										
	End of policy year	1,200,000	1,396,262	1,422,063	1,750,000	1,728,084	1,292,293	1,950,000	1,950,000	1,950,000	1,882,998
	One year later	1,200,000	1,114,899	778,356	1,750,000	1,155,776	821,607	1,581,022	1,737,290	1,950,000	-
	Two years later	1,200,000	1,097,266	776,047	1,750,000	1,188,300	817,042	1,538,258	1,685,779	-	-
	Three years later	1,200,000	1,125,041	776,047	1,750,000	1,090,173	817,042	1,479,423	-	-	-
	Four years later	1,200,000	1,083,441	776,047	1,750,000	1,106,445	814,376	-	-	-	-
	Five years later	1,200,000	1,092,489	776,047	1,750,000	1,091,366	-	-	-	-	-
	Six years later	1,200,000	1,098,161	791,047	1,750,000	-	-	-	-	-	-
	Seven years later	1,200,000	1,098,161	791,047	-	-	-	-	-	-	-
	Eight years later	1,200,000	1,098,085	-	-	-	-	-	-	-	-
	Nine years later	1,200,000	-	-	-	-	-	-	-	-	-
7.	Decrease in estimated incurred losses and loss adjustment expenses subsequent to initial policy year end	-	(298,177)	(631,016)	(449,091)	(636,718)	(448,200)	(470,577)	(264,221)	-	-

The Plan commenced operations in 2002 and was fully reinsured in 2002 and 2003. Beginning in March 2003, the Plan began offering property coverage to its members. The Plan's net casualty exposure is associated with various casualty corridors beginning in 2004. The Plan's fiscal year ends on December 31, and the policy year ends on June 30. Required contributions and investment income and unallocated expenses are reported on a fiscal year and include both lines of coverage.

Required Supplemental Information
Statement of Reconciliation of Net Losses and Loss Adjustment Expense Liability

By Contract Type
Fiscal Years Ended December 31

	2020			2019			2018		
	Casualty	Property	Total	Casualty	Property	Total	Casualty	Property	Total
Unpaid Losses and Loss Adjustment Expenses - Beginning of fiscal year	$ 1,143,403	$ 1,025,525	$ 2,168,928	$ 986,168	$ 1,053,902	$ 2,040,070	$ 715,429	$ 1,667,137	$ 2,382,566
Incurred losses and loss adjustment expenses:									
Provision for insured events of the current fiscal year	6,455	1,977,463	1,983,918	-	3,466,681	3,466,681	-	1,941,531	1,941,531
Change in provision for insured events of prior fiscal years	17,689	(143,344)	(125,655)	157,235	(1,373,655)	(1,216,420)	270,739	(834,524)	(563,785)
Total incurred losses and loss adjustment expenses	24,144	1,834,119	1,858,263	157,235	2,093,026	2,250,261	270,739	1,107,007	1,377,746
Payments:									
Losses and loss adjustment expenses attributable to insured events of the current fiscal year	6,455	1,309,145	1,315,600	-	1,930,712	1,930,712	-	1,129,110	1,129,110
Losses and loss adjustment expenses attributable to insured events of the prior fiscal year	-	513,465	513,465	-	190,691	190,691	-	591,132	591,132
Total payments	6,455	1,822,610	1,829,065	-	2,121,403	2,121,403	-	1,720,242	1,720,242
Unpaid Losses and Loss Adjustment Expenses - End of fiscal year	**$ 1,161,092**	**$ 1,037,034**	**$ 2,198,126**	**$ 1,143,403**	**$ 1,025,525**	**$ 2,168,928**	**$ 986,168**	**$ 1,053,902**	**$ 2,040,070**

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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*

Independent Auditor's Report

To Management and the Board of Directors
Ohio School Plan

We have audited, in accordance with 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 basic financial statements of Ohio School Plan (the "Plan"), which comprise the statement of net position as of December 31, 2020 and the related statements of revenue, expenses, and change in net position and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated April 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan'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 the Plan'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 may exist that have not been identified.

Compliance and Other Matters

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

To Management and the Board of Directors
Ohio School Plan

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 the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

April 30, 2021

OHIO AUDITOR OF STATE
KEITH FABER

OHIO SCHOOL PLAN

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 6/3/2021

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