OHIO SCHOOL PLAN

LUCAS COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECMBER 31, 2022

Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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Board of Directors
Ohio School Plan
PO Box 2083
Toledo, OH 43603

We have reviewed the *Independent Auditor's Report* of the Ohio School Plan, Lucas County, prepared by Rea & Associates, Inc., for the audit period January 1, 2022 through December 31, 2022. 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 12, 2023

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OHIO SCHOOL PLAN
LUCAS COUNTY, OHIO

FOR THE YEAR ENDED DECEMBER 31, 2022

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Rea & associates a brighter way

INDEPENDENT AUDITOR'S REPORT

Ohio School Plan
Lucas County, Ohio
811 Madison Ave
Toledo, OH 43624

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ohio School Plan, Lucas County, Ohio, (the "Plan"), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Plan, as of December 31, 2022 and 2021, and the respective changes in 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Plan 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 opinions.

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 Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedules of Claims Information, and Statement of Reconciliation of Net Losses and Loss Adjustment and Expense Liability by Type of Contract* 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 GAAS, 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 19, 2023 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plan's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Lima, Ohio
April 19, 2023

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 years ended December 31, 2022 and 2021. 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:

Condensed Statement of Net Position	December 31 2022	2021	2020
Assets			
Cash and cash equivalents and investments	$ 16,275,350	$ 15,798,646	$ 11,440,544
Trade receivable	46,744	47,404	10,043
Excess insurance receivable	1,523,938	822,040	1,994,872
Other assets	32,881	22,976	25,782
Total assets	17,878,913	16,691,066	13,471,241
Liabilities			
Losses and loss adjustment expense reserves	5,656,239	3,462,196	2,198,126
Unearned premiums and membership fees	4,330,696	3,606,121	2,007,973
Other liabilities	1,266,758	708,696	703,564
Total liabilities	11,253,693	7,777,013	4,909,663
Net Position - Unrestricted	**$ 6,625,220**	**$ 8,914,053**	**$ 8,561,578**

Condensed Statement of Changes in Net Position	Year Ended December 31 2022	2021	2020
Changes in Net Position			
Earned premiums and membership fees	$ 20,371,957	$ 17,482,107	$ 17,793,066
Reinsurance premiums ceded	(10,740,412)	(9,919,329)	(11,302,839)
Total operating revenue	9,631,545	7,562,778	6,490,227
Losses and loss adjustment expense	5,621,091	2,921,503	1,858,263
Operating expenses	6,175,036	4,238,838	3,855,189
Total operating expenses	11,796,127	7,160,341	5,713,452
Total nonoperating revenues (expenses)	(124,251)	(49,962)	(339,357)
Change in Net Position	**$ (2,288,833)**	**$ 352,475**	**$ 437,418**

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 $1,187,847 or 7% and $3,219,825 or 24% in 2022 and 2021, respectively. The 2022 and 2021 changes are related to overall plan operations.

- The Plan’s trade receivable decreased $660 or 1% and increased $37,361 or 372% percent in 2022 and 2021, respectively. The changes are due primarily to the timing of payments received from members.

- The Plan’s investment portfolio increased $212,360 or 2% percent in 2022. The increase in 2022 relates to a cash transfer of $500,000 to the portfolio, offset by market conditions.

- Reinsurance receivables increased $701,898 or 85% and decreased $1,172,832 or 59% in 2022 and 2021, respectively. The increase from 2021 to 2022 relates to an increase in property losses. The decrease from 2020 to 2021 relates to collecting on the receivables.

- Unearned premiums and membership fees increased $724,575 or 20% and $1,598,148 or 80% in 2022 and 2021, respectively. The increase is due to an increase in premiums.

- In 2022 loss reserves increased $2,194,043 or 63% and in 2021 loss reserves increased $1,264,070 or 58%. For the year ended 2022, the increase related to an increase in the casualty quota share retention, mixed with an unfavorable loss experience in both the property and casualty treaties. For the year ended 2021, the increase related to an increase in the casualty quota share retention.

- The Plan’s net position decreased $2,288,833 and increased $352,475 in 2022 and 2021, respectively. The decrease in 2022 was primarily related to unfavorable claim results, as well as an increase in cyber insurance expenses. The increase in 2021 was primarily related to positive claim results and development.

- Earned premiums and membership fees increased $2,889,850 or 17% and decreased $310,959 or 2% in 2022 and 2021, respectively. For the year ended 2022, the increase was due to excellent retention and strong new business growth. For the year ended 2021, the decrease related to an increase in unearned premiums and membership fees due to higher retention in the casualty quota share.

- 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 increased operating cash on hand by $264,342 in 2022 and increased operating cash on hand by $4,405,550 in 2021. The increase in operating cash on hand in 2022 is related to growth in premiums. The increase in operating cash on hand in 2021 is related to retaining more premiums on the casualty quota share, as well as collecting on the reinsurance receivable balance.

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	Actual vs. Budget
Operating Revenue			
Earned premiums and membership fees	$ 20,371,957	$ 17,955,701	$ 2,416,256
Reinsurance premiums ceded	(10,740,412)	(11,646,948)	(906,536)
Net premiums written	9,631,545	6,308,753	3,322,792
Operating Expenses			
Losses and loss adjustment expense	5,621,091	4,345,325	1,275,766
Management fees	2,836,647	1,270,734	1,565,913
Commission expense	945,549	-	945,549
Directors' travel and meetings	16,351	10,000	6,351
Plan marketing fees	175,000	225,000	(50,000)
Professional fees	234,842	61,080	173,762
Printing and supplies	-	-	-
Website development and maintenance	-	1,500	(1,500)
Other	7,832	7,000	832
Licenses and fees	1,928	-	1,928
Pollution insurance	260,328	270,000	(9,672)
Cyber insurance	1,661,077	-	1,661,077
D & O insurance	35,482	35,482	-
Total operating expense	11,796,127	6,226,121	5,570,006
Nonoperating (Expenses) Revenue			
Net investment income	(124,251)	100,000	(224,251)
Change in Net Position	**$ (2,288,833)**	**$ 182,632**	**$ (2,471,465)**

The following is an explanation of the significant variances of the budget to actual for 2022.

- Premiums and membership fees exceeded the budget due to the addition of 6 new members during the year and membership retention of over 99 percent.
- Reinsurance premiums ceded was lower than the budget due to taking an increased retention in the casualty treaty.
- As management fees and commission expense are based on premiums; their variance to budget is consistent with the variance generated with respect to the premiums.
- Cyber insurance exceeded the budget due to the determination by the board to subsidize a portion of the expense, and due to increased cost in the coverage.

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, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$ 5,938,332	$ 5,673,988
Investments (Note 3)	6,703,417	6,786,820
Accounts receivable:		
Trade	46,744	47,404
Excess insurance	1,523,938	822,040
Accrued interest on investments	32,881	22,976
Total current assets	14,245,312	13,353,228
Noncurrent assets - Investments (Note 3)	3,633,601	3,337,838
Total assets	17,878,913	16,691,066
Liabilities		
Current liabilities:		
Losses and loss adjustment expense reserves (Note 5)	2,474,658	889,214
Accrued liabilities	18,750	18,905
Unearned premiums and membership fees	4,330,696	3,606,121
Reinsurance payable (Note 6)	1,248,008	689,791
Total current liabilities	8,072,112	5,204,031
Noncurrent liabilities - Losses and loss adjustment expense reserves - Net of current portion (Note 5)	3,181,581	2,572,982
Total liabilities	11,253,693	7,777,013
Net Position - Unrestricted	**$ 6,625,220**	**$ 8,914,053**

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended December 31, 2022	Year Ended December 31, 2021
Operating Revenue		
Earned premiums and membership fees	$ 20,371,957	$ 17,482,107
Reinsurance premiums ceded	(10,740,412)	(9,919,329)
Total operating revenue	9,631,545	7,562,778
Operating Expenses		
Losses and loss adjustment expense	5,621,091	2,921,503
Directors' and officers' coverage	35,482	31,420
Commission expense	945,549	855,315
Pollution and Cyber insurance	1,921,405	394,766
Professional fees	234,842	156,762
Directors' travel and meetings	16,351	5,306
Plan marketing fees	175,000	225,000
Management fees	2,836,647	2,565,944
Other	9,760	4,325
Total operating expenses	11,796,127	7,160,341
Operating (Loss) Income	(2,164,582)	402,437
Nonoperating Revenue (Expenses)		
Interest and dividend income	147,172	694
Realized and unrealized loss on investments	(271,423)	(50,656)
Total nonoperating revenue (expense)	(124,251)	(49,962)
Change in Net Position	(2,288,833)	352,475
Net Position - Beginning of year	8,914,053	8,561,578
Net Position - End of year	**$ 6,625,220**	**$ 8,914,053**

Statement of Cash Flows

	Year Ended December 31, 2022	Year Ended December 31, 2021
Cash Flows from Operating Activities		
Receipts from member premiums	$ 21,097,192	$ 19,042,894
Losses and loss adjustment expense paid	(3,427,048)	(1,657,433)
Payments to reinsurers - Net	(10,884,093)	(8,733,527)
Payments for expenses	(6,175,191)	(4,246,676)
Net cash provided by operating activities	610,860	4,405,258
Cash Flows from Investing Activities		
Interest income received	(134,156)	(47,156)
Purchase of investment	(6,999,689)	(5,744,338)
Proceeds from sale of investments	6,787,327	5,791,786
Net cash (used in) provided by investing activities	(346,518)	292
Net Increase in Cash and Cash Equivalents	264,342	4,405,550
Cash and Cash Equivalents - Beginning of year	5,673,989	1,268,438
Cash and Cash Equivalents - End of year	**$ 5,938,332**	**$ 5,673,988**
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	$ (2,164,582)	$ 402,437
Adjustments to reconcile operating income to net cash from operating activities - Changes in assets and liabilities:		
Excess insurance receivable	(701,898)	1,172,832
Trade receivable	660	(37,361)
Losses and loss adjustment expense reserves	2,194,043	1,264,070
Reinsurance payable	558,217	12,970
Unearned premiums and membership fees	724,575	1,598,148
Accrued liabilities	(155)	(7,838)
Net cash provided by operating activities	**$ 610,860**	**$ 4,405,258**

See Notes to Financial Statements.

Note 1 - Nature of Business and Significant Accounting Policies

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 which 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 307 participating members as of December 31, 2022.

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 be ultimately incurred for an insurance period.

The Plan shall cease activities upon a 3/4 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.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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 $1,380,296 and $1,248,493 for the years ended December 31, 2022 and 2021, 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.

The Plan is comprised exclusively of Ohio public educational entities and County Boards of Developmentally Disabled. 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 and a money market fund.

Investments – Investment’s consist of U.S. government agency bonds, U.S. Treasury securities, commercial paper and certificates of deposit 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. Collectability 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.

Note 2 – Significant Accounting Policies – (continued)

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 $945,549 and $855,315 for the years ended December 31, 2022 and 2021, 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, 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.

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 $3,782,196 and $3,421,258 for 2022 and 2021, 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.

Note 2 – Significant Accounting Policies – (continued)

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 accounting principles generally accepted in the United States of America 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 as described in Note 5.

Note 3 - Deposits and Investments

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

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

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 should have a quality rating of AAA or above.

Note 3 - Deposits and Investments – (continued)

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 which 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 $5,938,332 and $5,673,988 at December 31, 2022 and 2021, 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 formal deposit policy for custodial credit risk of bank deposits. The Plan believes that due to the dollar amount of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Plan evaluates each financial institution with which it deposits the Plan's assets 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, 2022 and 2021, the Plan had $19,574 and $3,357 of deposits that were uninsured and uncollateralized.

Investments – Investment's are reported at fair value. At December 31, 2022 and 2021, the Plan had the following investments:

	Fair Value	
	2022	2021
U.S. government agency bonds	$ 2,861,261	$ 2,798,040
U.S. Treasury securities	772,340	546,775
Commercial paper	2,208,802	2,028,914
Certificate of deposit	4,494,615	4,761,147
Total investments	$ 10,337,018	$ 10,134,876

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, 2022 and 2021, all of the Plan's investments were held by the investment's counterparty.

Note 3 - Deposits and Investments – (continued)

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, 2022 and 2021, the Plan had the following investments subject to interest rate risk:

	2022		2021	
Investment	Fair Value	Weighted Average Maturity (Years)	Fair Value	Weighted Average Maturity (Years)
U.S. government agency bonds	$ 2,861,261	1.97	$ 2,798,040	3.09
U.S. Treasury securities	772,340	0.97	546,775	1.52
Commercial paper	2,208,802	0.30	2,028,914	0.29
Negotiable certificate of deposit	4,494,615	1.29	4,761,147	1.32
Money market funds (debt)	19,574	N/A	3,357	N/A
Total	$ 10,356,592		$ 10,134,876	

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, 2022 and 2021. 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. At December 31, 2022, the Plan had investments of $2,152,185 in Federal Home Loan Bank, $4,498,370 in certificates of deposit, $703,778 in Federal Farm Credit Bank and $2,208,802 in commercial paper; these investments represent 21 percent, 43 percent, 7 percent, and 21 percent respectively, of the Plan's total investments. At December 31, 2021, the Plan had investments of $2,798,040 in Federal Home Loan Bank, $4,761,144 in certificates of deposit, $490,649 in Federal Farm Credit Bank and $2,028,914 in commercial paper; these investments represent 23 percent, 47 percent, 5 percent, and 20 percent respectively, of the Plan's total investments.

Note 4 – Fair Value Measurement

As of December 31, 2017, the Plan adopted and retrospectively applied Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all 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 asset. Level I 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 measure at fair value using the 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 above 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 or liability.

The fair value of U.S. government agency bonds, U.S. treasury securities, money market funds (debt), commercial paper and certificates of deposit at December 31, 2022 and 2021 was determined primarily based on Level 2 inputs. The Plan estimates the fair value 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, 2022, 2021, and 2020 is as follows:

	2022	2021	2020
Unpaid losses and loss adjustment expense - Beginning of fiscal year	$ 3,462,196	$ 2,198,126	$ 2,168,928
Incurred losses and loss adjustment expense:			
Provision for insured events of the current fiscal year	5,770,332	3,286,269	1,983,918
Change in provision for insured events of prior fiscal years	(149,241)	(364,766)	(125,655)
Total incurred losses and loss adjustment expense	5,621,091	2,921,503	1,858,263
Payments:			
Losses and loss adjustment expense attributable to insured events of the current fiscal year	2,108,359	1,194,992	1,309,145
Losses and loss adjustment expense attributable to insured events of prior fiscal years	1,318,689	462,441	519,920
Total payments	3,427,048	1,657,433	1,829,065
Unpaid losses and loss adjustment expense - End of fiscal year	$ 5,656,239	$ 3,462,196	$ 2,198,126

Reserves for losses and loss adjustment expense attributable to covered events in prior years changed as a result of re-estimation 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.

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 $5,000,000 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. 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 percent 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 percent and 73 percent of premium earned under this treaty. Effective November 1, 2007, the Plan's loss corridor includes losses paid between 70 percent and 74 percent of premium earned under this treaty. Effective November 1, 2008, the Plan's loss corridor includes losses paid between 75 percent and 79 percent of premium earned under this treaty. Effective November 1, 2009, the Plan's loss corridor includes losses paid between 80 percent and 85 percent of premium earned under this treaty. Effective November 1, 2019 the Plan retains 4% of the first $1,000,000 of casualty losses and the Plan’s loss corridor includes losses paid between 60 percent and 75 percent of premium. Effective November 1, 2020 the Plan retains 78% of the first $1,000,000 of casualty losses and the Plan’s loss corridor includes losses paid between 60 percent and 75 percent of premium. The Plan also elected to participate in a casualty excess of loss agreement that reimburses the Plan 78% for losses between $150,000 and $1,000,000. Effective November 1, 2021, the Plan retains 100% of the first $150,000 of casualty losses. The Plan also elected to participate in a casualty excess of loss agreement that reimburses the Plan 100% for losses between $150,000 and $1,000,000. This remains unchanged in 2022. Effective July 1, 2007, the Plan began retaining 100 percent of the first $150,000 layer of property reinsurance. 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, and for the year ended December 31, 2015, the Plan's annual loss aggregate under the property treaty is $1.95 million and has remained unchanged through December 31, 2020. Effective July 1, 2021, the property treaty aggregate has become a percentage of the plan’s total insured values.

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 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, 2022 and 2021 totaled $10,740,412 and $9,919,329 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.

December 31, 2022

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 table are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, premium revenue coded 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 re-estimated 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 re-estimation results from new information received on known claims, re-evaluation of existing information on known claims, and emergence of new claims not previously known.
7. This line compares the latest re-estimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought.

As data for individual policy years matures, the correlation between original estimates and re-estimated 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.

Ohio School Plan

Required Supplemental Information

Schedule of Claims Information for Casualty Lines of Coverage

	Policy Year Ended October 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1.	Required premiums and investment income:										
	Earned	$ 14,063,204	$ 14,418,218	$ 15,492,547	$ 15,565,455	$ 15,961,174	$ 15,987,014	$ 16,845,760	$ 18,062,883	$ 17,431,764	$ 20,247,706
	Ceded	9,153,269	8,525,904	9,788,944	9,736,452	9,972,365	9,939,614	10,453,360	11,302,839	10,360,295	11,000,740
	Net	4,909,935	5,892,314	5,703,603	5,829,003	5,988,809	6,047,400	6,392,400	6,760,044	7,071,469	9,246,966
2.	Expenses other than allocated loss adjustment expenses	2,835,610	3,046,251	3,226,205	3,343,973	3,402,193	3,295,260	3,480,891	3,885,189	3,745,890	7,753,605
3.	Estimated losses and loss adjustment expenses - End of policy year:										
	Incurred	2,377,033	2,522,997	2,651,960	3,268,551	2,847,911	2,632,067	2,901,616	2,100,999	2,224,225	4,523,954
	Ceded	2,377,033	2,522,997	2,651,960	3,099,723	2,829,644	2,632,067	2,674,881	2,094,544	478,882	2,451,924
	Net			-	168,828	18,267	-	226,735	6,455	1,745,403	2,072,030
4.	Cumulative paid losses and loss adjustment expenses:										
	End of policy year	-	-	-	-	-	-		6,994	187,067	-
	One year later	-	-	-	-	-	-	-	47,363	1,046,225	-
	Two years later	-	-	-	-	-	-	-	71,711	-	-
	Three years later	-	-	-	-	-	-	-	-	-	-
	Four years later	-	-	-	-	-	-	-	-	-	-
	Five years later	-	-	-	274,159	-	-	-	-	-	-
	Six years later	-	-	140,352	274,159	-	-	-	-	-	-
	Seven years later	-	-	140,352	-	-	-	-	-	-	-
	Eight years later	-	-	-	-	-	-	-	-	-	-
	Nine years later	-	-	-	-	-	-	-	-	-	-
5.	Re-estimated ceded losses and expenses	2,129,173	2,377,960	4,413,437	5,035,187	3,424,784	5,150,495	2,850,147	2,938,131	829,663	2,451,924
6.	Re-estimated incurred losses and loss adjustment expenses:										
	End of policy year		-	-	168,828	18,267	-	226,735	222,572	1,745,403	2,072,030
	One year later	271,797	285,139	291,411	291,718	289,011	302,577	290,315	299,276	2,941,533	-
	Two years later		-	291,411	291,718	-	280,737	-	122,422	-	-
	Three years later		-	291,407	291,718	-	280,737	-	-	-	-
	Four years later		-	291,407	291,718	-	280,737	-	-	-	-
	Five years later	-	-	261,939	291,718	-	-	-	-	-	-
	Six years later	-	-	255,891	291,718	-	-	-	-	-	-
	Seven years later	-	-	273,559	-	-	-	-	-	-	-
	Eight years later	-	-	-	-	-	-	-	-	-	-
	Nine years later	-	-	-	-	-	-	-	-	-	-
7.	(Decrease) increase in estimated incurred losses and loss adjustment expenses subsequent to initial policy year end	-	-	273,559	214,709	122,890	280,737	(226,735)	(100,150)	1,196,130	-

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.

Ohio School Plan

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

	Policy Year Ended June 30	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1.	Required premiums and investment income:										
	Earned	$ 14,063,204	$ 14,418,218	$ 15,492,547	$ 15,565,455	$ 15,961,174	$ 15,987,014	$ 16,845,760	$ 18,062,883	$ 17,431,764	$ 20,247,706
	Ceded	9,153,269	8,525,904	9,788,944	9,736,452	9,972,365	9,939,614	10,453,360	11,302,839	(10,360,295)	(11,000,740)
	Net	4,909,935	5,892,314	5,703,603	5,829,003	5,988,809	6,047,400	6,392,400	6,760,044	7,071,469	9,246,966
2.	Expenses other than allocated loss adjustment expenses	2,835,610	3,046,251	3,226,205	3,343,973	3,402,193	3,295,260	3,480,891	3,855,189	3,745,890	7,753,605
3.	Estimated losses and loss adjustment expenses - End of policy year:										
	Incurred	2,003,502	3,191,209	2,121,995	1,292,293	2,009,898	2,687,615	2,846,371	1,976,894	1,524,976	4,641,446
	Ceded	581,439	992,118	393,911	29,717	59,898	737,615	896,371	93,896	34,696	2,858,901
	Net	1,422,063	2,199,091	1,728,084	1,262,576	1,950,000	1,950,000	1,950,000	1,882,998	1,490,280	1,782,545
4.	Cumulative paid losses and loss adjustment expenses:										
	End of policy year	673,706	1,622,067	975,252	779,123	1,281,685	1,623,038	1,950,000	1,568,300	1,186,168	1,775,038
	One year later	776,047	1,724,758	1,124,997	805,176	1,381,372	1,677,803	1,950,000	1,613,603	1,325,781	-
	Two years later	776,047	1,750,000	1,097,476	814,542	1,482,190	1,685,789	1,950,000	1,672,048	-	-
	Three years later	776,047	1,750,000	1,075,094	814,542	1,478,950	1,685,789	1,950,000	-	-	-
	Four years later	776,047	1,750,000	1,091,366	814,376	1,478,216	1,685,789	-	-	-	-
	Five years later	776,047	1,750,000	1,091,366	814,376	1,477,267	-	-	-	-	-
	Six years later	778,055	1,750,000	1,092,466	818,599	-	-	-	-	-	-
	Seven years later	778,055	1,750,000	1,092,466	-	-	-	-	-	-	-
	Eight years later	778,168	1,750,000	-	-	-	-	-	-	-	-
	Nine years later	778,168	1,750,000	-	-	-	-	-	-	-	-
5.	Re-estimated ceded losses and expenses	454,536	993,871	289,835	31,289	37,654	737,615	854,097	163,283	34,696	9,736,739
6.	Re-estimated incurred losses and loss adjustment expenses:										
	End of policy year	1,422,063	1,750,000	1,728,084	1,292,293	1,950,000	1,950,000	1,950,000	1,887,030	1,490,280	2,813,121
	One year later	778,356	1,750,000	1,155,776	821,607	1,581,022	1,737,290	1,950,000	1,795,995	1,442,667	-
	Two years later	776,047	1,750,000	1,188,300	817,042	1,538,258	1,685,789	1,950,000	1,710,403	-	-
	Three years later	776,047	1,750,000	1,090,173	817,042	1,479,423	1,685,789	1,950,000	-	-	-
	Four years later	776,047	1,750,000	1,106,445	814,376	1,478,701	1,685,789	-	-	-	-
	Five years later	776,047	1,750,000	1,091,366	814,376	1,477,751	-	-	-	-	-
	Six years later	791,047	1,750,000	1,092,466	818,599	-	-	-	-	-	-
	Seven years later	791,047	1,750,000	1,092,466	-	-	-	-	-	-	-
	Eight years later	791,047	1,750,000	-	-	-	-	-	-	-	-
	Nine years later	791,047	-	-	-	-	-	-	-	-	-
7.	Decrease in estimated incurred losses and loss adjustment expenses subsequent to initial policy year end	(631,016)	-	(635,618)	(472,249)	(472,249)	(264,221)	-	(176,627)	(47,613)	-

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
Schedule of Reconciliation of Net Losses and Loss Adjustment and Expense Liability by Type of Contract

By Contract Type Fiscal Years Ended December 31

	2022			2021			2020		
	Casualty	Property	Total	Casualty	Property	Total	Casualty	Property	Total
Net Losses and Loss Adjustment Expense - Beginning of fiscal year	$ 2,550,057	$ 792,140	$ 3,462,196	$ 1,161,092	$ 1,037,034	$ 2,198,126	$ 1,143,403	$ 1,025,525	$ 2,168,928
Incurred losses and loss adjustment expenses:									
Provision for insured events of the current fiscal year	3,908,896	1,861,436	5,770,332	1,665,342	1,620,928	3,286,270	-	1,983,918	1,983,918
Change in provision for insured events of prior fiscal years	(25,865)	(123,376)	(149,241)	71,059	(435,825)	(364,766)	17,689	(143,344)	(125,655)
Total incurred losses and loss adjustment expenses	3,883,031	1,738,060	5,621,091	1,666,401	1,185,103	2,921,504	17,689	1,840,574	1,858,263
Payments:									
Losses and loss adjustment expense related to insured events of the current year	578,799	1,529,560	2,108,359	187,068	1,007,925	1,194,992	-	1,315,600	1,315,600
Losses and loss adjustment expense related to insured events of prior fiscal years	883,507	435,182	1,318,689	40,369	422,072	462,441	-	513,465	513,465
Total payments	1,462,306	1,964,742	3,427,048	277,437	1,429,997	1,657,433	-	1,829,065	1,829,065
Unpaid Claims and Claims Adjustment Expenses - End of fiscal year	$ 4,970,782	$ 565,458	$ 5,656,239	$ 2,550,057	$ 792,140	$ 3,462,196	$ 1,161,092	$ 1,037,034	$ 2,198,126

*These amounts have been revised to reflect amounts on a fiscal year basis.

Rea & associates a brighter way

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

Ohio School Plan
Lucas County, Ohio
811 Madison Ave
Toledo, OH 43624

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Ohio School Plan, Lucas County, Ohio (the "Plan"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated April 19, 2023.

Report on 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) as a basis for designing 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 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Lima, Ohio
April 19, 2023

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 5/25/2023

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