OHIO BUREAU OF WORKERS' COMPENSATION AND INDUSTRIAL COMMISSION OF OHIO

Combined Financial Statements

June 30, 2000 and 1999

(With Independent Auditors' Report Thereon)

STATE OF OHIO
OFFICE OF THE AUDITOR

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Ohio Bureau of Workers' Compensation
and Industrial Commission of Ohio

We have reviewed the Independent Auditor's Report of the Ohio Bureau of Workers' Compensation and Industrial Commission of Ohio, Franklin County, prepared by KPMG LLP , for the audit period July 1, 1999 to June 30, 2000. 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 Bureau of Workers' Compensation and Industrial Commission of Ohio is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

November 20, 2000

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Independent Auditors' Report

The Honorable Jim Petro
Auditor of the State of Ohio,
Workers' Compensation Oversight Commission and
Industrial Commission of Ohio:

We have audited the accompanying combined balance sheets of the Ohio Bureau of Workers' Compensation and Industrial Commission of Ohio (BWC/IC), a component unit of the State of Ohio, as of June 30, 2000 and 1999, and the related combined statements of operations and changes in fund balance, and cash flows for the years then ended. These combined financial statements are the responsibility of BWC/IC management. Our responsibility is to express an opinion on these combined 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of BWC/IC as of June 30, 2000 and 1999, and the combined results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2000 on our consideration of BWC/IC's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the combined financial statements of BWC/IC taken as a whole. The supplemental combining schedules included on pages 20 through 22 are presented for purposes of additional analysis of the combined financial statements rather than to present the financial position and results of operations of the individual funds comprising BWC/IC. Such information is not a required part of the combined financial statements. The supplemental combining information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the combined financial statements taken as a whole.

The supplemental revenue and reserve development information included on pages 23 and 24 is not a required part of the combined financial statements, but is supplementary information required by the Governmental Accounting Standards Board. As discussed in the note to the supplemental revenue and reserve development information, it has been presented by BWC/IC on a calendar-year-basis prior to January 1, 1996 and on a fiscal-year-basis thereafter. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

KPMG LLP

September 22, 2000

OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO

(A COMPONENT UNIT OF THE STATE OF OHIO)

COMBINED BALANCE SHEETS

JUNE 30, 2000 AND 1999
(000's omitted)

ASSETS

	2000	1999
Cash and investments (Note 2):		
Fixed maturities, at fair value (cost $10,298,399 in 2000; $10,343,165 in 1999)	$10,055,421	$10,114,189
Equity securities, at fair value (cost $6,223,498 in 2000; $6,588,583 in 1999)	7,347,581	7,704,520
Preferred stock, at fair value (cost $63,814 in 2000; $63,992 in 1999)	51,397	59,987
Investment in limited partnership, at fair value	185,690	27,263
Collateral on loaned securities, at fair value	2,327,772	2,247,261
Cash and cash equivalents	1,734,022	1,901,048
Total cash and investments	21,701,883	22,054,268
Premiums in course of collection	858,981	167,769
Assessments in course of collection	201,363	196,929
Special premiums receivable (Note 10)	575,989	-
Unbilled premiums receivable	606,700	603,500
Accounts receivable, net of allowance for uncollectible accounts of $455,766 in 2000; $510,440 in 1999	161,742	148,909
Retrospective premiums receivable	304,075	312,192
Interfund receivables	60,946	64,559
Property and equipment, less accumulated depreciation (Note 3)	182,535	190,917
Investment trade receivables	368,174	132,367
Accrued investment income	121,621	96,996
Note receivable	-	12,000
Other assets	16,696	21,939
Total assets	$ 25,160,705	$ 24,002,345

LIABILITIES AND FUND BALANCE

	2000	1999
Reserve for compensation (Note 4)	$12,044,911	$12,581,330
Reserve for compensation adjustment expenses (Note 4)	1,592,753	1,459,325
	13,637,664	14,040,655
Special premiums credit payable (Note 10)	575,989	-
Premium payment security deposits	78,452	105,018
Obligations under securities lending (Note 2)	2,327,772	2,247,261
Warrants payable	28,104	34,038
Interfund payables	60,946	64,559
Investment trade payables	1,286,871	1,425,071
Accounts payable	5,837	121,748
Deferred revenue	435,841	444,145
Bonds payable (Note 5)	185,155	191,864
Other	88,752	89,299
Total liabilities	18,711,383	18,763,658
Fund balance (Notes 7, 8, and 9)	6,449,322	5,238,687
Commitments and contingencies (Notes 4, 5, and 12)		
Total liabilities and fund balance	$25,160,705	$24,002,345

The accompanying notes are an integral part of the combined financial statements.

OHIO BUREAU OF WORKERS' COMPENSATION
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(A COMPONENT UNIT OF THE STATE OF OHIO)

COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE

for the years ended June 30, 2000 and 1999
(000's omitted)

	2000	1999
Operating revenues:		
Premium income	$1,711,895	$1,642,210
Special premium income (Note 10)	575,989	-
Assessment income	432,398	389,817
Investment income (Note 2)	1,624,008	1,577,111
Other	17,221	16,036
	4,361,511	3,625,174
Operating expenses:		
Workers' compensation benefits	952,046	1,211,549
Compensation adjustment expenses	535,182	215,654
Premium credits and rebates (Note 10)	1,328,207	757,669
Provision for uncollectible accounts	77,270	29,387
Personal services	48,038	45,657
General and administrative	14,131	13,133
Investment expense	167,150	178,999
Other	28,852	35,626
	3,150,876	2,487,674
Net earnings	1,210,635	1,137,500
Fund balance, beginning of year	5,238,687	4,101,187
Fund balance, end of year	$6,449,322	$5,238,687

The accompanying notes are an integral part of the combined financial statements.

OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO
(A COMPONENT UNIT OF THE STATE OF OHIO)
COMBINED STATEMENTS OF CASH FLOWS

for the years ended June 30, 2000 and 1999
(000's omitted)

	2000	1999
Cash flows from operating activities:		
Cash receipts from premiums and assessments	$ 750,664	$ 1,470,155
Cash receipts - other	32,800	36,540
Cash disbursements for claims	(1,727,401)	(1,771,578)
Cash disbursements to employees for services	(235,930)	(222,262)
Cash disbursements for maintenance and equipment	(99,608)	(85,853)
Cash disbursements for employer refunds and rebates	(250,962)	(338,005)
Net cash used for operating activities	(1,530,437)	(911,003)
Cash flows from capital and related financing activities:		
Purchase of property and equipment, net of retirements	(9,560)	(4,858)
Sale of property	14,435	8,000
Payment received on Walker Center note	-	15,159
Principal payments on bonds	(7,000)	(6,000)
Net cash (used for) provided by capital and related financing activities	(2,125)	12,301
Cash flows from investing activities:		
Investments sold	31,353,171	37,896,851
Investments matured	799,501	838,636
Investments purchased	(31,596,847)	(39,874,749)
Interest and dividends received	809,711	809,602
Net cash provided by (used for) investing activities	1,365,536	(329,660)
Net decrease in cash and cash equivalents	(167,026)	(1,228,362)
Cash and cash equivalents, beginning of year	1,901,048	3,129,410
Cash and cash equivalents, end of year	$ 1,734,022	$ 1,901,048

The accompanying notes are an integral part of the combined financial statements.

OHIO BUREAU OF WORKERS' COMPENSATION
AND
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(A COMPONENT UNIT OF THE STATE OF OHIO)
COMBINED STATEMENTS OF CASH FLOWS, Continued

for the years ended June 30, 2000 and 1999
(000's omitted)

	2000	1999
Reconciliation of net earnings to net cash used for operating activities:		
Net earnings	$ 1,210,635	$ 1,137,500
Adjustments to reconcile net earnings to net cash and cash equivalents used for operating activities:		
Interest and dividends received	(809,711)	(809,602)
Provisions for uncollectible accounts	77,270	29,387
Depreciation	13,179	13,722
Appreciation of fair value of investments, net	(663,962)	(642,074)
Amortization of discount on bonds payable	291	393
Loss on sale of property and equipment	2,328	6,117
(Increases) decreases in assets and increases (decreases) in liabilities:		
Premiums and assessments in course of collection	(695,646)	(8,109)
Special premiums receivable	(575,989)	-
Unbilled premiums receivable	(3,200)	(30,400)
Accounts receivable	(90,103)	(60,905)
Retrospective premiums receivable	8,117	32,433
Interfund receivables	3,613	22,969
Accrued investment income	(24,625)	18,355
Other assets	5,243	1,744
Reserves for compensation and compensation adjustment expenses	(402,991)	(476,553)
Special premiums credit payable	575,989	-
Premium payment security deposits	(26,566)	(3,516)
Warrants payable	(5,934)	(134,317)
Interfund payables	(3,613)	(22,969)
Accounts payable	(115,911)	12,397
Deferred revenue	(8,304)	(3,148)
Other	(547)	5,573
Net cash used for operating activities	$ (1,530,437)	$ (911,003)

The accompanying notes are an integral part of the combined financial statements.

OHIO BUREAU OF WORKERS' COMPENSATION
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(A COMPONENT UNIT OF THE STATE OF OHIO)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

June 30, 2000 and 1999

1. Summary of Significant Accounting Policies

Organization

The Ohio Bureau of Workers' Compensation and the Industrial Commission of Ohio (BWC/IC) are the exclusive providers of workers' compensation insurance to private and public employers in Ohio who are not granted the privilege of paying compensation and medical benefits directly (self-insured employers). BWC/IC was created and is operated pursuant to Chapters 4121, 4123, 4127, and 4131 of the Ohio Revised Code (the Code) and is a component unit of the State of Ohio (the State).

Amended Substitute House Bill 7 created the Workers' Compensation Oversight Commission and provided for the selection of the BWC Administrator. The Workers' Compensation Oversight Commission and the Industrial Commission of Ohio, both appointed by the Governor, oversee the administrative and claims adjudicative operations of BWC/IC, respectively.

Basis of Presentation

The accompanying combined financial statements include all funds, activities, and functions of BWC/IC as a component unit of the State of Ohio in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity". The individual funds, activities, and functions of BWC/IC are not deemed to be legally separate organizations requiring discrete presentation in separate columns. The individual funds do not have separate financial accountability warranting inclusion as separate component units of the reporting entity.

The BWC/IC administers the following funds:

State Insurance Fund (SIF)
Disabled Workers' Relief Fund (DWRF)
Public Work-Relief Employees' Fund (PWREF)
Coal-Workers Pneumoconiosis Fund (CWPF)
Marine Industry Fund (MIF)
Intentional Tort Fund (ITF)
Self-Insuring Employers' Guaranty Fund (SIEGF)
Occupational Safety Loan Fund (OSLF)
Administrative Cost Fund (ACF)

The accompanying combined financial statements represent the aggregate total of the individual funds' data. Interfund eliminations have not been made in the aggregation of this data and the combined financial statements do not present consolidated financial data.

Pursuant to GASB Statement No. 20, “Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting,” BWC/IC follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Description of the Funds

SIF, PWREF, CWPF, and MIF are insurance funds providing workers' compensation benefits to injured workers.

DWRF is an assessment fund providing supplemental cost of living benefits to persons permanently and totally disabled receiving benefits from SIF or PWREF. The maximum benefit levels are changed annually based on the United States Department of Labor National Consumer Price Index.

SIEGF is an assessment fund providing for payment of compensation and benefits to employees of self-insured employers in order to cover any default in payments by self-insured employers.

ACF provides for the payment of administrative and operating costs of all funds except DWRF, CWPF, and MIF, which pay such costs directly.

ITF was established to provide for the payment of punitive damages to employees and employer legal fees in intentional tort actions filed by employees having rights to receive workers' compensation benefits where such benefits result from an intentional tort of the employer. In August 1991, the Ohio Supreme Court declared the ITF unconstitutional. As a result of this decision, the related unpaid intentional tort benefits may not be paid. The cumulative assessments collected from employers were expected to be prorated as a credit to the administrative assessment of the participants for the rating year beginning July 1, 1993. However, on September 24, 1992, the United States District Court issued an order prohibiting BWC/IC from disbursing ITF assets until such order is lifted or amended by the court. As of June 30, 2000, no such action has taken place.

OSLF was established to make low-interest loans available to employers to improve, install, or erect equipment that reduces hazards to the health and safety of workers. A $1 million transfer in November 1995 from Safety & Hygiene assessments provided funding for the OSLF. A portion of premiums paid by employers is earmarked for safety and loss prevention activities performed by the Safety & Hygiene Division.

Cash and Cash Equivalents

BWC/IC considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents are stated at amortized cost, which approximates fair value.

Investments

Investments in fixed maturities include bonds and notes. Fixed maturities and equity securities are stated at fair value on a trade date basis. In March 1997, GASB issued Statement No. 31 “Accounting and Financial Reporting for Certain Investments and for External Investment Pools” (Statement No. 31). This Statement requires investments to be reported at fair value in the balance sheet. Statement No. 31 also requires that all investment income, including changes in the fair value of investments to be reported as revenue in the statement of operations.

Fair values of fixed maturities are estimated based on quotations from national security exchanges or, in the event such quotations are not available, "matrixed" prices which are calculated using the coupon interest rate, maturity date, credit rating, market indices, and other market data as it relates to the issue being valued. Fair values of equity securities are based on quotations from national security exchanges.

BWC/IC participates as a limited partner in partnerships investing in equities, bonds, notes, and other assets. Investments in limited partnerships are carried at cost plus BWC/IC’s equity interest in changes in the investee’s net assets.

BWC/IC participates in a securities lending program, administered by the custodial agent bank, whereby certain securities are transferred to an approved independent broker/dealer (borrower) in exchange for collateral. Securities under loan are included with fixed maturities and equity securities on the combined balance sheet. BWC/IC has minimized its exposure to credit risk due to borrower default by requiring the custodial agent to ensure that BWC/IC's loaned securities are collateralized at 102% of the fair value. Securities received as collateral cannot be sold by BWC/IC unless the borrower defaults, as such, these amounts are not reflected in the combined financial statements. Cash collateral is reflected in the combined financial statements and is invested in short term obligations, which must have an average weighted maturity of 45 days or less. The contract with the custodial agent does not provide indemnification in cases of borrower default; however, BWC/IC has not experienced any losses due to credit or market risk on security lending activity since the implementation of the program in November 1993.

Premium Income

SIF, PWREF, CWPF, and MIF premium income is recognized over the coverage period and is collected in subsequent periods for all funds except MIF, which collects premiums in advance of the coverage period. Premiums earned but not yet due are reflected as premiums in course of collection in the combined financial statements. Premiums are based on rates that are approved by the Oversight Commission and on the employers' payroll, except self-insured employer premiums which are based on paid compensation. SIF rates for private and public taxing district employers meeting certain size criteria are adjusted automatically based on their own claims experience.

Retrospective rating plans and group rating plans are offered to qualified employers. SIF recognizes estimated ultimate premium income on retrospectively rated business during the coverage period. Retrospective rating adjustments related to the coverage period will be collected in the future, as experience develops on injuries incurred during the coverage period. The estimated future retrospective rating adjustments are reflected in the combined financial statements as retrospective premiums receivable.

The Code permits State agencies to pay into SIF on a terminal funding (pay-as-you-go) basis. Additionally, certain benefits are paid from the SIF Surplus Fund (see Note 7) for self-insured employers. As BWC/IC has the statutory authority to assess premiums against the State and self-insured employers in future periods, an unbilled premium receivable equal to their share of the discounted reserve for compensation and compensation adjustment expenses is reflected in the combined balance sheet.

Assessment Income

DWRF I (DWRF benefits awarded for injuries incurred prior to January 1, 1987) and ACF assessment income is recognized over the period for which the assessment applies and is collected in subsequent periods. These amounts are reflected as assessments in course of collection in the combined financial statements. Deferred revenue in the combined balance sheet represents DWRF II (DWRF benefits awarded for injuries incurred on or after January 1, 1987) and SIEGF assessments received or in the course of collection, but not yet recognized. DWRF II and SIEGF assessments are recognized as revenues at such time and to the extent that DWRF II and SIEGF claims are paid (terminal funding basis).

DWRF I assessments are based on employers' payroll and a statutorily determined rate. DWRF II and ACF assessments are based on rates that are approved by the Oversight Commission and on employers' payroll, except for ACF assessments of self-insured employers which are based on paid workers’ compensation benefits. SIEGF assessments are based on the financial strength of self-insured employers and paid workers’ compensation benefits with the exception of new self-insured employers, which are based on a percentage of base-rated premium.

Property and Equipment

Property and equipment are carried at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Description	Estimated Useful Lives (Years)
Buildings	30
Furniture and fixtures	10
Vehicles and equipment	5

Reserves for Compensation and Compensation Adjustment Expenses

The reserve for compensation includes actuarial estimates for both reported claims and claims incurred but not reported (IBNR). The reserve for compensation adjustment expenses is determined by estimating future expenses to be incurred in settlement of the claims. The reserve for compensation is based on historical claims experience data and assumptions and projections as to future events, including claims frequency, severity, persistency, and inflationary trends for medical claim reserves. The reserve for compensation adjustment expenses is based on projected claim-related expenses, estimated costs of the managed care Health Partnership Program, and the reserve for compensation. The methods of making such estimates and for establishing the resulting liabilities are reviewed quarterly and updated based on current circumstances. Any adjustments resulting from changes in estimates are recognized in the current period. The reserves for compensation and compensation adjustment expenses are discounted at 6.0% in 2000 and 6.25% in 1999 to reflect the present value of future benefit payments. The selected discount rate approximates an average yield on United States government securities with a duration similar to BWC/IC's reserves.

A reserve is not provided in DWRF I and II or SIEGF for workers' compensation benefit awards granted or IBNR as both funds are operated on a terminal funding basis and, as such, are not required to match revenues and expenses but rather to match assessments to claims disbursements. Future DWRF benefits to be paid for injuries, which have occurred, as of June 30, 2000 are estimated to be $7.8 billion undiscounted and $3.0 billion discounted at 6.0%. These same DWRF benefits were estimated to be $6.9 billion undiscounted and $2.7 billion discounted at June 30, 1999. Future assessments and transfers of investment income from SIF will fund future DWRF benefits. Future SIEGF benefits to be paid for injuries, which have occurred, as of June 30, 2000 are estimated to be $186 million undiscounted and $118 million discounted at 6.0%. The liability for SIEGF benefits as of June 30, 1999 was estimated to be $231 million undiscounted and $156 million discounted. Future SIEGF benefits will be funded by future assessments from self-insured employers.

Management believes that the recorded reserve for compensation and compensation adjustment expenses is adequate. While management uses available information to estimate the reserve for compensation and compensation adjustment expenses, future changes to the reserve for compensation and compensation adjustment expenses may be necessary based on claims experience and changing claims frequency and severity conditions.

Reclassification

Certain 1999 financial statement amounts have been reclassified in order to conform to their 2000 presentation.

2. Cash and Investments

BWC/IC is authorized to invest in bonds, notes, certificates of indebtedness, mortgage notes, debentures, common stock, preferred stock, commercial paper, real estate, limited partnerships, or other obligations or securities as set forth in the Code.

BWC/IC cash balances and investments are categorized to give an indication of the level of risk assumed by BWC/IC at June 30 as follows (000's omitted):

	2000 Category 1	2000 Category 3	2000 Carrying/Fair Value	1999 Category 1	1999 Category 3	1999 Carrying/Fair Value
Cash balance per bank	$ 100	$ 6,790	$ 6,890	$ 100	$ 13,002	$ 13,102
Net reconciling items		2,975	2,975		(5,570)	(5,570)
Cash balance included in cash and cash equivalents in the combined balance sheets	100	9,765	9,865	100	7,432	7,532
Investments:						
Fixed maturities:						
Not on securities loan	5,339	8,351,845	8,357,184	5,950	8,421,012	8,426,962
On loan for broker provided collateral		147,233	147,233		207,979	207,979
On loan for letters of credit collateral		102,654	102,654		35,563	35,563
Equity securities:						
Not on securities loan		6,488,245	6,488,245		6,951,547	6,951,547
On loan for letters of credit collateral		19,955	19,955			
Preferred stock		51,397	51,397		59,987	59,987
Cash equivalents		1,724,157	1,724,157		1,893,516	1,893,516
Securities lending short-term collateral		2,327,772	2,327,772		2,247,261	2,247,261
Total	$5,439	$19,223,023	19,228,462	$6,050	$19,824,297	19,830,347
Investments – Not Categorized:						
Securities on loan with cash collateral:						
Fixed maturities			1,448,350			1,443,685
Equity securities			839,381			752,973
Investment in limited partnership			185,690			27,263
			$21,701,883			$22,054,268

Category 1 includes cash balances insured or collateralized with securities held by BWC/IC or by their agent in the name of BWC/IC. Of the bank balance, the Federal Deposit Insurance Corporation insured $100,000. The remaining bank balance cash deposits were uninsured and uncollateralized and were held in the name of BWC/IC's pledging financial institution, as required by the Code (Category 3).

GASB Statement No. 3, "Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements," requires governmental entities to categorize investments to give an indication of the level of risk assumed by the entity at year-end. Investments that are insured or registered for which the securities are held by BWC/IC or by its agent in the name of BWC/IC are included in Category 1. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in BWC/IC's name. Securities on loan with cash collateral and investments in limited partnerships are investments that, by their nature, are not required to be categorized.

Gross investment income is summarized as follows (000's omitted):

	2000	1999
Fixed maturities	$ 636,530	$ 559,981
Equity securities	87,855	94,201
Investment in limited partnership	7,220	1,072
Cash equivalents	91,319	127,101
Securities lending	137,122	152,682
Increase in fair value of investments	663,962	642,074
	$1,624,008	$1,577,111

3. Property and Equipment

The major classifications of property and equipment at June 30 are as follows (000's omitted):

	2000	1999
Land and land improvements	$ 12,697	$ 12,871
Buildings	227,934	233,416
Furniture, fixtures, vehicles and equipment	84,399	83,270
	325,030	329,557
Less accumulated depreciation	142,495	138,640
	$182,535	$190,917

Depreciation expense totaled $13.2 million and $13.7 million for the years ended June 30, 2000 and June 30, 1999, respectively.

4. Reserves for Compensation and Compensation Adjustment Expenses

The reserve for compensation consists of reserves for indemnity and medical claims resulting from work related injuries or illnesses. Management believes that the liability recorded is adequate; however, the ultimate liability may vary from the amounts provided.

All reserves have been discounted at 6.0% at June 30, 2000 and 6.25% at June 30, 1999. A decrease in the discount rate to 5.0% would result in reserves for compensation and compensation adjustment expenses increasing to approximately $15.0 billion at June 30, 2000 while an increase in the rate to 7.0% would result in reserves for compensation and compensation adjustment expenses decreasing to approximately $12.5 billion at June 30, 2000. A decrease in the discount rate to 5.25% would result in reserves for compensation and compensation adjustment expenses increasing to approximately $15.4 billion, while an increase in the rate to 7.25% would result in reserves for compensation and compensation adjustment expenses decreasing to approximately $12.9 billion at June 30, 1999. The undiscounted reserves for compensation and compensation adjustment expenses were approximately $28.5 billion at June 30, 2000 and $30.2 billion at June 30, 1999. The net earnings would have been approximately $1.4 billion higher in fiscal year 2000 and $2.9 billion higher in fiscal year 1999 if the reserves for compensation and compensation adjustment expenses were not discounted.

The schedule below presents the changes in compensation liabilities for the past period:

	2000 (In Millions)	1999 (In Millions)
Reserves for compensation and compensation adjustment expenses, beginning of period	$14,041	$14,517
Incurred:		
Provision for insured events of current period	1,936	1,797
Net decrease in provision for insured events of prior periods net of discount accretion of $842 in 2000 and $907 in 1999, respectively	(759)	(687)
Total incurred	1,177	1,110
Payments:		
Compensation and compensation adjustment expenses attributable to insured events of current period	404	422
Compensation and compensation adjustment expenses attributable to insured events of prior periods	1,482	1,478
Total payments	1,886	1,900
Decrease in discount rate	306	314
Reserves for compensation and compensation adjustment expenses, end of period	$13,638	$14,041

As a result of changes in estimates of insured events of prior years, the provision for compensation and compensation adjustment expenses decreased $1.6 billion in 2000 and in 1999, primarily due to the impact of changes in claims management, medical cost containment programs, and increased fraud detection and prosecution.

5. Bonds Payable

In 1993, BWC/IC financed the William Green Building through the issuance of bonds by the Ohio Building Authority (OBA). These special obligation bonds are collateralized by lease rental payments pledged by BWC/IC to OBA and bear a predetermined interest rate ranging from 3.25% to 5.125%. The lease period coincides with the State’s biennial budget and is renewable for successive two-year periods until the bonds are retired. Lease payments are based on the estimated debt service of the bonds, but are limited to an amount appropriated by the Ohio General Assembly in BWC/IC's biennial budget. Lease rental payments totaled $16.2 million and $15.5 million for the years ended June 30, 2000 and June 30, 1999, respectively.

The building continues to be reflected in property and equipment and the related obligation has been reflected as bonds payable on the combined balance sheet. Future principal and interest payments are as follows (000's omitted):

Fiscal Year	Principal	Interest	Total
2001	$ 8,000	$ 8,915	$ 16,915
2002	9,000	8,571	17,571
2003	10,000	8,175	18,175
2004	11,000	7,734	18,734
2005	12,000	7,240	19,240
After 2005	137,255	34,079	171,334
Unamortized bond discount And issuance costs	(2,100)		(2,100)
Total	$185,155	$74,714	$259,869

6. Defined Benefit Pension Plan

BWC/IC contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and survivor benefits for the public employees of Ohio. Benefits are established by State statute. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215.

The Code provides PERS statutory authority for employee and employer contributions. The required, actuarially determined contribution rates for PERS plan members, including BWC/IC, are 8.5% and 13.31% of covered payroll, respectively. BWC/IC's contributions representing 100% of the dollar amount billed are as follows (000's omitted):

Twelve months ended June 30, 2000	$20,959
Twelve months ended June 30, 1999	$20,571
Twelve months ended June 30, 1998	$20,804

Post-Retirement Health Care

PERS provides post-retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disabled recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, “Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Governmental Employers.” The Code provides statutory authority for employer contributions and requires public employers to fund post-retirement health care through their contributions to PERS.

PERS health care benefits are financed through employer contributions and investment earnings, which are expected to be sufficient to sustain the program indefinitely. The net health care costs paid by the plan were $524 million for the year ended December 31, 1999; the date of its most recent audited financial report. The plan’s net assets available to fund future health care benefits totaled $11.2 billion as of December 31, 1999. At that date there were 118,062 eligible benefit recipients in the PERS plan.

Effective January 1, 1998, PERS adopted a new calculation method for determining employer contributions applied to retiree health care. Under the new method, employer contributions, equal to 4.2% of member covered payroll, are used to finance health care expenses. Under the prior method, accrued liabilities and normal cost rates were actuarially determined.

7. Surplus Fund

The SIF Surplus Fund is established by the Code and is financed by a percentage of all SIF premiums paid by private, self-insured, and public employers (excluding state employers). The Surplus Fund has been appropriated for specific charges, including compensation related to claims of handicapped persons or employees of noncomplying employers, and the expense of providing rehabilitation services, counseling, training, living maintenance payments, and other related charges to injured workers. The Surplus Fund may also be charged on a discretionary or contingent basis as ordered by BWC/IC, as permitted by the Code. See Note 9.

8. Premium Payment Security Fund

The SIF Premium Payment Security Fund (PPSF) is established by the Code and is financed by a percentage of premiums paid by private employers. Amounts are charged to the PPSF when the employer's premium due for a payroll period is determined to be uncollectible by the Attorney General of Ohio and the employer's premium payment security deposit is not sufficient to cover the premiums due for the payroll period. See Note 9.

9. Fund Balance

Individual fund balances (deficit) at June 30 were as follows (000’s omitted):

	2000	1999
SIF	$6,974,462	$5,654,541
SIF Surplus Fund	(438,066)	(350,524)
SIF Premium Payment Security Fund	108,431	107,791

Total SIF Fund Balance	6,644,827	5,411,808
DWRF	446,209	392,965
PWREF	10,841	10,393
CWPF	114,077	111,059
MIF	6,947	3,180
SIEGF	10,294	9,098
OSLF	1,279	1,208
ACF	(785,152)	(701,024)
Total Fund Balance	$6,449,322	$5,238,687

The ACF fund deficit is a result of recording reserves of $979 million in 2000 and $900 million in 1999 for compensation adjustment expenses in accordance with generally accepted accounting principles, even though funding for ACF is on a terminal funding basis in accordance with the Code. Consequently, incurred compensation adjustment expenses are not fully funded.

10. Premium Credits, Rebates and Special Premium Income

Private and public taxing district employers were awarded a one-time rebate in June 1998. An additional $117 million in rebates were accrued as of June 30, 1999 and processed in fiscal year 2000. On March 11, 1999 the Workers' Compensation Oversight Commission approved a 75% premium credit for private employers for the policy period January 1, 1999 through June 30, 1999, returning an estimated $640 million to these employers.

On November 23, 1999 a 75% premium credit was approved for private employers for the policy period July 1,1999 through December 31, 1999, returning an estimated $619 million to these employers. Additionally, on October 21, 1999, a 75% premium credit was approved for public taxing district employers for the January 1, 1999 policy year, returning an estimated $133 million to these employers.

Pending appeal of a court order vacating the private employer premium credit for the January 1, 1999 through June 30, 1999 policy period, BWC/IC has taken steps to comply with the Court of Appeals' ruling. In fiscal year 2001, employers will be billed an estimated $576 million as a result of this ruling. On the same invoice, employers will receive a one-time premium reduction approved by the Workers' Compensation Oversight Commission on June 28, 2000. A special premium assessment and premium credit expense of $576 million has been accrued as of June 30, 2000.

On June 28, 2000, the Workers' Compensation Oversight Commission approved 75% premium credits for private employers for the policy periods July 1, 2000 through December 31, 2000 and January 1, 2001 through June 30, 2001, returning an estimated $1.3 billion to these employers.

11. <u>Risk Management</u>

BWC/IC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To cover these risks BWC/IC maintains commercial insurance and property insurance. There were no reductions in coverage in either fiscal year 2000 or 1999. Claims experience over the past three years indicates there were no instances of losses exceeding insurance coverage. Additionally, BWC/IC provides medical benefits for its employees on a fully insured basis with independent insurance companies or the State's self-insured benefit plan.

12. <u>Contingent Liabilities</u>

BWC/IC is a party in various litigation. While the final outcome cannot be determined at this time, management is of the opinion that the liability, if any, for these legal actions will not have a material adverse effect on BWC/IC's financial position.

OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO
(A COMPONENT UNIT OF THE STATE OF OHIO)

SUPPLEMENTAL COMBINING SCHEDULE - BALANCE SHEET INFORMATION

(See Accompanying Independent Auditors' Report)

June 30, 2000

(000's omitted)

	State Insurance Fund	Disabled Workers' Relief Fund	Public Work Relief Employees' Fund	Coal - Workers Pneumoconiosis Fund	Marine Industry Fund	Intentional Tort Fund	Self-Insuring Employers' Guaranty Fund	Occupational Safety Loan Fund	Administrative Cost Fund	Combined Totals
ASSETS										
Cash and investments:										
Fixed maturities, at fair value	$ 9,179,875	$720,028	$1,406	$139,708	$2,240	$ -	$12,164	$ -	$ -	$ 10,055,421
Equity securities, at fair value	7,347,581	-	-	-	-	-	-	-	-	7,347,581
Preferred stock, at fair value	39,503	7,334	-	4,560	-	-	-	-	-	51,397
Investment in limited partnership, at fair value	185,690	-	-	-	-	-	-	-	-	185,690
Collateral on loaned securities, at fair value	2,297,618	28,043	127	-	938	-	678	-	368	2,327,772
Cash and cash equivalents	1,578,352	50,548	13,600	5,920	8,269	60,411	10,083	1,279	5,560	1,734,022
Total cash and investments	20,628,619	805,953	15,133	150,188	11,447	60,411	22,925	1,279	5,928	21,701,883
Premiums in course of collection	858,692	-	289	-	-	-	-	-	-	858,981
Assessments in course of collection	-	49,499	-	-	-	-	-	-	151,864	201,363
Special premiums receivable	575,989	-	-	-	-	-	-	-	-	575,989
Unbilled premiums receivable	561,000	-	-	-	-	-	-	-	45,700	606,700
Accounts receivable, net of allowance for uncollectible accounts	128,974	26,428	(8)	-	-	15	422	-	5,911	161,742
Retrospective premiums receivable	304,075	-	-	-	-	-	-	-	-	304,075
Interfund receivables	9,764	10,231	85	-	18	2	-	-	40,846	60,946
Property and equipment, less accumulated depreciation	30,056	22	-	-	-	-	-	-	152,457	182,535
Investment trade receivables	367,956	157	8	13	9	-	31	-	-	368,174
Accrued investment income	109,780	9,543	29	2,125	57	-	87	-	-	121,621
Other assets	668	-	-	-	-	-	-	-	16,028	16,696
Total assets	$ 23,575,573	$ 901,833	$ 15,536	$ 152,326	$ 11,531	$ 60,428	$ 23,465	$ 1,279	$ 418,734	$ 25,160,705

Continued

OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO
(A COMPONENT UNIT OF THE STATE OF OHIO)

SUPPLEMENTAL COMBINING SCHEDULE - BALANCE SHEET INFORMATION, Continued

(See Accompanying Independent Auditors' Report)

June 30, 2000

(000's omitted)

	State Insurance Fund	Disabled Workers' Relief Fund	Public Work Relief Employees' Fund	Coal - Workers Pneumoconiosis Fund	Marine Industry Fund	Intentional Tort Fund	Self-Insuring Employers' Guaranty Fund	Occupational Safety Loan Fund	Administrative Cost Fund	Combined Totals
LIABILITIES AND FUND BALANCE (DEFICIT)										
Reserve for compensation	$12,002,121	$ -	$4,563	$35,121	$3,106	$ -	$ -	$ -	$ -	$12,044,911
Reserve for compensation adjustment expenses	610,600	-	-	2,900	253	-	-	-	979,000	1,592,753
Special premiums credit payable	575,989	-	-	-	-	-	-	-	-	575,989
Premium payment security deposits	78,307	-	-	145	-	-	-	-	-	78,452
Obligations under securities lending	2,297,618	28,043	127	-	938	-	678	-	368	2,327,772
Warrants payable	28,104	-	-	-	-	-	-	-	-	28,104
Interfund payables	49,736	2,530	5	83	27	32	1,703	-	6,830	60,946
Investment trade payable	1,286,871	-	-	-	-	-	-	-	-	1,286,871
Accounts payable	1,400	-	-	-	-	-	-	-	4,437	5,837
Deferred revenue	-	425,051	-	-	-	-	10,790	-	-	435,841
Bonds payable	-	-	-	-	-	-	-	-	185,155	185,155
Other	-	-	-	-	260	60,396	-	-	28,096	88,752
Total liabilities	16,930,746	455,624	4,695	38,249	4,584	60,428	13,171	-	1,203,886	18,711,383
Fund balance (deficit):										
Surplus Fund (deficit)	(438,066)	-	-	-	-	-	-	-	-	(438,066)
Premium Payment Security Fund	108,431	-	-	-	-	-	-	-	-	108,431
Fund balance (deficit)	6,974,462	446,209	10,841	114,077	6,947	-	10,294	1,279	(785,152) 0	6,778,957
Total fund balance (deficit)	6,644,827	446,209	10,841	114,077	6,947	-	10,294	1,279	(785,152) 0	6,449,322
Total liabilities and fund balance	$23,575,573	$901,833	$15,536	$152,326	$11,531	$60,428	$23,465	$1,279	$418,734	$25,160,705

Continued

OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO
(A COMPONENT UNIT OF THE STATE OF OHIO)

SUPPLEMENTAL COMBINING SCHEDULE - OPERATIONS AND CHANGES IN FUND BALANCE (DEFICIT) INFORMATION

(See Accompanying Independent Auditors' Report)

for the year ended June 30, 2000

(000's omitted)

	State Insurance Fund	Disabled Workers' Relief Fund	Public Work Relief Employees' Fund	Coal - Workers Pneumoconiosis Fund	Marine Industry Fund	Intentional Tort Fund	Self-Insuring Employers' Guaranty Fund	Occupational Safety Loan Fund	Administrative Cost Fund	Combined Totals
Operating revenues:										
Premium income	$1,710,673	$ -	$319	$3	$900	$ -	$ -	$ -	$ -	$1,711,895
Special premium income	575,989	-	-	-	-	-	-	-	-	575,989
Assessment income	-	109,880	-	-	-	-	5,213	-	317,305	432,398
Investment income	1,567,438	43,038	869	5,421	642	-	1,234	71	5,295	1,624,008
Other	10,024	-	-	-	-	-	-	-	7,197	17,221
	3,864,124	152,918	1,188	5,424	1,542	-	6,447	71	329,797	4,361,511
Operating expenses:										
Workers' compensation benefits	811,645	134,849	740	1,876	(2,277)	-	5,213	-	-	952,046
Compensation adjustment expenses	196,932	-	-	400	(172)	-	-	-	338,022	535,182
Premium credits	1,328,207	-	-	-	-	-	-	-	-	1,328,207
Provision for uncollectible accounts	72,169	1,159	-	-	-	-	-	-	3,942	77,270
Personal services	-	442	-	73	45	-	-	-	47,478	48,038
General and administrative	-	135	-	-	-	-	-	-	13,996	14,131
Investment expense	166,110	943	-	57	2	-	38	-	-	167,150
Other	10,620	1	-	-	177	-	-	-	18,054	28,852
	2,585,683	137,529	740	2,406	(2,225)	-	5,251	-	421,492	3,150,876
Operating earnings (loss) before operating transfers	1,278,441	15,389	448	3,018	3,767	-	1,196	71	(91,695)	1,210,635
Operating transfers	(45,422)	37,855	-	-	-	-	-	-	7,567	-
Net earnings (loss)	1,233,019	53,244	448	3,018	3,767	-	1,196	71	(84,128)	1,210,635
Fund balance (deficit), beginning of year	5,411,808	392,965	10,393	111,059	3,180	-	9,098	1,208	(701,024)	5,238,687
Fund balance (deficit), end of year	$6,644,827	$446,209	$10,841	$114,077	$6,947	$ -	$10,294	$1,279	$(785,152)	$6,449,322

Continued

OHIO BUREAU OF WORKERS' COMPENSATION
AND
INDUSTRIAL COMMISSION OF OHIO

(A COMPONENT UNIT OF THE STATE OF OHIO)

REQUIRED SUPPLEMENTAL REVENUE AND RESERVE DEVELOPMENT INFORMATION, UNAUDITED

(See Accompanying Independent Auditors' Report)

Government Accounting Standards Board Statement No. 30, "Risk Financing Omnibus", requires the presentation of ten years supplemental revenue and reserve development information, if available.

The table on the following page illustrates how BWC/IC's earned revenues and investment income compare to related costs of workers' compensation benefits (compensation) and other expenses assumed by BWC/IC as of the end of each of the last ten and one-half periods. The rows of the table are defined as follows: (1) This line shows the total of each period's operating revenues. (2) This line shows each period's operating expenses including overhead and compensation adjustment expense not allocable to individual claims. (3) This line shows incurred compensation and allocated compensation adjustment expense (both paid and accrued) as originally reported at the end of the first period in which the injury occurred. (4) This section of eleven rows shows the cumulative amounts paid as of the end of successive periods for each period. The diagonal for the period ended June 30, 1996 represents six months of paid development. The diagonals for subsequent years represent paid development one and one-half years later. (5) This section of ten rows shows how each period's incurred compensation increased or decreased as of the end of successive periods. The diagonal for the period ended June 30, 1996 represents six months of incurred compensation development. The diagonals for subsequent years represent incurred compensation development one and one-half years later. (6) This line compares the latest re-estimated incurred compensation amount to the amount originally established (line 3) and shows whether this latest estimate of compensation cost is greater or less than originally thought. As data for individual periods mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred compensation currently recognized in less mature periods. The columns of the table show data for successive periods on an undiscounted basis. Periods 1990 through 1995 are for the years ended December 31, 1990 through 1995; the 1996 period is for the six months ended June 30, 1996; and periods 1997 through 2000 are for the fiscal years ended June 30, 1997 through 2000.

Continued

OHIO BUREAU OF WORKERS' COMPENSATION
AND
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(A COMPONENT UNIT OF THE STATE OF OHIO)

REQUIRED SUPPLEMENTAL REVENUE AND RESERVE
DEVELOPMENT INFORMATION, UNAUDITED, Continued
(See Accompanying Independent Auditors' Report)
(In Millions of Dollars)

	Fiscal years ended June 30				Six months ended June 30	Years ended December 31					
	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
1. Operating revenues	4,361	3,625	5,116	4,958	1,795	3,366	3,161	3,159	3,502	2,988	2,702
2. Unallocated expenses	258	274	461	1,017	186	345	265	561	263	356	281
3. Estimated incurred compensation and compensation adjustment expense, end of period	1,571	1,540	1,633	1,709	925	1,795	1,826	2,094	2,103	2,001	1,571
Discount	1,672	1,821	2,580	2,498	1,203	2,421	2,615	2,971	2,933	2,962	2,325
Gross liability as originally estimated	3,243	3,361	4,213	4,207	2,128	4,216	4,441	5,065	5,036	4,963	3,896
4. Paid (cumulative) as of :											
End of period	404	422	389	321	75	276	247	227	213	200	156
One or one-half year later		809	673	434	176	477	561	552	555	529	517
Two or one and one-half years later			1,038	611	274	677	659	734	739	732	761
Three or two and one-half years later				1,085	344	817	810	801	883	874	932
Four or three and one-half years later					468	920	923	919	938	994	1,056
Four and one-half years later						1,004	1,015	1,009	1,035	1,039	1,169
Five and one-half years later							1,090	1,079	1,115	1,127	1,208
Six and one-half years later								1,140	1,182	1,201	1,294
Seven and one-half years later									1,231	1,255	1,364
Eight and one-half years later										1,300	1,424
Nine and one-half years later											1,472
5. Re-estimated incurred compensation and compensation adjustment expenses:											
One or one-half year later		3,111	2,603	3,461	1,707	3,790	3,954	4,062	4,525	4,505	4,540
Two or one and one-half years later			3,032	2,899	1,611	3,627	3,486	3,607	3,620	4,169	4,317
Three or two and one-half years later				2,878	1,544	3,475	3,423	3,157	3,271	3,370	3,984
Four or three and one-half years later					1,388	2,973	3,347	3,199	2,957	3,115	3,382
Four and one-half years later						2,627	3,002	3,040	3,013	2,810	3,129
Five and one-half years later							2,592	2,698	2,941	2,897	2,886
Six and one-half years later								2,257	2,654	2,861	3,046
Seven and one-half years later									2,273	2,647	2,981
Eight and one-half years later										2,312	2,808
Nine and one-half years later											2,482
6. Decrease in estimated incurred compensation and compensation adjustment expenses from end of period		(250)	(1,181)	(1,329)	(740)	(1,589)	(1,849)	(2,808)	(2,763)	(2,651)	(1,414)

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Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Honorable Jim Petro
Auditor of the State of Ohio,
Workers' Compensation Oversight Commission and
Industrial Commission of Ohio:

We have audited the combined financial statements of the Ohio Bureau of Workers' Compensation and Industrial Commission of Ohio (BWC/IC), a component unit of the State of Ohio, as of and for the year ended June 30, 2000, and have issued our report thereon dated September 22, 2000. We conducted our audit 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.

Compliance

As part of obtaining reasonable assurance about whether BWC/IC's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of BWC/IC in a separate letter dated September 22, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered BWC/IC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined financial statements and not to provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting, which we have reported to management of BWC/IC in a separate letter dated September 22, 2000.

This report is intended solely for the information and use of management, the Auditor of the State of Ohio, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

September 22, 2000

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OHIO BUREAU OF WORKERS COMPENSATION AND INDUSTRIAL COMMISSION OF OHIO

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 5, 2000