

**PUBLIC ENTITIES POOL OF OHIO**  
**FINANCIAL STATEMENTS WITH REQUIRED**  
**SUPPLEMENTARY INFORMATION**  
December 31, 2024 and 2023





65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

Board of Directors  
Public Entities Pool of Ohio  
31555 W 14 Mile Road, Suite 110  
Farmington Hills, MI 48334

We have reviewed the *Independent Auditor's Report* of the Public Entities Pool of Ohio, Lucas County, prepared by Crowe LLP, for the audit period January 1, 2024 through December 31, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER  
Ohio Auditor of State

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

**July 19, 2025**

**This page intentionally left blank.**

PUBLIC ENTITIES POOL OF OHIO

FINANCIAL STATEMENTS WITH REQUIRED  
SUPPLEMENTARY INFORMATION  
December 31, 2024 and 2023

CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	4
BASIC FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION .....	8
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION .....	9
STATEMENTS OF CASH FLOWS .....	10
NOTES TO THE BASIC FINANCIAL STATEMENTS .....	11
REQUIRED SUPPLEMENTARY INFORMATION	
CASUALTY CLAIMS DEVELOPMENT INFORMATION .....	20
PROPERTY CLAIMS DEVELOPMENT INFORMATION .....	21
RECONCILIATION OF CLAIMS AND CLAIM ADJUSTMENT EXPENSE RESERVES BY TYPE OF CONTRACT .....	22
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	23
SCHEDULE OF FINDINGS .....	25

**This page intentionally left blank.**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Public Entities Pool of Ohio

**Report on the Audit of the Financial Statements*****Opinion***

We have audited the financial statements of Public Entities Pool of Ohio (the "Pool"), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Pool'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 Pool as of December 31, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pool, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool'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.

---

(Continued)

## ***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 Pool'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 Pool'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, casualty claims development information, property claims development information, and reconciliation of claims and claim adjustment expense reserves by type of contract, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

---

(Continued)



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2025 on our consideration of the Pool'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 Pool'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 the Pool's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CROWE LLP". The letters are in all caps and have a casual, slightly slanted appearance.

Crowe LLP

Fort Lauderdale, Florida  
June 30, 2025

## **Using this Annual Report**

This annual report consists of the statements of net position, the statements of revenue, expenses, and changes in net position, and the statements of cash flows. Along with the notes to the basic financial statements, it provides detailed financial information concerning Public Entities Pool of Ohio (the "Pool" or "PEP"). The management's discussion and analysis (the "MD&A") provides a review of the Pool's operating results for the years 2022 through 2024, as well as its financial condition at December 31, 2024, 2023, and 2022. The MD&A should be read in conjunction with the basic financial statements and notes thereto.

## **Overview**

PEP is a local government risk pool that offers comprehensive liability and property coverages specifically tailored to meet the needs of political subdivisions throughout the State of Ohio and provide them with an alternative to traditional insurance. PEP differs philosophically from traditional insurance programs in that PEP is an unincorporated, nonprofit association and serves only its members' interests.

Historically, the property and casualty insurance industry has been unable to provide the consistency of pricing and coverage needed by governmental authorities. The national insurance crisis of the late 1980s, in which political subdivisions in the State of Ohio were unable to purchase affordable insurance, led to the formation of local government risk pools. The transition from insurance to pooling has been so successful that there are over 500 governmental entity pools currently operating in the United States of America. PEP was formed in 1987 and has grown steadily to 649 members today.

The growth and success of pooling is often attributed to the availability of broad coverage and price stability, which PEP has consistently delivered since its formation. In addition to those advantages enjoyed by many pools, PEP stands out by providing responsive claims handling, coverage specific to Ohio political subdivisions, and customized risk control services, proving that its service-oriented philosophy has been a successful long-term solution for its members. PEP is endorsed by the Association of Ohio Health Commissioners, the Ohio Parks and Recreation Association, the Ohio Municipal League and the Coalition of Ohio Regional Districts.

More recently, PEP has implemented a variety of new member services in response to emerging risks and exposures to Ohio municipalities. Members now have access to on-site cyber risk control assessments. Additionally, there is the PEP+ Grant Program, which provides \$1,000 annually per member to help finance risk management initiatives. In 2023, PEP initiated the loyalty credit program, which enabled PEP members to share in the Pool's historically favorable operating results in the form of a budgetary distribution.

PEP's Annual Report provides members with detailed financial information about the Pool. Additionally, PEP's website provides members with information on news and events and contains links to valuable resources including a comprehensive online risk control library that contains numerous risk management and training materials in a variety of convenient formats.

PEP continues to build on its longstanding success by consistently providing customized coverage at a fair and stable price and being responsible, loyal, and responsive to its membership.

PUBLIC ENTITIES POOL OF OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2024, 2023, and 2022

---

## Administration

Sedgwick ("Sedgwick" or "Management") functions as the administrator of the Pool and provides program management, underwriting, claims, risk control, risk management and reinsurance services for the Pool. Sedgwick's pool administration team includes certified public accountants, credentialed underwriters, attorneys who specialize in public entity claims and a host of other subject matter experts, who have decades of experience in the successful management of public entity pools.

## Financial Overview and Highlights

The analysis below presents a comparison of the Pool's current year financial position to prior years:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,325,631	\$ 4,613,297	\$ 4,686,627
Investments, at fair value	40,824,941	39,383,145	37,624,167
Member contributions to be billed in the future	18,689,045	17,665,250	14,396,445
Other assets	<u>4,530,289</u>	<u>5,645,060</u>	<u>4,830,074</u>
Total assets	71,369,906	67,306,752	61,537,313
<b>LIABILITIES</b>			
Claims and claim adjustment expense reserves	22,652,556	19,743,401	15,724,479
Unearned premium reserves	55,856	87,765	117,758
Other liabilities	<u>2,717,129</u>	<u>3,341,211</u>	<u>2,800,844</u>
Total liabilities	<u>25,425,541</u>	<u>23,172,377</u>	<u>18,643,081</u>
Net position - unrestricted	<u>\$ 45,944,365</u>	<u>\$ 44,134,375</u>	<u>\$ 42,894,232</u>

Approximately 67 percent in 2024, 65 percent in 2023 and 69 percent in 2022 of total assets consist of cash, cash equivalents, and investments. As a result of the Pool's conservative investment objectives and policies, the overall investment return (excluding the net realized and unrealized losses on investments) totaled 2.5 percent during the year ended December 31, 2024. At December 31, 2024, 2023, and 2022, substantially all of the Pool's investments were invested in U.S. Treasury securities, U.S. agencies and pass-throughs, corporate bonds, or money market investment pools.

In accordance with the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, member contributions, claims and claim adjustment expenses, and operating expenses are recognized in the statement of revenue, expenses, and changes in net position on an accrual basis of accounting. Pursuant to the intergovernmental contract signed by each member of the Pool, the budgetary funding requirement for each member is based upon the estimated cash outflow of the Pool and surplus considerations on an annual basis. As a result of the long claim cycle for casualty claims, member contributions are collected from active members when the estimated claims and claim adjustment expenses are anticipated to be paid. These estimated amounts are accounted for in the statement of net position as "member contributions to be billed in the future." Changes to these estimates are reflected in the statement of revenue, expenses, and changes in net position, in a method similar to that of claim reserves, as detailed below. Because amounts are estimated in this manner, amounts will fluctuate from year to year due to changes in the estimate of the future cost of settling all existing claims.

---

(Continued)

PUBLIC ENTITIES POOL OF OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2024, 2023, and 2022

The Pool's claims and claim adjustment expense reserves totaled \$22,652,556, \$19,743,401, and \$15,724,479, as of December 31, 2024, 2023, and 2022, respectively. For known claims existing at December 31, the reserves are established based on known facts. For incurred but not reported reserves at year end, estimates are based on a variety of actuarial and statistical techniques that reflect recent settlements, past claim experience, claim frequency and severity, and other economic factors. Because these estimates are impacted by complex factors such as jury decisions, court interpretations, changes in doctrines of legal liability, damage awards, inflation, and legislative changes, the process used in estimating claim reserves does not necessarily result in an exact amount. Consistent with industry practices, adjustments to claim reserves are charged to expense in the periods in which the adjustments are made. During the year ended December 31, 2024, the Pool decreased its provision for claims incurred in prior years by \$332,141 as a result of an decrease in estimates for casualty and property claims. Claim payments totaled \$11,553,159, \$12,180,835, and \$9,367,698, during the years ended December 31, 2024, 2023, and 2022, respectively.

Net position at December 31, 2024 increased \$1,809,990 from December 31, 2023, primarily as a result of operating income driven by increased member contributions.

The following table shows the major components of income from operations for the current year, compared to prior years:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Operating revenue</b>			
Member contributions	\$ 37,934,421	\$ 32,673,751	\$ 29,294,171
Reinsurance premiums ceded	(9,725,140)	(7,898,214)	(6,842,687)
Change in contributions that will be billed in the future to pay unpaid claims	<u>1,023,795</u>	<u>3,268,805</u>	<u>467,385</u>
Total operating revenue	29,233,076	28,044,342	22,918,869
<b>Operating expenses</b>			
Provision for claims	14,462,314	16,199,757	10,118,078
General and administrative expenses	<u>13,368,981</u>	<u>11,344,645</u>	<u>10,515,815</u>
Total operating expenses	<u>27,831,295</u>	<u>27,544,402</u>	<u>20,633,893</u>
Net operating income	1,401,781	499,940	2,284,976
<b>Nonoperating revenue (expense):</b>			
Interest and dividend income	987,110	860,374	532,877
Net realized and unrealized gains (losses) on investments	674,498	1,122,976	(2,183,814)
Budgetary distributions	<u>(1,253,399)</u>	<u>(1,243,147)</u>	<u>-</u>
Total nonoperating revenue (expense)	408,209	740,203	(1,650,937)
Withdrawals - Member capital	<u>-</u>	<u>-</u>	<u>(8,159)</u>
Change in net position	1,809,990	1,240,143	625,880
Net position, beginning of year	<u>44,134,375</u>	<u>42,894,232</u>	<u>42,268,352</u>
Net position, end of year	<u>\$ 45,944,365</u>	<u>\$ 44,134,375</u>	<u>\$ 42,894,232</u>

(Continued)

PUBLIC ENTITIES POOL OF OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2024, 2023, and 2022

---

The Pool's membership increased from 616 members in 2023 to 649 members in 2024. Member contributions increased approximately 16 percent, from \$32,673,751 in 2023 to \$37,934,421 in 2024.

The Pool uses reinsurance and excess risk sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of the Pool's claims from reinsurers and a risk sharing pool, although they do not discharge the Pool's primary liability for such payments. As of December 31, 2024, the Pool is a member of American Public Entity Excess Pool ("APEEP"), which was also administered by Sedgwick. APEEP provided the Pool with an excess risk sharing program. Under this arrangement, the Pool retains risks up to an amount specified in the contracts (for 2023, the Pool retained \$500,000 for casualty claims and \$250,000 for property claims, and for 2024, the Pool retained \$500,000 for casualty and \$1,000,000 for property claims). Effective January 1, 2024, the Pool exited its agreement with APEEP for reinsurance on the property line of coverage. The Board of Directors and Sedgwick periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain. Effective January 1, 2025, the Pool exited its agreement with APEEP for all lines of coverage. The Pool secured reinsurance for claims incurred after January 1, 2025 from commercial reinsurers replacing layers reinsured by APEEP prior to 2025. Per the APEEP agreement, the Pool assumes responsibility for claims incurred prior to December 31, 2024. Reinsurance premiums ceded to APEEP and the Pool's excess reinsurers totaled approximately \$9,725,000 and \$7,898,000 for the years ended December 31, 2024 and 2023, respectively. In addition, amounts deducted from claims and claim adjustment expense reserves as of December 31, 2024 and 2023 for expected recoveries under the reinsurance and excess risk sharing agreements totaled approximately \$8,635,000.

In accordance with generally accepted accounting principles, all investments maintained by the Pool must be reported at fair value (marked-to-market concept). Annual changes in these values are recognized in the statement of revenue, expenses, and changes in net position as unrealized gains or losses on investments. Net realized and unrealized gains on investments totaled \$674,498 and \$1,122,976 during the years ended December 31, 2024 and 2023, respectively, as a result of market conditions that occurred over each year.

Total operating expenses of the Pool increased approximately 1 percent from the prior year, totaling \$27,831,295 and \$27,544,402 in 2024 and 2023, respectively, primarily as a result of increased general and administrative expenses. Operating expenses totaled 73 percent of member contributions in 2024 and 84 percent of member contributions in 2023.

### **Economic Factors and Next Year's Rates**

The rates charged by the Pool for member contributions for the next year are expected to increase due to the continued rising severity from weather-related claims and the corresponding hardening of the property reinsurance market. General and administrative expenses are expected to remain consistent with amounts reported in 2024. The provision for claim payments is expected to be consistent with historical trends and Management is unaware of any new economic or legislative events that would have a significant impact on the operations of the Pool.

### **Contacting the Pool's Management**

This financial report is intended to provide PEP members and regulators with a general overview of the accountability for the revenue PEP receives. Additional information regarding the Pool is available on PEP's website, [www.pepohio.org](http://www.pepohio.org). If you have questions about this report or need additional information, contact Robert A. Ooms, Director of Finance, Sedgwick at (248) 671-1750.

PUBLIC ENTITIES POOL OF OHIO  
STATEMENTS OF NET POSITION  
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 7,325,631	\$ 4,613,297
Investment securities - at fair value	7,117,760	9,901,994
Member contribution receivable	4,235,576	5,051,139
Reinsurance receivable on paid claims	19,161	330,654
Deductible receivable	40,100	5,752
Member contributions to be billed in the future	7,100,000	6,100,000
Accrued investment income	<u>235,452</u>	<u>257,515</u>
Total current assets	26,073,680	26,260,351
Noncurrent assets:		
Investment securities, at fair value	33,707,181	29,481,151
Member contributions to be billed in the future	<u>11,589,045</u>	<u>11,565,250</u>
Total noncurrent assets	45,296,226	41,046,401
Total assets	71,369,906	67,306,752
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	1,201,137	1,969,682
Claims and claim adjustment expense reserves	11,063,511	8,178,151
Reinsurance premiums payable	<u>1,515,992</u>	<u>1,371,529</u>
Total current liabilities	13,780,640	11,519,362
Noncurrent liabilities:		
Claims and claim adjustment expense reserves	11,589,045	11,565,250
Unearned premium reserves	<u>55,856</u>	<u>87,765</u>
Total noncurrent liabilities	11,644,901	11,653,015
Total liabilities	25,425,541	23,172,377
Net position - unrestricted	<u>\$ 45,944,365</u>	<u>\$ 44,134,375</u>

See Notes to Basic Financial Statements.

PUBLIC ENTITIES POOL OF OHIO  
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION  
Years Ended December 31, 2024 and 2023

---

	<u>2024</u>	<u>2023</u>
Operating revenue:		
Member contributions	\$ 37,934,421	\$ 32,673,751
Less reinsurance premiums expense	(9,725,140)	(7,898,214)
Change in contributions that will be billed in the future to pay unpaid claims	<u>1,023,795</u>	<u>3,268,805</u>
Total operating revenue	<u>29,233,076</u>	<u>28,044,342</u>
Operating expenses:		
Claims and claim adjustment expenses	14,462,314	16,199,757
Marketing and administrator fees	10,930,169	9,658,015
Other	<u>2,438,812</u>	<u>1,686,630</u>
Total operating expenses	<u>27,831,295</u>	<u>27,544,402</u>
Operating income	1,401,781	499,940
Nonoperating revenue:		
Interest and dividend income	987,110	860,374
Net realized and unrealized gains on investments	674,498	1,122,976
Budgetary distributions	<u>(1,253,399)</u>	<u>(1,243,147)</u>
Total nonoperating revenue	<u>408,209</u>	<u>740,203</u>
Change in net position	1,809,990	1,240,143
Net position, beginning of year	<u>44,134,375</u>	<u>42,894,232</u>
Net position, end of year	<u><u>\$ 45,944,365</u></u>	<u><u>\$ 44,134,375</u></u>

---

See Notes to Basic Financial Statements.

PUBLIC ENTITIES POOL OF OHIO  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities</b>		
Cash received from members	\$ 38,718,075	\$ 32,055,802
Cash paid for claims	(11,276,014)	(14,239,828)
Cash paid for reinsurance premiums	(9,580,677)	(5,701,387)
Cash paid for administrative and general expenses	(14,137,526)	(11,079,603)
Net cash flows from operating activities	<u>3,723,858</u>	<u>1,034,984</u>
<b>Cash flows from investing activities</b>		
Investment income received	1,009,173	770,835
Purchase of investments	(10,831,021)	(8,617,678)
Proceeds from sales and maturities of investments	10,063,723	7,981,676
Net cash flows from investing activities	<u>241,875</u>	<u>134,833</u>
<b>Cash flows from noncapital financing activities</b>		
Payments for member distributions - budgetary	(1,253,399)	(1,243,147)
Net cash flows from noncapital financing activities	<u>(1,253,399)</u>	<u>(1,243,147)</u>
Increase (decrease) in cash and cash equivalents	2,712,334	(73,330)
Cash and cash equivalents, beginning of year	<u>4,613,297</u>	<u>4,686,627</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 7,325,631</u></u>	<u><u>\$ 4,613,297</u></u>

A reconciliation of operating income to net cash flows from operating activities is as follows:

	<u>2024</u>	<u>2023</u>
Net operating income	\$ 1,401,781	\$ 499,940
Changes in operating assets and liabilities:		
Member contributions receivable	815,563	(587,956)
Deductible receivable	(34,348)	-
Reinsurance receivable on paid claims	311,493	(137,491)
Member contributions to be billed in the future	(1,023,795)	(3,268,805)
Unearned premium reserves	(31,909)	(29,993)
Claims and claim adjustment expense reserves	2,909,155	4,018,922
Reinsurance premiums payable	144,463	275,325
Accounts payable and accrued expenses	(768,545)	265,042
Net cash flows from operating activities	<u><u>\$ 3,723,858</u></u>	<u><u>\$ 1,034,984</u></u>

See Notes to Basic Financial Statements.



PUBLIC ENTITIES POOL OF OHIO  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2024 and 2023

---

**NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**

The Pool was created in March 1987 and organized under the laws of the State of Ohio as a local government risk pool. The Association of Ohio Health Commissioners, the Ohio Parks and Recreation Association, the Ohio Municipal League and the Coalition of Ohio Regional Districts endorse and promote the Pool. A total of 649 political subdivisions within the State of Ohio participate in the Pool. The Pool's primary objectives are to offer customized property and casualty coverage at a fair and stable price, provide a high level of service, and be responsive to the needs of its members.

Members entering the Pool agree to participate in the Pool for a period of not less than one year and provide capital contributions as defined in the contract between the member and the Pool. Members electing to withdraw from the Pool may receive a partial refund of their capital contribution as defined by the contract, provided the member has given 60 days written notice prior to its anniversary date. In addition, withdrawing members have the option to purchase tail coverage for their unreported casualty claims. As of December 31, 2024 and 2023 no members have purchased this tail coverage. Upon withdrawal, and absent tail coverage, all payments for casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal.

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

The Pool distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with the Pool's principal ongoing operations. The principal operating revenue relates to member contributions. Operating expenses include claims and claim adjustment expenses and general and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating.

The Pool engages Sedgwick ("Sedgwick" or "Management") to serve as the administrator of the Pool. Sedgwick specializes in public entity risk pool management and provides a full spectrum of administrative services. As provided for in its administrative agreement, Sedgwick contracts specific services to subcontractors. Marketing and member services are provided by Acrisure, LLC. and USI Midwest, LLC. Claim and cyber risk assessment control services are provided by Sedgwick's wholly owned subsidiary, Public Entity Risk Services of Ohio. PEP reimburses these organizations for their services pursuant to the terms of their respective agreements with Sedgwick.

Cash and Cash Equivalents: The Pool classifies certain securities with original maturity dates of three months or less from the date of purchase as cash equivalents. Cash equivalents are comprised of money market funds as of December 31, 2024 and 2023. Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per bank. During the normal course of business, the Pool may maintain cash balances in excess of the FDIC insurance limit. It is the Pool's policy to monitor the financial strength of the banks that hold its deposits on an ongoing basis.

---

(Continued)

PUBLIC ENTITIES POOL OF OHIO  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2024 and 2023

---

**NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Investments: The Pool accounts for its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (Statement No. 31). Statement No. 31 establishes fair value standards on accounting for all investments held by governmental external investment pools and governmental entities. All investment income, including changes in the fair value of investments, is recognized in the statement of revenues, expenses, and changes in net position. Realized gains and losses on the sale of investments are recognized on the specific identification basis to determine the costs of the investments sold. The amortized cost of debt securities are adjusted using the interest method for amortization of premiums and accretion of discounts. Such amortization and accretion is included in net investment income. Investment purchases are recognized on the settlement date. Investments are stated at fair value based on quoted market prices or through a recognized pricing service.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures an amendment of GASB Statement No. 3*, certain disclosures regarding deposit and investment risks have been provided in Note 2.

Member Contributions and Deductibles Receivable: Member contributions and deductibles receivable represent amounts due from members of the Pool and are considered collectible.

Bad Debts: The Pool uses the allowance method to record bad debts. The Pool records an allowance for doubtful accounts against its outstanding member contributions and deductibles receivable, which is based on its estimation of bad debts in the near term. This estimate is based on the Pool's past experience with collecting its receivables from members and an analysis of current member contributions receivable. There was no allowance for doubtful accounts recorded as of December 31, 2024 and 2023. There was no bad debt expense recorded for the years ended December 31, 2024 and 2023.

Member Contributions to be Billed in the Future: Member contributions to be billed in the future represent the amounts recoverable from members that have not been billed as of December 31 and directly relate to current estimates of unpaid claims and claim adjustment expenses from prior certificate years. These amounts will be billed in the period when the estimated incurred claims, claim adjustment expenses, and related administrative expenses for each certificate year are anticipated to be paid.

Claims and Claim Adjustment Expense Reserves: Claims and claim adjustment expense reserves represent the estimated liability for unpaid claims and related claim expenses from reported claims and claims incurred but not reported. Expected recoveries under reinsurance and excess risk sharing agreements are deducted from claims and claim expense reserves. Changes to estimates are currently reflected in the statement of revenue, expenses, and changes in net position.

Reinsurance: In the normal course of business, the Pool seeks to reduce its loss exposure by reinsuring certain levels of risk with reinsurers. Amounts recoverable from reinsurers are estimated in a manner consistent with the reinsurance policy. As these estimates change, the adjustment is recorded in the current period. Reinsurance recoverable on paid losses includes amounts for losses and loss adjustment expenses paid by the Pool, which are expected to be recoverable from reinsurance companies. As of December 31, 2024 and 2023, the reinsurance recoverable on paid losses is associated with reinsurance agreements with related parties and other external reinsurers, all of which are rated A or better by AM Best.

---

(Continued)

PUBLIC ENTITIES POOL OF OHIO  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2024 and 2023

---

**NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Capitalization Contributions: Casualty capitalization contributions are accounted for under the provisions of GASB Interpretation No. 4, *Accounting and Financial Reporting for Capitalization Contributions to Public Entity Risk Pools* (Interpretation No. 4). Under Interpretation No. 4, capitalization contributions to pools to which risk is transferred must be accounted for as revenue by initially recording such contributions as unearned premiums, then amortizing them into revenue over an appropriate period not to exceed 10 years. Unearned premium reserves resulting from the application of Interpretation No. 4 are being amortized pro rata over the funding period, the period over which a member makes casualty capitalization contributions. The amounts are reflected within member contributions in the basic financial statements.

Member Contributions: Member contributions are recognized under the accrual method of accounting and follow the provisions of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. Member contributions reflect the amount to be contributed by members for estimated payment of claims and claim adjustment expenses, reinsurance expenses, related operating expenses and surplus maintenance for each certificate year, and are recognized when billed. Paid claims and claim adjustment expenses for the subsequent certificate year are estimated using a variety of actuarial and statistical techniques.

Budgetary Distributions: Budgetary distributions represent surplus funds maintained in the casualty or property budgetary funds that are authorized and approved by the Board of Directors to be paid to members. The amounts are reflected in the basic financial statements during the year of the distribution which coincides with the period of final approval.

Cumulative Reserve Fund Distributions: In accordance with the membership agreement, the Board of Directors may authorize distributions of cumulative reserve funds ("CRF") to members. Members must meet certain qualifications and their CRF account balance must exceed levels as determined by the Board of Directors. If the Board of Directors approves a CRF Distribution Plan, amounts to be distributed under this plan are determined annually based on a variety of factors including risk assumed by the Pool, operating results, changes in doctrines of legal liability, changes in damage awards, investment markets and other insurance industry developments. Amounts are reflected in the basic financial statements in the year the distribution is approved by the Board of Directors.

Use of Estimates: Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities, as of the statement of net position date, and the amounts of revenue and expenses during the reporting period, in order to prepare these basic financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Tax Status: The Pool's income is excludable from gross income under Section 115 of the Internal Revenue Code and is thus exempt from federal income taxes. Management believes that the Pool operates in a manner whereby it continues to be tax exempt.

Subsequent Events: Subsequent to year end, effective January 1, 2025, the Pool exited its agreement with the American Public Entity Excess Pool ("APEEP"). See Note 5.

Subsequent events have been evaluated through June 30, 2025, which is the date the financial statements were available to be issued.

---

(Continued)

PUBLIC ENTITIES POOL OF OHIO  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The Pool designated Fifth Third Bank for the deposit of its funds, and Fifth Third Wealth Advisors to manage the investments for the Pool.

Deposits and investments are reported in the basic financial statements for December 31, 2024, as follows:

	Cash and Cash Equivalents	Investment Securities
Deposits:		
Cash and cash equivalents	\$ 1,573,306	\$ -
Investments:		
Money market investment pools	5,752,325	-
Corporate bonds	-	2,474,644
U.S. Treasury securities	-	37,474,428
U.S. agencies and pass-throughs	-	875,869
Total investments	<u>5,752,325</u>	<u>40,824,941</u>
Total	<u>\$ 7,325,631</u>	<u>\$ 40,824,941</u>

Deposits and investments are reported in the basic financial statements for December 31, 2023, as follows:

	Cash and Cash Equivalents	Investment Securities
Deposits:		
Cash and cash equivalents	\$ (46,910)	\$ -
Investments:		
Money market investment pools	4,660,207	-
Corporate bonds	-	2,363,931
U.S. Treasury securities	-	35,888,835
U.S. agencies and pass-throughs	-	1,130,379
Total investments	<u>4,660,207</u>	<u>39,383,145</u>
Total	<u>\$ 4,613,297</u>	<u>\$ 39,383,145</u>

There are no limitations or restrictions on participant withdrawals for money market investment pools, which are recorded at amortized cost, which approximated fair value.

The Pool's deposits and investments are subject to several types of risk, which are examined in more detail on the following pages.

Custodial Credit Risk of Bank Deposits: The Pool maintains balances in its deposit accounts to adequately cover current operating and claims payment expenses and uses its best efforts to ensure such deposits are fully covered under the Federal Deposit Insurance Corporation's limits. At December 31, 2024 and 2023, the Pool had \$3,740,501 and \$186,493, respectively, of checking account deposits that were uninsured and uncollateralized.

(Continued)

PUBLIC ENTITIES POOL OF OHIO  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

Custodial credit risk is the risk that, in the event of a bank failure, the Pool's deposits may not be returned to it. The Pool's policy related to custodial credit risk of bank deposits is to evaluate each financial institution with which it deposits funds and assess the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. The Board of Directors has adopted, and reviews annually, a banking policy to ensure risk of loss of the Pool's deposits is negligible.

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 Pool's investment policy restricts the maximum maturity for any one issue to no more than 5 years. The Pool's policy also minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and limiting the average maturity in accordance with the Pool's cash requirements.

At December 31, 2024, the weighted average maturities of money market investment pools and debt securities are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money market investment pools*	\$ 5,752,325	0.00
Corporate bonds	2,474,644	2.74
U.S. Treasury securities	37,474,428	2.76
U.S. agencies and pass-throughs	875,869	0.44
Total fair value	<u>\$ 46,577,266</u>	
Portfolio weighted average maturity		<u>2.37</u>

\* Recorded at amortized cost

At December 31, 2023, the weighted average maturities of money market investment pools and debt securities are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money market investment pools*	\$ 4,660,207	0.00
Corporate bonds	2,363,931	2.12
U.S. Treasury securities	35,888,835	2.39
U.S. agencies and pass-throughs	1,130,379	0.87
Total fair value	<u>\$ 44,043,352</u>	
Portfolio weighted average maturity		<u>2.08</u>

\* Recorded at amortized cost

(Continued)

PUBLIC ENTITIES POOL OF OHIO  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligations. In accordance with the Pool's investment policy, the Pool may invest in U.S. Treasury securities, U.S. agencies and pass-throughs, corporate bonds, and money market mutual funds or investment pools.

At December 31, 2024 and 2023, the credit quality ratings of money market investment pools and debt securities by investment type (other than the U.S. Treasury securities) are as follows:

<u>Investment Type - Rating</u>	<u>Fair Value 2024</u>	<u>Fair Value 2023</u>
Corporate bonds		
Aa2	\$ -	\$ 447,791
Aa3	1,496,139	-
A1	495,165	464,585
A2	-	982,205
A3	483,340	469,350
Total	<u>\$ 2,474,644</u>	<u>\$ 2,363,931</u>
U.S. agencies and pass-throughs - Aaa	<u>\$ 875,869</u>	<u>\$ 1,130,379</u>
Money market investment pools* - Aaa	<u>\$ 5,752,325</u>	<u>\$ 4,660,207</u>

\* Recorded at amortized cost

The rating organization used by the Pool to rate its investments was Moody's.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Pool places no limit on the amount it may invest in any one issuer.

At December 31, 2024 and 2023, the Pool had no investment in an issuer (excluding U.S. Treasury securities and money market investment pools) greater than 5 percent of total investments.

**NOTE 3 - FAIR VALUE MEASUREMENTS**

Accounting standards require certain assets and liabilities be reported at fair value in the basic financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Pool has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

(Continued)

PUBLIC ENTITIES POOL OF OHIO  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)**

The following tables present information about the Pool's assets measured at fair value on a recurring basis at December 31, 2024 and 2023:

<u>December 31, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury securities	\$ -	\$ 37,474,428	\$ -	\$ 37,474,428
U.S. agencies and pass-throughs	-	875,869	-	875,869
Corporate bonds	-	2,474,644	-	2,474,644
Total	<u>\$ -</u>	<u>\$ 40,824,941</u>	<u>\$ -</u>	<u>\$ 40,824,941</u>
<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury securities	\$ -	\$ 35,888,835	\$ -	\$ 35,888,835
U.S. agencies and pass-throughs	-	1,130,379	-	1,130,379
Corporate bonds	-	2,363,931	-	2,363,931
Total	<u>\$ -</u>	<u>\$ 39,383,145</u>	<u>\$ -</u>	<u>\$ 39,383,145</u>

The following summarizes the valuation methodology used in determining fair value measurements of the significant classes of the Pool's financial instruments:

**Level 2 Measurements:** The Pool estimates the fair value of U.S. Treasury securities, U.S. agencies and pass-throughs, and corporate bonds using other inputs such as quoted prices for identical or similar assets in markets that are not active, contractual cash flows, credit spreads, and interest rates and yield curves that are observable at commonly quoted intervals.

**NOTE 4 - CLAIMS AND CLAIM ADJUSTMENT EXPENSE RESERVES**

For known claims existing at December 31, the reserves are established based on known facts. For incurred but not reported reserves at year-end, estimates are based on a variety of actuarial and statistical techniques that reflect recent settlements, past claim experience, claim frequency and severity, and other economic factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Because these estimates are impacted by complex factors such as jury decisions, court interpretations, changes in doctrines of legal liability, damage awards, inflation, and legislative changes, the process used in estimating claim reserves does not necessarily result in an exact amount, particularly for coverage such as third-party liability; therefore, it is reasonably possible that a material change in the estimate will occur within the near term and thus the actual claims paid may be substantially different than these estimates. Consistent with industry practices, adjustments to claims reserves are charged to expense in the periods in which the adjustments are made.

(Continued)

PUBLIC ENTITIES POOL OF OHIO  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2024 and 2023

**NOTE 4 - CLAIMS AND CLAIM ADJUSTMENT EXPENSE RESERVES (Continued)**

The following represents changes in claims and claim adjustment expense reserves for the years ended December 31, 2024, 2023, and 2022:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Claims and Claim Adjustment			
Expense reserves, beginning of year	\$ 19,743,401	\$ 15,724,479	\$ 14,974,099
Incurred:			
Current year	14,794,455	14,397,690	11,719,331
Prior years	<u>(332,141)</u>	<u>1,802,067</u>	<u>(1,601,253)</u>
Total incurred	14,462,314	16,199,757	10,118,078
Paid:			
Current year	(5,414,067)	(6,850,524)	(5,245,009)
Prior years	<u>(6,139,092)</u>	<u>(5,330,311)</u>	<u>(4,122,689)</u>
Total paid	<u>(11,553,159)</u>	<u>(12,180,835)</u>	<u>(9,367,698)</u>
Claims and Claim Adjustment			
Expense reserves, end of year	<u>\$ 22,652,556</u>	<u>\$ 19,743,401</u>	<u>\$ 15,724,479</u>

Reserves for claims and claim adjustment expenses attributable to covered events in prior years changed as a result of re-estimation of unpaid claims and claim adjustment expenses. This change is generally a result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

**NOTE 5 - REINSURANCE AND EXCESS RISK SHARING AGREEMENTS**

The Pool uses reinsurance and excess risk sharing agreements to reduce its exposure to large specific and aggregate losses. These agreements permit recovery of a portion of its claims from reinsurers and APEEP, although they do not discharge the Pool's primary liability for such payments. The Pool does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers or excess risk sharing agreements. Premiums ceded to reinsurance carriers and APEEP during the years ended December 31, 2024 and 2023 totaled \$9,725,140 and \$7,898,214, respectively, and the amounts deducted from claims and claim adjustment expense reserves as of December 31, 2024 and 2023 for reinsurance and excess risk sharing agreements totaled approximately \$8,635,000.

Effective January 1, 2024, the Pool exited its agreement with APEEP for reinsurance on property coverage. Effective January 1, 2025, the Pool exited its agreement with APEEP for reinsurance on casualty coverage. The Pool had been a member of APEEP as part of its excess liability coverage arrangement. APEEP provides reinsurance and excess risk sharing programs for its member pools, all of which are public entity risk pools. The Pool secured reinsurance for claims incurred after January 1, 2025 from commercial reinsurers replacing layers reinsured by APEEP prior to 2025. Per the APEEP agreement, the Pool assumes responsibility for claims incurred prior to December 31, 2024.

(Continued)



PUBLIC ENTITIES POOL OF OHIO  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2024 and 2023

---

**NOTE 6 - MEMBER DISTRIBUTIONS**

Members must make contributions to the CRF for the first six years of membership. Qualifying members may receive distributions from the CRF pursuant to the formulas currently established by the Pool. There were no CRF distributions charged to operations for qualifying members during the years ended December 31, 2024 and 2023.

In 2023 and 2024, the Board of Directors approved a budgetary cash distribution to members of \$1,250,000. For the years ended December 31, 2024 and 2023, budgetary cash distributions paid to members totaled \$1,253,399 and \$1,243,147, respectively.

**NOTE 7 - MEMBER CONTRIBUTIONS**

The following summarizes the components of member contributions for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Member contributions - operating	\$ 37,245,645	\$ 32,109,817
Member contributions - cumulative reserve fund	656,867	533,941
Change in unearned premium reserves	<u>31,909</u>	<u>29,993</u>
 Total member contributions	 <u>\$ 37,934,421</u>	 <u>\$ 32,673,751</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

PUBLIC ENTITIES POOL OF OHIO  
CASUALTY CLAIMS DEVELOPMENT INFORMATION  
Year Ended December 31, 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1. Required contributions and investment income:										
Earned	\$ 9,411,779	\$ 9,703,699	\$ 9,902,433	\$ 10,138,243	\$ 10,641,395	\$ 10,388,002	\$ 10,921,267	\$ 13,358,301	\$ 14,477,543	\$ 15,925,917
Ceded	971,799	999,587	1,126,301	905,577	767,348	826,418	995,534	1,192,051	1,265,862	2,941,685
Net	8,439,980	8,704,112	8,776,132	9,232,666	9,874,047	9,561,584	9,925,733	12,166,250	13,211,681	12,984,232
2. Expenses other than allocated claim adjustment expenses	2,726,435	2,859,460	3,031,298	3,076,559	3,293,598	3,327,795	3,609,204	4,207,127	4,319,315	4,764,136
3. Estimated claims and allocated claims adjustment expenses - End of policy year:										
Incurred	7,440,612	5,369,781	6,773,262	7,814,278	7,218,420	6,571,458	6,381,874	7,300,248	8,241,890	6,581,588
Ceded	2,170,538	449,913	1,776,016	1,882,095	1,561,856	1,261,777	1,089,585	1,170,841	1,661,507	-
Net	5,270,074	4,919,868	4,997,246	5,932,183	5,656,564	5,309,681	5,292,289	6,129,407	6,580,383	6,581,588
4. Cumulative net paid and allocated claims adjustment expenses as of:										
End of policy year	626,089	572,597	532,048	755,577	727,056	654,205	612,980	873,173	731,337	534,622
One year later	1,329,939	1,494,292	1,358,496	1,442,966	1,920,939	1,189,024	1,576,145	1,928,636	1,547,960	
Two years later	2,475,587	2,289,750	1,944,149	2,593,375	2,609,694	1,717,703	2,236,722	3,772,096		
Three years later	3,148,895	3,166,125	2,369,418	3,365,533	3,546,102	2,152,176	2,752,850			
Four years later	3,347,172	3,607,686	2,901,138	3,574,255	4,535,901	2,296,815				
Five years later	3,415,424	3,773,073	3,190,009	3,783,167	5,331,354					
Six years later	3,722,871	4,100,143	3,253,909	3,825,837						
Seven years later	3,656,761	4,413,058	3,250,856							
Eight years later	3,704,956	4,729,344								
Nine years later	3,693,473									
5. Reestimated ceded claims and expenses	192,180	1,185,000	-	(6,876)	3,242,027	24,823	255,880	3,056,064	2,871,021	-
6. Reestimated net incurred claims and allocated claims adjustment expenses:										
End of policy year	5,270,074	4,919,868	4,997,246	5,932,183	5,656,564	5,309,681	5,292,289	6,129,407	6,580,383	6,581,588
One year later	4,511,307	4,787,114	4,605,960	5,312,642	5,442,395	4,467,370	5,023,211	7,017,650	6,810,116	
Two years later	4,669,924	4,188,802	4,083,876	4,692,931	5,206,074	3,887,645	4,883,986	6,982,680		
Three years later	4,183,031	4,667,369	3,895,262	4,149,433	5,167,488	3,452,573	4,802,595			
Four years later	4,354,670	4,569,565	4,136,753	4,253,167	5,696,234	2,774,947				
Five years later	4,086,819	4,712,081	3,820,283	4,368,382	5,852,845					
Six years later	4,027,704	4,488,010	3,825,288	4,197,709						
Seven years later	3,861,525	4,743,506	3,819,905							
Eight years later	3,829,391	4,751,455								
Nine years later	3,850,425									
7. (Decrease) increase in estimated net incurred claims and allocated claim adjustment expenses subsequent to initial policy year end	\$ (1,419,649)	\$ (168,413)	\$ (1,177,341)	\$ (1,734,474)	\$ 196,281	\$ (2,534,734)	\$ (489,694)	\$ 853,273	\$ 229,733	\$ -

PUBLIC ENTITIES POOL OF OHIO  
PROPERTY CLAIMS DEVELOPMENT INFORMATION  
Year Ended December 31, 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
1. Required contributions and investment income:										
Earned	\$ 8,425,793	\$ 8,888,250	\$ 9,313,787	\$ 9,772,597	\$ 10,386,545	\$ 11,181,990	\$ 13,853,690	\$ 16,526,091	\$ 19,346,736	\$ 23,312,806
Ceded	2,369,297	2,396,064	2,515,417	1,785,501	2,225,080	3,378,706	4,691,322	5,650,636	6,632,352	6,783,457
Net	6,056,496	6,492,186	6,798,370	7,987,096	8,161,465	7,803,284	9,162,368	10,875,455	12,714,384	16,529,349
2. Expenses other than allocated claim adjustment expenses	2,911,552	3,064,231	3,315,230	3,759,496	4,084,512	4,427,491	5,403,386	6,308,688	7,025,330	8,594,844
3. Estimated claims and allocated claims adjustment expenses - End of policy year:										
Incurred	1,758,784	2,394,312	2,887,914	3,859,833	5,536,556	4,540,818	3,981,264	5,943,044	8,869,391	8,212,867
Ceded	15,888	363,202	337,293	355,774	660,912	43,977	-	373,156	1,052,084	-
Net	1,742,896	2,031,110	2,550,621	3,504,059	4,875,644	4,496,841	3,981,264	5,569,888	7,817,307	8,212,867
4. Cumulative net paid and allocated claims adjustment expenses as of:										
End of policy year	1,311,448	1,697,312	2,042,126	2,354,646	4,233,059	3,900,293	3,029,794	4,351,800	6,119,187	4,879,445
One year later	1,600,684	1,952,779	2,261,581	3,092,898	4,212,033	4,501,354	4,078,677	5,961,366	8,321,902	
Two years later	1,641,298	2,015,392	2,265,804	3,265,321	4,522,559	4,369,976	4,034,403	6,507,325		
Three years later	1,644,716	2,016,283	2,249,443	3,257,810	4,525,417	4,361,076	4,801,572			
Four years later	1,568,466	2,016,283	2,299,588	3,256,660	4,519,755	5,234,988				
Five years later	1,610,623	2,016,283	2,304,616	3,256,813	4,519,755					
Six years later	1,610,734	2,016,283	2,309,416	3,495,277						
Seven years later	1,609,564	2,016,283	2,309,416							
Eight years later	1,608,324	2,016,383								
Nine years later	1,608,324									
5. Reestimated ceded claims and expenses	-	305,060	139,164	282,508	1,288,428	181,888	-	416,550	1,040,618	-
6. Reestimated net incurred claims and allocated claims adjustment expenses:										
End of policy year	1,742,896	2,031,110	2,550,621	3,504,059	4,875,644	4,496,841	3,981,264	5,569,888	7,817,307	8,212,867
One year later	1,696,903	1,972,802	2,264,864	3,399,979	4,145,879	4,540,736	4,142,156	6,268,739	8,667,395	
Two years later	1,647,334	2,043,059	2,265,880	3,257,887	4,527,200	4,372,885	4,060,762	6,687,138		
Three years later	1,652,798	2,048,131	2,297,382	3,276,440	4,542,500	4,385,012	4,835,763			
Four years later	1,569,738	2,016,506	2,313,720	3,258,697	4,522,387	5,267,164				
Five years later	1,615,894	2,016,283	2,312,845	3,258,362	4,528,118					
Six years later	1,614,533	2,016,283	2,314,187	3,498,494						
Seven years later	1,613,363	2,016,283	2,311,548							
Eight years later	1,609,323	2,016,283								
Nine years later	1,610,154									
7. (Decrease) increase in estimated net incurred claims and allocated claim adjustment expenses subsequent to initial policy year end	\$ (132,742)	\$ (14,827)	\$ (239,073)	\$ (5,565)	\$ (347,526)	\$ 770,323	\$ 854,499	\$ 1,117,250	\$ 850,088	\$ -

PUBLIC ENTITIES POOL OF OHIO  
RECONCILIATION OF CLAIMS AND CLAIMS ADJUSTMENT EXPENSE RESERVES BY TYPE OF CONTRACT  
Years Ended December 31, 2024 and 2023

	Fiscal and Policy Years Ended December 31					
	2024			2023		
	Casualty	Property	Total	Casualty	Property	Total
<b>Claims and Claim Adjustment Expense Reserves -</b>						
Beginning of year	\$ 17,665,250	\$ 2,078,151	\$ 19,743,401	\$ 14,396,445	\$ 1,328,034	\$ 15,724,479
<b>Incurred Claims and Claim Adjustment Expenses</b>						
Provision for claims incurred in current year	6,581,588	8,212,867	14,794,455	6,580,383	7,817,307	14,397,690
Change in provision for claims incurred in prior years expenses	(180,702)	(151,439)	(332,141)	1,196,145	605,922	1,802,067
	6,400,886	8,061,428	14,462,314	7,776,528	8,423,229	16,199,757
<b>Payments</b>						
Claims and claim adjustment expenses paid for claims incurred in current year	(534,622)	(4,879,445)	(5,414,067)	(731,337)	(6,119,187)	(6,850,524)
Claims and claim adjustment expenses paid for claims incurred in prior years	(4,842,469)	(1,296,623)	(6,139,092)	(3,776,386)	(1,553,925)	(5,330,311)
Total payments	(5,377,091)	(6,176,068)	(11,553,159)	(4,507,723)	(7,673,112)	(12,180,835)
<b>Claims and Claim Adjustment Expense Reserves -</b>						
End of year	<u>\$ 18,689,045</u>	<u>\$ 3,963,511</u>	<u>\$ 22,652,556</u>	<u>\$ 17,665,250</u>	<u>\$ 2,078,151</u>	<u>\$ 19,743,401</u>

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

To the Board of Directors of  
Public Entities Pool of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Public Entities Pool of Ohio (the "Pool"), which comprise the statement of net position as of December 31, 2024, and the related statements of revenue, expenses and changes in net position, and cash flows for the year then ended, and related notes to the financial statements, which collectively comprise the Pool's basic financial statements, and have issued our report thereon dated June 30, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Pool's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pool'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 Pool'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2024-001 that we consider to be a material weakness.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pool'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*.

## The Pool's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the Pool's response to the finding identified in our audit and described in the accompanying schedule of findings. The Pool's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## 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.

A handwritten signature in black ink that reads "CROWE LLP". The letters are stylized and slanted to the right.

Crowe LLP

Fort Lauderdale, Florida  
June 30, 2025

PUBLIC ENTITIES POOL OF OHIO  
SCHEDULE OF FINDINGS  
December 31, 2024

---

**FINDING 2024-001 - Financial Close and Detailed Reviews Process**

Criteria:	During our evaluation of internal controls over the financial reporting process, we noted that management does not have adequately documented or consistently executed review procedures over the preparation of the financial statements. Specifically, there is insufficient evidence of supervisory review for journal entries and no formal reconciliation review is performed on supporting schedules, reconciliations and the final financial statements.
Condition:	The Pool lacks formal processes and reviews in the internal control environment. Specifically, there are no detailed journal entry reviews, year-end reconciliations and financial reporting are either not reviewed or are prepared and reviewed untimely.
Context:	These control deficiencies were identified in the financial close process, particularly during the year-end procedures.
Effect:	Material misstatements to the financial statements could go undetected.
Cause:	A lack of formal review processes and insufficient oversight in the financial close procedures contributed to the control weaknesses.
Repeat Finding:	No
Recommendation:	Implement a structured review process for all journal entries, ensure timely preparation and review of reconciliations and financial reporting, and strengthen oversight procedures to reinforce the internal control environment.
Response:	<p>Management acknowledges the auditor's recommendations. The following actions will be taken to ensure that the required internal controls and timely oversight are in place for reviewing reconciliations and financial reporting. Completion date: September 1, 2025</p> <ol style="list-style-type: none"><li>1) Within the accounting software platform, the development of the journal entry approval workflow is underway. This will implement a structure review process for the journal entries posted to the General Ledger.</li><li>2) The Accounting and Finance team is appropriately staffed. Senior Accountants are responsible for preparing the reconciliations and financial statements. The Director of Finance will review and approve. We have re-added the Vice President of Finance as the secondary or backup reviewer of the final financial statements.</li></ol>



# OHIO AUDITOR OF STATE KEITH FABER



**PUBLIC ENTITIES POOL OF OHIO**

**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 7/31/2025**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)