

**OHIO BUREAU OF WORKERS' COMPENSATION  
AND  
INDUSTRIAL COMMISSION OF OHIO  
(A DEPARTMENT OF THE STATE OF OHIO)**

**FINANCIAL STATEMENTS**

June 30, 2025 and 2024





65 East State Street  
Columbus, Ohio 43215  
[ContactUs@ohioauditor.gov](mailto:ContactUs@ohioauditor.gov)  
800-282-0370

Board of Directors  
Ohio Bureau of Workers Compensation  
PO Box 182880  
Columbus, OH 43218

We have reviewed the *Independent Auditor's Report* of the Ohio Bureau of Workers' Compensation and Industrial Service Commission, Franklin County, prepared by Crowe LLP, for the audit period July 1, 2024 through June 30, 2025. 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.

In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

#### **Finding for Recovery Partially Repaid Under Audit**

On April 1, 2024, Brad Settlage, former American Township (Allen County) Zoning Inspector, pleaded guilty in the Franklin County Court of Common Pleas case number 23-CR-5914 to one count of Workers Compensation Fraud in violation of Ohio Rev. Code § 2913.48. Mr. Settlage was sentenced to five years of community control and ordered to pay restitution of \$42,988.46 to the Ohio Bureau of Workers' Compensation.

From May 7, 2024 through October 24, 2025, the Ohio Bureau of Workers' Compensation has received payments totaling \$190 from Mr. Settlage via check or money order. In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.24, a Finding for Recovery for public monies misappropriated is hereby issued against Brad Settlage in the amount of \$42,988.46, partially repaid under audit, leaving a balance of \$ 42,798.46, and in favor of the Ohio Bureau of Workers' Compensation's State Insurance Fund.

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 Service Commission is responsible for compliance with these laws and regulations.

KEITH FABER  
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L Ridenbaugh".

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

January 15, 2026

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OHIO BUREAU OF WORKERS' COMPENSATION  
AND  
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(A DEPARTMENT OF THE STATE OF OHIO)  
Columbus, Ohio

FINANCIAL STATEMENTS  
June 30, 2025 and 2024

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## INDEPENDENT AUDITOR'S REPORT

Ohio Bureau of Workers' Compensation and Industrial Commission of Ohio  
A Department of the State of Ohio

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

#### ***Opinion***

We have audited the financial statements of the Ohio Bureau of Workers' Compensation and Industrial Commission of Ohio (BWC/IC), a department of the State of Ohio (State), as of and for the years ended June 30, 2025 and 2024 and the related notes to the financial statements, which collectively comprise the BWC/IC'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 BWC/IC, as of June 30, 2025 and 2024, and the changes in 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*, 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 BWC/IC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the BWC/IC and do not purport to, and do not, present fairly the financial position of the State of Ohio, as of June 30, 2025 and 2024, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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(Continued)

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BWC/IC'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 BWC/IC'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 management's discussion and analysis, supplemental revenue and reserve development information, the schedule of proportionate share of the net pension liability, the schedule of employer pension contributions, the schedule of proportionate share of the net OPEB liability, and the schedule of employer OPEB contributions on pages 4-8, 47-48, 49, 50, 51, and 52 respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the BWC/IC's basic financial statements. The supplemental schedule of net position and schedule of revenues, expenses and changes in net position are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedule of net position and schedule of revenues, expenses and changes in net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2025 on our consideration of BWC/IC'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 BWC/IC'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 BWC/IC's internal control over financial reporting and compliance.

The logo consists of the word "Crowe" in a stylized, handwritten font, with "LLP" in a smaller, more standard font to its right.

Crowe LLP

West Hartford, Connecticut  
November 14, 2025

**OHIO BUREAU OF WORKERS' COMPENSATION  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section presents management's discussion and analysis of the Ohio Bureau of Workers' Compensation's (BWC's) and the Industrial Commission of Ohio's (IC's) financial performance for fiscal years ended June 30, 2025, 2024, and 2023. BWC and IC are collectively referred to as BWC/IC. This information is based on BWC/IC's financial statements, which begin on Page 9.

***Financial highlights***

- BWC/IC's total assets at June 30, 2025 were \$24 billion, an increase of \$1 billion or 4.4% compared to June 30, 2024.
- BWC/IC's total liabilities at June 30, 2025 were \$14.7 billion, a decrease of \$178 million or 1.2% compared to June 30, 2024.
- BWC/IC's total operating revenues for fiscal year 2025 were \$1.2 billion, a decrease of \$88 million or 7% compared to fiscal year 2024.
- BWC/IC's total operating expenses for fiscal year 2025 were \$1.7 billion, a decrease of \$145 million or 7.7% from fiscal year 2024.
- BWC's non-operating revenues for fiscal year 2025 were \$1.7 billion, compared to \$1 billion for fiscal year 2024.
- BWC/IC's net position at June 30, 2025 was \$9.3 billion, an increase of \$1.2 billion or 14.2% compared to June 30, 2024.

***Financial statement overview***

BWC/IC's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. Management's discussion and analysis is intended to serve as an introduction to BWC/IC's financial statements, which are prepared using the accrual basis of accounting and the economic resources measurement focus.

**Statement of Net Position**

This statement is a point-in-time snapshot of BWC/IC's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at fiscal year-end. Net position represents the amount of total assets and deferred outflows of resources less total liabilities and deferred inflows of resources. The statement is categorized by current and noncurrent assets and liabilities. For the purpose of the accompanying financial statements, current assets and liabilities are generally defined as those assets and liabilities with immediate liquidity or those that are collectible or due within 12 months of the statement date.

**Statement of Revenues, Expenses and Changes in Net Position**

This statement reflects the operating revenues and expenses, as well as policy holder dividend expense and non-operating revenues and expenses, for the fiscal year. Major sources of operating revenues are premium and assessment income. Major sources of operating expenses are workers' compensation benefits and compensation adjustment expenses. Policy holder dividend and loss contingency expenses are included as part of the operating gain or loss calculation. Revenues and expenses related to capital and investing activities are reflected in the non-operating component of this statement.

**Statement of Cash Flows**

The statement of cash flows is presented using the direct method of reporting, which reflects cash flows from operating, noncapital financing, capital and related financing, and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents for the fiscal year.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of BWC/IC's financial position and results of operations presented in the financial statements. The notes present information about accounting policies and disclose material risks, subsequent events, and contingent liabilities, if any, that may significantly impact BWC/IC's financial position.

**Supplemental Information**

The financial statements include the following supplemental information schedules:

- Required supplemental information that presents BWC/IC's revenue and reserve development information;
- Required supplemental information that presents BWC/IC's proportionate share of the Ohio Public Employees Retirement System (OPERS) net pension liability;
- Required supplemental information that presents BWC/IC's contribution to pension based on statutory requirements;
- Required supplemental information that presents BWC/IC's proportionate share of the OPERS net other post-employment benefits (OPEB) liability / asset;
- Required supplemental information that presents BWC/IC's contribution to OPEB based on statutory requirements; and
- Optional supplemental schedules presenting the statement of net position and the statement of revenues, expenses and changes in net position for the individual accounts administered by BWC/IC.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

***Financial analysis***

Components of BWC/IC's Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position as of June 30, 2025, 2024, and 2023, and for the fiscal years then ended were as follows (000's omitted):

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current assets	\$ 1,160,617	\$ 1,242,616	\$ 1,062,517
Noncurrent assets	<u>22,809,552</u>	<u>21,723,795</u>	<u>21,310,224</u>
Total assets	<u><u>\$ 23,970,169</u></u>	<u><u>\$ 22,966,411</u></u>	<u><u>\$ 22,372,741</u></u>
Deferred outflows of resources	50,663	77,818	118,700
	<u><u>\$ 50,663</u></u>	<u><u>\$ 77,818</u></u>	<u><u>\$ 118,700</u></u>
Current liabilities	\$ 2,594,411	\$ 2,731,528	\$ 2,680,040
Noncurrent liabilities	<u>12,081,006</u>	<u>12,122,350</u>	<u>12,020,099</u>
Total liabilities	<u><u>\$ 14,675,417</u></u>	<u><u>\$ 14,853,878</u></u>	<u><u>\$ 14,700,139</u></u>
Deferred inflows of resources	12,140	18,505	6,218
	<u><u>\$ 12,140</u></u>	<u><u>\$ 18,505</u></u>	<u><u>\$ 6,218</u></u>
Net investment in capital assets	\$ 40,525	\$ 57,373	\$ 70,275
Unrestricted net position	<u>9,292,750</u>	<u>8,114,473</u>	<u>7,714,809</u>
Total net position	<u><u>\$ 9,333,275</u></u>	<u><u>\$ 8,171,846</u></u>	<u><u>\$ 7,785,084</u></u>
Net premium and assessment income, including provision for uncollectibles	\$ 1,149,782	\$ 1,238,848	\$ 1,391,763
Other income	<u>12,521</u>	<u>11,073</u>	<u>8,858</u>
Total operating revenues	<u><u>\$ 1,162,303</u></u>	<u><u>\$ 1,249,921</u></u>	<u><u>\$ 1,400,621</u></u>
Workers' compensation benefits and compensation adjustment expenses	\$ 1,549,506	\$ 1,707,214	\$ 1,546,974
Other expenses	<u>184,950</u>	<u>172,165</u>	<u>152,633</u>
Total operating expenses	<u><u>\$ 1,734,456</u></u>	<u><u>\$ 1,879,379</u></u>	<u><u>\$ 1,699,607</u></u>
Policy holder dividend expense	\$ 33	\$ (9)	\$ (150)
Operating transfers (out) in	(1,425)	(1,425)	(1,425)
Net investment income	1,734,895	1,017,534	589,154
Gain (loss) on disposal of capital assets	<u>79</u>	<u>120</u>	<u>178</u>
(Decrease) increase in net position	<u><u>\$ 1,161,429</u></u>	<u><u>\$ 386,762</u></u>	<u><u>\$ 288,771</u></u>

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

BWC/IC's net position increased by \$1.2 billion during fiscal year 2025, compared to a \$387 million increase during fiscal year 2024.

- Fiscal year 2025 premium and assessment income of \$1.2 billion reflects an overall reduction of 7% in premium rates for Ohio's private employers for the policy period beginning July 1, 2024, and an overall 0% and 1% decrease in premium rates for public taxing district (PEC) employers for the policy periods beginning January 1, 2025 and January 1, 2024, respectively. (PEC employers include counties, cities, villages, townships, schools, libraries, and special taxing districts). Fiscal year 2024 premium and assessment income of \$1.3 billion reflects an 8% decrease in premium rates for private employers for the policy period beginning July 1, 2023, and an overall 1% and 0% decrease in premium rates for public taxing district (PEC) employers for the policy periods beginning January 1, 2024 and January 1, 2023, respectively. (PEC employers include counties, cities, villages, townships, schools, libraries, and special taxing districts.). Refer to Note 1 – Organization Background and Summary of Significant Accounting Policies for more information about premium and assessment income.
- Workers' compensation benefits and compensation adjustment expenses were as follows in fiscal years 2025, 2024, and 2023.

(\$ in millions)	<u>2025</u>	<u>2024</u>	<u>2023</u>
Net benefit payments	\$ 1,217	\$ 1,206	\$ 1,198
Payments for compensation adjustment expenses	218	203	209
Managed Care Organization administrative payments	177	170	165
Change in reserves for compensation and compensation adjustment expenses	(63)	128	(25)
	<u>\$ 1,549</u>	<u>\$ 1,707</u>	<u>\$ 1,547</u>

- The increase in net benefit payments from fiscal year 2025 to fiscal year 2024 is primarily due to various medical payments offset by decreases in permanent total payments. The increase in net benefit payments from fiscal year 2023 to fiscal year 2024 is primarily due to recording a \$15 million legal settlement payment which resulted in a decrease to claims expense in fiscal year 2023. In addition, the 2023 to 2024 claim payment changes include increases in temporary total and permanent total indemnity payments offset by decreases in medical and lumpsum settlement payments.
- The changes from year to year in payments for compensation adjustment expenses are primarily due to increases in safety program payments, payroll, and timing of invoice payments.
- The discounted reserves for workers' compensation benefits and compensation adjustment expenses as of June 30, 2025 are \$63 million lower than the June 30, 2024 discounted liabilities. The recorded liabilities for reserves are management's selection based on estimates calculated by BWC's Actuarial division staff for all funds except Coal Workers Pneumoconiosis, which is calculated by BWC's independent consulting actuary. Note 1 – Organization Background and Summary of Significant Accounting Policies and Note 4 – Reserves for Compensation and Compensation Adjustment Expenses provide a more detailed discussion of BWC's liabilities for reserves.
- In fiscal year 2025, BWC/IC recorded net investment income of \$1.7 billion, compared to income of \$1 billion in fiscal year 2024. The portfolio earned a net return after management fees of 8.3% during fiscal year 2025 compared to a net return of 5.1% in fiscal year 2024. Note 1 – Organization Background and Summary of Significant Accounting Policies and

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Note 2 – Cash and Investments provide a more detailed discussion of BWC's cash and investments.

- On June 30, 2023, House Bill 31 of the 135<sup>th</sup> General Assembly (HB 31) was signed into law by Governor Mike Dewine. HB 31 modifies various statutes in Ohio Revised Code Chapter 4123 to allow administrative costs to be paid from the State Insurance fund, effectively collapsing the Administrative Cost Fund into the State Insurance Fund as of October 2023.

***Conditions expected to affect financial position or results of operations***

BWC/IC's vision, mission, and core values drive our commitment to keep Ohio workers safer on the job; help injured workers recover and return to their lives – at work and home; and keep costs down for Ohio businesses.

- Base rates will decrease an average of 6% for the July 1, 2025 policy year for private employers and 1% for the January 1, 2026 policy year for PEC employers.
- Businesses that invest in workplace safety and health are able to reduce fatalities, injuries, and illnesses, resulting in lower medical and legal expenses as well as lower costs to train replacement employees. BWC offers numerous financial assistance opportunities for employers to invest in workplace safety.
- BWC/IC's Board and management are closely monitoring investment trends and economic conditions that could negatively impact the value of BWC's investment portfolio. BWC's Investment division and the Board's Investment consultant have had an investment policy in place that has continued to protect BWC's stable financial position through difficult economic times.

Financial Strength Ratio for the end of each fiscal year are presented in the following table:

	2025	2024	2023	Guideline
Financial Strength Ratio	1.63	1.54	1.50	1.30 to 1.70

- From time to time, BWC/IC is involved in judicial proceedings arising in the ordinary course of its business. BWC/IC will vigorously defend these suits and expects to prevail; however, there can be no assurance that BWC/IC will be successful in its defense.

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**STATEMENTS OF NET POSITION**

June 30, 2025 and 2024

(000's omitted)

	<u>2025</u>	<u>2024</u>	<b>LIABILITIES</b>	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents (Note 2)	\$650,921	\$575,388	Current liabilities:		
Collateral on loaned securities (Note 2)	3,616	4,682	Reserve for compensation (Note 4)	\$ 1,294,807	\$ 1,273,793
Premiums recorded not yet due	7,261	5,624	Reserve for compensation adjustment		
Assessments recorded not yet due	1,330	2,378	expenses (Note 4)	427,877	456,199
Premiums in course of collection	7,255	4,804	Unearned premium and assessments	406,824	413,188
Assessments in course of collection	15,783	14,043	Warrants payable	20,456	21,798
Accounts receivable, net of allowance for uncollectibles of \$1,351,045 in 2025; \$1,348,768 in 2024	248,389	329,291	Group retrospective credit payable (Note 5)	58,439	68,160
Retrospective premiums receivable	29,585	18,985	Investment trade payables	297,386	414,839
Investment trade receivables	90,321	188,636	Accounts payable	17,959	10,586
Accrued investment income	106,156	98,785	Obligations under securities lending (Note 2)	3,616	4,682
Total current assets	<u>1,160,617</u>	<u>1,242,616</u>	Other current liabilities (Note 5)	<u>67,047</u>	<u>68,283</u>
Noncurrent assets:			Total current liabilities	<u>2,594,411</u>	<u>2,731,528</u>
Restricted cash (Note 2)	736	736	Noncurrent liabilities:		
Fixed maturities, at fair value (Note 2)	11,370,102	10,892,275	Reserve for compensation (Note 4)	10,421,421	10,529,835
Domestic equity securities, at fair value - common stock (Note 2)	4,860,594	4,466,133	Reserve for compensation adjustment		
Domestic equity securities, at fair value - preferred stock (Note 2)	-	111	expenses (Note 4)	1,268,823	1,215,901
Non-U.S equity securities, at fair value - common stock (Note 2)	2,486,164	2,196,366	Net pension liability (Note 6)	205,451	224,956
Investments in real estate funds (Note 2)	3,121,534	3,168,794	Group retrospective credit payable (Note 5)	157,172	117,482
Unbilled premiums receivable	886,660	895,469	Other noncurrent liabilities (Note 5)	28,139	34,176
Retrospective premiums receivable	23,384	37,019	Total noncurrent liabilities	<u>12,081,006</u>	<u>12,122,350</u>
Capital assets (Note 3)	40,525	57,373	Total liabilities	<u>\$ 14,675,417</u>	<u>\$ 14,853,878</u>
Net OPEB asset (Note 7)	19,853	7,746			
Net pension asset (Note 6)	-	1,773	<b>DEFERRED INFLOW OF RESOURCES</b> (Note 6 and 7)	12,140	18,505
Total noncurrent assets	<u>22,809,552</u>	<u>21,723,795</u>	Total liabilities and deferred inflow of resources	<u>\$ 14,687,557</u>	<u>\$ 14,872,383</u>
Total assets	<u>\$ 23,970,169</u>	<u>\$ 22,966,411</u>			
<b>DEFERRED OUTFLOW OF RESOURCES</b> (Note 6 and 7)	50,663	77,818	<b>NET POSITION</b>		
Total assets and deferred outflow of resources	<u>\$ 24,020,832</u>	<u>\$ 23,044,229</u>	Net investment in capital assets	40,525	57,373
			Restricted net position	9,292,750	8,114,473
			Total net position (Note 10)	<u>\$ 9,333,275</u>	<u>\$ 8,171,846</u>

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**STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION**

**For the fiscal years ended June 30, 2025 and 2024**

**(000's omitted)**

	<b>2025</b>	<b>2024</b>
Operating revenues:		
Premium and assessment income	\$1,211,073	\$ 1,282,421
Provision for uncollectibles	(61,291)	(43,573)
Other income	12,521	11,073
Total operating revenues	<u>1,162,303</u>	<u>1,249,921</u>
Operating expenses:		
Workers' compensation benefits (Note 4)	1,129,572	1,300,187
Compensation adjustment expenses (Note 4)	419,934	407,027
Personal services	81,784	73,853
Other administrative expenses	103,166	98,312
Total operating expenses	<u>1,734,456</u>	<u>1,879,379</u>
Net operating loss before policy holder dividends	(572,153)	(629,458)
Policy holder dividend expense	<u>(33)</u>	<u>9</u>
Net operating loss	<u>(572,120)</u>	<u>(629,467)</u>
Non-operating revenues:		
Net investment income (Note 2)	1,734,895	1,017,534
Gain (loss) on disposal of capital assets	79	120
Total non-operating revenues	<u>1,734,974</u>	<u>1,017,654</u>
Transfers (out) In	<u>(1,425)</u>	<u>(1,425)</u>
Increase (Decrease) in net position	1,161,429	386,762
Net position, beginning of year	<u>8,171,846</u>	<u>7,785,084</u>
Net position, end of year	<u>\$ 9,333,275</u>	<u>\$ 8,171,846</u>

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

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**STATEMENTS OF CASH FLOWS**

**For the fiscal years ended June 30, 2025 and 2024**

**(000's omitted)**

	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>Cash flows from operating activities:</b>		
Cash receipts from premiums and assessments	\$ 1,489,371	\$ 1,551,772
Cash receipts - other	25,405	29,493
Cash disbursements for claims	(1,452,590)	(1,413,909)
Cash disbursements to employees for services	(237,618)	(212,300)
Cash disbursements for other operating expenses	(136,312)	(155,456)
Cash disbursements for employer refunds	(200,004)	(212,420)
Net cash used for operating activities	<u>(511,748)</u>	<u>(412,820)</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers (out) in	(1,425)	(1,425)
Net cash used by noncapital financing activities	<u>(1,425)</u>	<u>(1,425)</u>
<b>Cash flows from capital and related financing activities:</b>		
Purchase of capital assets, net of retirements	<u>(2,259)</u>	<u>(5,369)</u>
Net cash used in capital and related financing activities	<u>(2,259)</u>	<u>(5,369)</u>
<b>Cash flows from investing activities:</b>		
Investments sold	11,105,572	9,067,658
Investments purchased	(11,039,564)	(8,967,126)
Interest and dividends received	576,808	572,200
Investment expenses	(51,851)	(67,406)
Net cash provided by investing activities	<u>590,965</u>	<u>605,326</u>
Net (decrease) increase in cash and cash equivalents	75,533	185,712
Cash and cash equivalents, beginning of year	<u>576,124</u>	<u>390,412</u>
Cash and cash equivalents, end of year	<u>\$ 651,657</u>	<u>\$ 576,124</u>

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

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**STATEMENTS OF CASH FLOWS, Continued**

**For the fiscal years ended June 30, 2025 and 2024**

(000's omitted)

	<u>2025</u>	<u>2024</u>
<b>Reconciliation of net operating loss to net cash used for operating activities:</b>		
Net operating loss	\$ (572,120)	\$ (629,467)
Adjustments to reconcile net operating loss to net cash used for operating activities:		
Provision for uncollectible accounts	61,291	43,573
Depreciation	19,186	18,391
Pension and other postemployment benefits	(9,049)	(9,752)
(Increases) decreases in assets and increases (decreases) in liabilities:		
Premiums and assessments recorded not yet due	(589)	864
Premiums and assessments in course of collection	(4,191)	1,542
Unbilled premiums receivable	8,809	3,827
Accounts receivable	19,611	2,453
Retrospective premiums receivable	3,035	3,521
Reserves for compensation and compensation adjustment expenses	(62,800)	127,729
Unearned premiums and assessments	(6,364)	4,834
Legal settlement	-	(4,500)
Group retrospective credit payable	29,969	29,983
Warrants payable	(1,342)	2,503
Accounts payable	7,373	(7,361)
Other liabilities	<u>(4,567)</u>	<u>(960)</u>
Net cash used for operating activities	<u>\$ (511,748)</u>	<u>\$ (412,820)</u>
<b>Noncash investing, capital, and financing activities</b>		
Change in fair values of investments	\$ 1,199,861	\$ 491,058

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**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal years ended June 30, 2025 and 2024**

**1. Organization Background and Summary of Significant Accounting Policies**

The Ohio Bureau of Workers' Compensation (BWC) and the Industrial Commission of Ohio (IC) were created in 1912 and 1925, respectively, and are the exclusive providers of workers' compensation insurance to private and public employers in Ohio that have not been granted the privilege of paying compensation and medical benefits directly (self-insured employers). BWC and IC are collectively referred to herein as BWC/IC. BWC/IC was created and is operated pursuant to Chapters 4121, 4123, 4127, and 4131 of the Ohio Revised Code (the Code).

The Governor of the State of Ohio (the State) with the advice and consent of the Senate and nominating committee appoints the BWC Administrator, the three members of the IC, and the 11-member BWC Board of Directors (Board). All members have full voting rights. The BWC Administrator, with the advice and consent of the Board, is responsible for the operations of the workers' compensation system, while the IC is responsible for administering claim appeals.

BWC/IC is a department of the primary government of the State and is a proprietary operation for purposes of financial reporting. The accompanying financial statements include all accounts, activities, and functions of BWC/IC and are not intended to present the financial position, results of operations, or cash flows of the State taken as a whole. The financial information presented herein for BWC/IC will be incorporated within the State's financial statements.

**Basis of Presentation**

BWC/IC has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America as applicable to government organizations. Accordingly, these financial statements were prepared using the accrual basis of accounting and the economic resources measurement focus.

For internal reporting purposes, BWC/IC maintains separate internal accounts as required by the Code. For external financial reporting purposes, BWC/IC has elected to report as a single column business-type activity, since the individual accounts do not have external financial reporting accountability requirements. All significant interaccount balances and transactions have been eliminated.

BWC/IC administers the following accounts:

State Insurance Fund (SIF)  
Disabled Workers' Relief Fund (DWRF)  
Coal-Workers Pneumoconiosis Fund (CWPF)  
Public Work-Relief Employees' Fund (PWREF)  
Marine Industry Fund (MIF)  
Self-Insuring Employers' Guaranty Fund (SIEGF)

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**Description of the Accounts**

SIF, CWPF, PWREF, and MIF provide workers' compensation benefits for qualifying employees sustaining work-related injuries or diseases.

Prior to October 2023, Administrative Cost Fund (ACF) was a separate fund that provided for the payment of administrative and operating costs of all accounts except DWRF, CWPF, and MIF, which pay such costs directly. As of October 2023, SIF also provides for the payment of administrative and operating costs for all Private and Public County Taxing District employers. CWPF and MIF pay their own administrative costs. Administrative cost fund within the SIF account includes the portion of premiums paid by employers earmarked for the safety and loss prevention activities performed by the Safety & Hygiene Division for all employer groups and the administrative costs for Public State and Self-Insured employers.

DWRF provides supplemental cost-of-living benefits to persons who are permanently and totally disabled and are 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. DWRF also directly pays its own administrative and operating costs.

SIEGF provides for the payment of compensation and medical benefits relating to injuries sustained after 1987 by employees of self-insured employers that are bankrupt or in default.

Operating revenues and expenses generally result from providing services in connection with ongoing operations. Operating revenues are primarily derived from premiums and assessments. Operating expenses include the costs of claims, policy holder dividends, and related administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Cash and Cash Equivalents**

Cash and cash equivalents in the accompanying statements of net position and for the purposes of the statements of cash flows include cash and all highly liquid debt instruments purchased with a maturity of three months or less. Cash equivalents consist of money market funds.

**Investments**

BWC/IC's investments consist of fixed maturities, domestic equity securities, commingled bond index funds, commingled U.S. equity index funds, commingled non-U.S. equity index funds, U.S. real estate funds, bond funds and collateral on securities lending.

Investments are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fixed income securities, domestic equity securities, and bond funds are valued based on published market prices and quotations from national security exchanges and securities pricing services. The fair value of the commingled bond index funds, commingled domestic equity funds, commingled non-U.S. equity funds, and U.S. real estate funds are based on the value of the underlying net assets of the fund. Dividends, interest earnings, the net increase (decrease) in the fair value of investments (which includes both the change in fair

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value and realized gains and losses), and investment expenses are aggregated and reported as net investment income in the statements of revenues, expenses and changes in net position. The cost of securities sold is determined using the average cost method. Purchases and sales of investments are recorded as of the trade date.

**Premium Income**

Premiums are based on rates approved by the Board and on the employers' payroll, except self-insured employer assessments, which are based on paid compensation. SIF rates for private and public taxing district employers meeting certain size criteria are adjusted based on their own claims experience.

Premium income for SIF, CWPF, PWREF, and MIF is recognized over the coverage period. Premiums earned but not yet invoiced are reflected as premiums in course of collection in the statements of net position. Estimated annual premiums recorded but not yet invoiced are reflected as premiums recorded not yet due and unearned premium in the statements of net position.

In addition to the standard base and experience rated plans, BWC/IC offers the following alternative rating plans:

Group experience rating plans allow employers who operate within similar industries to group together to potentially achieve lower premium rates than they could individually.

Retrospective rating plans are offered to qualified employers on an individual basis. SIF recognizes estimated ultimate premium income on retrospectively rated businesses during the coverage period. Retrospective rating adjustments related to the coverage period are collected in subsequent periods, as experience develops related to injuries incurred during the coverage period. The estimated future retrospective rating adjustments are reflected in the statements of net position as retrospective premiums receivable.

Employers participating in group retrospective rating plans pay experience or base rated premiums as if they were individually rated at the beginning of the policy year. If the group's claims experience is better than expected at evaluation periods 12, 24, and 36 months after the close of the policy year, a portion of the group's premium is returned to employers participating in the group. If the group's claims experience is worse than expected at those intervals, additional premiums are levied on the employers participating in the group. The estimated future group retrospective rating plan credits are reflected in the statements of net position as group retrospective credit payable.

The deductible plan is offered to qualified employers. This plan is similar to other insurance deductible plans where an employer agrees to pay the portion of a workers' compensation injury claim that falls below their selected deductible level. For taking on this degree of risk, the employer receives a premium credit.

The Code permits State employers to pay into SIF on a terminal funding (pay-as-you-go) basis. Since BWC/IC has the statutory authority to assess premiums against the State employers in future periods, an unbilled premiums receivable equal to the State's share of the

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discounted reserve for compensation and compensation adjustment expenses, less BWC/IC's portion of the discounted reserve, is reflected in the statements of net position.

**Assessment Income**

DWRF I (DWRF benefits awarded for injuries incurred prior to January 1, 1987) assessments are based on employers' payroll and rates approved by the Board within a statutory range. DWRF II (DWRF benefits awarded for injuries incurred on or after January 1, 1987) assessments are based on rates approved by the Board and on employers' premiums. Administrative cost fund within the SIF account rates for assessments of self-insured employers are based on paid workers' compensation benefits. SIEGF assessments are based on paid compensation benefits with the exception of new self-insured employers, which are based on a percentage of prior losses as SIF employers.

Assessment income is recognized over the coverage period and is billed in advance of the coverage period. DWRF I and administrative cost fund within SIF account for public state, self-insured, and safety & hygiene assessment income recognized over the period for which the assessment applies. These assessments earned but not yet invoiced were reflected as assessments in course of collection in the statements of net position. Estimated annual assessments recorded but not yet invoiced and unearned assessments are reflected as assessments recorded not yet due in the statements of net position.

In September 2015, the Board approved the funding of DWRF I benefits from SIF investment income for private and public taxing district employers rather than levying assessments against these employers. The annual change in funding commitment has been recorded in SIF and DWRF I as adjustments to the respective premium and assessment income in the statements of revenue, expenses and changes in net position for fiscal years 2025 and 2024. The commitment is reviewed annually and is subject to adjustment based on changes in the estimated DWRF I discounted reserves for compensation and compensation adjustment expenses.

The Code permits employers to pay into DWRF and SIEGF on a terminal funding (pay-as-you-go) basis. As BWC/IC has the statutory authority to assess employers in future periods, an unbilled premiums receivable equal to the discounted reserve for compensation and compensation adjustment expenses for DWRF I public state employers and SIEGF, less BWC/IC's portion of the discounted reserve, is reflected in the statements of net position. SIEGF assessments received or in the course of collection, but not yet recognized, are reflected as a reduction to unbilled premiums receivable.

The year-end balances of the DWRF II cash and investment balances and the DWRF II discounted reserve for compensation and compensation adjustments expenses are compared annually to determine when BWC/IC has an unbilled premiums receivable. At June 30, 2025 and 2024, the total DWRF II cash and investment balances exceeded the DWRF II discounted reserve for compensation and compensation adjustment expenses, thus no unbilled premiums receivable is recorded for DWRF II.

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**Allowance for Uncollectible Accounts**

BWC/IC provides an allowance for uncollectible accounts by charging operations for estimated receivables that will not be collected. The adequacy of the allowance is determined by management based on a review of aged receivable balances and historical loss experience.

**Capital Assets**

Capital assets maintain two categories: tangible capital assets and intangible right-to-use assets. Tangible capital assets 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:

<u>Description</u>	<u>Estimated Useful Lives (Years)</u>
Buildings	30
Intangible assets	10
Furniture and fixtures	10
Vehicles and equipment	5

When assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the statements of revenues, expenses and changes in net position. The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized.

Intangible right-to-use assets, subscription-based information technology agreements (SBITAs), and related liabilities are recorded at the commencement date of the related contract. The lease and SBITA liability, reflected on the Statement of Net Position and included in other liabilities is measured at the present value of expected payments over the contract term. The intangible right-to-use and SBITA assets are reflected in capital assets and are based on the initial measurement of the liability, plus any payments made to the vendor at or before the commencement of the contract term. Intangible right-to-use assets and SBITAs are amortized over the shorter of the term of the contract or the useful life of the underlying asset. Interest expense is recognized ratably over the contract term.

Expenditures for the design, software configuration, software interfaces, coding, hardware, hardware installation, data conversion to the extent necessary for the operation of the new software, testing, and licensure on internally generated software exceeding \$1 million are capitalized as an intangible asset. Intangible assets are depreciated upon implementation of the software. The useful lives of intangible assets varies and are determined upon completion of each project.

**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. The reserve for compensation is based upon BWC's

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internal actuarial unpaid indemnity and medical loss estimates for both reported claims and claims incurred but not reported (IBNR). The reserve for compensation adjustment expenses is based upon the BWC's internal actuaries' estimates of future expenses to be incurred in settlement of the claims. The reserve for compensation is based on the estimated ultimate cost of settling the claims, including the potential effects of inflation and other societal and economic factors and projections as to future events, including claims frequency, severity, duration, and inflationary cost 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, the estimated costs of the Pharmacy Benefit Manager, and the reserve for compensation. The reserves for compensation and compensation adjustment expense do not contemplate future changes due to judicial or legislative actions that cannot be reasonably estimated. The methods and assumptions used in developing such estimates and for establishing the resulting liabilities are reviewed quarterly and updated based on current circumstances. The reserves for compensation and compensation adjustment expenses are discounted at 4.0% at June 30, 2025 and 2024 to reflect the present value of future benefit payments at those dates. The selected discount rate approximates an average expected investment yield on BWC/IC's investment portfolio that supports the future payment of the underlying BWC/IC's reserves.

Management believes the recorded reserves for compensation and compensation adjustment expenses make for a reasonable and appropriate provision for expected future loss and related expense payments on events that have occurred on or prior to June 30, 2025. While management and the BWC internal actuarial staff use currently available information to estimate the unpaid amounts for compensation and compensation adjustment expenses, future changes to the estimates and reserves for compensation and compensation adjustment expenses for those events may be necessary based on actual future claims experience and changing claims frequency, severity, duration, and inflationary trends for medical claim reserves.

**Other States Coverage**

BWC provides access to optional insurance coverage for Ohio companies who meet BWC's underwriting criteria and have out of state workers' compensation exposures. This optional policy offers coverage for workers' compensation gaps and protects employers from penalties and stop-work orders in other states. Zurich American Insurance Company acts as the fronting carrier of the Other States Coverage policies. Acrisure LLC, dba United States Insurance Services Inc, acts as the exclusive fronting agency. The SIF provides 100% reinsurance for the policies in this program.

**Pensions and Other Post-Employment Benefits (OPEB)**

For purposes of measuring the net pension liability, net pension asset, net OPEB asset, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, pension expense, and OPEB expense, information about the fiduciary net position of the Ohio Public Employee's Retirement System's (OPERS) Plans and additions to / deductions from the OPERS Plans' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, OPERS records deductions

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when the liability is incurred and recognizes revenues when earned in accordance with benefit terms. OPERS' investments are reported at fair value.

**Use of Estimates**

In preparing the financial statements BWC/IC's management and pension/OPEB plans are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. Actual results could and very likely will differ from those estimates due to unforeseeable events or circumstances.

**2. Cash and Investments**

BWC/IC is authorized by Section 4123.44 of the Code to invest using an investment policy established by the Board, which uses the prudent person standard. The prudent person standard requires investments be made with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, and by diversifying the investments of the assets so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

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**For the fiscal years ended June 30, 2025 and 2024**

The composition of cash and investments held at June 30, 2025 and 2024, is presented below (000's omitted):

	2025	2024
	<u>Fair Value</u>	<u>Fair Value</u>
U.S. corporate bonds	\$ 3,551,385	\$ 3,227,012
U.S. treasury inflation protected securities	1,834,027	1,741,906
U.S. government obligations	1,777,893	1,898,425
Commingled U.S. treasury inflation protected securities	903,851	864,399
U.S. government agency mortgages	792,147	761,002
Commingled U.S. Long Government / Credit Fixed Income	680,425	658,164
Non-U.S. corporate bonds	644,361	653,019
Asset backed securities	374,604	302,444
Commercial mortgage backed securities	291,963	257,885
Commingled U.S. aggregate indexed fixed income	177,037	166,859
Non-U.S. government and agency bonds	129,661	125,883
U.S. state and local government agencies	120,882	145,457
Commingled U.S. intermediate duration fixed income	48,847	45,753
U.S. government agency bonds	28,128	24,209
Bond funds	11,940	10,727
Preferred securities	2,951	7,754
Bank loans	-	1,377
Total fixed maturities	<u>11,370,102</u>	<u>10,892,275</u>
Domestic equity securities - common stocks	4,372,233	4,005,462
Domestic equity securities - preferred stocks	320	111
Commingled domestic equity securities - common stocks	488,041	460,671
Commingled Non-U.S. equity securities - common stocks	2,486,164	2,196,366
Commingled investments in real estate	3,121,534	3,168,794
Securities lending short-term collateral	3,616	4,682
Restricted Cash	736	736
Cash and cash equivalents		
Cash	41,346	63,213
Repurchase agreements	-	6,300
Short-term money market fund	<u>609,575</u>	<u>505,875</u>
Total cash and cash equivalents	<u>650,921</u>	<u>575,388</u>
	<u>\$ 22,493,667</u>	<u>\$ 21,304,485</u>

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Net investment income for the fiscal years ended June 30, 2025 and 2024, is summarized as follows (000's omitted):

	<u>2025</u>	<u>2024</u>
Fixed maturities	\$ 405,951	\$ 395,726
Equity securities	58,153	55,647
Real estate	97,068	98,603
Cash equivalents	23,007	20,849
	<hr/> 584,179	<hr/> 570,825
Increase (decrease) in fair value of investments	1,199,861	491,058
Investment expenses	(49,145)	(44,349)
	<hr/> \$ 1,734,895	<hr/> \$ 1,017,534

**Custodial Credit Risk – Deposits**

The custodial credit risk for deposits is the risk that in the event of a bank failure, BWC/IC's deposits might not be recovered. Banks must provide security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in addition to amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities valued at least 102% of the total public monies on deposit at the institution. At June 30, 2025 and 2024, the carrying amount of BWC/IC's cash deposits were \$41.3 million and \$63.2 million, respectively, and the bank balances were \$11 million and \$7.4 million, respectively. Differences between the carrying amount and bank balances are primarily due to in transit credit card and online payments. Of the June 30, 2025 and 2024, bank balances, \$250 thousand were insured by the FDIC. The remaining cash balance on deposit with the bank was collateralized by pledges held by the trustee of either a surety bond or securities with a sufficient market value and was not exposed to custodial credit risk. Any pledged securities are held by the Federal Reserve, the Federal Home Loan Bank, or an insured financial institution serving as agent of the Treasurer of the State of Ohio.

**Custodial Credit Risk – Investments**

Custodial credit risk for investments is the risk that, in the event of a failure of a counterparty to a transaction, BWC/IC will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. BWC/IC's investments are not exposed to custodial credit risk and are held in BWC/IC's name at either JP Morgan, in commingled account types, or are fixed maturity bank loans, which by definition, are not exposed to custodial credit risk. Commingled bond and U.S. equity funds are held in the custody of State Street. The commingled non-U.S. equity fund is held in the custody of JP Morgan. The underlying securities in the short-term money market fund are high-quality, short-term debt securities issued or guaranteed by the U.S. government or by U.S. government agencies or instrumentalities, and repurchase agreements fully collateralized by U.S. Treasury and U.S. government securities.

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**Fair Value Measurements**

BWC/IC's investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1 - Investments reflect prices quoted in active markets and are valued directly from a primary external pricing vendor.
- Level 2 - Investments reflect prices that are observable either directly or indirectly. Inputs may include quoted prices in markets that are not considered active or inputs other than quoted prices that are observable such as interest rates, yield curves, implied volatilities, credit spreads or market-corroborated inputs. These investments are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.
- Level 3 - Investments reflect prices based upon unobservable sources. Asset backed securities, commercial mortgage backed securities, and bank loans are classified in Level 3 and are valued using an internal fair value as provided by the investment manager or other unobservable pricing source.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

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The fair value measurement of investments held at June 30, 2025 and 2024, is presented below (000's omitted):

<b>Fiscal Year 2025</b>	<b>Quoted Prices Level 1</b>	<b>Observable Inputs Level 2</b>	<b>Unobservable Inputs Level 3</b>	<b>2025 Fair Value Total</b>
<b>Fixed Maturities</b>				
U.S. corporate bonds	\$ -	\$ 3,551,385	\$ -	\$ 3,551,385
U.S. treasury inflation protected securities	1,834,027	-	-	1,834,027
U.S. government obligations	1,681,001	96,892	-	1,777,893
U.S. government agency mortgages	-	792,147	-	792,147
Non-U.S. corporate bonds	-	644,361	-	644,361
Asset backed securities	-	277,784	96,820	374,604
Commercial mortgage backed securities	-	270,322	21,641	291,963
Non-U.S. government and agency bonds	-	129,661	-	129,661
U.S. state and local government agencies	-	120,882	-	120,882
U.S. government agency bonds	-	28,128	-	28,128
Bond funds	11,940	-	-	11,940
Preferred securities	-	2,951	-	2,951
Bank loans	-	-	-	-
Domestic equity securities - common stocks	4,372,233	-	-	4,372,233
Domestic equity securities - preferred stocks	-	320	-	320
Securities lending short-term collateral	-	3,616	-	3,616
	<b>\$ 7,899,201</b>	<b>\$ 5,918,449</b>	<b>\$ 118,461</b>	<b>\$ 13,936,111</b>
Investments measured at net asset value:				
Commingled U.S. aggregate indexed fixed income				177,037
Commingled U.S. Long Government / Credit Fixed Income				680,425
Commingled U.S. treasury inflation protected securities				903,851
Commingled U.S. intermediate duration fixed income				48,847
Commingled domestic equity securities - common stocks				488,041
Commingled Non-U.S. equity securities - common stocks				2,486,164
Commingled investments in real estate				3,121,534
				<b>\$ 7,905,899</b>
Restricted Cash:				\$ 736
Cash and Cash Equivalents:				\$ 650,921
Total Investments:				<b>\$ 22,493,667</b>

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Fiscal Year 2024	Quoted	Observable	Unobservable	2024
	Prices	Inputs	Inputs	Fair Value
	Level 1	Level 2	Level 3	Total
<b>Fixed Maturities</b>				
U.S. corporate bonds	\$ -	\$ 3,227,012	\$ -	\$ 3,227,012
U.S. government obligations	1,796,334	102,091	-	1,898,425
U.S. treasury inflation protected securities	1,741,906	-	-	1,741,906
U.S. government agency mortgages	-	761,002	-	761,002
Non-U.S. corporate bonds	-	653,019	-	653,019
Asset backed securities	-	238,728	63,716	302,444
Commercial mortgage backed securities	-	247,812	10,073	257,885
U.S. state and local government agencies	-	145,457	-	145,457
Non-U.S. government and agency bonds	-	125,883	-	125,883
U.S. government agency bonds	-	24,209	-	24,209
Bond funds	10,727	-	-	10,727
Preferred securities	-	7,754	-	7,754
Bank loans	-	-	1,377	1,377
Domestic equity securities - common stocks	4,005,462	-	-	4,005,462
Domestic equity securities - preferred stocks	-	-	111	111
Securities lending short-term collateral	-	4,682	-	4,682
	<b>\$ 7,554,429</b>	<b>\$ 5,537,649</b>	<b>\$ 75,277</b>	<b>\$ 13,167,355</b>
<b>Investments measured at net asset value:</b>				
Commingled U.S. aggregate indexed fixed income				166,859
Commingled U.S. Long Government / Credit Fixed Income				658,164
Commingled U.S. treasury inflation protected securities				864,399
Commingled U.S. intermediate duration fixed income				45,753
Commingled domestic equity securities - common stocks				460,671
Commingled Non-U.S. equity securities - common stocks				2,196,366
Commingled investments in real estate				3,168,794
			<b>\$ 7,561,006</b>	
Restricted Cash:				\$ 736
Cash and Cash Equivalents:				\$ 575,388
Total Investments:				<b>\$ 21,304,485</b>

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For the investments below which do not have a readily determinable fair value, net asset value per unit is used as a practical expedient for establishing fair value. The valuation method for investments measured at the net asset value (NAV) per share, or equivalent, is presented in the tables below (000's omitted).

Investments Measured at the NAV  
FY 2025

Investment Strategy	Fair Value	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Commingled U.S. aggregate indexed fixed income	\$ 177,037		Daily	5 days
Commingled U.S. Long Government / Credit Fixed Income	680,425		Daily	5 days
Commingled U.S. treasury inflation protected securities	903,851		Daily	5 days
Commingled U.S. intermediate duration fixed income	48,847		Daily	5 days
Commingled domestic equity securities - common stocks	488,041		Daily	5 days
Commingled Non-U.S. equity securities - common stocks	2,486,164		Daily	5 days
Commingled investments in real estate:				
Core Real Estate	1,721,243	-	Quarterly	1 quarter
Core Plus Real Estate	990,277	-	Quarterly	1 quarter
Value Added Real Estate	410,014	100,233	Illiquid	
Total Commingled investments in real estates:	\$ 3,121,534	\$ 100,233		

Investments Measured at the NAV  
FY 2024

Investment Strategy	Fair Value	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Commingled U.S. aggregate indexed fixed income	\$ 166,859		Daily	5 days
Commingled U.S. Long Government / Credit Fixed Income	658,164		Daily	5 days
Commingled U.S. treasury inflation protected securities	864,399		Daily	5 days
Commingled U.S. intermediate duration fixed income	45,753		Daily	5 days
Commingled domestic equity securities - common stocks	460,671		Daily	5 days
Commingled Non-U.S. equity securities - common stocks	2,196,366		Daily	5 days
Commingled investments in real estate:				
Core Real Estate	1,774,414	-	Quarterly	1 quarter
Core Plus Real Estate	992,247	-	Quarterly	1 quarter
Value Added Real Estate	402,133	159,029	Illiquid	
Total Commingled investments in real estates:	\$ 3,168,794	\$ 159,029		

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Commingled fixed maturities, domestic equity, and non-U.S. equity funds are valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments. Investment in the bond fund is valued monthly per the fund manager.

BWC/IC invests in real estate through limited partnerships, commingled funds, and commingled real estate investment trusts. Core and Core Plus real estate funds owned are open-ended funds that offer each investor the right to redeem all or a portion of their investment ownership interest once every quarter at the stated unit net asset value of the fund. Value-added real estate funds owned are close-ended funds and do not offer such redemption rights and, therefore, can be considered to be illiquid investments. The real estate funds provide BWC/IC with quarterly valuations based on the most recent capital account balances. Individual properties owned by the funds are valued by an outside independent certified real estate appraisal firm at least once a year and are adjusted as often as every quarter if material market or operational changes have occurred. Each asset is also valued internally on a quarterly basis by each fund. The internal and external valuations of properties owned are subject to oversight and review by an independent valuation advisor firm. Debt obligations of each fund receive market value adjustments by the fund every quarter, generally with the assumption that such positions will be held to maturity. Annual external audits of the funds include a review of compliance with the fund's valuation policies.

**Interest Rate Risk – Fixed-Income Securities**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. BWC/IC manages the exposure to fair value loss arising from increasing interest rates by requiring that each fixed-income portfolio be invested with duration characteristics that are within a range consistent with Bloomberg Barclays Fixed Income Index ranges.

Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flow, weighted for those cash flows as a percentage of the investment's full price. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows arising from such investments such as callable bonds, prepayments, and variable-rate debt. The effective duration measures the sensitivity of the market price to parallel shifts in the yield curve.

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At June 30, 2025 and 2024, the effective duration of BWC's fixed-income portfolio is as follows (000's omitted):

<u>Investment Type</u>	<u>June 30, 2025</u>		<u>June 30, 2024</u>	
	<u>Fair Value</u>	<u>Effective Duration</u>	<u>Fair Value</u>	<u>Effective Duration</u>
U.S. corporate bonds	\$ 3,551,385	10.73	\$ 3,227,012	11.21
U.S. treasury inflationary protected securities	1,834,027	6.52	1,741,906	6.57
U.S. government obligations	1,777,893	8.45	1,898,425	8.34
Commingled U.S. treasury inflationary protected securities	903,851	6.52	864,399	6.52
U.S. government agency mortgages	792,147	6.29	761,002	6.21
Commingled U.S. long government / credit fixed income	680,425	13.66	658,164	13.77
Non-U.S. corporate bonds	644,361	8.49	653,019	8.65
Asset backed securities	374,604	1.95	302,444	1.98
Commercial mortgage backed securities	291,963	2.31	257,885	2.22
Commingled U.S. aggregate indexed fixed income	177,037	6.05	166,859	6.13
Non-U.S. government and agency bonds	129,661	7.47	125,883	11.43
U.S. state and local government agencies	120,882	10.99	145,457	11.27
Commingled U.S. intermediate duration fixed income	48,847	3.77	45,753	3.76
U.S. government agency bonds	28,128	0.64	24,209	1.09
Bond funds	11,940	0.21	10,727	0.22
Preferred securities	2,951	0.94	7,754	0.92
Bank loans	-	0.00	1,377	0.06
Total fixed maturities	<u><u>\$ 11,370,102</u></u>		<u><u>\$ 10,892,275</u></u>	

Although the short-term money market fund is generally less sensitive to interest rate changes than are funds that invest in longer-term securities, changes in short-term interest rates will cause changes to its yield resulting in some interest rate risk.

**Credit Risk – Fixed-Income Securities**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. U.S. government obligations, U.S. treasury inflation protected securities, and commingled U.S. treasury inflation protected securities are all rated AA by Standard and Poor's (S&P) in fiscal years 2025 and 2024. Obligations of the U.S. government are explicitly guaranteed by the U.S. government. BWC/IC's fixed-income securities were rated

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by S&P and/or an equivalent national rating organization and the ratings are presented below using the S&P rating scale (000's omitted):

Quality Rating	2025	2024
<u>Credit risk debt quality</u>	<u>Fair Value</u>	<u>Fair Value</u>
AAA	\$ 376,118	\$ 333,648
AA	637,986	583,989
A	2,328,574	2,113,021
BBB	2,267,501	2,173,544
BB	304,805	264,581
B	62,554	71,286
CCC	31,510	25,286
CC	4,499	10,754
C	341	474
D	1,807	-
NR	18,361	25,751
Total credit risk debt securities	<u>6,034,056</u>	<u>5,602,334</u>
U.S. government agency bonds		
AAA	-	-
AA	<u>28,128</u>	<u>24,209</u>
Total U.S. government agency bonds	<u>28,128</u>	<u>24,209</u>
U.S. government agency mortgages		
AAA	2,576	2,496
AA	779,980	747,665
A	181	-
BBB	4,596	3,918
BB	863	1,522
B	-	1,346
NR	3,951	4,055
Total U.S. government agency mortgages	<u>792,147</u>	<u>761,002</u>
U.S. government obligations (AA)	1,777,893	1,898,425
U.S. treasury inflation protected securities (AA)	1,834,027	1,741,906
Commingled U.S. treasury inflation protected securities (AA)	903,851	864,399
Total fixed maturities	<u>\$ 11,370,102</u>	<u>\$ 10,892,275</u>

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The short-term money market fund carries an AAA credit rating.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of BWC/IC's investment in a single issuer. In 2025 and 2024, there is no single issuer that comprises 5% or more of the overall portfolio with the exception of BWC/IC's investments in the U.S. government.

**Foreign Currency Risk – Investments**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. BWC's exposure to foreign currency risk as of June 30, 2025 and 2024, is as follows (000's omitted):

<u>Currency</u>	<u>2025</u>	<u>2024</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Australian Dollar	\$ 147,897	\$ 143,776
Bermudian Dollar	702	402
British Pound	311,849	275,316
Canadian Dollar	279,532	227,092
Chinese Renminbi	509	463
Danish Krone	50,205	78,075
Euro	796,536	659,796
Hong Kong Dollar	42,417	33,251
Israeli Shekel	21,528	14,226
Japanese Yen	476,375	445,048
Jersey, Channel Islands Pound	530	-
Macau Pataca	579	592
New Zealand Dollar	6,092	4,986
Norwegian Krone	13,906	11,637
Singapore Dollar	37,576	26,597
Swedish Krona	65,929	63,666
Swiss Franc	217,596	200,125
Exposure to foreign currency risk	2,469,758	2,185,048
United States Dollar	16,406	11,318
Total international securities	\$ 2,486,164	\$ 2,196,366

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**Securities Lending**

At June 30, 2025 and 2024, BWC/IC had no securities out on loan. BWC/IC has been allocated with cash collateral of \$3.6 million in 2025 and \$4.7 million in 2024 from the securities lending program administered through the Treasurer of State's Office based on the amount of cash equity in the State's common cash and investment account.

**3. Capital Assets**

Capital asset activity and balances as of and for the fiscal years ended June 30, 2025 and 2024, are summarized as follows (000's omitted):

	Balance at 6/30/2023		Decreases	Balance at 6/30/2024		Increases	Decreases	Balance at 6/30/2025	
	Increases	Decreases		Increases	Decreases			Increases	Decreases
Capital assets not being depreciated									
Land	\$ 9,466	\$ -	\$ -	\$ 9,466	\$ -	\$ -	\$ -	\$ 9,466	
Subtotal	<u>9,466</u>	<u>-</u>	<u>-</u>	<u>9,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,466</u>	
Capital assets being depreciated									
Buildings	205,831	-	-	205,831	-	-	-	205,831	
Building improvements	3,608	-	-	3,608	-	-	-	3,608	
Furniture and equipment	21,498	1,710	(1,683)	21,525	443	(4,163)	17,805		
Subtotal	<u>230,937</u>	<u>1,710</u>	<u>(1,683)</u>	<u>230,964</u>	<u>443</u>	<u>(4,163)</u>	<u>17,805</u>	<u>227,244</u>	
Accumulated depreciation									
Buildings	(201,647)	(441)	-	(202,088)	(441)	-	-	(202,529)	
Building improvements	(2,169)	(177)	-	(2,346)	(177)	-	-	(2,523)	
Furniture and equipment	(18,495)	(1,344)	1,584	(18,255)	(1,105)	4,163	(15,197)		
Subtotal	<u>(222,311)</u>	<u>(1,962)</u>	<u>1,584</u>	<u>(222,689)</u>	<u>(1,723)</u>	<u>4,163</u>	<u>(15,197)</u>	<u>(220,249)</u>	
Capital assets being amortized									
Intangible assets - definite useful lives	146,118	3,878	-	149,996	2,022	(127)	151,891		
Accumulated amortization	<u>(93,935)</u>	<u>(16,429)</u>	<u>-</u>	<u>(110,364)</u>	<u>(17,463)</u>	<u>-</u>	<u>(127,827)</u>		
Subtotal	<u>52,183</u>	<u>(12,551)</u>	<u>-</u>	<u>39,632</u>	<u>(15,441)</u>	<u>(127)</u>	<u>24,064</u>		
Net capital assets	<u>\$ 70,275</u>	<u>\$ (12,803)</u>	<u>\$ (99)</u>	<u>\$ 57,373</u>	<u>\$ (16,721)</u>	<u>\$ (127)</u>	<u>\$ 40,525</u>		

**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. The recorded liabilities for compensation and compensation adjustment expenses are BWC management's selection based on estimates by BWC's Actuarial division staff. Management believes that the recorded liabilities make for a reasonable and appropriate provision for expected future losses and expense payments on events that have occurred on or prior to June 30, 2025; however, the ultimate liabilities for those events may vary from the amounts provided.

All reserves have been discounted at 4.0% at June 30, 2025 and 2024. A decrease in the discount rate to 3.0% would result in the reserves for compensation and compensation adjustment expenses increasing to \$14.7 billion at June 30, 2025, while an increase in the rate to 5.0% would result in the reserves for compensation and compensation adjustment expenses decreasing to \$12.3 billion. The undiscounted reserves for compensation and compensation adjustment expenses were \$21.5 billion at June 30, 2025, and \$21.6 billion at June 30, 2024.

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The changes in the reserves for compensation and compensation adjustment expenses for the fiscal years ended June 30, 2025 and 2024, are summarized as follows (000,000's omitted):

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Reserves for compensation and compensation adjustment expenses, beginning of period	\$ 13,476	\$ 13,348	\$ 13,373
Incurred:			
Provision for insured events of current period	1,308	1,276	1,263
Net (decrease) increase in provision for insured events of prior periods net of discount accretion of \$537 in 2025, \$539 in 2024 and \$535 in 2023	242	431	284
Total incurred	1,550	1,707	1,547
Payments:			
Compensation and compensation adjustment expenses attributable to insured events of current period	358	343	322
Compensation and compensation adjustment expenses attributable to insured events of prior period	1,255	1,236	1,250
Total payments	1,613	1,579	1,572
Reserves for compensation and compensation adjustment expenses, end of period	<u>\$ 13,413</u>	<u>\$ 13,476</u>	<u>\$ 13,348</u>

**5. Long-Term Obligations**

Activity for long-term obligations (excluding the reserves for compensation and compensation adjustment expenses – see Note 4) for the fiscal years ended June 30, 2025 and 2024, is summarized as follows (000's omitted):

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	Balance at 6/30/2023	Increases	Decreases	Balance at 6/30/2024	Due Within One Year
Net pension liability	\$ 273,939	\$ -	\$ (48,983)	\$ 224,956	\$ -
Net OPEB liability	5,816	-	(5,816)	-	-
Group retrospective credit payable	155,659	113,870	(83,887)	185,642	68,160
Other liabilities	126,476	105,074	(129,091)	102,459	68,283
	<u>\$ 561,890</u>	<u>\$ 218,944</u>	<u>\$ (267,777)</u>	<u>\$ 513,057</u>	<u>\$ 136,443</u>
	Balance at 6/30/2024	Increases	Decreases	Balance at 6/30/2025	Due Within One Year
Net pension liability	\$ 224,956	\$ -	\$ (19,505)	\$ 205,451	\$ -
Group retrospective credit payable	185,642	113,635	(83,666)	215,611	58,439
Other liabilities	102,459	83,709	(90,982)	95,186	67,047
	<u>\$ 513,057</u>	<u>\$ 197,344</u>	<u>\$ (194,153)</u>	<u>\$ 516,248</u>	<u>\$ 125,486</u>

**6. Pension Plans**

**General Information**

BWC/IC employees participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing, multiple-employer public employee retirement system. OPERS administers three pension plans:

- The Traditional Plan - a defined benefit plan.
- The Combined Plan – a combination of a defined benefit plan and a defined contribution plan. This plan invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Plan benefit. Member contributions are self-directed by the members and accumulate retirement assets in a manner similar to the Member-Directed Plan. This option is no longer available to new employees. In October 2023, the legislature approved House Bill 33 which allowed for the consolidation of the Combined plan with the Traditional Pension Plan effective January 1, 2024. The underlying Combined Plan division is presented as one consolidated plan, referred to as the Traditional Pension Plan.
- The Member-Directed Plan – a defined contribution plan. Under this plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings thereon.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Benefits are established and may be amended by State statute. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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OPERS issues a publicly available financial report that includes financial statements, required supplementary information, information about the pension plan's fiduciary net position, and the Plan Statement with pension plan details. The report is available by visiting <https://www.opers.org/financial/reports.shtml>, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377. As of June 30, 2025, the most recent report issued by OPERS is for the calendar year ended December 31, 2024.

**Funding Policy**

Chapter 145 of the Ohio Revised Code provides statutory authority for employee and employer contributions. During fiscal years 2025 and 2024, the employee contribution rate was 10% and the employer contribution rate was 14% of covered payroll for all three plans. BWC/IC's contractually required employer contributions were \$22.5 million for calendar year 2024 and \$21.7 million for calendar year 2023.

**Measurement Date**

The measurement dates for the net pension assets and liabilities, deferred inflows and outflows of resources, and pension expense were December 31, 2024, for fiscal year 2025 and December 31, 2023, for fiscal year 2024. OPERS total pension assets and liabilities that were used to calculate the net pension asset and liability were also based on an actuarial valuation as of these dates.

**Proportionate Share**

BWC/IC's proportionate shares of the net pension assets and liabilities are determined as BWC/IC's share of contributions to the pension plan relative to the total employer contributions from all participating OPERS employers. Member and employer contributions included in OPERS' Statement of Changes in Fiduciary Net Position are used to calculate proportionate share. At December 31, 2024 and 2023, BWC/IC's proportions were as follows:

	<u>December 2024</u>	<u>December 2023</u>
Traditional Plan	0.838044%	0.859255%
Combined Plan	0.000000%	0.576770%

**Pension Assets, Deferred Outflows of Resources, Pension Liabilities, Deferred Inflows of Resources, and Pension Expense**

At June 30, 2025 and 2024, BWC/IC reported \$0.0 million and \$1.8 million, respectively, for its proportionate share of the Combined Plan's net pension asset and a liability of \$205 million and \$225 million, respectively, for its proportionate share of the Traditional Plan's net pension liability.

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For fiscal years ended June 30, 2025 and 2024, BWC/IC recognized \$10.4 million in pension benefit and \$9.1 million in pension benefit, respectively.

At June 30, 2025 and 2024, BWC/IC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (000's omitted)

	June 2025		June 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,002	\$ 124	\$ 3,938	\$ 177
Net difference between projected and actual earnings on pension plan investments	29,355	-	49,656	-
Changes in proportion and differences between BWC/IC contributions and proportionate share of contributions	4,611	7,232	4,875	12,513
Assumption Changes	42	-	67	-
BWC/IC contributions subsequent to the measurement date	11,203	-	10,836	-
<b>Total</b>	<b>\$ 49,213</b>	<b>\$ 7,356</b>	<b>\$ 69,372</b>	<b>\$ 12,690</b>

In 2025 and 2024, deferred outflows of resources related to pensions resulting from BWC/IC's contributions subsequent to the measurement date of \$11.2 million and \$10.8 million, respectively, will be recognized as a reduction of net pension liability in the fiscal years ended June 30, 2025 and 2024, respectively.

Deferred outflows of resources includes the BWC/IC's proportionate share of the effects of changes in assumptions resulting from OPERS experience study for the period 2016 through 2020 and 2011 through 2015, for the years ended 2024 and 2023 respectively. Information from this study led to changes in both demographic and economic assumptions. The long-term pension investment return assumption for the defined benefit investments was reduced in 2021 from 7.2% to 6.9%. These assumption changes as well as other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future years as follows (000's omitted):

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Year ended June 30:	<u>As of June 30, 2025</u>		<u>As of June 30, 2024</u>	
2025	\$ 12,041		2024	\$ 6,330
2026	29,582		2025	14,063
2027	(9,227)		2026	31,960
2028	(2,715)		2027	(6,510)
2029	327		2028	2
Thereafter	\$ 646		Thereafter	\$ 1

Actuarial Assumptions

The total pension liabilities in the December 31, 2024 and 2023, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

*December 2024*

	<u>Traditional Pension Plan</u>
Actuarial Assumptions:	
Investment Rate of Return	6.90%
Wage Inflation	2.75%
Projected Salary Increases	2.75% - 10.75%
	(includes wage inflation at 2.75%)
Cost of living Adjustments	Pre-1/7/2013 Retirees: 3.00% Simple
	Post-1/7/2013 Retirees: 2.90% Simple
	for calendar year 2025, then 2.05% Simple

*December 2023*

	<u>Traditional Pension Plan</u>	<u>Combined Plan</u>
Actuarial Assumptions:		
Investment Rate of Return	6.90%	6.90%
Wage Inflation	2.75%	2.75%
Projected Salary Increases	2.75% - 10.75%	2.75% - 8.25%
	(includes wage inflation at 2.75%)	(includes wage inflation at 2.75%)
Cost of living Adjustments	Pre-1/7/2013 Retirees: 3.00% Simple	Pre-1/7/2013 Retirees: 3.00% Simple
	Post-1/7/2013 Retirees: 2.30% Simple	Post-1/7/2013 Retirees: 2.30% Simple
	through 2024, then 2.05% Simple	through 2023, then 2.05% Simple

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Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The actuarial assumptions used in the December 31, 2024 and 2023, valuations were based on the results of an actuarial experience study for a 5-year period ended December 31, 2020. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long term expected best estimates of arithmetical rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The table below displays the OPERS Board approved asset allocation policy for December 2024 and 2023 and the expected real rates of return.

Asset Class	December 2024		December 2023	
	Target Allocation	Real Rate of Return	Target Allocation	Real Rate of Return
Fixed income	24.00%	2.42%	24.00%	2.85%
Domestic equity	21.00%	5.70%	21.00%	4.27%
International equity	20.00%	6.10%	20.00%	5.16%
Real estate	13.00%	4.17%	13.00%	4.46%
Risk Parity	2.00%	4.40%	2.00%	4.38%
Private equity	15.00%	8.40%	15.00%	7.52%
Other Investments	5.00%	2.54%	5.00%	3.46%
Total	<hr/> <u>100.00%</u>		<hr/> <u>100.00%</u>	

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**Discount Rate**

The discount rate used to measure the total pension liability for the Traditional Pension Plan was 6.9% for 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity to Changes in the Discount Rate**

For the years 2024 and 2023, the following tables present BWC/IC's proportionate share of the net pension liability calculated using the discount rate of 6.9%, as well as BWC/IC's proportionate share of the net pension liability using a discount rate that is 1% lower or 1% higher than the current rate (000's omitted):

**December 2024**

	Current Discount Rate -		
	<u>1% Decrease - 5.9 %</u>	<u>6.9%</u>	<u>1% Increase - 7.9%</u>
Traditional Plan:			
Total Net Pension Liability	\$ 336,106	\$ 205,451	\$ 96,878
Combined Plan:			
Total Net Pension (Asset)	-	-	-

**December 2023**

	Current Discount Rate -		
	<u>1% Decrease - 5.9 %</u>	<u>6.9%</u>	<u>1% Increase - 7.9%</u>
Traditional Plan:			
Total Net Pension Liability	\$ 354,142	\$ 224,956	\$ 117,512
Combined Plan:			
Total Net Pension (Asset)	\$ (1,073)	\$ (1,773)	\$ (2,324)

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**Defined Contribution Plans**

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS Board. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five year period, at a rate of 20% each year. BWC/IC recognized \$917 thousand and \$797 thousand in pension expense for defined contribution plans in fiscal years 2025 and 2024, respectively. At retirement, members may select one of the several distribution options for payment of the vested balance of their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

**7. Other Post-Employment Benefit (OPEB)**

OPERS administers the 115 Health Care Trust, a cost-sharing, multiple-employer defined benefit post-employment health care trust. OPERS health care program includes medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement for qualifying benefit recipients of both the Traditional Pension and the Combined plans. Currently, Medicare eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Effective January 1, 2022 the Combined Plan is no longer available for member selection. Although participants in the Member-Directed Plan are not eligible for health care coverage offered to benefit recipients in the Traditional and Combined plans, a portion of employer contributions is allocated to a retiree medical account. Upon retirement or separation, participants may be reimbursed for qualified medical expenses from these accounts.

All benefits of the System, and any benefit increases, are established by the legislature pursuant to Ohio Revised Code Chapter 145. The OPERS Board has elected to maintain funds to provide health care coverage to eligible Traditional Pension Plan and Combined Plan retirees and survivors of members. Health care coverage does not vest and is not required. As a result, coverage may be reduced or eliminated at the discretion of OPERS. To qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined

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plans must be at least age 65 with at least 20 years of qualifying service credit or a minimum of 30 years of qualifying service credit at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

OPERS issues a publicly available financial report that includes financial statements, required supplementary information, information about the OPEB plan's fiduciary net position, and the Plan Statement with OPEB plan details. This report is available by visiting <https://www.opers.org/financial/reports.shtml>, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377. As of June 30, 2024, the most recent report issued by OPERS is for the calendar year ended December 31, 2023.

**Funding Policy**

Beginning in 2018, Traditional Pension Plan and Combined Plan employer contributions are no longer allocated to health care. Employer contributions as a percent of covered payroll deposited for the Member-Directed Plan participants' health care accounts was 4.0% for both 2024 and 2023. Based upon the portion of each employer's contribution to OPERS set aside for funding OPEB as described above, BWC/IC's contribution allocated to OPEB for the 12 months ended December 31, 2024 and 2023, was approximately \$339 thousand and \$296 thousand respectively.

**Measurement Date**

The measurement dates for the net OPEB assets/liabilities, deferred inflows and outflows of resources, and OPEB expense were December 31, 2024, for fiscal year 2025 and December 31, 2023, for fiscal year 2024. For fiscal years 2025 and 2024 OPERS total OPEB assets/liabilities that were used to calculate the net OPEB asset/liability were based on an actuarial valuation of December 31, 2023, with a rollforward measurement date of December 31, 2024, and December 31, 2022, with a rollforward measurement date of December 31, 2023, respectively.

**Proportionate Share**

BWC/IC's proportionate shares of the net OPEB assets/liabilities are determined as BWC/IC's share of contributions to the plan relative to the total employer contributions from all participating OPERS employers. Member and employer contributions included in OPERS' Statement of Changes in Fiduciary Net Position are used to calculate proportionate share. At December 31, 2024 and 2023, BWC/IC's proportions were as follows:

	<u>December 2024</u>	<u>December 2023</u>
OPEB	0.846872%	0.858257%

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**Net OPEB Asset/Liability, Deferred Outflows of Resources, Deferred Inflows of Resources, and OPEB Expense**

At June 30, 2025 BWC/IC reported \$19.8 million for its proportionate share of the net OPEB net asset. At June 30, 2024 BWC/IC reported \$7.7 million for its proportionate share of the net OPEB Asset.

For the fiscal years ended June 30, 2025 and 2024, BWC/IC recognized negative OPEB expense of \$6.1 million and negative OPEB expense of \$206 thousand, respectively.

At June 30, 2025 and 2024, BWC/IC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (000's omitted):

	<u>June 2025</u>		<u>June 2024</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 970	\$ -	\$ 1,136
Net difference between projected and actual earnings on OPEB plan investments	1,036	-	5,266	-
Changes in proportion and differences between BWC/IC contributions and proportionate share of contributions	414	158	1,037	572
Assumption changes	-	2,880	2,143	3,330
<b>Total</b>	<b>\$ 1,450</b>	<b>\$ 4,008</b>	<b>\$ 8,446</b>	<b>\$ 5,038</b>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (000's omitted):

Year ended June 30:	<u>As of June 30, 2025</u>		<u>As of June 30, 2024</u>	
	2025	\$ (1,627)	2024	\$ 256
2026	2,325	2025	714	
2027	(2,414)	2026	4,009	
2028	(842)	2027	(1,571)	
Thereafter	\$ -	Thereafter	\$ -	

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**Actuarial Assumptions**

The total OPEB asset in the December 31, 2024 and 2023, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

**December 2024**

<b>OPEB</b>	
Actuarial Assumptions:	
Single Discount Rate	6.00%
Investment Rate of Return	6.00%
Wage Inflation	2.75%
Municipal Bond Rate	4.08%
Projected Salary Increases	2.75% - 10.75% (includes wage inflation at 2.75%)
Health Care Cost Trend Rate	5.5% initial, 3.5% ultimate in 2039

**December 2023**

<b>OPEB</b>	
Actuarial Assumptions:	
Single Discount Rate	5.70%
Investment Rate of Return	6.00%
Wage Inflation	2.75%
Municipal Bond Rate	3.77%
Projected Salary Increases	2.75% - 10.75% (includes wage inflation at 2.75%)
Health Care Cost Trend Rate	5.5% initial, 3.5% ultimate in 2038

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Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The actuarial assumptions used in the December 31, 2023 and 2022, valuations were based on the results of an actuarial experience study for a 5-year period ended December 31, 2020. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

The long-term expected rate of return on the health care investment assets was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long term expected best estimates of arithmetical rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The table below displays the OPERS Board approved asset allocation policy for December 2024 and 2023 and the expected real rates of return.

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**For the fiscal years ended June 30, 2025 and 2024**

Asset Class	Target Allocation	December 2024		December 2023	
		Weighted Average Longterm Expected Real Rate of Return	Target Allocation	Weighted Average Longterm Expected Real Rate of Return	Target Allocation
Fixed income	37.00%	2.37%	37.00%	2.82%	
Domestic equity	26.00%	5.70%	25.00%	4.27%	
International equity	26.00%	6.10%	25.00%	5.16%	
Real estate	5.00%	5.00%	5.00%	4.68%	
Risk Parity	3.00%	4.40%	3.00%	4.38%	
Other Investments	3.00%	2.50%	5.00%	2.43%	
Total		<u>100.00%</u>		<u>100.00%</u>	

**Discount Rate**

The single discount rate used to measure the OPEB asset at the measurement date of December 31, 2024 and OPEB liability in 2023 was 6.00 % and 5.70%, respectively. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). These single discount rates for 2024 and 2023 were based on an expected rate of return on the health care investment portfolio of 6.00% for both years, and a municipal bond rate of 4.08% and 3.77%, respectively. The projection of cash flows used to determine these single discount rates assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the 2024 and 2023 health care fiduciary net position and future contributions were sufficient to finance health care costs through 2124 and 2070, respectively. As a result, the 2024 and 2023 long-term expected rates of return on health care investments were applied to projected costs through the year 2124 and 2070, respectively, and the municipal bond rates were applied to all health care costs after these dates.

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**NOTES TO THE FINANCIAL STATEMENTS**

**For the fiscal years ended June 30, 2025 and 2024**

**Sensitivity to Changes in the Discount Rate**

For December 2024 and December 2023, the following tables present BWC/IC's proportionate share of the net OPEB asset and liability calculated using the discount rate of 6.00% and 5.70% respectively, as well as BWC/IC's proportionate share of the net OPEB asset and liability using a discount rate that is 1.0% lower or 1.0% higher than the current rate (000's omitted):

**December 2024**

	Single Discount Rate -		
	1% Decrease - 5.00%	6.00%	1% Increase - 7.00%
OPEB:			
Total Net OPEB Asset/Liability	\$ (9,858)	\$ (19,853)	\$ (28,192)

**December 2023**

	Single Discount		
	1% Decrease - 4.70%	Rate - 5.70%	1% Increase - 6.70%
OPEB:			
Total Net OPEB Asset/Liability	\$ 4,257	\$ (7,746)	\$ (17,689)

**Sensitivity to Changes in the Health Care Cost Trend Rate**

Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset and liability. The following tables present BWC/IC's proportionate share of the net OPEB asset and liability calculated using the assumed trend rates and the expected net OPEB asset and liability using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate for December 2024 and December 2023 (000's omitted):

**December 2024**

	Current Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
OPEB:			
Total Net OPEB Asset/Liability	\$ (20,156)	\$ (19,853)	\$ (19,512)

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**For the fiscal years ended June 30, 2025 and 2024**

December 2023

	1% Decrease		Current Health Care Cost Trend Rate Assumption		1% Increase	
	OPEB:	Total Net OPEB Asset/Liability	\$ (8,068)	\$ (7,746)	\$ (7,381)	

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the starting trend in 2025 and 2024 is 5.5%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

**8. Contingent Liabilities**

BWC/IC is a party in various legal proceedings and is also involved in other claims and legal actions arising in the ordinary course of business. Although the outcome of certain legal proceedings is not quantifiable or determinable at this time, an unfavorable outcome in any one of them could have a material effect on the financial position of BWC/IC.

**9. Net Position**

Individual fund net position (deficit) balances at June 30, 2025 and 2024, were as follows (000's omitted):

	<u>2025</u>	<u>2024</u>
SIF	\$ 8,165,028	\$ 7,093,713
SIF Surplus Fund Account	53,691	55,305
Total SIF Net Position	8,218,719	7,149,018
DWRF	660,325	601,541
CWPF	360,558	335,093
PWREF	18,169	17,011
MIF	29,129	27,036
SIEGF	46,375	42,147
Total Net Position	\$ 9,333,275	\$ 8,171,846

As mandated by the Code, the SIF net position is separated into two separate funds; the main fund and the Surplus Fund Account (Surplus Fund).

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The Surplus Fund is established by the Code and is financed by a portion of all SIF premiums paid by private and public employers (excluding State employers) and assessments paid by self-insured 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 basis as ordered by BWC/IC, as permitted by the Code. Prior to the passage of House Bill 15 in 2009, contributions to the Surplus Fund were limited to 5% of premiums. The BWC administrator now has the authority to transfer money from SIF necessary to meet the needs of the Surplus Fund.

House Bill 31 of the 135<sup>th</sup> General Assembly (HB 31) was signed in to law June 30, 2023. It provides for administrative costs to be paid from the State Insurance Fund, effectively collapsing the Administrative Cost Fund into the State Insurance Fund. This change went into effect on October 1, 2023. Accordingly, the consolidated financial statements are no longer including a separate column for the Administrative Cost Fund, as it is now part of the State Insurance Fund.

DWRF is operated on a terminal funding basis in accordance with the Code, however, the actuarially estimated liabilities are recognized in accordance with accounting principles generally accepted in the United States of America. While BWC has the statutory authority to assess employers in future periods for amounts needed to fund DWRF II cost of living benefits, cash and investment balances are currently sufficient to fund the estimated DWRF II liabilities.

BWC net position is legally restricted in accordance with Ohio Revised Code sections 4123.46 and 4123.30. These funds are dedicated to providing workers' compensation benefits, including medical care and wage replacement for injured workers, as well as covering the administrative costs of operating the workers' compensation system.

In addition, any investment returns earned on these restricted assets are also subject to the same legal restrictions. These earnings must be used exclusively for the purposes established by law, ensuring that the BWC's financial resources are preserved to support Ohio's injured workers and maintain the program's financial stability.

**10. Adoption of New Accounting Principles**

The GASB has recently issued the following new accounting pronouncements that will be effective in future years and may be relevant to BWC/IC:

- GASB No. 103 "Financial Reporting Model Improvements" (effective fiscal year 2026)
- GASB No. 104, "Disclosure of Certain Capital Assets" (effective fiscal year 2026)

Management has not yet determined the impact that these recently issued GASB Pronouncements will have on BWC/IC's financial statements.

**SUPPLEMENTARY INFORMATION**

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**REQUIRED SUPPLEMENTAL REVENUE AND RESERVE  
DEVELOPMENT INFORMATION**  
**(See Accompanying Independent Auditors' Report)**  
**For the fiscal years ended June 30, 2025 and 2024**

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

The table on the following page illustrates how BWC/IC's gross premium revenues and investment income compare to related costs of workers' compensation benefits (compensation) and other expenses incurred by BWC/IC as of the end of each of the last ten and one-half reporting periods. The rows of the table are defined as follows: (1) This line shows the total of each period's gross premium revenues and investment income. (2) This line shows each period's operating expenses, including overhead and compensation adjustment expenses not allocable to individual claims. (3) This line shows nominal and discounted incurred compensation and allocated compensation adjustment expenses (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. (5) This section of ten rows shows how each period's estimated incurred compensation increased or decreased as of the end of successive periods. (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 estimated. 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 for the fiscal years ended June 30, 2015 through 2025.

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

	<u>Fiscal Years Ended June 30</u>											
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
1. Required premiums, assessments, and investment income earned	\$ 2,995	\$ 2,344	\$ 2,057	\$ (200)	\$ 4,735	\$ 3,124	\$ 3,586	\$ 2,628	\$ 3,517	\$ 1,378	\$ 2,552	
Ceded premiums	0	0	0	0	0	4	4	4	4	4	4	
Net earned	2,995	2,344	2,057	(200)	4,735	3,120	3,582	2,624	3,513	1,374	2,548	
2. Unallocated expenses	234	216	193	219	215	240	248	219	205	170	163	
3. Estimated incurred compensation and compensation adjustment expense, end of period	1,305	1,273	1,263	1,261	1,228	1,264	1,465	1,507	1,635	1,731	1,853	
Discount	494	490	490	484	553	578	590	656	781	806	874	
Gross liability as originally estimated	1,799	1,762	1,753	1,745	1,779	1,842	2,054	2,163	2,417	2,538	2,727	
4. Net paid (cumulative) as of :												
End of period	358	343	322	315	304	330	348	341	347	327	331	
One year later		544	504	478	454	484	530	531	531	531	548	
Two years later			619	581	546	579	630	637	641	644	669	
Three years later				651	613	647	701	704	718	724	748	
Four years later					669	703	762	762	773	789	815	
Five years later						759	820	820	831	841	874	
Six years later							868	868	881	895	921	
Seven years later								903	918	933	968	
Eight years later									947	963	1,000	
Nine years later										991	1,028	
Ten years later											1,053	
5. Re-estimated incurred compensation and compensation adjustment expenses (gross):												
One year later	1,815	1,792	1,762	1,718	1,747	1,893	1,915	2,039	2,257	2,346		
Two years later		1,785	1,779	1,732	1,737	1,800	1,868	1,913	2,052	2,219		
Three years later			1,746	1,719	1,755	1,771	1,753	1,862	1,883	2,024		
Four years later				1,687	1,735	1,773	1,727	1,721	1,821	1,869		
Five years later					1,704	1,765	1,723	1,712	1,696	1,812		
Six years later						1,744	1,723	1,705	1,689	1,694		
Seven years later							1,704	1,709	1,683	1,690		
Eight years later								1,690	1,683	1,685		
Nine years later									1,664	1,682		
Ten years later										1,664		
6. Decrease in gross estimated incurred compensation and compensation adjustment expenses from end of period	53	32	1	(92)	(138)	(310)	(459)	(727)	(874)	(1,063)		

Ultimate incurred compensation and compensation adjustment expense excludes liability associated with active working miners within the CWPF since they are not yet assignable to fiscal accident year. The June 30, 2025 active miners nominal and discounted liability is approximately \$25.3 million and \$7.3 million, respectively.

**OHIO BUREAU OF WORKERS' COMPENSATION  
AND  
INDUSTRIAL COMMISSION OF OHIO  
(A DEPARTMENT OF THE STATE OF OHIO)**  
 Required Supplementary Information  
**Schedule of BWC/IC's Proportionate Share of the Net Pension Liability**  
 Last 10 fiscal years  
 (000's omitted)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
BWC/IC's Proportion of the net pension										
Net Pension Liability	0.838%	0.859%	0.927%	0.960%	1.007%	1.002%	1.017%	1.037%	1.060%	1.080%
Net Pension Asset	0.000%	0.577%	0.593%	0.569%	0.570%	0.590%	0.597%	0.602%	0.578%	0.549%
BWC/IC's Proportionate share of the net pension liability	\$205,451	\$223,183	\$272,542	\$81,299	\$147,421	\$196,918	\$277,892	\$161,899	\$240,344	\$186,771
BWC/IC's covered payroll	\$164,867	\$159,546	\$155,908	\$155,328	\$160,867	\$160,253	\$154,397	\$152,774	\$155,963	\$149,562
Proportionate share of the net pension liability as a percentage of its covered payroll	124.616%	139.886%	174.810%	52.340%	91.642%	122.879%	179.985%	105.973%	154.103%	124.879%
Plan fiduciary net position as a percentage of the total pension liability										
Traditional Pension Plan	80.99%	79.01%	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%
Combined Plan	0.00%	144.55%	137.14%	169.88%	157.67%	145.28%	126.64%	137.28%	116.55%	116.90%

The amounts presented for each fiscal year were determined as of the calendar year end that occurred within the fiscal year.

**OHIO BUREAU OF WORKERS' COMPENSATION  
AND  
INDUSTRIAL COMMISSION OF OHIO  
(A DEPARTMENT OF THE STATE OF OHIO)**  
**Required Supplementary Information**  
**Schedule of Employer Pension Contributions**  
**(See Accompanying Independent Auditors' Report)**

Last 10 fiscal years  
 (000's omitted)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
BWC/IC's Statutorily Required Employer Contributions	\$ 22,512	\$ 21,699	\$ 20,772	\$ 20,712	\$ 20,107	\$ 20,504	\$ 21,357	\$ 20,713	\$ 20,428	\$ 19,752
Amount of contributions recognized by the pension plan in relation to the statutory contributions	22,512	21,699	20,772	20,712	20,107	20,504	21,357	20,713	20,428	19,752
Contributions deficiency (excess)	<u>-</u>									
Employer's covered payroll	\$ 169,563	\$ 159,422	\$ 157,362	\$ 156,801	\$ 155,358	\$ 162,037	\$ 161,974	\$ 153,211	\$ 152,963	\$ 151,275
Amount of contributions recognized by the pension plan as a percentage of employers' covered payroll	13.28%	13.61%	13.20%	13.21%	12.94%	12.65%	13.19%	13.52%	13.35%	13.06%

**OHIO BUREAU OF WORKERS' COMPENSATION  
AND**

**INDUSTRIAL COMMISSION OF OHIO  
(A DEPARTMENT OF THE STATE OF OHIO)**

**Required Supplementary Information**

**Schedule of BWC/IC's Proportionate Share of the Net OPEB Liability / Asset**

**Last 8 fiscal years\***  
(000's omitted)

	2025	2024	2023	2022	2021	2020	2019	2018
BWC/IC's Proportion of the OPEB Liability / (Asset)	0.847%	0.858%	0.922%	0.951%	0.993%	0.989%	1.003%	1.023%
BWC/IC's Proportionate share of the OPEB Liability / (Asset)	(\$19,853)	(\$7,746)	\$5,815	(\$29,790)	(\$17,694)	\$136,667	\$130,796	\$ 111,078
BWC/IC's covered payroll	\$164,867	\$159,546	\$155,908	\$155,328	\$160,867	\$160,253	\$154,397	\$ 152,774
Proportionate share of the OPEB Liability / (Asset) as a percentage of its covered payroll	-12.042%	-4.855%	3.730%	-19.179%	-10.999%	85.282%	84.714%	72.707%
Plan fiduciary net position as a percentage of the total OPEB Liability / (Asset)	107.76%	107.76%	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%

\* - The amounts presented for each fiscal year were determined as of the calendar year end that occurred within the fiscal year. This schedule is required to show information for 10 years. However, until a full 10 year trend is compiled, governments are required to only present information for those years for which information is available.

**OHIO BUREAU OF WORKERS' COMPENSATION  
AND  
INDUSTRIAL COMMISSION OF OHIO  
(A DEPARTMENT OF THE STATE OF OHIO)**  
**Required Supplementary Information**  
**Schedule of BWC/IC's Net OPEB Contributions**  
**Last 8 fiscal years\***  
**(000's omitted)**

	2025	2024	2023	2022	2021	2020	2019	2018
BWC/IC's Statutorily Required Employer Contributions	\$ 339	\$ 296	\$ 283	\$ 254	\$ 236	\$ 232	\$ 223	\$ 2,384
Amount of contributions recognized by the OPEB plan in relation to the statutory contributions	339	296	283	254	236	232	223	2,384
Contributions deficiency (excess)	<u>-</u>							
Employer's covered payroll	\$ 169,563	\$ 159,422	\$ 157,362	\$ 156,801	\$ 155,358	\$ 162,037	\$ 161,974	\$ 153,211
Amount of contributions recognized by the OPEB plan as a percentage of employers' covered payroll	0.20%	0.19%	0.18%	0.16%	0.15%	0.14%	0.14%	1.56%

\* - The amounts presented for each fiscal year were determined as of the calendar year end that occurred within the fiscal year. This schedule is required to show information for 10 years. However, until a full 10 year trend is compiled, governments are required to only present information for those years for which information is available.

**OHIO BUREAU OF WORKERS' COMPENSATION  
AND  
INDUSTRIAL COMMISSION OF OHIO  
(A DEPARTMENT OF THE STATE OF OHIO)**  
**SUPPLEMENTAL SCHEDULE OF NET POSITION**  
(See Accompanying Independent Auditors' Report)

June 30, 2025

(000's omitted)

	State Insurance Fund Account	Disabled Workers' Relief Fund Account	Coal-Workers Pneumoconiosis Fund Account	Public Work- Relief Employees' Fund Account	Marine Industry Fund Account	Self-Insuring Employers' Guaranty Fund Account	Eliminations	Totals
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 563,541	\$ 15,928	\$ 886	\$ 93	\$ 794	\$ 69,679	\$ -	\$ 650,921
Collateral on loaned securities	3,616	-	-	-	-	-	-	3,616
Premiums recorded not yet due	6,628	-	308	59	266	-	-	7,261
Assessments recorded not yet due	1,330	-	-	-	-	-	-	1,330
Premiums in course of collection	7,255	-	-	-	-	-	-	7,255
Assessments in course of collection	15,613	170	-	-	-	-	-	15,783
Accounts receivable, net of allowance for uncollectibles	238,967	8,733	17	33	2	637	-	248,389
Retrospective premiums receivable	29,585	-	-	-	-	-	-	29,585
Interfund receivables	128,192	271,901	-	161	66	81	(400,401)	-
Investment trade receivables	90,321	-	-	-	-	-	-	90,321
Accrued investment income	105,891	18	1	-	3	243	-	106,156
<b>Total current assets</b>	<b>1,190,939</b>	<b>296,750</b>	<b>1,212</b>	<b>346</b>	<b>1,131</b>	<b>70,640</b>	<b>(400,401)</b>	<b>1,160,617</b>
Non-current assets:								
Restricted Cash	736	-	-	-	-	-	-	736
Fixed maturities	9,559,942	1,402,025	359,288	19,312	29,535	-	-	11,370,102
Domestic equity securities:								
Common stock	4,372,553	422,418	65,623	-	-	-	-	4,860,594
Non-U.S equity securities - common stock	2,233,374	218,542	34,248	-	-	-	-	2,486,164
Investments in real estate funds	3,121,534	-	-	-	-	-	-	3,121,534
Unbilled premiums receivable	575,225	6,258	-	-	-	305,177	-	886,660
Retrospective premiums receivable	23,384	-	-	-	-	-	-	23,384
Capital assets	40,503	22	-	-	-	-	-	40,525
Net OPEB asset	19,853	-	-	-	-	-	-	19,853
<b>Total noncurrent assets</b>	<b>19,947,104</b>	<b>2,049,265</b>	<b>459,159</b>	<b>19,312</b>	<b>29,535</b>	<b>305,177</b>	<b>-</b>	<b>22,809,552</b>
<b>Total assets</b>	<b>21,138,043</b>	<b>2,346,015</b>	<b>460,371</b>	<b>19,658</b>	<b>30,666</b>	<b>375,817</b>	<b>(400,401)</b>	<b>23,970,169</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>								
Total assets and deferred outflow of resources	\$ 21,188,706	\$ 2,346,015	\$ 460,371	\$ 19,658	\$ 30,666	\$ 375,817	\$ (400,401)	\$ 24,020,832
	50,663	-	-	-	-	-	-	50,663

**OHIO BUREAU OF WORKERS' COMPENSATION  
AND  
INDUSTRIAL COMMISSION OF OHIO  
(A DEPARTMENT OF THE STATE OF OHIO)**  
**SUPPLEMENTAL SCHEDULE OF NET POSITION, Continued**  
(See Accompanying Independent Auditors' Report)

	June 30, 2025 (000's omitted)							
	State Insurance Fund Account	Disabled Workers' Relief Fund Account	Coal-Workers Pneumoconiosis Fund Account	Public Work- Relief Employees' Fund Account	Marine Industry Fund Account	Self-Insuring Employers' Guaranty Fund Account	Eliminations	Totals
<b>LIABILITIES</b>								
Current liabilities:								
Reserve for compensation	\$ 1,163,829	\$ 111,538	\$ 2,595	\$ 103	\$ 174	\$ 16,568	\$ -	\$ 1,294,807
Reserve for compensation adjustment expenses	426,713	76	118	-	42	928	-	427,877
Unearned premium and assessments	406,322	1	122	54	325	-	-	406,824
Warrants payable	20,456	-	-	-	-	-	-	20,456
Group retrospective credit payable	58,439	-	-	-	-	-	-	58,439
Investment trade payables	297,386	-	-	-	-	-	-	297,386
Accounts payable	17,716	-	243	-	-	-	-	17,959
Interfund payables	372,407	24,610	200	434	8	2,742	(400,401)	-
Obligations under securities lending	3,616	-	-	-	-	-	-	3,616
Other current liabilities	66,915	79	48	2	3	-	-	67,047
Total current liabilities	<u>2,833,799</u>	<u>136,304</u>	<u>3,326</u>	<u>593</u>	<u>552</u>	<u>20,238</u>	<u>(400,401)</u>	<u>2,594,411</u>
Noncurrent liabilities:								
Reserve for compensation	8,488,599	1,547,962	79,505	897	826	303,632	-	10,421,421
Reserve for compensation adjustment expenses	1,244,687	1,424	16,982	-	158	5,572	-	1,268,823
Net pension liability	205,451	-	-	-	-	-	-	205,451
Group retrospective credit payable	157,172	-	-	-	-	-	-	157,172
Other noncurrent liabilities	28,139	-	-	-	-	-	-	28,139
Total noncurrent liabilities	<u>10,124,048</u>	<u>1,549,386</u>	<u>96,487</u>	<u>897</u>	<u>984</u>	<u>309,204</u>	<u>-</u>	<u>12,081,006</u>
Total liabilities	<u>12,957,847</u>	<u>1,685,690</u>	<u>99,813</u>	<u>1,490</u>	<u>1,536</u>	<u>329,442</u>	<u>(400,401)</u>	<u>14,675,417</u>
<b>DEFERRED INFLOW OF RESOURCES</b>	<u>12,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,140</u>
Total liabilities and deferred inflow of resources	<u>12,969,987</u>	<u>1,685,690</u>	<u>99,813</u>	<u>1,490</u>	<u>1,536</u>	<u>329,442</u>	<u>(400,401)</u>	<u>14,687,557</u>
<b>NET POSITION</b>								
Net investment in capital assets	40,503	22	-	-	-	-	-	40,525
Surplus fund	53,691	-	-	-	-	-	-	53,691
Restricted net position	8,124,525	660,303	360,558	18,169	29,129	46,375	-	9,239,059
Total net position	<u>\$ 8,218,719</u>	<u>\$ 660,325</u>	<u>\$ 360,558</u>	<u>\$ 18,169</u>	<u>\$ 29,129</u>	<u>\$ 46,375</u>	<u>\$ -</u>	<u>\$ 9,333,275</u>

**OHIO BUREAU OF WORKERS' COMPENSATION**  
**AND**  
**INDUSTRIAL COMMISSION OF OHIO**  
**(A DEPARTMENT OF THE STATE OF OHIO)**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
 (See Accompanying Independent Auditors' Report)  
 For the fiscal year ended June 30, 2025  
 (000's omitted)

	State Insurance Fund Account	Disabled Workers' Relief Fund Account	Coal-Workers Pneumoconiosis Fund Account	Public Work-Relief Employees' Fund Account	Marine Industry Fund Account	Self-Insuring Employers' Guaranty Fund Account	Eliminations	Totals
<b>Operating revenues:</b>								
Premium and assessment income	\$1,188,317	\$17,445	\$34	\$32	\$395	\$4,850	\$	\$1,211,073
Provision for uncollectibles	(60,321)	(666)	-	-	-	(304)	-	(61,291)
Other income	12,521	-	-	-	-	-	-	12,521
<b>Total operating revenues</b>	<b>1,140,517</b>	<b>16,779</b>	<b>34</b>	<b>32</b>	<b>395</b>	<b>4,546</b>	<b>-</b>	<b>1,162,303</b>
<b>Operating expenses:</b>								
Workers' compensation benefits	1,004,602	114,749	6,994	101	107	3,019	-	1,129,572
Compensation adjustment expenses	418,614	(118)	965	-	34	439	-	419,934
Personal services	81,503	131	111	-	39	-	-	81,784
Other administrative expenses	103,140	1	-	-	25	-	-	103,166
<b>Total operating expenses</b>	<b>1,607,859</b>	<b>114,763</b>	<b>8,070</b>	<b>101</b>	<b>205</b>	<b>3,458</b>	<b>-</b>	<b>1,734,456</b>
<b>Net operating (loss) income before policy holder dividend</b>	<b>(467,342)</b>	<b>(97,984)</b>	<b>(8,036)</b>	<b>(69)</b>	<b>190</b>	<b>1,088</b>	<b>-</b>	<b>(572,153)</b>
<b>Policy holder dividend expense</b>	<b>(33)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(33)</b>
<b>Net operating (loss) income</b>	<b>(467,309)</b>	<b>(97,984)</b>	<b>(8,036)</b>	<b>(69)</b>	<b>190</b>	<b>1,088</b>	<b>-</b>	<b>(572,120)</b>
<b>Non-operating revenues:</b>								
Net investment income	1,537,356	156,768	34,501	1,227	1,903	3,140	-	1,734,895
Gain on disposal of capital assets	79	-	-	-	-	-	-	79
<b>Total non-operating revenues</b>	<b>1,537,435</b>	<b>156,768</b>	<b>34,501</b>	<b>1,227</b>	<b>1,903</b>	<b>3,140</b>	<b>-</b>	<b>1,734,974</b>
<b>Net transfers out</b>	<b>(425)</b>	<b>-</b>	<b>(1,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,425)</b>
<b>Increase (decrease) in net position</b>	<b>1,069,701</b>	<b>58,784</b>	<b>25,465</b>	<b>1,158</b>	<b>2,093</b>	<b>4,228</b>	<b>-</b>	<b>1,161,429</b>
<b>Net position, beginning of year</b>	<b>7,149,018</b>	<b>601,541</b>	<b>335,093</b>	<b>17,011</b>	<b>27,036</b>	<b>42,147</b>	<b>-</b>	<b>8,171,846</b>
<b>Net position, end of year</b>	<b>\$8,218,719</b>	<b>\$660,325</b>	<b>\$360,558</b>	<b>\$18,169</b>	<b>\$29,129</b>	<b>\$46,375</b>	<b>\$</b>	<b>\$9,333,275</b>

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

Ohio Bureau of Workers' Compensation and Industrial Commission of Ohio  
A Department of the State 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 the Ohio Bureau of Workers' Compensation and Industrial Commission of Ohio (BWC/IC), a department of the State of Ohio as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise BWC/IC's basic financial statements, and have issued our report thereon dated November 14, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered BWC/IC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BWC/IC's internal control. Accordingly, we do not express an opinion on the effectiveness of BWC/IC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether BWC/IC'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*.

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(Continued)

### **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.

*Crowe LLP*  
Crowe LLP

West Hartford, Connecticut  
November 14, 2025

# OHIO AUDITOR OF STATE KEITH FABER



OHIO BUREAU OF WORKERS COMPENSATION

FRANKLIN 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 1/27/2026

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)