

**SPECIAL DISTRICTS  
INSURANCE SERVICES**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEARS ENDED  
JUNE 30, 2025 AND 2024**

# SPECIAL DISTRICTS INSURANCE SERVICES

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**James Marta & Company LLP**

*Certified Public Accountants*

*Accounting, Auditing, Consulting, and Tax*

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors and Trustees  
Special Districts Insurance Services  
Salem, Oregon

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

#### *Opinions*

We have audited the accompanying Statement of Net Position of Special Districts Insurance Services (SDIS) as of and for the fiscal years ended June 30, 2025 and 2024, and the related Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Special Districts Insurance Services, as of June 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Special Districts Insurance Services and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Special Districts Insurance Services' 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 Special Districts Insurance Services' 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 opinions. 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 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, 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 Special Districts Insurance Services' 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 Special Districts Insurance Services' ability to continue as a going concern for a reasonable period of time.

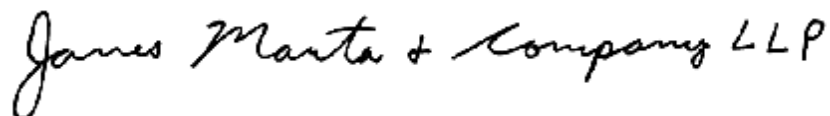
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Reconciliation of Claims Liabilities by Type of Contract, and the Claims Development Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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 principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the Special Districts Insurance Services' basic financial statements. The Combining Statement of Net Position, Combining Statement of Revenues, Expenses and Changes in Net Position, and Graphical Summary of Claims are presented for purposes of additional analysis and are not required parts 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Net Position, Combining Statement of Revenues, Expenses and Changes in Net Position, and Graphical Summary of Claims are fairly stated in all material respects in relation to the basic financial statements as a whole.



James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
October 31, 2025

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**SPECIAL DISTRICTS INSURANCE SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2025**

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**Background**

In July 1985, the Special Districts Insurance Services Trust (SDIS) was formed by Special Districts Association of Oregon (SDAO.) SDIS is under the direction of a Board of Trustees separate from that of SDAO. The general objective of SDIS is to formulate, develop, and administer, on behalf of its members, a program of insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The group-purchase insurance program (health, property, crime, boiler & machinery, and bond) and the self-insured liability programs were started in 1985. The self-insured workers' compensation program began on July 1, 1988 and discontinued on June 30, 2023. On January 1, 1993, SDIS began self-insuring the property program and on June 1, 2014 the health program became self-insured. On July 1, 2017, SDIS added the Oregon Fire Chief's Association (OFCA) to the health program.

Since SDIS has only municipal government members, is organized to provide various services to those government members, and SDIS serves as a public entity risk pool, these general purpose financial statements are presented in a governmental entity format utilizing governmental accounting standards, including Governmental Accounting Standards Board Opinion No. 10 (GASB No. 10). SDIS is reported as a separate entity following criteria utilized in determining the financial reporting entity include financial interdependency, authority to appoint governing authority and management, ability to influence operations, and accountability for fiscal matters.

**Reporting Authorities**

SDIS is made up of a 7-member board referred to as the Trust. The SDIS nominating committee is a group of current Trust members. A mailing to the membership is done whenever there is a vacancy on the Trust Board. Members are given time to respond and then the nominating process begins.

**Membership**

In order to participate in the SDIS programs, participants must be a member in good standing with SDAO. SDAO has been ruled a governmental entity by the IRS (115 IRS exemption).

**Overview of the Financial Statements**

The *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Net Position* report information about SDIS as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The difference between assets, what SDIS owns, and liabilities, what SDIS owes, is the net position which is one way to measure the SDIS's financial health, or financial position.

The *Statement of Cash Flows* presents information about the cash receipts and cash payments during the year. The *Notes to the Financial Statements* provides additional information that is essential to the full understanding of the data provided in the financial statements.

Combined statements are provided with the supplementary information and reflect financial information separated by the specific program to which it relates. The accounting processes are organized so that each program can be accounted for and evaluated independently.

**SPECIAL DISTRICTS INSURANCE SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2025**

**Financial Highlights**

Member contributions from the SDIS pooled property casualty programs increased 15.0% mostly due to the continued pressure in the reinsurance markets for both property and liability. Total contributions were \$30.4 million. The self-insured health and dental program had an increase of 7% in total contribution. Reinsurance costs within the health program have stabilized compared to recent years. The SDIS and OFCA medical and dental programs had self-insured pool contributions of \$35.5 million and \$15.0 million respectively.

The liability losses decreased by almost \$1 million compared to the prior fiscal year but remained over budget at 132% of budget. Property losses were below budget at 59%. The workers compensation losses have now completed their second full year of run-out with the termination of that program effective 06/30/2023. The health program losses for the core SDIS program ended the fiscal year below budget at 85% while the OFCA program was also below budget, although not as much, at 97%.

The property and liability programs had an operating loss of (\$800k) due to liability losses still exceeding budget. The core SDIS health program had net operating income of \$3.4 million with the OFCA health program coming in at \$485k. The investment portfolios continue to exceed expectations and ended with \$9.2 million in earnings exceeding budget at 240%.

Total assets increased by \$12 million, or 10%, while liabilities remained flat. Net position increased by \$12.3 million to \$75 million.

**Analysis of Overall Financial Position & Results of Operations**

Condensed Combined Statement of Net Position accounts are as follows:

	<u>6/30/2025</u>	<u>6/30/2024</u>	<u>Change From 2025 to 2024</u>	<u>6/30/2023</u>	<u>Change From 2024 to 2023</u>
Cash and Cash Equivalents	\$ 9,341,277	\$ 7,275,121	\$ 2,066,156	\$ 8,157,492	\$ (882,371)
Other Current Assets	9,908,686	51,551,337	(41,642,651)	51,131,962	419,375
Noncurrent Investments	103,824,828	52,487,018	51,337,810	46,557,483	5,929,535
Noncurrent Capital Assets	3,419,532	2,882,172	537,360	2,990,857	(108,685)
<b>Total Assets</b>	<u>\$ 126,494,323</u>	<u>\$ 114,195,648</u>	<u>\$ 12,298,675</u>	<u>\$108,837,794</u>	<u>\$ 5,357,854</u>
Accounts Payable	\$ 1,851,188	\$ 2,934,649	\$ (1,083,461)	\$ 2,796,978	\$ 137,671
Unearned Revenue	17,918,664	15,417,099	2,501,565	13,806,947	1,610,152
Claims Payable - Current	11,348,000	17,420,000	(6,072,000)	16,820,000	600,000
Noncurrent Liabilities	20,324,763	15,673,550	4,651,213	16,087,268	(413,718)
<b>Total Liabilities</b>	<u>51,442,615</u>	<u>51,445,298</u>	<u>(2,683)</u>	<u>49,511,193</u>	<u>1,934,105</u>
Invested in Capital Assets, net of Related Debt	3,419,532	2,882,172	537,360	2,990,857	(108,685)
Restricted	5,000,000	5,000,000	-	5,000,000	-
Unrestricted	66,632,176	54,868,178	11,763,998	51,335,744	3,532,434
<b>Total Net Position</b>	<u>\$ 75,051,708</u>	<u>\$ 62,750,350</u>	<u>\$ 12,301,358</u>	<u>\$ 59,326,601</u>	<u>\$ 3,423,749</u>

**SPECIAL DISTRICTS INSURANCE SERVICES**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2025**

Condensed Combined Income Statement accounts are as follows:

	<u>6/30/2025</u>	<u>6/30/2024</u>	<u>Change From 2025 to 2024</u>	<u>6/30/2023</u>	<u>Change From 2024 to 2023</u>
Member Contributions	\$ 80,888,924	\$ 73,589,874	\$ 7,299,050	\$ 74,911,088	\$ (1,321,214)
Other Income	(72,666)	(45,460)	(27,206)	403,543	(449,003)
Investment Income (Loss)	9,317,798	8,646,028	671,770	4,584,881	4,061,147
Total Income	<u>90,134,056</u>	<u>82,190,442</u>	<u>7,943,614</u>	<u>79,899,512</u>	<u>2,290,930</u>
Loss and Loss Adjustment	50,219,918	52,751,321	(2,531,403)	48,425,157	4,326,164
Other Insurance Costs	19,556,685	17,610,513	1,946,172	16,607,722	1,002,791
Other Expenses	7,599,095	7,985,396	(386,301)	8,876,653	(891,257)
Dividend Expense	-	-	-	57,215	(57,215)
SDAO Sponsorship	457,000	419,463	37,537	410,924	8,539
Total Expenses	<u>77,832,698</u>	<u>78,766,693</u>	<u>(933,995)</u>	<u>74,377,671</u>	<u>4,389,022</u>
Changes in Net Position	<u>\$ 12,301,358</u>	<u>\$ 3,423,749</u>	<u>\$ 8,877,609</u>	<u>\$ 5,521,841</u>	<u>\$ (2,098,092)</u>

**Currently known facts and conditions that may have a significant effect on financial position**

As mentioned earlier in the report, SDIS discontinued its workers' compensation program as of June 30, 2024. Financially, the workers' compensation program had a decisive increase in claims the last couple years. This, combined with base rates that continued to go down, this left the program unsustainable.

## **FINANCIAL SECTION**

**SPECIAL DISTRICTS INSURANCE SERVICES**

**STATEMENT OF NET POSITION**

**AS OF JUNE 30, 2025 AND 2024**

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	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 9,341,277	\$ 7,275,121
Accrued interest	101,294	98,186
Investments - current portion	48,796,609	43,208,008
Accounts receivable	2,752,081	1,729,224
Prepaid expenses	7,055,311	6,515,919
Total Current Assets	<u>68,046,572</u>	<u>58,826,458</u>
Noncurrent Assets		
Restricted investments	5,000,000	5,000,000
Investments	50,028,219	47,487,018
Capital assets (net)	3,419,532	2,882,172
Total Noncurrent Assets	<u>58,447,751</u>	<u>55,369,190</u>
Total Assets	<u>126,494,323</u>	<u>114,195,648</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	667,304	2,934,649
Due to SDAO	1,183,884	-
Unearned revenue	17,918,664	15,417,099
Claims payable - current portion	13,236,000	17,420,000
Total Current Liabilities	<u>33,005,852</u>	<u>35,771,748</u>
Noncurrent Liabilities		
Claims payable	18,436,763	15,673,550
Total Noncurrent Liabilities	<u>18,436,763</u>	<u>15,673,550</u>
Total Liabilities	<u>51,442,615</u>	<u>51,445,298</u>
<b>NET POSITION</b>		
Net Invested in capital assets	3,419,532	2,882,172
Restricted in accordance with		
Workers Compensation Laws	5,000,000	5,000,000
Unrestricted	66,632,176	54,868,178
Total Net Position	<u>\$ 75,051,708</u>	<u>\$ 62,750,350</u>

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

**SPECIAL DISTRICTS INSURANCE SERVICES**

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

**FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024**

	<b>2025</b>	<b>2024</b>
<b>Operating Revenues</b>		
Member contributions	\$ 80,888,924	\$ 73,589,874
Miscellaneous income	2,700	4,540
Total Operating Revenues	80,891,624	73,594,414
<b>Operating Expenses</b>		
Underwriting Expenses:		
Loss and loss adjustment expenses	50,219,918	52,751,321
Insurance premiums	15,123,247	13,479,385
Broker fees	483,280	477,000
Local agent commissions	3,948,916	3,645,898
Workers' compensation taxes and fees	1,242	8,230
Other Operating Expenses:		
Conference and training	267,833	218,951
Claims service fee	2,851,762	3,187,141
Dividends	-	300
SDAO Sponsorship	457,000	419,463
Other expenses	4,479,500	4,629,004
Total Operating Expenses	77,832,698	78,816,693
Operating Income (Loss)	3,058,926	(5,222,279)
<b>Nonoperating Revenues (Expenses)</b>		
Investment income	9,317,798	8,704,602
Rental revenues	343,600	341,212
Rental expenses	(418,966)	(399,786)
Total Nonoperating Income(Loss)	9,242,432	8,646,028
Change in Net Postion	12,301,358	3,423,749
Net Position, Beginning	62,750,350	59,326,601
Net Position, Ending	\$ 75,051,708	\$ 62,750,350

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

**SPECIAL DISTRICTS INSURANCE SERVICES**

**STATEMENT OF CASH FLOWS**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>Cash Flows From Operating Activities:</b>		
Cash received from members	\$ 82,367,632	\$ 75,204,919
Other operating receipts	2,700	(45,460)
Cash paid for claims	(51,640,704)	(52,565,039)
Cash paid for insurance premiums	(15,662,639)	(14,701,396)
Cash paid for other underwriting expenses	(7,285,200)	(7,469,938)
Cash paid for operating expenses	(6,128,504)	(4,768,187)
Cash paid for dividends	-	(300)
Net Cash Flows Provided (Used) by Operating Activities	<u>1,653,285</u>	<u>(4,345,401)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Purchase of capital assets	<u>(696,649)</u>	<u>(52,685)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(696,649)</u>	<u>(52,685)</u>
<b>Cash Flows Provided by Investing Activities:</b>		
Investment income received	3,034,675	3,856,933
Proceeds from sales/maturities of investments	111,360,627	88,909,126
Payments for purchases of investments	(113,210,416)	(89,191,770)
Rental and other receipts	343,600	341,212
Cash paid for rental expenses	<u>(418,966)</u>	<u>(399,786)</u>
Net Cash Provided by (Used for) Investing Activities	<u>1,109,520</u>	<u>3,515,715</u>
Net Increase (Decrease) in Cash	2,066,156	(882,371)
Beginning Cash and Equivalents	<u>7,275,121</u>	<u>8,157,492</u>
Ending Cash and Equivalents	<u>\$ 9,341,277</u>	<u>\$ 7,275,121</u>
<b>Reconciliation of Operating Income to Net Cash</b>		
<b>Provided by Operating Activities</b>		
Operating Income (Loss)	\$ 3,058,926	\$ (5,222,279)
Adjustments to Reconcile Net Income to Net Cash Provided by Operations:		
Depreciation	159,289	161,370
(Increase) Decrease in:		
Member Receivable	(1,022,857)	4,893
Prepaid Expenses	(539,392)	(1,222,011)
Increase (Decrease) in:		
Payables	(1,083,460)	136,192
Unearned Revenue	2,501,565	1,610,152
Claims Liabilities	<u>(1,420,786)</u>	<u>186,282</u>
Net Cash Provided by Operating Activities	<u>\$ 1,653,285</u>	<u>\$ (4,345,401)</u>
<b>Noncash Investing and Financing Activities</b>		
Unrealized (gains)/loss on investments	<u>\$ (4,712,870)</u>	<u>\$ 4,991,806</u>

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

# SPECIAL DISTRICTS INSURANCE SERVICES

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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### 1. ORGANIZATION AND OPERATIONS

#### A. Nature of Association

In July 1985, the Special Districts Insurance Services Trust (SDIS) was formed by SDAO. The general objectives of SDIS are to formulate, develop, and administer, on behalf of its members, a program of insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The group-purchase insurance program (health, property, crime, boiler and machinery, and bond) and the self-insured liability programs were started in 1985. The self-insured workers' compensation program began on July 1, 1988. On January 1, 1993, the SDIS began self-insuring the property program. On June 1, 2014 the SDIS began self-insuring the health and dental program. On July 1, 2017, the SDIS began covering the Oregon Fire Chief's Association (OFCA) under the health program.

#### B. Financial Reporting Entity

Since SDIS has only municipal government members, are organized to provide various services to those government members, and serves as a public entity risk pool, these general purpose financial statements are presented in a governmental entity format utilizing governmental accounting standards, including Governmental Accounting Standards Board Opinion No. 10 (GASB No. 10). SDIS is reported as a separate entity following criteria utilized in determining the financial reporting entity include financial interdependency, authority to appoint governing authority and management, ability to influence operations, and accountability for fiscal matters.

#### C. Membership

Any special district can become a regular member by applying to SDIS, and by paying the membership fee to SDAO for the current fiscal year in advance. Regular membership may be terminated by payment of all unpaid fees and notification to the office of the Association. The Association may terminate membership for non-payment of fees. For the fiscal year ended June 30, 2025, there were over 925 members of SDIS.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Accounting

These statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues from contributions and interest are recognized when earned and expenses are recognized when goods or services have been rendered. Liabilities for reserves for open claims and claims incurred but not reported have been recorded in SDIS' financial statements.

#### B. Cash

For financial reporting purposes, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash.

## SPECIAL DISTRICTS INSURANCE SERVICES

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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#### C. Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. As of June 30, 2025 and 2024, the total accounts receivable portfolio was considered collectible. Interest on investments is recorded in the year the interest is earned.

#### D. Investments

SDIS records its investments at fair market value. Changes in fair market value are reported as revenue in the Statement of Revenues, Expenses, and Changes in Net Position. The effect of recording investments and LAIF at fair market value is reflected as a net increase in the fair value of investments on the Statement of Revenues, Expenses, and Changes in Net Position and on the Statement of Net Position. Fair market values of investments have been determined based on quoted market prices.

#### E. Capital Assets

Land is carried at cost and is not depreciable. Other capital assets with costs exceeding \$500 are capitalized and stated at cost net of accumulated depreciation. Depreciation is determined using the straight-line method, over the estimated useful life of the related assets. The useful lives of the building and office equipment are forty years and three to five years, respectively. Maintenance and repairs of a routine nature are charged to expense as incurred.

#### F. Provision for Losses and Loss Adjustment Expenses

SDIS establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage, subrogation, reinsurance, or excess insurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. These claims liabilities are reported at their present value using an expected future investment yield assumption of 2.5%. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

#### G. Unallocated Loss Adjustment Expenses

A reserve for unallocated loss adjustment expenses for all coverage years of \$2,155,498 and \$2,351,786 was established as of June 30, 2025 and 2024, respectively. This reserve recognizes the future unallocated cost of claims administration.

# SPECIAL DISTRICTS INSURANCE SERVICES

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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### **H. Unearned Revenues**

Member contributions are recognized as revenue when earned, based upon the coverage period of the related insurance.

### **I. Operating Revenues**

Operating revenues result from exchange transactions associated with the principal activity of the organization. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating revenues is comprised of premium contributions, administration income, membership dues, and related fees and assessments which are an integral part of the operations. All other revenues, including investment income, are classified as nonoperating.

### **J. Premium Contributions**

As discussed in Note 1 B. SDIS' accounting is in accordance with Governmental Accounting Standards since it is a quasi governmental entity. SDIS is a proprietary fund type. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Contribution income consists of payments from members that are planned to match the expense of insurance premiums for coverage in excess of self-insured amounts, estimated payments resulting from self-insurance programs, and operating expenses. Contributions are recognized as revenues in the period for which insurance protection is provided. Anticipated investment income is considered in this determination of sufficiency of premiums.

### **K. Excess Insurance Coverage**

SDIS enters into various excess insurance contracts to limit large losses. At June 30, 2025, SDIS retained the first \$1,250,000 of liability, \$1,750,000 of property per occurrence and in the aggregate, and auto physical damage. The excess insurer provides coverage to specified upper limits with a maximum of \$10,000,000 for liability, \$300,000,000 for property. The health program has a \$350,000 individual claims stop-loss policy as well as an aggregate policy of 120% of expected claims. The OFCA medical program carried a \$225,000 individual claim stop-loss policy with an aggregate as well. SDIS provides group-purchase insurance for crime, bond, boiler and machinery, life, and short-term and long-term disability.

### **L. Allocation of Indirect Expenses**

Indirect expenses are allocated among insurance programs in the percentage management estimates each program bears on administration costs.

**SPECIAL DISTRICTS INSURANCE SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025 AND 2024**

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**M. Income Tax Status**

SDIS has received a favorable ruling from the IRS stating that all activities of SDIS that assist in essential governmental functions are exempt under Section 115.

**N. Management Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

**O. Reclassifications**

Certain amounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements.

**3. CASH AND CASH EQUIVALENTS**

Cash consisted of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash on Hand	\$ 50	\$ 50
Cash in Bank	7,245,390	5,901,726
Cash Equivalents	<u>2,095,837</u>	<u>1,373,345</u>
Total	<u>\$ 9,341,277</u>	<u>\$ 7,275,121</u>

At June 30, 2025, cash in bank was federally insured against loss up to \$250,000 for each FDIC insured bank that the funds are deposited with. Cash in bank not covered by FDIC amounts to \$8,297,599 and \$6,572,537 as of June 30, 2025 and 2024, respectively.

**4. INVESTMENTS**

Under provisions of the Special District Insurance Services Trust investment policy, SDIS may invest in the following types of investments:

- Demand deposits
- Direct obligations of the U.S. Treasury, repurchase agreements, and obligations guaranteed by the U.S.
- Certificates of deposits with Oregon banks
- Commercial paper
- Commercial bonds
- Corporate Securities
- Convertible Bonds
- Equities
- Other investments not addressed but subject to Board and Trust approval

**SPECIAL DISTRICTS INSURANCE SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025 AND 2024**

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from changes in interest rates, SDIS’ investment policy limits maturities at the time of purchase of any investment to ten years, except U.S. Agency mortgage-backed securities where maximum average life will not exceed ten years. As of June 30, 2025, SDIS had the following investments held in a managed portfolio:

Investment Type	Fair Value	Investment Maturities		
		<1 yr	1-3 yrs	>3 yrs
Fixed Income	\$ 21,543,669	\$ 8,036,438	\$ 2,746,792	\$ 10,760,439
Mutual Fund - Bond	41,520,988	-	-	41,520,988
Mutual Fund - Equity	40,760,171	40,760,171	-	-
Total	<u>\$ 103,824,828</u>	<u>\$ 48,796,609</u>	<u>\$ 2,746,792</u>	<u>\$ 52,281,427</u>

*Credit Risk.* It is SDIS’ general investment policy to apply the prudent person standard, which states “Investments shall be made with judgment and care under circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.” SDIS limits purchase of commercial paper to those rated P-1 or better by Moody’s Investors Services, A-1 or better by Standard & Poor’s corporation or has an equivalent credit rating. Commercial bonds at the time of purchase must be rated A or higher by either Moody’s Investors Service or Standard & Poor’s Corporation, or have an equivalent credit quality rating. US Treasuries contain the explicit guarantee of the U.S. Government.

Credit Rating (S&P)	Mutual Fund Bond	Mutual Fund Equity	Fixed Income	Totals
A	\$ -	\$ -	\$ 506,880	\$ 506,880
A-	-	-	1,315,138	1,315,138
A+	-	-	391,785	391,785
AA	-	-	181,116	181,116
AA-	-	-	351,022	351,022
AA+	-	-	227,349	227,349
AAA	-	-	16,663,725	16,663,725
BBB	-	-	456,727	456,727
BBB+	-	-	1,303,884	1,303,884
N/A	41,520,988	40,760,171	146,044	82,427,202
Total	<u>\$ 41,520,988</u>	<u>\$ 40,760,171</u>	<u>\$ 21,543,669</u>	<u>\$ 103,824,828</u>

*Concentration of Credit Risk:* SDIS’ investment policy places investment limits on certain securities as follows:

	Limit	
	Per Institution	Per Type of Investment
Equities	5%	25-35%
Fixed Income	--	65-75%

## SPECIAL DISTRICTS INSURANCE SERVICES

### NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2025 AND 2024**

Investments in securities of any one issuer consisting of 5% or more of total investments are as follows:

<u>Asset Description</u>	<u>Market Value</u>	<u>% of Portfolio</u>
SCHWAB U.S. LARGE-CAP ETF	\$ 25,948,094.64	24.99%
BAIRD CORE BOND FUND - CLASS I #71	\$ 11,381,673.80	10.96%
ISHARES CORE TOTAL U.S. AGGREGATE BOND ETF	\$ 11,195,513.60	10.78%
PGIM TOTAL RETURN BOND FUND CLASS R6 #1062	\$ 7,964,852.77	7.67%
NUVEEN CORE BOND FUND	\$ 6,903,067.49	6.65%

**Foreign Currency Risk:** SDIS does not have a formal policy to limit foreign currency. Risk of loss arises from changes in currency exchange rates. SDIS has invested in foreign bonds denominated in Euros and Canadian dollars with a market value of \$0 as of June 30, 2025 and 2024, respectively.

**Restricted Investments:** The State of Oregon Workers' Compensation Division requires that SDIS provide security deposits for assurance that assets are available for payment of workers' compensation claims run-out should SDIS Workers' Compensation fund discontinue operations or otherwise is unable to pay claims due. The required security deposit amount is determined annually by the State of Oregon. SDIS fulfills the current security deposit requirement by providing an irrevocable letter of credit of \$6,508,500 (which is collateralized by restricted investments) with the named beneficiary being "State of Oregon acting by and thru the Oregon Department of Consumer and Business Services". At June 30, 2024 and 2023 the pledged investments were rated AA+ by S&P and had a fair value of \$5,000,000 and \$5,000,000 respectively.

Fair values of assets measured on a recurring basis at June 30, 2025:

	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date</u>		
		<u>In Active Markets for Identical Assets (Level 1)</u>	<u>Using Quoted Prices Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>June 30, 2025</u>				
United States Treasury Notes	\$ 13,397,257	\$ 13,397,257	\$ -	\$ -
Federal Natinoal Mortgage	2,449,479	2,449,479	-	-
Corporate Notes	5,626,150	5,626,150	-	-
Mutual Fund - Bond	41,520,988	41,520,988	-	-
Mutual Fund - Equity	40,760,171	40,760,171	-	-
Total Investments	<u>\$ 103,754,045</u>	<u>\$ 103,754,045</u>	<u>\$ -</u>	<u>\$ -</u>

All assets have been valued using a market approach. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. There were no changes in the valuation techniques and related inputs.

**SPECIAL DISTRICTS INSURANCE SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025 AND 2024**

**5. CAPITAL ASSETS**

Capital assets consist of the following:

	<u>2024</u>	<u>Additions</u>	<u>Disposals</u>	<u>2025</u>
Capital assets not subject to depreciation				
Land	\$ 197,792	\$ -	\$ -	\$ 197,792
Work in progress	-	-	-	-
Total capital assets not subject to depreciation	<u>197,792</u>	<u>-</u>	<u>-</u>	<u>197,792</u>
Capital assets being depreciated				
Parking lot	211,223	-	-	211,223
Office equipment	599	-	-	599
Building	4,843,237	696,649	-	5,539,886
Total capital assets being depreciated	<u>5,055,059</u>	<u>696,649</u>	<u>-</u>	<u>5,751,708</u>
Accumulated depreciation	<u>(2,370,679)</u>	<u>(159,289)</u>	<u>-</u>	<u>(2,529,968)</u>
Total Capital Assets (net)	<u>\$ 2,882,172</u>	<u>\$ 537,360</u>	<u>\$ -</u>	<u>\$ 3,419,532</u>

Depreciation expense totaled \$159,289 and \$161,370 for the fiscal years ended June 30, 2025 and 2024, respectively.

**SPECIAL DISTRICTS INSURANCE SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025 AND 2024**

**6. CLAIMS LIABILITIES**

As discussed in Note 1, SDIS establishes a liability for both reported and unreported insured events. The following represents changes in the aggregate liabilities during the years ended June 30:

	2025	2024
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	\$ 33,093,550	\$ 32,907,268
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	52,400,724	44,857,340
Changes in provision for insured events of prior fiscal years	(2,180,806)	7,893,990
Total incurred claims and claim adjustment expenses	50,219,918	52,751,330
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	44,755,336	36,659,608
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	6,885,369	15,905,440
Total payments	51,640,705	52,565,048
Total unpaid claims and claim adjustment expenses at end of the fiscal year	\$ 31,672,763	\$ 33,093,550
<u>Component of Claims Liabilities</u>		
Claims Reserves	\$ 14,583,034	\$ 17,855,374
Incurred but not reported (IBNR)	14,934,231	12,886,390
Unallocated loss adjustment expense (ULAE)	2,155,498	2,351,786
Total Claims Liabilities	\$ 31,672,763	\$ 33,093,550
Current portion	\$ 13,236,000	\$ 17,420,000
Noncurrent portion	18,436,763	15,673,550
	\$ 31,672,763	\$ 33,093,550

As of June 30, 2025 and 2024, \$32,797,260 and \$34,467,809 of unpaid claims and claim adjustment expenses were presented at their net present value of \$31,672,763 and \$33,093,550 using an interest rate of 2.5%.

**SPECIAL DISTRICTS INSURANCE SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2025 AND 2024**

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**7. ACCOUNTS RECEIVABLE**

The combined accounts receivable consists of the following as of June 30,:

	<u>2025</u>	<u>2024</u>
Contributions Receivable	\$ 285,104	\$ 532,562
Reinsurance Receivable	992,641	716,184
SDIS Loan Program Receivable	1,100,000	-
Other Receivables	<u>374,336</u>	<u>480,478</u>
Total	<u>\$ 2,752,081</u>	<u>\$ 1,729,224</u>

The total accounts receivable balance is expected to be collectible.

**8. POOL LIABILITY/ADMINISTRATION**

SDIS, in cooperation with Oregon School Board Association (OSBA), established a school property and casualty pool referred to as Property and Casualty Coverage for Education (PACE). PACE is owned by OSBA. SDIS has maintained the liabilities from the school program it operated for three years and PACE has accepted the liabilities for the previous PACT program. SDAO and OSBA have separate contracts with PACE to administer the pool. SDAO is responsible for all accounting, underwriting, claims, and loss control services. OSBA is responsible for marketing, pre-loss legal, portions of claims litigation and general administrative oversight.

**9. LINE OF CREDIT**

SDIS holds a line of credit with Key Bank as required by the State of Oregon's Workers' Compensation Division. As of June 30, 2025 and 2024, the approved line was \$9,600,000; however SDAO had not accessed the line of credit during these years.

**10. SUBSEQUENT EVENT**

SDIS's management evaluated its FY 2024-25 financial statements for subsequent events through October 31, 2025, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SPECIAL DISTRICTS INSURANCE SERVICES**

**RECONCILIATION OF CLAIMS LIABILITIES BY TYPE OF CONTRACT**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>Liability</u>		<u>Property</u>		<u>Workers' Compensation</u>		<u>Health</u>		<u>Health - OFCA</u>		<u>Totals</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	\$ 18,650,085	\$ 14,798,109	\$ 1,765,175	\$ 2,194,602	\$ 8,608,290	\$ 12,444,557	\$ 2,755,000	\$ 2,506,000	\$ 1,315,000	\$ 964,000	\$ 33,093,550	\$ 32,907,268
Incurred claims and claim adjustment expenses:												
Provision for insured events of the current fiscal year	9,872,244	4,206,225	1,733,258	1,489,658	-	-	28,063,526	26,748,434	12,731,696	12,413,023	52,400,724	44,857,340
Changes in provision for insured events of prior fiscal years	581,707	7,099,109	58,211	1,172,493	(919,855)	132,802	(1,524,522)	(236,413)	(376,347)	(274,001)	(2,180,806)	7,893,990
Total incurred claims and claim adjustment expenses	10,453,951	11,305,334	1,791,469	2,662,151	(919,855)	132,802	26,539,004	26,512,021	12,355,349	12,139,022	50,219,918	52,751,330
Payments:												
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	3,052,728	769,882	1,263,737	798,269	-	-	27,652,630	23,993,434	12,786,241	11,098,023	44,755,336	36,659,608
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	4,930,512	6,683,476	528,632	2,293,309	2,648,743	3,969,069	(876,626)	2,269,587	(345,892)	689,999	6,885,369	15,905,440
Total payments	7,983,240	7,453,358	1,792,369	3,091,578	2,648,743	3,969,069	26,776,004	26,263,021	12,440,349	11,788,022	51,640,705	52,565,048
Total unpaid claims and claim adjustment expenses at end of the fiscal year	\$ 21,120,796	\$ 18,650,085	\$ 1,764,275	\$ 1,765,175	\$ 5,039,692	\$ 8,608,290	\$ 2,518,000	\$ 2,755,000	\$ 1,230,000	\$ 1,315,000	\$ 31,672,763	\$ 33,093,550
<u>Component of Claims Liabilities</u>												
Claims Reserves	\$ 10,347,464	\$ 10,004,722	\$ 976,082	\$ 1,217,423	\$ 3,259,488	\$ 6,633,229	\$ -	\$ -	\$ -	\$ -	\$ 14,583,034	\$ 17,855,374
Incurred but not reported (IBNR)	9,044,820	6,841,691	637,239	367,193	1,504,172	1,607,506	2,518,000	2,755,000	1,230,000	1,315,000	14,934,231	12,886,390
Unallocated loss adjustment expense (ULAE)	1,728,512	1,803,672	150,954	180,559	276,032	367,555	-	-	-	-	2,155,498	2,351,786
Total Claims Liabilities	\$ 21,120,796	\$ 18,650,085	\$ 1,764,275	\$ 1,765,175	\$ 5,039,692	\$ 8,608,290	\$ 2,518,000	\$ 2,755,000	\$ 1,230,000	\$ 1,315,000	\$ 31,672,763	\$ 33,093,550
Current portion	\$ 5,888,000	\$ 5,750,000	\$ 1,600,000	\$ 1,600,000	\$ 2,000,000	\$ 6,000,000	\$ 2,518,000	\$ 2,755,000	\$ 1,230,000	\$ 1,315,000	\$ 13,236,000	\$ 17,420,000
Noncurrent portion	15,232,796	9,048,109	164,275	165,175	3,039,692	2,608,290	-	-	-	-	18,436,763	15,673,550
	\$ 21,120,796	\$ 18,650,085	\$ 1,764,275	\$ 1,765,175	\$ 5,039,692	\$ 8,608,290	\$ 2,518,000	\$ 2,755,000	\$ 1,230,000	\$ 1,315,000	\$ 31,672,763	\$ 33,093,550

## SPECIAL DISTRICTS INSURANCE SERVICES

### CLAIMS DEVELOPMENT INFORMATION

JUNE 30, 2025

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The tables on the following pages illustrate each program's earned revenues and investment income compared to related costs of loss and other expenses assumed by the program as of the end of the year. The rows of the table are defined as follows:

1. This line shows the total of each fiscal year's a) gross earned contributions revenue and investment revenue, b) the amount of contributions revenue ceded to reinsurers, and c) the amount of net earned contributions revenue and investment revenue.
2. This line shows each fiscal year's other operating costs including overhead and claims expense not allocable to individual claims.
3. This line shows the total of each policy year's a) gross incurred claims and allocated claim adjustment expense (both paid and accrued); b) the loss assumed by excess insurers or reinsurers, and c) the net amount of incurred claims and allocated claim adjustment expenses as originally reported at the end of the year.
4. This section shows the cumulative amounts paid by policy year as of the end of each fiscal year.
5. This line discloses the reestimated amount for losses assumed by excess insurers or reinsurers based on the information available as of the end of the current year.
6. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
7. This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought.

As the data for individual policy years matures, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

**SPECIAL DISTRICTS INSURANCE SERVICES**

**CLAIMS DEVELOPMENT INFORMATION**

**LIABILITY PROGRAM**

	2016	2017	2018	Policy Year 2019	2020	2021	2022	2023	2024	2025
1. Required contribution and investment revenue:										
Gross Contribution	\$7,934,103	\$8,109,141	\$8,285,075	\$8,667,904	\$9,575,591	\$10,370,140	\$11,489,342	\$12,792,215	\$14,513,442	\$8,288,021
Misc Income	348,213	342,468	340,311	349,772	351,445	347,825	377,818	349,648	321,026	173,150
Investment Earnings During Policy Period	108,946	275,667	(85,212)	420,926	385,086	289,334	(642,817)	520,447	438,686	277,554
Investment Earnings Subsequent to Policy Ceded	348,427	288,209	555,787	265,490	145,094	(96,620)	354,301	80,143	235,446	0
Net earned	849,439	920,248	971,825	1,001,953	1,103,167	1,335,166	1,603,610	1,827,834	2,142,830	1,403,008
2. Unallocated expenses	7,890,250	8,095,236	8,124,136	8,702,139	9,354,048	9,575,512	9,975,034	11,914,618	13,365,770	7,335,718
3. Estimated incurred claims and expense, end of policy year:										
Incurred	3,977,059	3,757,893	3,910,591	4,357,703	4,415,865	4,464,322	4,808,735	5,412,355	5,823,305	2,992,865
Ceded	4,055,594	4,637,093	3,643,593	4,219,272	4,745,031	6,337,692	7,050,142	9,349,381	10,117,268	4,482,305
Net incurred	119,454	167,733	198,105	159,846	170,839	233,684	45,755	83,597	861,846	190,465
4. Paid (cumulative) as of:										
End of policy year	308,774	313,200	421,491	459,600	267,663	572,777	545,685	474,898	769,882	376,093
One year later	1,216,253	1,761,383	1,217,316	1,393,990	1,546,202	2,517,043	2,740,501	4,018,140	3,179,588	
Two years later	1,946,795	2,373,074	1,510,158	1,651,246	2,030,357	2,956,396	3,384,597	5,772,993		
Three years later	3,087,004	2,756,766	1,785,512	2,935,472	3,454,844	4,259,998	4,978,716			
Four years later	3,776,095	3,484,840	2,002,344	3,018,568	3,666,665	4,867,306				
Five years later	3,926,949	4,311,226	3,043,958	3,131,800	4,342,059					
Six years later	4,084,607	4,366,765	3,485,233	3,135,661						
Seven years later	4,108,975	4,383,070	3,709,356							
Eight years later	4,328,883	4,429,601								
Nine years later	4,353,529									
5. Reestimated ceded claims and expenses:	0	0	1,330	2,886	8,667	3,910,541	90,908	76,703	861,846	190,465
6. Reestimated net incurred claims and expenses:										
End of policy year	4,055,594	4,637,093	3,643,593	2,236,197	2,195,022	2,432,063	3,028,847	3,576,550	4,206,225	4,291,841
One year later	3,936,141	4,469,360	3,445,489	3,988,912	4,591,904	6,104,006	6,950,694	9,268,002	9,255,422	
Two years later	3,379,890	3,733,310	2,564,377	3,701,766	6,112,857	5,419,778	7,003,309	10,042,132		
Three years later	4,037,161	3,730,497	2,458,832	4,162,006	4,833,578	5,347,229	7,158,696			
Four years later	4,511,540	4,284,452	2,646,717	3,965,627	5,486,344	5,404,596				
Five years later	4,371,295	4,567,096	3,764,332	3,720,635	5,553,363					
Six years later	4,267,938	4,561,711	3,710,688	3,678,697						
Seven years later	4,393,189	4,548,265	3,722,033							
Eight years later	4,935,700	4,429,601								
Nine years later	4,936,242									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	1,000,102	(39,759)	276,545	(380,729)	979,171	(699,412)	154,309	776,348	0	0

The above information reflects policy years for this program which is also a calendar year. The effective date of the information is June 30, 2025. Thus, the 2025 column reflects half of policy year 2025.

**SPECIAL DISTRICTS INSURANCE SERVICES**

**CLAIMS DEVELOPMENT INFORMATION**

**PROPERTY PROGRAM**

	Policy Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1. Required contribution and investment revenue:										
Earned	5,326,319	5,463,972	5,943,528	6,264,644	7,064,382	7,691,297	8,775,994	10,037,709	11,859,539	6,893,950
Investment Earnings During Policy Period	52,663	54,444	(48,102)	262,024	107,386	97,515	(261,356)	177,457	84,365	89,707
Investment Earnings Subsequent to Policy	542,799	0	521,053	167,311	0	(29,660)	115,937	984	15,231	0
Ceded	2,006,859	1,993,296	2,177,574	2,540,021	3,243,570	4,212,043	4,568,057	5,447,018	7,270,512	3,595,480
Net earned	3,914,922	3,525,120	4,238,906	4,153,957	3,928,198	3,547,109	4,062,519	4,769,132	4,688,624	3,388,176
2. Unallocated expenses	2,870,081	2,899,108	3,094,619	3,519,649	4,345,285	5,349,843	5,830,502	6,926,787	8,952,514	4,608,639
3. Estimated incurred claims and expense, end of policy year:										
Incurred	514,945	3,744,652	1,314,750	1,699,432	3,755,358	1,582,558	1,736,494	2,557,493	1,992,776	1,507,834
Ceded	1,231	175,192	474,289	75,053	354,510	(1)	0	0	0	289,059
Net incurred	513,714	3,569,460	840,461	1,624,379	3,400,848	1,582,559	1,736,494	2,557,493	1,992,776	1,218,775
4. Paid (cumulative) as of:										
End of policy year	233,304	1,000,131	136,600	113,004	150,122	164,094	201,665	242,805	798,269	280,676
One year later	443,472	2,699,130	492,807	1,335,992	2,372,447	1,273,627	1,309,043	2,150,291	1,781,330	
Two years later	474,876	2,601,653	748,140	1,590,126	3,067,446	1,319,272	1,521,091	2,562,517		
Three years later	471,704	2,274,214	748,140	1,480,948	2,849,309	1,409,909	1,525,319			
Four years later	470,039	2,256,451	748,140	1,524,205	2,932,455	1,371,951				
Five years later	468,740	2,261,275	748,140	1,524,205	3,082,455					
Six years later	449,803	2,261,275	748,140	1,524,205						
Seven years later	449,803	2,261,275	748,140							
Eight years later	449,803	2,261,275								
Nine years later	449,803									
5. Reestimated ceded claims and expenses:	0	235,472	0	3,316,264	751,171	647,165	0	683,979	0	289,059
6. Reestimated net incurred claims and expenses:										
End of policy year	514,945	3,744,652	1,314,750	401,981	452,146	1,302,732	756,316	1,111,767	1,489,658	1,218,775
One year later	513,715	3,569,459	840,461	1,499,644	3,389,866	1,582,559	1,736,589	2,557,493	1,992,777	
Two years later	475,841	2,762,846	770,391	1,597,118	3,884,251	1,481,110	1,671,520	2,638,804		
Three years later	475,719	2,274,214	748,140	1,482,657	3,400,323	1,440,399	1,756,510			
Four years later	470,402	2,256,451	748,140	1,524,205	3,236,469	1,371,951				
Five years later	470,007	2,261,275	748,140	1,524,205	3,237,795					
Six years later	449,803	2,261,275	748,140	1,524,205						
Seven years later	449,803	2,261,275	748,140							
Eight years later	449,803	2,261,275								
Nine years later	449,803									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	(63,911)	(1,308,185)	(92,321)	(100,174)	(163,053)	(210,608)	20,016	81,311	0	(0)

The above information reflects policy years for this program which is also a calendar year. The effective date of the information is June 30, 2025. Thus, the 2025 column reflects half of policy year 2025.

**SPECIAL DISTRICTS INSURANCE SERVICES**

**CLAIMS DEVELOPMENT INFORMATION**

**WORKERS' COMPENSATION PROGRAM**

	Policy Year							
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
1. Required contribution and investment revenue:								
Gross Contribution	\$7,269,675	\$7,595,512	\$6,836,810	\$6,409,631	\$6,560,927	\$6,254,286	\$6,437,109	\$6,591,969
Investment Earnings During Policy Period	139,927	142,264	116,216	118,960	164,494	324,137	(188)	55,494
Investment Earnings Subsequent to Policy	332,952	394,966	192,247	184,329	174,182	(44,710)	(126,604)	55,494
Ceded	452,309	479,458	408,051	400,179	437,496	432,953	436,949	445,237
Net earned	7,290,245	7,653,284	6,737,221	6,312,741	6,462,106	6,100,760	5,873,369	6,257,719
Unallocated expenses	2,614,229	2,454,741	2,292,596	2,342,466	2,454,240	2,439,694	2,591,788	2,880,407
3. Estimated incurred claims and expense, end of policy year:								
Incurred	5,205,894	5,441,347	4,301,824	4,225,766	4,670,582	4,489,373	11,190,263	8,625,474
Ceded	82,511	85,023	335,444	91,928	114,398	54,710	2,066,646	939,725
Net incurred	5,123,383	5,356,324	3,966,380	4,133,838	4,556,184	4,434,663	9,123,617	7,685,749
4. Paid (cumulative) as of:								
End of policy year	1,707,447	2,037,978	1,772,403	1,573,990	1,490,138	1,689,991	2,827,171	2,734,928
One year later	3,074,933	3,275,182	2,980,288	3,016,670	2,520,786	3,080,721	5,427,118	5,365,055
Two years later	3,657,452	3,563,419	3,797,701	3,348,474	3,400,451	3,460,814	5,958,375	6,449,921
Three years later	3,801,539	3,621,666	4,024,829	3,522,739	3,739,742	3,541,938	6,513,064	
Four years later	3,857,298	3,632,553	4,093,013	3,616,807	4,047,591	3,601,677		
Five years later	3,882,482	3,693,196	3,946,172	3,729,612	4,694,832			
Six years later	3,937,286	3,707,121	3,952,394	3,760,258				
Seven years later	3,940,284	3,712,974	3,989,181					
Eight years later	3,942,000	3,732,468						
Nine years later	3,952,113							
5. Reestimated ceded claims and expenses:	2,142	2,920	4,574	6,602	11,400	16,981	3,026,246	75,742
6. Reestimated net incurred claims and expenses:								
End of policy year	5,123,383	5,356,324	3,966,379	4,133,838	4,556,183	3,930,510	9,123,616	7,685,749
One year later	4,298,208	4,242,768	4,334,491	4,453,584	3,684,485	4,433,586	8,297,848	7,864,665
Two years later	4,328,731	4,188,843	4,613,294	4,199,933	4,945,038	4,113,673	7,819,431	7,267,454
Three years later	4,259,710	3,962,261	4,600,976	4,088,524	4,506,568	4,039,670	7,702,359	
Four years later	4,264,281	3,814,556	4,337,271	4,132,820	4,625,214	4,029,528		
Five years later	4,157,977	3,882,607	4,199,992	4,125,382	4,948,458			
Six years later	4,116,089	3,842,623	4,128,520	4,080,625				
Seven years later	4,084,141	3,758,359	4,085,142					
Eight years later	4,054,802	3,779,705						
Nine years later	4,042,486							
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	(1,080,897)	(1,576,619)	118,762	(53,213)	392,274	(405,134)	(1,421,257)	(418,295)

The above information reflects policy years for this program which is July 1 through June 30.. The effective date of the information is June 30, 2025. Thus, all years reflect the entire policy year.

2023 was the final year of this program

**SPECIAL DISTRICTS INSURANCE SERVICES**

**CLAIMS DEVELOPMENT INFORMATION**

**HEALTH PROGRAM**

	<u>Policy Year</u>									
	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
1. Required contribution and investment revenue:										
Earned	\$15,782,274	\$17,173,634	\$20,431,281	\$22,433,284	\$25,047,237	\$29,330,617	\$30,800,854	\$32,196,299	\$33,521,617	\$35,545,986
Investment Earnings During Policy Period	57,978	89,775	60,137	49,293	8,190	191,735	(379,011)	178,107	212,616	97,964
Investment Earnings Subsequent to Policy Ceded	734,782	1,210,859	341,201	107,263	(193,349)	156,357	930,791	571,932	263,147	0
Net earned	<u>1,476,751</u>	<u>1,271,295</u>	<u>1,571,192</u>	<u>1,364,390</u>	<u>2,212,401</u>	<u>3,064,781</u>	<u>3,165,613</u>	<u>3,055,320</u>	<u>3,188,677</u>	<u>3,348,139</u>
2. Unallocated expenses	1,537,347	1,656,851	1,946,611	2,255,509	2,269,708	2,396,999	2,143,977	2,476,587	2,356,571	2,492,159
3. Estimated incurred claims and expense, end of policy year:										
Incurred	12,140,333	12,295,608	16,707,664	19,744,138	22,788,049	22,908,500	22,265,712	24,371,508	28,079,437	28,063,526
Ceded	<u>355,995</u>	<u>32,584</u>	<u>1,120,199</u>	<u>1,210,307</u>	<u>1,761,611</u>	<u>648,266</u>	<u>154,546</u>	<u>46,215</u>	<u>1,650,500</u>	<u>0</u>
Net incurred	11,784,338	12,263,024	15,587,465	18,533,831	21,026,438	22,260,234	22,111,166	24,325,293	26,428,937	28,063,526
4. Paid (cumulative) as of:										
End of policy year	10,655,796	11,115,024	14,356,465	16,858,831	18,901,438	20,566,234	19,710,166	21,819,293	23,673,937	25,545,526
One year later	11,519,872	11,948,380	16,105,918	18,698,093	21,505,484	22,921,518	21,365,560	24,124,369	25,893,356	
Two years later	11,507,994	11,886,904	16,108,242	18,699,882	21,894,582	22,953,525	21,373,526	24,348,472		
Three years later	11,504,222	11,888,350	16,102,728	18,694,917	21,895,334	22,950,965	21,389,532			
Four years later	11,504,415	11,888,350	16,101,169	18,691,775	21,894,583	22,952,852				
Five years later	11,504,415	11,888,350	16,099,318	18,696,119	21,897,665					
Six years later	11,504,415	11,888,350	16,103,965	18,697,652						
5. Reestimated ceded claims and expenses:	355,995	32,614	1,178,868	1,345,461	1,815,486	829,653	153,546	46,215	1,127,198	0
6. Reestimated net incurred claims and expenses:										
End of policy year	11,779,988	12,263,024	15,587,464	18,533,831	21,026,438	22,260,234	22,111,166	24,325,293	26,428,937	28,063,526
One year later	11,519,872	11,948,380	16,105,918	18,698,093	21,505,484	22,921,518	21,365,560	24,124,369	25,893,356	
Two years later	11,507,994	11,886,904	16,108,242	18,699,882	21,894,582	22,953,525	21,373,526	24,348,472		
Three years later	11,504,222	11,888,350	16,102,728	18,694,917	21,895,334	22,950,965	21,389,532			
Four years later	11,504,415	11,888,350	16,101,169	18,691,775	21,894,583	22,952,852				
Five years later	11,504,415	11,888,350	16,099,318	18,696,119	21,897,665					
Six years later	11,504,415	11,888,350	16,103,965	18,697,652						
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	<u>(279,923)</u>	<u>(374,674)</u>	<u>516,500</u>	<u>163,821</u>	<u>871,227</u>	<u>692,618</u>	<u>(721,634)</u>	<u>23,179</u>	<u>(535,581)</u>	<u>0</u>

The above information reflects policy years for this program which is July 1 through June 30.. The effective date of the information is June 30, 2025. Thus, all years reflect the entire policy year.

**SPECIAL DISTRICTS INSURANCE SERVICES**

**CLAIMS DEVELOPMENT INFORMATION**

**HEALTH PROGRAM - OFCA**

	Policy Year							
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
1. Required contribution and investment revenue:								
Earned	\$9,572,831	\$10,788,947	\$11,017,180	\$11,485,599	\$12,144,987	\$12,929,532	\$13,587,460	\$15,006,209
Investment Earnings During Policy Period	17,426	36,978	57,137	193,722	(223,578)	86,290	81,417	65,939
Investment Earnings Subsequent to Policy	244,276	156,573	795,915	373,969	383,857	246,112	41,381	0
Ceded	812,413	649,618	697,862	664,666	831,176	991,543	1,102,588	1,159,656
Net earned	9,022,121	10,332,880	11,172,370	11,388,624	11,474,090	12,270,391	12,607,670	13,912,492
2. Unallocated expenses	809,098	876,277	799,875	848,933	860,986	960,793	980,348	1,027,437
3. Estimated incurred claims and expense, end of policy year:								
Incurred	8,263,085	10,817,449	7,441,563	7,276,662	8,582,009	9,956,728	13,286,146	12,985,685
Ceded	81,468	1,557,191	154,372	4,486	98,058	164,731	1,544,485	253,989
Net incurred	8,002,965	9,260,258	7,287,191	7,272,176	8,483,951	9,791,997	11,741,661	12,731,696
4. Paid (cumulative) as of:								
End of policy year	7,117,965	8,165,258	6,436,408	6,837,176	7,770,910	8,827,997	10,426,661	11,501,696
One year later	7,392,373	8,913,757	6,802,643	7,268,738	8,653,767	9,884,596	11,479,870	
Two years later	7,392,373	8,913,757	6,804,564	7,273,260	8,668,372	10,008,129		
Three years later	7,392,373	8,913,757	6,800,038	7,271,939	8,704,823			
Four years later	7,392,373	8,913,734	6,799,912	7,272,971				
Five years later	7,392,373	8,913,734	6,806,537					
5. Reestimated ceded claims and expenses:	1,132,558	1,749,240	155,970	2,936	97,098	200,709	1,625,542	253,989
6. Reestimated net incurred claims and expenses:								
End of policy year	8,002,965	9,260,258	7,287,191	7,272,176	8,483,951	9,791,997	11,741,661	12,731,696
One year later	7,392,373	8,913,757	6,802,643	7,268,738	8,653,767	9,884,596	11,479,870	
Two years later	7,392,373	8,913,757	6,804,564	7,273,260	8,668,372	10,008,129		
Three years later	7,392,373	8,913,757	6,800,038	7,271,939	8,704,823			
Four years later	7,392,373	8,913,734	6,799,912	7,272,971				
Five years later	7,392,373	8,913,734	6,806,537					
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	(610,592)	(346,524)	(480,654)	795	220,872	216,132	(261,791)	0

The above information reflects policy years for this program which is July 1 through June 30. The effective date of the information is June 30, 2025. Thus, all years reflect the entire policy year.

## **SUPPLEMENTARY INFORMATION**

**SPECIAL DISTRICTS INSURANCE SERVICES**  
**COMBINING STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2025**

<b>ASSETS</b>	<b>Liability</b>	<b>Property</b>	<b>Workers' Compensation</b>	<b>Health</b>	<b>School Fund</b>	<b>Total</b>
<b>Current Assets:</b>						
Cash	\$ 4,581,605	\$ 466,914	\$ 3,660,032	\$ 503,103	\$ 129,623	\$ 9,341,277
Accrued interest	101,294	-	-	-	-	101,294
Investments - current portion	20,916,609	5,555,000	500,000	20,750,000	1,075,000	48,796,609
Accounts receivable	1,628,782	831,260	224,704	67,335	-	2,752,081
Prepaid expenses	2,771,204	4,208,101	-	76,006	-	7,055,311
<b>Total Current Assets</b>	<b>29,999,494</b>	<b>11,061,275</b>	<b>4,384,736</b>	<b>21,396,444</b>	<b>1,204,623</b>	<b>68,046,572</b>
<b>Noncurrent Assets:</b>						
Restricted investments	-	-	5,000,000	-	-	5,000,000
Investments	21,258,219	5,695,000	500,000	21,500,000	1,075,000	50,028,219
Capital assets (net)	3,419,532	-	-	-	-	3,419,532
<b>Total Noncurrent Assets</b>	<b>24,677,751</b>	<b>5,695,000</b>	<b>5,500,000</b>	<b>21,500,000</b>	<b>1,075,000</b>	<b>58,447,751</b>
<b>Total Assets</b>	<b>54,677,245</b>	<b>16,756,275</b>	<b>9,884,736</b>	<b>42,896,444</b>	<b>2,279,623</b>	<b>126,494,323</b>
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts payable	189,044	-	17,673	460,587	-	667,304
Due to SDAO	1,183,884	-	-	-	-	1,183,884
Unearned revenue	8,426,707	6,223,174	-	3,268,783	-	17,918,664
Claims payable - current portion	5,888,000	1,600,000	2,000,000	3,748,000	-	13,236,000
<b>Total Current Liabilities</b>	<b>15,687,635</b>	<b>7,823,174</b>	<b>2,017,673</b>	<b>7,477,370</b>	<b>-</b>	<b>33,005,852</b>
<b>Noncurrent Liabilities:</b>						
Claims payable	15,232,796	164,275	3,039,692	-	-	18,436,763
<b>Total Noncurrent Liabilities</b>	<b>15,232,796</b>	<b>164,275</b>	<b>3,039,692</b>	<b>-</b>	<b>-</b>	<b>18,436,763</b>
<b>Total Liabilities</b>	<b>30,920,431</b>	<b>7,987,449</b>	<b>5,057,365</b>	<b>7,477,370</b>	<b>-</b>	<b>51,442,615</b>
<b>NET POSITION</b>						
Net Invested in Capital Assets	3,419,532	-	-	-	-	3,419,532
Restricted in accordance with						
Workers Compensation Laws	-	-	5,000,000	-	-	5,000,000
Unrestricted	20,337,282	8,768,826	(172,629)	35,419,074	2,279,623	66,632,176
<b>Total Net Position</b>	<b>\$ 23,756,814</b>	<b>\$ 8,768,826</b>	<b>\$ 4,827,371</b>	<b>\$ 35,419,074</b>	<b>\$ 2,279,623</b>	<b>\$ 75,051,708</b>

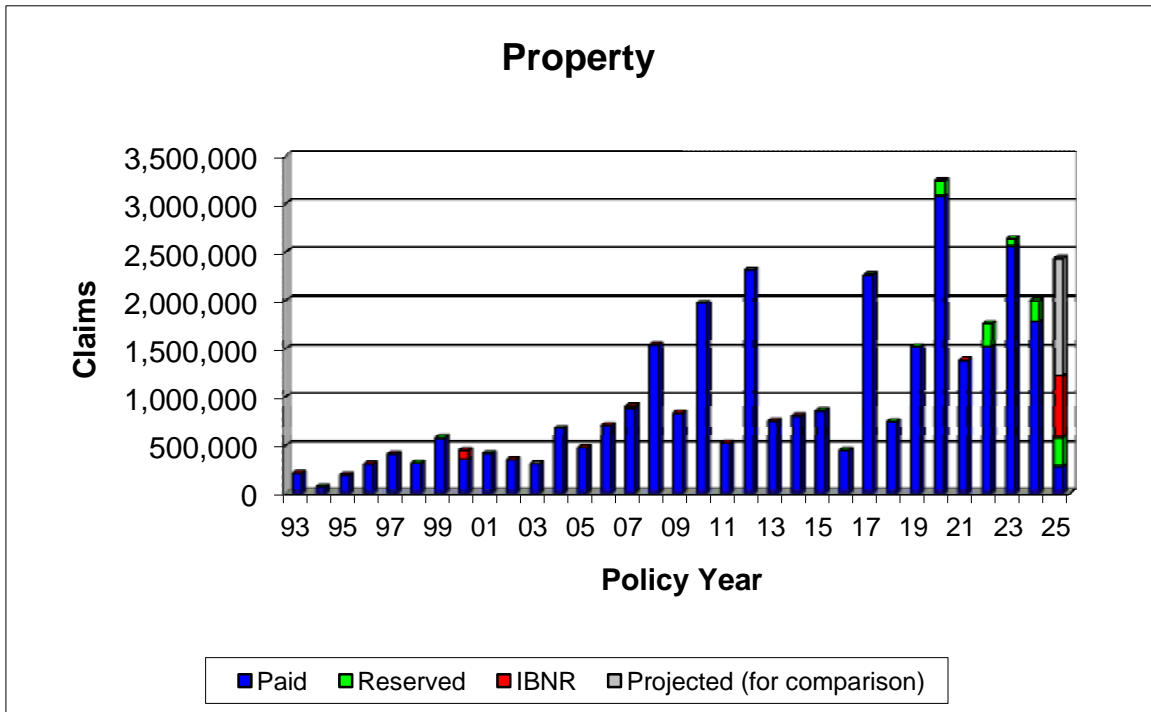
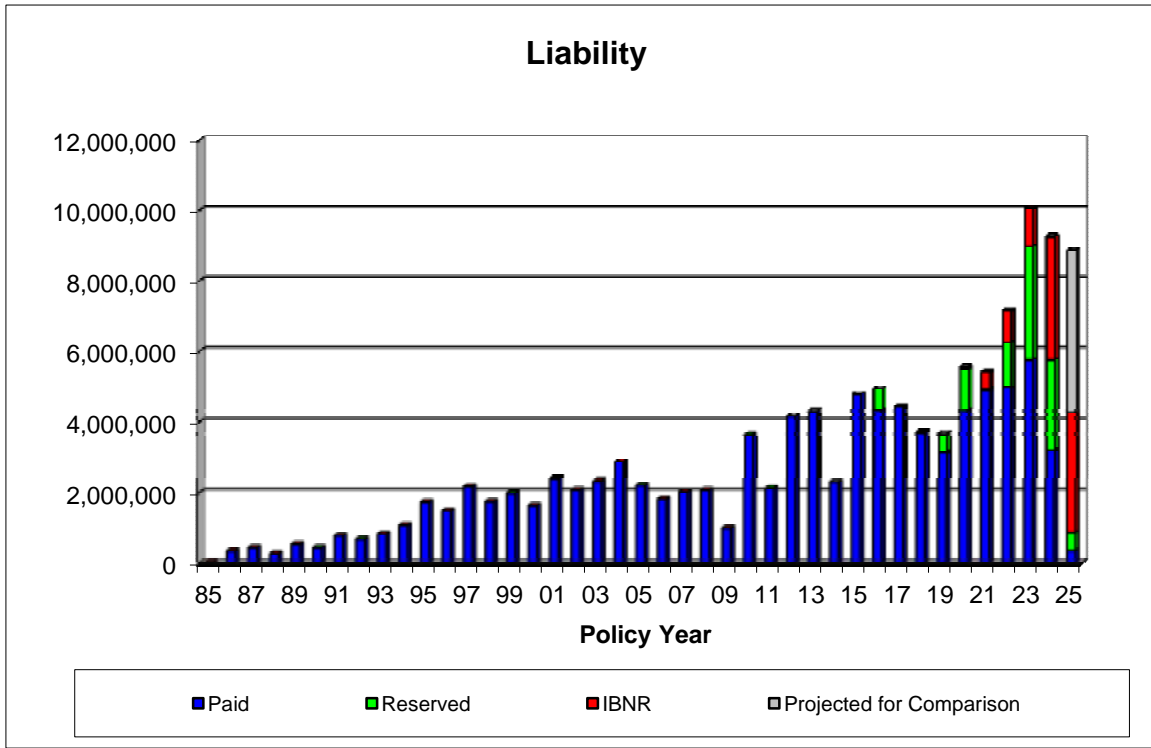
**SPECIAL DISTRICTS INSURANCE SERVICES**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY INSURANCE PROGRAM**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Liability</u>	<u>Property</u>	<u>Workers' Compensation</u>	<u>Health</u>	<u>School Fund</u>	<u>Total</u>
<b>Operating Revenues</b>						
Member contributions	\$ 17,579,698	\$ 12,860,266	\$ (103,235)	\$ 50,552,195	\$ -	\$ 80,888,924
Miscellaneous income	2,700	-	-	-	-	2,700
Total Operating Revenues	<u>17,582,398</u>	<u>12,860,266</u>	<u>(103,235)</u>	<u>50,552,195</u>	<u>-</u>	<u>80,891,624</u>
<b>Operating Expenses</b>						
Underwriting Expenses:						
Loss and loss adjustment expense	10,453,951	1,791,469	(919,855)	38,894,353	-	50,219,918
Insurance premiums	3,384,746	7,230,706	-	4,507,795	-	15,123,247
Broker fees	127,531	145,749	-	210,000	-	483,280
Local agent commissions	1,758,319	1,364,430	-	826,167	-	3,948,916
Workers' comp. taxes and fees	-	-	1,242	-	-	1,242
Other Operating Expenses:						
Conference and training	267,833	-	-	-	-	267,833
Claims service fees	749,500	265,500	324,500	1,512,262	-	2,851,762
Dividends	-	-	-	-	-	-
SDAO sponsorship	121,943	89,206	(716)	246,567	-	457,000
Other expenses	2,711,506	999,234	95,600	673,160	-	4,479,500
Total Operating Expenses	<u>19,575,329</u>	<u>11,886,294</u>	<u>(499,229)</u>	<u>46,870,304</u>	<u>-</u>	<u>77,832,698</u>
Operating Income (Loss)	<u>(1,992,931)</u>	<u>973,972</u>	<u>395,994</u>	<u>3,681,891</u>	<u>-</u>	<u>3,058,926</u>
<b>Nonoperating Revenues (Expenses)</b>						
Investment income	4,342,576	598,732	1,365,945	2,730,026	280,519	9,317,798
Rental revenues	343,600	-	-	-	-	343,600
Rental expenses	(418,966)	-	-	-	-	(418,966)
Total Nonoperating Income(Loss)	<u>4,267,210</u>	<u>598,732</u>	<u>1,365,945</u>	<u>2,730,026</u>	<u>280,519</u>	<u>9,242,432</u>
Change in Net Position	2,274,279	1,572,704	1,761,939	6,411,917	280,519	12,301,358
Net Postion, Beginning	21,482,535	7,196,122	3,065,432	29,007,157	1,999,104	62,750,350
Net Position, Ending	<u>\$ 23,756,814</u>	<u>\$ 8,768,826</u>	<u>\$ 4,827,371</u>	<u>\$ 35,419,074</u>	<u>\$ 2,279,623</u>	<u>\$ 75,051,708</u>

**SPECIAL DISTRICTS INSURANCE SERVICES**

**GRAPHICAL SUMMARY OF CLAIMS**

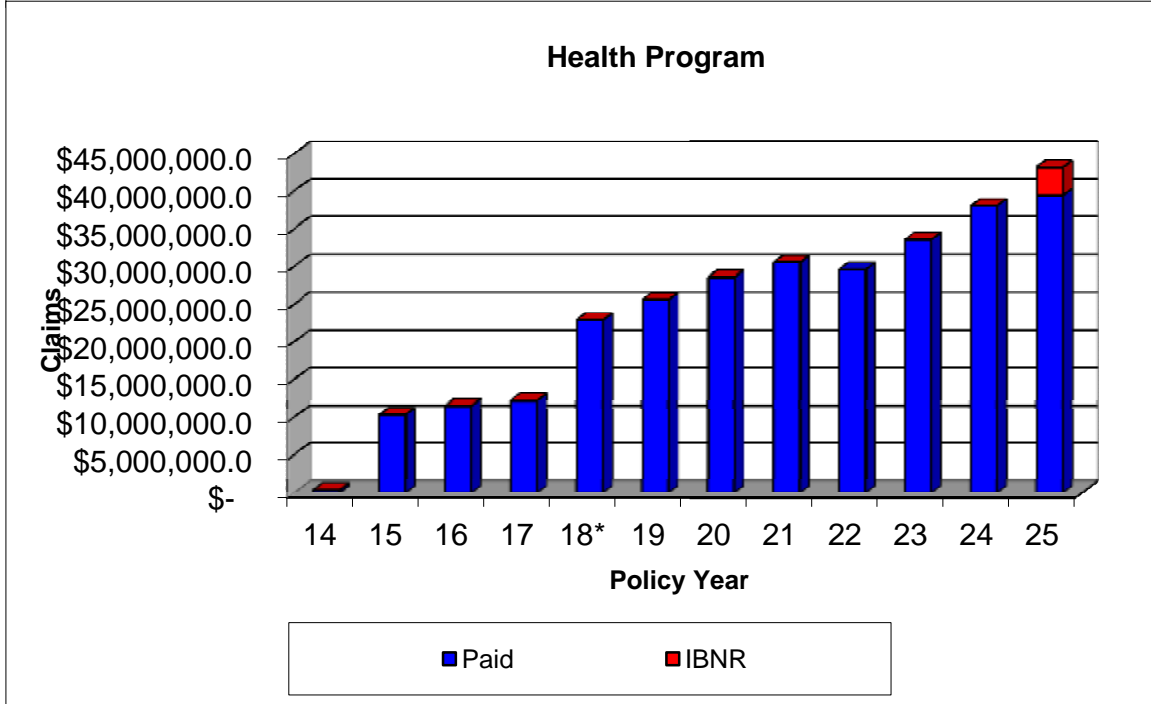
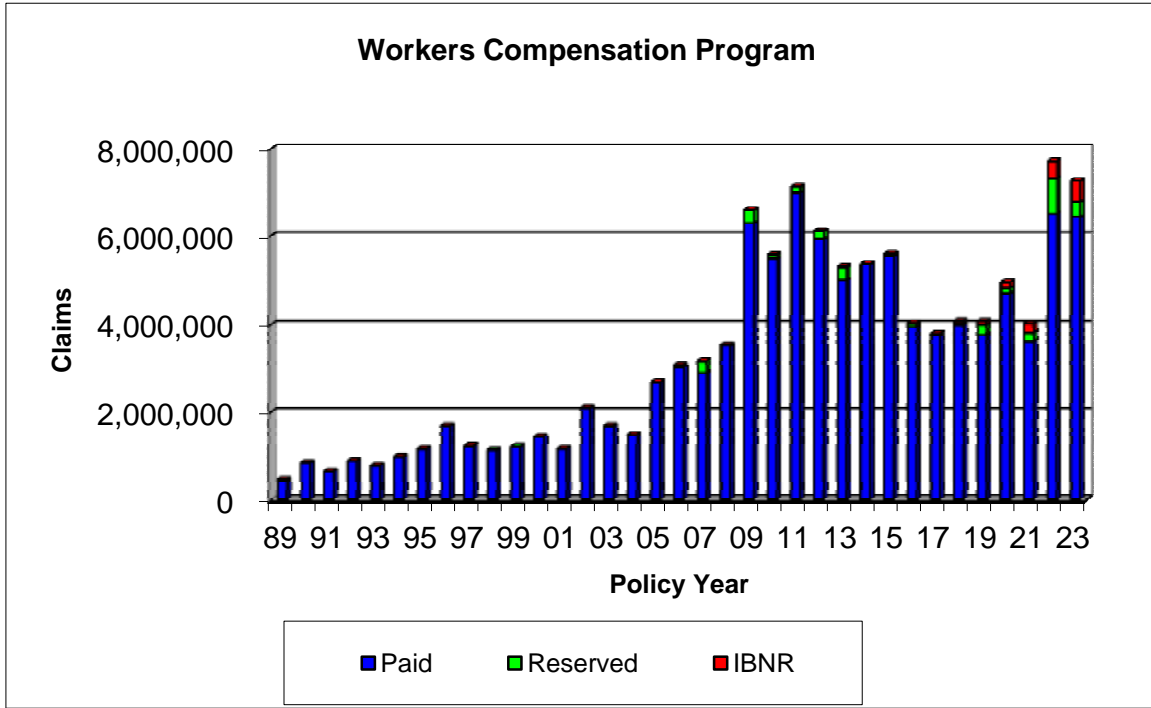
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**



**SPECIAL DISTRICTS INSURANCE SERVICES**

**GRAPHICAL SUMMARY OF CLAIMS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**



\*Includes Oregon Fire Chief Association, new for FY 2017/2018