

**SPECIAL DISTRICTS
INSURANCE SERVICES**

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

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2023 AND 2022**

SPECIAL DISTRICTS INSURANCE SERVICES

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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

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, 2023 and 2022, 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, 2023 and 2022, 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.

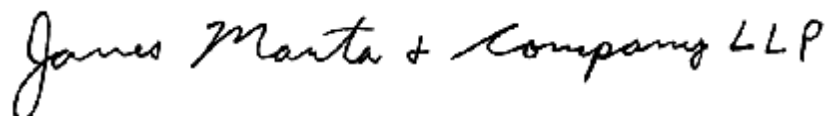
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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
November 3, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

SPECIAL DISTRICTS INSURANCE SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

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, 2023

Financial Highlights

Member contributions from the SDIS pooled property casualty and workers' compensation programs increased 10.0% mostly due to the continued pressure in the reinsurance markets for both property and liability. Total contributions were \$29.7 million. The self-insured health and dental program had an increase of 4.8% in total contribution. Reinsurance costs within the health program have stabilized compared to recent years. The OFCA medical and dental program had self-insured pool contributions of \$12.9 million with its third flat rate renewal in a row.

The liability losses decreased but were again higher than budgeted at 138% vs 192% in the prior year. Property losses remained stable at 75%. Workers compensation losses came off its worst year to date to settle at 115% of budget this year. The health program losses for the core SDIS program ended the fiscal year well under budget at 91% while the OFCA program was a slightly high at 110% but with increased enrolled figures as well.

The property and liability programs were break-even on an operating basis with the workers compensation program experiencing a loss of (\$2.4) million. The core SDIS health program had net operating income of \$3.1 million with the OFCA health program having another successful year with just under \$1 million. The investment portfolios had an up and down year but ended with \$4.3 million in earning exceeding budget at 118%. Through the longevity credit program the Trust was again able to issue checks in the amount of \$1.2 million to participating members who qualified for the credit.

Total assets increased by \$8.6 million, or 8.5%, while liabilities increased by \$3.1million, or 8%. Net position increased by \$5.5 million to \$59.3 million.

Analysis of Overall Financial Position & Results of Operations

Condensed Combined Statement of Net Position accounts are as follows:

| | <u>6/30/2023</u> | <u>6/30/2022</u> | <u>Change From 2023 to 2022</u> | <u>6/30/2021</u> | <u>Change From 2022 to 2021</u> |
|--|-----------------------|-----------------------|-------------------------------------|-----------------------|-------------------------------------|
| Cash and Cash Equivalents | \$ 8,157,492 | \$ 14,952,312 | \$ (6,794,820) | \$ 5,334,958 | \$ 9,617,354 |
| Other Current Assets | 51,131,962 | 42,341,486 | 8,790,476 | 55,829,939 | (13,488,453) |
| Noncurrent Investments | 46,557,483 | 39,846,833 | 6,710,650 | 42,555,890 | (2,709,057) |
| Noncurrent Capital Assets | 2,990,857 | 3,137,062 | (146,205) | 3,252,316 | (115,254) |
| Total Assets | <u>\$ 108,837,794</u> | <u>\$ 100,277,693</u> | <u>\$ 8,560,101</u> | <u>\$ 106,973,103</u> | <u>\$ (6,695,410)</u> |
| Accounts Payable | \$ 2,796,978 | \$ 2,614,514 | \$ 182,464 | \$ 1,734,811 | \$ 879,703 |
| Unearned Revenue | 13,806,947 | 12,424,361 | 1,382,586 | 10,830,652 | 1,593,709 |
| Claims Payable | 16,820,000 | 11,600,991 | 5,219,009 | 8,078,486 | 3,522,505 |
| Noncurrent Liabilities | 16,087,268 | 19,833,067 | (3,745,799) | 13,578,954 | 6,254,113 |
| Total Liabilities | <u>49,511,193</u> | <u>46,472,933</u> | <u>3,038,260</u> | <u>34,222,903</u> | <u>12,250,030</u> |
| Invested in Capital Assets, net of Related Debt | 2,990,857 | 3,137,062 | (146,205) | 3,252,316 | (115,254) |
| Restricted | 5,000,000 | 4,965,000 | 35,000 | 4,976,004 | (11,004) |
| Unrestricted | 51,335,744 | 45,702,698 | 5,633,046 | 64,521,880 | (18,819,182) |
| Total Net Position | <u>\$ 59,326,601</u> | <u>\$ 53,804,760</u> | <u>\$ 5,521,841</u> | <u>\$ 72,750,200</u> | <u>\$ (18,945,440)</u> |

SPECIAL DISTRICTS INSURANCE SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Condensed Combined Income Statement accounts are as follows:

| | <u>6/30/2023</u> | <u>6/30/2022</u> | <u>Change From 2023 to 2022</u> | <u>6/30/2021</u> | <u>Change From 2022 to 2021</u> |
|--------------------------|---------------------|------------------------|-------------------------------------|----------------------|-------------------------------------|
| Member Contributions | \$ 74,911,088 | \$ 70,924,809 | \$ 3,986,279 | \$ 67,169,850 | \$ 3,754,959 |
| Other Income | 403,543 | 352,092 | 51,451 | 343,558 | 8,534 |
| Investment Income (Loss) | 4,584,881 | (10,275,049) | 14,859,930 | 11,345,790 | (21,620,839) |
| Total Income | <u>79,899,512</u> | <u>61,001,852</u> | <u>18,897,660</u> | <u>78,859,198</u> | <u>(17,857,346)</u> |
| Loss and Loss Adjustment | 48,425,157 | 54,066,802 | (5,641,645) | 42,007,846 | 12,058,956 |
| Other Insurance Costs | 16,607,722 | 15,356,900 | 1,250,822 | 13,717,365 | 1,639,535 |
| Other Expenses | 8,876,653 | 7,743,092 | 1,133,561 | 7,900,463 | (157,371) |
| Dividend Expense | 57,215 | 2,389,823 | (2,332,608) | 28,860 | 2,360,963 |
| SDAO Sponsorship | 410,924 | 390,675 | 20,249 | 369,400 | 21,275 |
| Total Expenses | <u>74,377,671</u> | <u>79,947,292</u> | <u>(5,569,621)</u> | <u>64,023,934</u> | <u>15,923,358</u> |
| Changes in Net Position | <u>\$ 5,521,841</u> | <u>\$ (18,945,440)</u> | <u>\$ 24,467,281</u> | <u>\$ 14,835,264</u> | <u>\$ (33,780,704)</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, 2023. 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, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|----------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 8,157,492 | \$ 14,952,312 |
| Accrued interest | 103,966 | 80,627 |
| Investments - current portion | 44,001,449 | 34,676,041 |
| Accounts receivable | 1,732,638 | 2,655,882 |
| Prepaid expenses | 5,293,909 | 4,928,936 |
| Total Current Assets | <u>59,289,454</u> | <u>57,293,798</u> |
| Noncurrent Assets | | |
| Restricted investments | 5,000,000 | 4,965,000 |
| Investments | 41,557,483 | 34,881,833 |
| Capital assets (net) | 2,990,857 | 3,137,062 |
| Total Noncurrent Assets | <u>49,548,340</u> | <u>42,983,895</u> |
| Total Assets | <u>108,837,794</u> | <u>100,277,693</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable | 2,796,978 | 2,611,212 |
| Due to SDAO | - | 3,302 |
| Unearned revenue | 13,806,947 | 12,424,361 |
| Claims payable - current portion | 16,820,000 | 11,600,991 |
| Total Current Liabilities | <u>33,423,925</u> | <u>26,639,866</u> |
| Noncurrent Liabilities | | |
| Claims payable | 16,087,268 | 19,833,067 |
| Total Noncurrent Liabilities | <u>16,087,268</u> | <u>19,833,067</u> |
| Total Liabilities | <u>49,511,193</u> | <u>46,472,933</u> |
| NET POSITION | | |
| Net Invested in capital assets | 2,990,857 | 3,137,062 |
| Restricted in accordance with | | |
| Workers Compensation Laws | 5,000,000 | 4,965,000 |
| Unrestricted | 51,335,744 | 45,702,698 |
| Total Net Position | <u>\$ 59,326,601</u> | <u>\$ 53,804,760</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, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Operating Revenues | | |
| Member contributions | \$ 74,911,088 | \$ 70,924,809 |
| Miscellaneous income | 63,862 | 13,858 |
| Total Operating Revenues | <u>74,974,950</u> | <u>70,938,667</u> |
| Operating Expenses | | |
| Underwriting Expenses: | | |
| Loss and loss adjustment expenses | 48,425,157 | 54,066,802 |
| Insurance premiums | 12,096,388 | 11,165,305 |
| Broker fees | 450,718 | 461,000 |
| Local agent commissions | 3,534,485 | 3,270,989 |
| Workers' compensation taxes | 526,131 | 459,606 |
| Other Operating Expenses: | | |
| Conference and training | 348,119 | 271,766 |
| Claims service fee | 3,462,478 | 2,915,863 |
| Dividends | 57,215 | 2,389,823 |
| SDAO Sponership | 410,924 | 390,675 |
| Other expenses | 4,656,277 | 4,232,424 |
| Total Operating Expenses | <u>73,967,892</u> | <u>79,624,253</u> |
| Operating Income (Loss) | <u>1,007,058</u> | <u>(8,685,586)</u> |
| Nonoperating Revenues (Expenses) | | |
| Investment income | 4,584,881 | (10,275,049) |
| Rental revenues | 339,681 | 338,234 |
| Rental expenses | (409,779) | (323,039) |
| Total Nonoperating Income(Loss) | <u>4,514,783</u> | <u>(10,259,854)</u> |
| Change in Net Postion | 5,521,841 | (18,945,440) |
| Net Position, Beginning | <u>53,804,760</u> | <u>72,750,200</u> |
| Net Position, Ending | <u>\$ 59,326,601</u> | <u>\$ 53,804,760</u> |

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, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|------------------------|
| Cash Flows From Operating Activities: | | |
| Cash received from members | \$ 77,195,441 | \$ 72,507,676 |
| Other operating receipts | 63,862 | 13,858 |
| Cash paid for claims | (46,951,947) | (44,290,184) |
| Cash paid for insurance premiums | (12,461,360) | (11,614,827) |
| Cash paid for other underwriting expenses | (7,952,336) | (7,098,287) |
| Cash paid for operating expenses | (5,047,142) | (3,884,997) |
| Cash paid for dividends | <u>(57,215)</u> | <u>(2,389,823)</u> |
| Net Cash Flows Provided (Used) by Operating Activities | <u>4,789,258</u> | <u>3,243,416</u> |
| Cash Flows From Capital and Related Financing Activities | | |
| Purchase of capital assets | <u>(39,468)</u> | <u>(14,915)</u> |
| Net Cash Flows Provided (Used) by Capital and Related Financing Activities | <u>(39,468)</u> | <u>(14,915)</u> |
| Cash Flows Provided by Investing Activities: | | |
| Investment income received | 2,694,181 | 2,120,154 |
| Proceeds from sales/maturities of investments | 79,404,889 | 80,905,730 |
| Payments for purchases of investments | (93,573,582) | (76,652,226) |
| Rental and other receipts | 339,681 | 338,234 |
| Cash paid for rental expenses | <u>(409,779)</u> | <u>(323,039)</u> |
| Net Cash Provided by (Used for) Investing Activities | <u>(11,544,610)</u> | <u>6,388,853</u> |
| Net Increase (Decrease) in Cash | (6,794,820) | 9,617,354 |
| Beginning Cash and Equivalents | <u>14,952,312</u> | <u>5,334,958</u> |
| Ending Cash and Equivalents | <u>\$ 8,157,492</u> | <u>\$ 14,952,312</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | | |
| Operating Income (Loss) | \$ 1,007,058 | \$ (8,685,586) |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operations: | | |
| Depreciation | 185,673 | 130,169 |
| (Increase) Decrease in: | | |
| Member Receivable | 901,767 | (10,842) |
| Prepaid Expenses | (364,976) | (449,526) |
| Increase (Decrease) in: | | |
| Payables | 203,940 | 888,874 |
| Unearned Revenue | 1,382,586 | 1,593,709 |
| Claims Liabilities | <u>1,473,210</u> | <u>9,776,618</u> |
| Net Cash Provided by Operating Activities | <u>\$ 4,789,258</u> | <u>\$ 3,243,416</u> |
| Noncash Investing and Financing Activities | | |
| Unrealized (gains)/loss on investments | <u>\$ 4,090,005</u> | <u>\$ (12,864,614)</u> |

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

SPECIAL DISTRICTS INSURANCE SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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, 2023, 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, 2023 AND 2022

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, 2023 and 2022, 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 \$2,378,252 and \$2,008,071 was established as of June 30, 2023 and 2022, respectively. This reserve recognizes the future unallocated cost of claims administration.

SPECIAL DISTRICTS INSURANCE SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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, 2023, SDIS retained the first \$1,000,000 of liability, \$500,000 of property and auto physical damage and \$1,000,000 of workers' compensation risk per occurrence. The excess insurer provides coverage to specified upper limits with a maximum of \$10,000,000 for liability, \$300,000,000 for property and to the statutory limits of the State of Oregon for workers' compensation. The health program has a \$250,000 individual claims stop-loss policy as well as an aggregate policy of 120% of expected claims. The OFCA medical program carried a \$100,000 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, 2023 AND 2022

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, 2023 and 2022:

| | <u>2023</u> | <u>2022</u> |
|------------------|---------------------|----------------------|
| Cash on Hand | \$ 50 | \$ 50 |
| Cash in Bank | 6,407,470 | 364,746 |
| Cash Equivalents | <u>1,749,972</u> | <u>14,587,516</u> |
| Total | <u>\$ 8,157,492</u> | <u>\$ 14,952,312</u> |

At June 30, 2023, 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 \$6,807,673 and \$799,201 as of June 30, 2023 and 2022, 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, 2023 AND 2022

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, 2023, 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 | \$ 23,674,894 | \$ 8,729,156 | \$ 3,715,102 | \$ 11,230,636 |
| Mutual Fund - Bond | 31,611,745 | - | - | 31,611,745 |
| Mutual Fund - Equity | 35,272,293 | 35,272,293 | - | - |
| Total | <u>\$ 90,558,932</u> | <u>\$ 44,001,449</u> | <u>\$ 3,715,102</u> | <u>\$ 42,842,381</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 | \$ - | \$ - | \$ 816,315 | \$ 816,315 |
| A- | - | - | 1,473,240 | 1,473,240 |
| A+ | - | - | 376,885 | 376,885 |
| AA | - | - | 169,573 | 169,573 |
| AA- | - | - | 330,340 | 330,340 |
| AA+ | - | - | 5,041,094 | 5,041,094 |
| AAA | - | - | 12,915,177 | 12,915,177 |
| BBB | - | - | 628,561 | 628,561 |
| BBB- | - | - | 91,411 | 91,411 |
| BBB+ | - | - | 1,687,920 | 1,687,920 |
| N/A | 31,611,745 | 35,272,293 | 144,378 | 67,028,417 |
| Total | <u>\$ 31,611,745</u> | <u>\$ 35,272,293</u> | <u>\$ 23,674,894</u> | <u>\$ 90,558,932</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, 2023 AND 2022

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

| Asset Description | Market Value | %age of Portfolio |
|---|--------------|-------------------|
| VANGUARD TOTAL STOCK MARKET ETF | \$21,076,390 | 23.27% |
| BAIRD CORE BOND FUND - CLASS I #71 | \$8,847,712 | 9.77% |
| PGIM TOTAL RETURN BOND FUND CLASS R6 #1062 | \$7,094,742 | 7.83% |
| VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND ETF | \$5,551,640 | 6.13% |
| ISHARES CORE TOTAL U.S. AGGREGATE BOND ETF | \$4,770,361 | 5.27% |

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, 2023 and 2022, 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, 2023 and 2022 the pledged investments were rated AA+ by S&P and had a fair value of \$5,000,000 and \$4,650,000 respectively.

Fair values of assets measured on a recurring basis at June 30, 2023:

| | Fair Value | Fair Value Measurements at Reporting Date | | |
|------------------------------|----------------------|--|--|---|
| | | In Active Markets for Identical Assets (Level 1) | Using Quoted Prices Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <u>June 30, 2023</u> | | | | |
| United States Treasury Notes | \$ 4,518,147 | \$ 4,518,146 | \$ - | \$ - |
| Federal National Mortgage | 3,897,940 | 3,897,940 | - | - |
| Federal Agency Notes | 2,675,248 | 2,675,248 | - | - |
| Corporate Notes | 12,583,560 | 12,583,560 | - | - |
| Mutual Fund - Bond | 31,611,745 | 31,611,745 | - | - |
| Mutual Fund - Equity | 35,272,293 | 35,272,293 | - | - |
| Total Investments | <u>\$ 90,558,933</u> | <u>\$ 90,558,932</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, 2023 AND 2022

5. CAPITAL ASSETS

Capital assets consist of the following:

| | <u>2022</u> | <u>Additions</u> | <u>Disposals</u> | <u>2023</u> |
|--|---------------------|---------------------|------------------|---------------------|
| Capital assets not subject to depreciation | | | | |
| Land | \$ 197,792 | \$ - | \$ - | \$ 197,792 |
| Work in progress | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 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 | <u>4,751,084</u> | <u>39,468</u> | <u>-</u> | <u>4,790,552</u> |
| Total capital assets being depreciated | <u>4,962,906</u> | <u>39,468</u> | <u>-</u> | <u>5,002,374</u> |
| Accumulated depreciation | <u>(2,023,636)</u> | <u>(185,673)</u> | <u>-</u> | <u>(2,209,309)</u> |
| Total Capital Assets (net) | <u>\$ 3,137,062</u> | <u>\$ (146,205)</u> | <u>\$ -</u> | <u>\$ 2,990,857</u> |

Depreciation expense totaled \$185,673 and \$130,169 for the fiscal years ended June 30, 2023 and 2022, respectively.

SPECIAL DISTRICTS INSURANCE SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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:

| | 2023 | 2022 |
|--|---------------|---------------|
| Unpaid claims and claim adjustment expenses at beginning of the fiscal year | \$ 31,434,058 | \$ 21,657,440 |
| Incurred claims and claim adjustment expenses: | | |
| Provision for insured events of the current fiscal year | 47,025,843 | 49,454,917 |
| Changes in provision for insured events of prior fiscal years | 1,399,314 | 4,611,885 |
| Total incurred claims and claim adjustment expenses | 48,425,157 | 54,066,802 |
| Payments: | | |
| Claims and claim adjustment expenses attributable to insured events of the current fiscal year | 34,792,787 | 35,160,876 |
| Claims and claim adjustment expenses attributable to insured events of prior fiscal years | 12,159,160 | 9,129,308 |
| Total payments | 46,951,947 | 44,290,184 |
| Total unpaid claims and claim adjustment expenses at end of the fiscal year | \$ 32,907,268 | \$ 31,434,058 |
| <u>Component of Claims Liabilities</u> | | |
| Claims Reserves | \$ 10,576,229 | \$ 10,576,229 |
| Incurred but not reported (IBNR) | 19,952,787 | 18,849,758 |
| Unallocated loss adjustment expense (ULAE) | 2,378,252 | 2,008,071 |
| Total Claims Liabilities | \$ 32,907,268 | \$ 31,434,058 |
| Current portion | \$ 16,820,000 | \$ 11,600,991 |
| Noncurrent portion | 16,087,268 | 19,833,067 |
| | \$ 32,907,268 | \$ 31,434,058 |

As of June 30, 2023 and 2022, \$33,284,961 and \$32,583,644 of unpaid claims and claim adjustment expenses were presented at their net present value of \$32,907,268 and \$31,434,058 using an interest rate of 2.5%.

SPECIAL DISTRICTS INSURANCE SERVICES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

7. ACCOUNTS RECEIVABLE

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

| | <u>2023</u> | <u>2022</u> |
|--------------------------|---------------------|---------------------|
| Contributions Receivable | \$ 1,258,594 | \$ 631,944 |
| Reinsurance Receivable | 108,686 | 1,021,825 |
| Other Receivables | <u>365,358</u> | <u>1,002,113</u> |
| Total | <u>\$ 1,732,638</u> | <u>\$ 2,655,882</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, 2023 and 2022, the approved line was \$6,100,000; however SDAO had not accessed the line of credit during these years.

10. SUBSEQUENT EVENT

SDIS's management evaluated its FY 2022-23 financial statements for subsequent events through November 3, 2023, 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, 2023 AND 2022

| | Liability | | Property | | Workers' Compensation | | Health | | Health - OFCA | | Totals | |
|--|---------------|---------------|--------------|--------------|-----------------------|---------------|--------------|--------------|---------------|------------|---------------|---------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Unpaid claims and claim adjustment expenses at beginning of the fiscal year | \$ 13,657,380 | \$ 9,776,334 | \$ 1,817,376 | \$ 2,348,951 | \$ 12,845,261 | \$ 7,403,155 | \$ 2,401,000 | \$ 1,694,000 | \$ 713,041 | \$ 435,000 | \$ 31,434,058 | \$ 21,657,440 |
| Incurred claims and claim adjustment expenses: | | | | | | | | | | | | |
| Provision for insured events of the current fiscal year | 3,576,550 | 7,220,957 | 1,111,767 | 1,012,132 | 7,685,749 | 9,604,235 | 24,602,096 | 22,674,440 | 10,049,681 | 8,943,153 | 47,025,843 | 49,454,917 |
| Changes in provision for insured events of prior fiscal years | 3,509,941 | 2,273,846 | 486,405 | 491,066 | (1,754,882) | 1,502,653 | (802,932) | 354,366 | (39,218) | (10,046) | 1,399,314 | 4,611,885 |
| Total incurred claims and claim adjustment expenses | 7,086,491 | 9,494,803 | 1,598,172 | 1,503,198 | 5,930,867 | 11,106,888 | 23,799,164 | 23,028,806 | 10,010,463 | 8,933,107 | 48,425,157 | 54,066,802 |
| Payments: | | | | | | | | | | | | |
| Claims and claim adjustment expenses attributable to insured events of the current fiscal year | 474,898 | 2,544,914 | 242,805 | 1,311,198 | 2,734,928 | 2,827,171 | 22,275,298 | 20,272,440 | 9,064,858 | 8,205,153 | 34,792,787 | 35,160,876 |
| Claims and claim adjustment expenses attributable to insured events of prior fiscal years | 5,470,864 | 3,068,843 | 978,141 | 723,575 | 3,596,643 | 2,837,611 | 1,418,866 | 2,049,366 | 694,646 | 449,913 | 12,159,160 | 9,129,308 |
| Total payments | 5,945,762 | 5,613,757 | 1,220,946 | 2,034,773 | 6,331,571 | 5,664,782 | 23,694,164 | 22,321,806 | 9,759,504 | 8,655,066 | 46,951,947 | 44,290,184 |
| Total unpaid claims and claim adjustment expenses at end of the fiscal year | \$ 14,798,109 | \$ 13,657,380 | \$ 2,194,602 | \$ 1,817,376 | \$ 12,444,557 | \$ 12,845,261 | \$ 2,506,000 | \$ 2,401,000 | \$ 964,000 | \$ 713,041 | \$ 32,907,268 | \$ 31,434,058 |

SPECIAL DISTRICTS INSURANCE SERVICES

CLAIMS DEVELOPMENT INFORMATION

JUNE 30, 2023

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

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|
| 1. Required contribution and investment revenue: | | | | | | | | | | |
| Gross Contribution | \$ 7,398,603 | \$ 7,528,379 | \$ 7,934,103 | \$ 8,109,141 | \$ 8,285,075 | \$ 8,667,904 | \$ 9,575,591 | \$ 10,370,140 | \$ 11,489,342 | \$ 6,360,024 |
| Misc Income | 971,856 | 265,407 | 348,213 | 342,468 | 340,311 | 349,772 | 351,445 | 347,825 | 176,046 | 171,779 |
| Investment Earnings During Policy Period | 93,554 | 45,539 | 108,959 | 273,229 | (83,819) | 413,410 | 376,754 | 281,255 | (621,857) | 174,741 |
| Investment Earnings Subsequent to Policy | 344,441 | 342,556 | 265,774 | 230,598 | 435,908 | 224,020 | (50,343) | (264,615) | 145,140 | - |
| Ceded | 692,684 | 744,257 | 849,439 | 920,248 | 971,825 | 1,001,953 | 1,103,167 | 1,335,166 | 1,603,610 | 913,917 |
| Net earned | 8,115,770 | 7,437,625 | 7,807,610 | 8,035,188 | 8,005,650 | 8,653,153 | 9,150,279 | 9,399,439 | 9,585,061 | 5,792,627 |
| 2. Unallocated expenses | 3,713,677 | 3,732,834 | 3,977,059 | 3,757,893 | 3,910,591 | 4,357,703 | 4,415,865 | 4,464,322 | 4,808,735 | 2,569,423 |
| 3. Estimated incurred claims and expense, end of policy year: | | | | | | | | | | |
| Incurred | 2,289,839 | 3,089,031 | 4,055,594 | 4,637,093 | 3,643,593 | 4,219,272 | 4,745,031 | 6,337,692 | 7,050,142 | 3,640,844 |
| Ceded | 47,712 | 47,172 | 119,454 | 167,733 | 198,105 | 159,846 | 170,839 | 233,684 | 45,755 | 64,293 |
| Net incurred | 2,242,127 | 3,041,859 | 3,936,140 | 4,469,360 | 3,445,488 | 4,059,426 | 4,574,192 | 6,104,008 | 7,004,387 | 3,576,551 |
| 4. Paid (cumulative) as of: | | | | | | | | | | |
| End of policy year | 295,192 | 141,127 | 308,774 | 313,200 | 421,491 | 459,600 | 267,663 | 572,777 | 545,685 | 474,898 |
| One year later | 887,259 | 1,041,747 | 1,216,253 | 1,761,383 | 1,217,316 | 1,393,990 | 1,546,202 | 2,517,043 | 2,740,501 | |
| Two years later | 2,060,290 | 2,243,724 | 1,946,795 | 2,373,074 | 1,510,158 | 1,651,246 | 2,030,357 | 2,956,396 | | |
| Three years later | 2,198,039 | 3,368,742 | 3,087,004 | 2,756,766 | 1,785,512 | 2,935,472 | 3,454,844 | | | |
| Four years later | 2,321,605 | 4,765,777 | 3,776,095 | 3,484,840 | 2,002,344 | 3,018,568 | | | | |
| Five years later | 2,321,752 | 4,772,840 | 3,926,949 | 4,311,226 | 3,043,958 | | | | | |
| Six years later | 2,322,035 | 4,772,840 | 4,084,607 | 4,366,765 | | | | | | |
| Seven years later | 2,322,035 | 4,772,840 | 4,108,975 | | | | | | | |
| Eight years later | 2,322,035 | 4,772,840 | | | | | | | | |
| Nine years later | 2,322,035 | | | | | | | | | |
| 5. Reestimated ceded claims and expenses: | - | - | 52 | 1,112 | 658 | 6,247 | 17,222 | 50,723 | 99,448 | 64,293 |
| 6. Reestimated net incurred claims and expenses: | | | | | | | | | | |
| End of policy year | 2,289,839 | 3,089,031 | 4,055,594 | 4,637,093 | 3,643,593 | 2,236,197 | 2,195,022 | 2,432,063 | 3,028,847 | 3,576,550 |
| One year later | 2,242,127 | 3,041,859 | 3,936,141 | 4,469,360 | 3,445,489 | 3,988,912 | 4,591,904 | 6,104,006 | 6,950,694 | |
| Two years later | 2,764,806 | 3,842,332 | 3,379,890 | 3,733,310 | 2,564,377 | 3,701,766 | 6,112,857 | 5,419,778 | | |
| Three years later | 2,447,046 | 5,239,606 | 4,037,161 | 3,730,497 | 2,458,832 | 4,162,006 | 4,833,578 | | | |
| Four years later | 2,405,825 | 4,985,951 | 4,511,540 | 4,284,452 | 2,646,717 | 3,965,627 | | | | |
| Five years later | 2,381,739 | 4,841,533 | 4,371,295 | 4,567,096 | 3,764,332 | | | | | |
| Six years later | 2,360,511 | 4,793,383 | 4,267,938 | 4,561,711 | | | | | | |
| Seven years later | 2,331,393 | 4,784,655 | 4,393,189 | | | | | | | |
| Eight years later | 2,322,034 | 4,772,840 | | | | | | | | |
| Nine years later | 2,341,674 | | | | | | | | | |
| 7. Increase (decrease) in estimated incurred claims and expense from end of policy year | \$ 99,548 | \$ 1,730,981 | \$ 457,049 | \$ 92,351 | \$ 318,844 | \$ (93,799) | \$ 259,386 | \$ (684,230) | \$ (53,693) | \$ - |

The above information reflects policy years for this program which is also a calendar year. The effective date of the information is June 30, 2023. Thus, the 2023 column reflects half of policy year 2023.

SPECIAL DISTRICTS INSURANCE SERVICES

CLAIMS DEVELOPMENT INFORMATION

PROPERTY PROGRAM

| | Policy Year | | | | | | | | | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| 1. Required contribution and investment revenue: | | | | | | | | | | |
| Earned | \$4,850,896 | \$4,991,559 | \$5,326,319 | \$5,463,972 | \$5,943,528 | \$6,264,644 | \$7,064,382 | \$7,691,297 | \$8,775,994 | \$4,933,737 |
| Investment Earnings During Policy Period | 40,094 | 17,391 | 53,039 | 54,300 | (51,858) | 254,343 | 98,463 | 90,786 | (258,134) | 60,869 |
| Investment Earnings Subsequent to Policy | 110,919 | 161,343 | 323,861 | 0 | 322,435 | 6,863 | 0 | (77,804) | 56,828 | - |
| Ceded | <u>2,055,420</u> | <u>2,124,714</u> | <u>2,006,859</u> | <u>1,993,296</u> | <u>2,177,574</u> | <u>2,540,021</u> | <u>3,243,570</u> | <u>4,212,043</u> | <u>4,568,057</u> | <u>2,723,509</u> |
| Net earned | 2,946,489 | 3,045,580 | 3,696,360 | 3,524,975 | 4,036,531 | 3,985,828 | 3,919,276 | 3,492,237 | 4,006,631 | 2,271,098 |
| 2. Unallocated expenses | 1,411,407 | 1,442,535 | 1,613,383 | 1,654,206 | 1,630,858 | 1,717,506 | 1,829,560 | 1,911,392 | 2,064,781 | 1,109,007 |
| 3. Estimated incurred claims and expense, end of policy year: | | | | | | | | | | |
| Incurred | 960,945 | 878,846 | 514,945 | 3,744,652 | 1,314,750 | 1,699,432 | 3,755,358 | 1,582,558 | 1,736,494 | 1,263,229 |
| Ceded | <u>493</u> | <u>21,516</u> | <u>1,231</u> | <u>175,192</u> | <u>474,289</u> | <u>75,053</u> | <u>354,510</u> | <u>(1)</u> | <u>-</u> | <u>151,461</u> |
| Net incurred | 960,452 | 857,330 | 513,714 | 3,569,460 | 840,461 | 1,624,379 | 3,400,848 | 1,582,559 | 1,736,494 | 1,111,767 |
| 4. Paid (cumulative) as of: | | | | | | | | | | |
| End of policy year | 97,131 | 271,583 | 233,304 | 1,000,131 | 136,600 | 113,004 | 150,122 | 164,094 | 201,665 | 242,805 |
| One year later | 661,704 | 803,239 | 443,472 | 2,699,130 | 492,807 | 1,335,992 | 2,372,447 | 1,273,627 | 1,309,043 | |
| Two years later | 660,518 | 768,410 | 474,876 | 2,601,653 | 748,140 | 1,590,126 | 3,067,446 | 1,319,272 | | |
| Three years later | 702,562 | 844,580 | 471,704 | 2,274,214 | 748,140 | 1,480,948 | 2,849,309 | | | |
| Four years later | 718,520 | 844,580 | 470,039 | 2,256,451 | 748,140 | 1,524,205 | | | | |
| Five years later | 723,520 | 854,798 | 468,740 | 2,261,275 | 748,140 | | | | | |
| Six years later | 661,120 | 854,798 | 449,803 | 2,261,275 | | | | | | |
| Seven years later | 661,120 | 854,798 | 449,803 | | | | | | | |
| Eight years later | 806,372 | 854,798 | | | | | | | | |
| Nine years later | 806,372 | | | | | | | | | |
| 5. Reestimated ceded claims and expenses: | - | - | - | 235,472 | - | 3,316,264 | 751,171 | 647,165 | - | 151,461 |
| 6. Reestimated net incurred claims and expenses: | | | | | | | | | | |
| End of policy year | 960,945 | 878,846 | 514,945 | 3,744,652 | 1,314,750 | 401,981 | 452,146 | 1,302,732 | 756,316 | 1,111,767 |
| One year later | 960,453 | 857,329 | 513,715 | 3,569,459 | 840,461 | 1,499,644 | 3,389,866 | 1,582,559 | 1,736,589 | |
| Two years later | 761,856 | 788,465 | 475,841 | 2,762,846 | 770,391 | 1,597,118 | 3,884,251 | 1,481,110 | | |
| Three years later | 741,935 | 851,913 | 475,719 | 2,274,214 | 748,140 | 1,482,657 | 3,400,323 | | | |
| Four years later | 719,623 | 852,016 | 470,402 | 2,256,451 | 748,140 | 1,524,205 | | | | |
| Five years later | 724,539 | 859,456 | 470,007 | 2,261,275 | 748,140 | | | | | |
| Six years later | 661,120 | 854,798 | 449,803 | 2,261,275 | | | | | | |
| Seven years later | 661,120 | 854,798 | 449,803 | | | | | | | |
| Eight years later | 806,372 | 854,798 | | | | | | | | |
| Nine years later | 806,372 | | | | | | | | | |
| 7. Increase (decrease) in estimated incurred claims and expense from end of policy year | \$ (154,080) | \$ (2,531) | \$ (63,911) | \$ (1,308,185) | \$ (92,321) | \$ (100,174) | \$ (525) | \$ (101,449) | \$ 95 | \$ - |

The above information reflects policy years for this program which is also a calendar year. The effective date of the information is June 30, 2023. Thus, the 2023 column reflects half of policy year 2023.

SPECIAL DISTRICTS INSURANCE SERVICES

CLAIMS DEVELOPMENT INFORMATION

WORKERS' COMPENSATION PROGRAM

| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---|-----------------------|---------------------|-----------------------|-----------------------|-------------------|-------------------|--------------------|---------------------|---------------------|------------------|
| 1. Required contribution and investment revenue: | | | | | | | | | | |
| Gross Contribution | 7,700,592 | 7,426,026 | 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 | 131,307 | 18,476 | 121,202 | 152,917 | 127,854 | 118,573 | 162,997 | 316,846 | (291) | 913,071 |
| Investment Earnings Subsequent to Policy Ceded | 6,390 | 51,144 | 207,770 | 212,082 | 94,043 | 106,289 | 151,865 | (49,404) | - | - |
| Net earned | <u>776,957</u> | <u>822,550</u> | <u>452,309</u> | <u>479,458</u> | <u>408,051</u> | <u>400,179</u> | <u>437,496</u> | <u>432,953</u> | <u>436,949</u> | <u>445,237</u> |
| Net earned | 7,061,333 | 6,673,095 | 7,146,338 | 7,481,053 | 6,650,655 | 6,234,315 | 6,438,293 | 6,088,776 | 5,999,869 | 7,059,803 |
| Unallocated expenses | 2,654,848 | 2,464,574 | 2,614,229 | 2,454,741 | 2,292,596 | 2,342,466 | 2,454,240 | 2,439,694 | 2,591,788 | 2,880,786 |
| 3. Estimated incurred claims and expense, end of policy year: | | | | | | | | | | |
| Incurred | 6,674,019 | 6,146,384 | 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 | 163,709 | 395,139 | 82,511 | 85,023 | 335,444 | 91,928 | 114,398 | 54,710 | 2,066,646 | 939,724 |
| Net incurred | <u>6,510,310</u> | <u>5,751,245</u> | <u>5,123,383</u> | <u>5,356,324</u> | <u>3,966,380</u> | <u>4,133,838</u> | <u>4,556,184</u> | <u>4,434,663</u> | <u>9,123,617</u> | <u>7,685,749</u> |
| 4. Paid (cumulative) as of: | | | | | | | | | | |
| End of policy year | 2,141,150 | 1,898,278 | 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 | 4,433,742 | 3,484,645 | 3,074,933 | 3,275,182 | 2,980,288 | 3,016,670 | 2,520,786 | 3,080,721 | 5,427,118 | |
| Two years later | 4,929,149 | 4,943,648 | 3,657,452 | 3,563,419 | 3,797,701 | 3,348,474 | 3,400,451 | 3,460,814 | | |
| Three years later | 5,160,468 | 5,102,225 | 3,801,539 | 3,621,666 | 4,024,829 | 3,522,739 | 3,739,742 | | | |
| Four years later | 5,214,762 | 5,266,212 | 3,857,298 | 3,632,553 | 4,093,013 | 3,616,807 | | | | |
| Five years later | 5,268,622 | 5,376,242 | 3,882,482 | 3,693,196 | 3,946,172 | | | | | |
| Six years later | 5,301,466 | 5,420,254 | 3,937,286 | 3,707,121 | | | | | | |
| Seven years later | 5,315,901 | 5,465,043 | 3,940,284 | | | | | | | |
| Eight years later | 5,324,118 | 5,511,027 | | | | | | | | |
| Nine years later | 5,343,798 | | | | | | | | | |
| 5. Reestimated ceded claims and expenses: | 284,907 | 182,995 | 4,468 | 9,884 | 11,515 | 12,593 | 19,441 | 27,968 | 3,177,742 | 939,724 |
| 6. Reestimated net incurred claims and expenses: | | | | | | | | | | |
| End of policy year | 6,510,310 | 5,751,245 | 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 | 5,702,484 | 5,491,093 | 4,298,208 | 4,242,768 | 4,334,491 | 4,453,584 | 3,684,485 | 4,433,586 | 8,297,848 | |
| Two years later | 5,693,990 | 5,409,704 | 4,328,731 | 4,188,843 | 4,613,294 | 4,199,933 | 4,945,038 | 4,113,673 | | |
| Three years later | 5,532,740 | 5,490,413 | 4,259,710 | 3,962,261 | 4,600,976 | 4,088,524 | 4,506,568 | | | |
| Four years later | 5,755,812 | 5,503,455 | 4,264,281 | 3,814,556 | 4,337,271 | 4,132,820 | | | | |
| Five years later | 5,624,246 | 5,612,580 | 4,157,977 | 3,882,607 | 4,199,992 | | | | | |
| Six years later | 5,625,499 | 5,536,647 | 4,116,089 | 3,842,623 | | | | | | |
| Seven years later | 5,571,884 | 5,592,513 | 4,084,141 | | | | | | | |
| Eight years later | 5,572,474 | 5,605,372 | | | | | | | | |
| Nine years later | 5,392,037 | | | | | | | | | |
| 7. Increase (decrease) in estimated incurred claims and expense from end of policy year | <u>\$ (1,118,273)</u> | <u>\$ (145,873)</u> | <u>\$ (1,039,242)</u> | <u>\$ (1,513,701)</u> | <u>\$ 233,612</u> | <u>\$ (1,017)</u> | <u>\$ (49,615)</u> | <u>\$ (320,989)</u> | <u>\$ (825,769)</u> | <u>\$ -</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, 2023. Thus, all years reflect the entire policy year.

SPECIAL DISTRICTS INSURANCE SERVICES

CLAIMS DEVELOPMENT INFORMATION

HEALTH PROGRAM

| | Policy Year | | | | | | | | | |
|---|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
| 1. Required contribution and investment revenue: | | | | | | | | | | |
| Earned | \$1,624,818 | \$14,783,998 | \$15,782,274 | \$17,173,634 | \$20,431,281 | \$22,433,284 | \$25,047,237 | \$29,330,617 | \$30,800,854 | \$32,196,299 |
| Investment Earnings During Policy Period | | 18,014 | 76,705 | 117,342 | 89,088 | 101,880 | 75,659 | 320,368 | (502,040) | 232,542 |
| Investment Earnings Subsequent to Policy Ceded | (48) | 405,743 | 398,105 | 618,974 | 149,872 | 67,527 | 77,839 | (78,116) | 187,982 | - |
| Net earned | 153,953 | 1,739,043 | 1,476,751 | 1,271,295 | 1,571,192 | 1,364,390 | 2,212,401 | 3,064,781 | 3,165,613 | 3,055,320 |
| Net earned | 1,470,817 | 13,468,712 | 14,780,333 | 16,638,655 | 19,099,049 | 21,238,301 | 22,988,333 | 26,508,088 | 27,321,184 | 29,373,522 |
| 2. Unallocated expenses | 130,410 | 1,514,123 | 1,537,347 | 1,656,851 | 1,946,611 | 2,255,509 | 2,269,708 | 2,396,999 | 2,143,977 | 2,476,587 |
| 3. Estimated incurred claims and expense, end of policy year: | | | | | | | | | | |
| Incurred | 1,350,000 | 10,792,603 | 12,140,333 | 12,295,608 | 16,707,664 | 19,744,137 | 23,758,364 | 23,089,887 | 22,274,075 | 25,327,513 |
| Ceded | - | - | 355,995 | 32,584 | 1,120,199 | 1,210,307 | 2,678,052 | 648,266 | 713,622 | 546,215 |
| Net incurred | 1,350,000 | 10,792,603 | 11,784,338 | 12,263,024 | 15,587,465 | 18,533,830 | 21,080,312 | 22,441,621 | 21,560,453 | 24,781,298 |
| 4. Paid (cumulative) as of: | | | | | | | | | | |
| End of policy year | 403,359 | 9,578,602 | 10,655,796 | 11,115,024 | 14,356,465 | 16,858,830 | 18,955,312 | 20,747,621 | 19,159,453 | 22,275,298 |
| One year later | 1,481,338 | 10,346,673 | 11,519,872 | 11,948,380 | 16,105,918 | 18,698,093 | 20,387,362 | 22,908,667 | 20,920,192 | |
| Two years later | 1,481,338 | 10,361,815 | 11,507,994 | 11,886,904 | 16,108,242 | 18,699,881 | 20,499,527 | 23,257,193 | | |
| Three years later | 1,481,338 | 10,346,099 | 11,504,222 | 11,888,350 | 16,102,728 | 18,718,070 | 20,500,279 | | | |
| Four years later | 1,481,338 | 10,341,872 | 11,504,415 | 11,888,350 | 16,110,651 | 18,714,929 | | | | |
| Five years later | 1,481,338 | 10,311,215 | 11,504,415 | 11,888,350 | 16,108,801 | | | | | |
| Six years later | 1,481,338 | 10,308,061 | 11,504,415 | 11,888,350 | | | | | | |
| Six years later | 1,481,338 | 10,358,405 | 11,694,886 | | | | | | | |
| Six years later | 1,481,338 | 10,522,550 | | | | | | | | |
| 5. Reestimated ceded claims and expenses: | - | - | 355,995 | 32,614 | 1,169,385 | 1,322,307 | 3,210,540 | 525,985 | 608,317 | 546,215 |
| 6. Reestimated net incurred claims and expenses: | | | | | | | | | | |
| End of policy year | 1,350,000 | 10,468,662 | 11,779,988 | 12,263,024 | 15,587,464 | 18,533,830 | 21,080,312 | 22,441,621 | 21,560,453 | 24,781,298 |
| One year later | 1,481,338 | 10,346,673 | 11,519,872 | 11,948,380 | 16,105,918 | 18,698,093 | 20,387,362 | 22,908,667 | 20,920,192 | |
| Two years later | 1,481,338 | 10,361,815 | 11,507,994 | 11,886,904 | 16,108,242 | 18,699,881 | 20,499,527 | 23,257,193 | | |
| Three years later | 1,481,338 | 10,346,099 | 11,504,222 | 11,888,350 | 16,102,728 | 18,718,070 | 20,500,279 | | | |
| Four years later | 1,481,338 | 10,341,872 | 11,504,415 | 11,888,350 | 16,110,651 | 18,714,929 | | | | |
| Five years later | 1,481,338 | 10,311,215 | 11,504,415 | 11,888,350 | 16,108,801 | | | | | |
| Six years later | 1,481,338 | 10,308,061 | 11,504,415 | 11,888,350 | | | | | | |
| 7. Increase (decrease) in estimated incurred claims and expense from end of policy year | \$ 131,338 | \$ (484,542) | \$ (279,923) | \$ (374,674) | \$ 521,336 | \$ 181,099 | \$ (580,033) | \$ 815,572 | \$ (640,261) | \$ - |

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, 2023. Thus, all years reflect the entire policy year.

SPECIAL DISTRICTS INSURANCE SERVICES

CLAIMS DEVELOPMENT INFORMATION

HEALTH PROGRAM - OFCA

| | 2017-18 | <u>Policy Year</u> 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
|---|--------------|-------------------------------|---------------|---------------|---------------|---------------|
| 1. Required contribution and investment revenue: | | | | | | |
| Earned | \$ 9,572,831 | \$ 10,788,947 | \$ 11,062,622 | \$ 11,816,831 | \$ 12,347,478 | \$ 12,929,532 |
| Investment Earnings During Policy Period | 30,953 | 61,400 | 71,017 | 234,806 | (256,920) | 96,243 |
| Investment Earnings Subsequent to Policy | 113,157 | 70,500 | 222,818 | (164,986) | 76,960 | - |
| Ceded | 812,413 | 649,618 | 697,862 | 664,666 | 831,176 | 991,543 |
| Net earned | 8,904,528 | 10,271,228 | 10,658,596 | 11,221,986 | 11,336,342 | 12,034,233 |
| 2. Unallocated expenses | 809,098 | 876,277 | 799,875 | 848,933 | 860,986 | 960,793 |
| 3. Estimated incurred claims and expense, end of policy year: | | | | | | |
| Incurred | 8,263,085 | 10,817,449 | 7,441,562 | 7,279,221 | 8,579,470 | 10,193,589 |
| Ceded | 81,468 | 1,557,191 | 154,372 | 4,486 | 98,058 | 164,731 |
| Net incurred | 8,002,965 | 9,260,258 | 7,287,190 | 7,274,735 | 8,481,412 | 10,028,858 |
| 4. Paid (cumulative) as of: | | | | | | |
| End of policy year | 7,117,965 | 8,165,258 | 6,436,407 | 6,839,735 | 7,768,371 | 9,064,858 |
| One year later | 7,392,373 | 8,913,757 | 6,802,643 | 7,271,297 | 8,651,228 | |
| Two years later | 7,392,373 | 8,913,757 | 6,804,564 | 7,275,819 | | |
| Three years later | 7,392,373 | 8,913,757 | 6,800,037 | | | |
| Four years later | 7,392,373 | 8,913,734 | | | | |
| Five years later | 7,392,373 | | | | | |
| 5. Reestimated ceded claims and expenses: | 1,132,558 | 1,749,240 | 155,970 | 2,936 | 133,316 | 164,731 |
| 6. Reestimated net incurred claims and expenses: | | | | | | |
| End of policy year | 8,002,965 | 9,260,258 | 7,287,190 | 7,274,735 | 8,481,412 | 10,028,858 |
| One year later | 7,392,373 | 8,913,757 | 6,802,643 | 7,271,297 | 8,651,228 | |
| Two years later | 7,392,373 | 8,913,757 | 6,804,564 | 7,275,819 | | |
| Three years later | 7,392,373 | 8,913,757 | 6,800,037 | | | |
| Four years later | 7,392,373 | 8,913,734 | | | | |
| 7. Increase (decrease) in estimated incurred claims and expense from end of policy year | \$ (610,592) | \$ (346,524) | \$ (487,153) | \$ 1,084 | \$ 169,816 | \$ - |

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, 2023. Thus, all years reflect the entire policy year.

SUPPLEMENTARY INFORMATION

SPECIAL DISTRICTS INSURANCE SERVICES
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2023

| ASSETS | Liability | Property | Workers' Compensation | Health | School Fund | Total |
|--|----------------------|---------------------|----------------------------------|----------------------|------------------------|----------------------|
| Current Assets: | | | | | | |
| Cash | \$ 1,506,037 | \$ 11,087 | \$ 4,635,536 | \$ 1,548,284 | \$ 456,548 | \$ 8,157,492 |
| Accrued interest | 103,966 | - | - | - | - | 103,966 |
| Investments - current portion | 18,346,592 | 5,101,818 | 4,858,874 | 15,062,511 | 631,654 | 44,001,449 |
| Accounts receivable | 676,719 | 230,476 | 689,487 | 135,956 | - | 1,732,638 |
| Prepaid expenses | 2,063,318 | 3,213,905 | - | 16,686 | - | 5,293,909 |
| Total Current Assets | 22,696,632 | 8,557,286 | 10,183,897 | 16,763,437 | 1,088,202 | 59,289,454 |
| Noncurrent Assets: | | | | | | |
| Restricted investments | - | - | 5,000,000 | - | - | 5,000,000 |
| Investments | 19,412,340 | 5,398,182 | 141,126 | 15,937,489 | 668,346 | 41,557,483 |
| Capital assets (net) | 2,990,857 | - | - | - | - | 2,990,857 |
| Total Noncurrent Assets | 22,403,197 | 5,398,182 | 5,141,126 | 15,937,489 | 668,346 | 49,548,340 |
| Total Assets | 45,099,829 | 13,955,468 | 15,325,023 | 32,700,926 | 1,756,548 | 108,837,794 |
| LIABILITIES | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts payable | 1,662,571 | - | 347,425 | 786,982 | - | 2,796,978 |
| Due to SDAO | - | - | - | - | - | - |
| Unearned revenue | 6,507,818 | 4,602,712 | - | 2,696,417 | - | 13,806,947 |
| Claims payable - current portion | 5,750,000 | 1,600,000 | 6,000,000 | 3,470,000 | - | 16,820,000 |
| Total Current Liabilities | 13,920,389 | 6,202,712 | 6,347,425 | 6,953,399 | - | 33,423,925 |
| Noncurrent Liabilities: | | | | | | |
| Claims payable | 9,048,109 | 594,602 | 6,444,557 | - | - | 16,087,268 |
| Total Noncurrent Liabilities | 9,048,109 | 594,602 | 6,444,557 | - | - | 16,087,268 |
| Total Liabilities | 22,968,498 | 6,797,314 | 12,791,982 | 6,953,399 | - | 49,511,193 |
| NET POSITION | | | | | | |
| Net Invested in Capital Assets Restricted in accordance | 2,990,857 | - | - | - | - | 2,990,857 |
| Workers Compensation Laws | - | - | 5,000,000 | - | - | 5,000,000 |
| Unrestricted | 19,140,474 | 7,158,154 | (2,466,959) | 25,747,527 | 1,756,548 | 51,335,744 |
| Total Net Position | \$ 22,131,331 | \$ 7,158,154 | \$ 2,533,041 | \$ 25,747,527 | \$ 1,756,548 | \$ 59,326,601 |

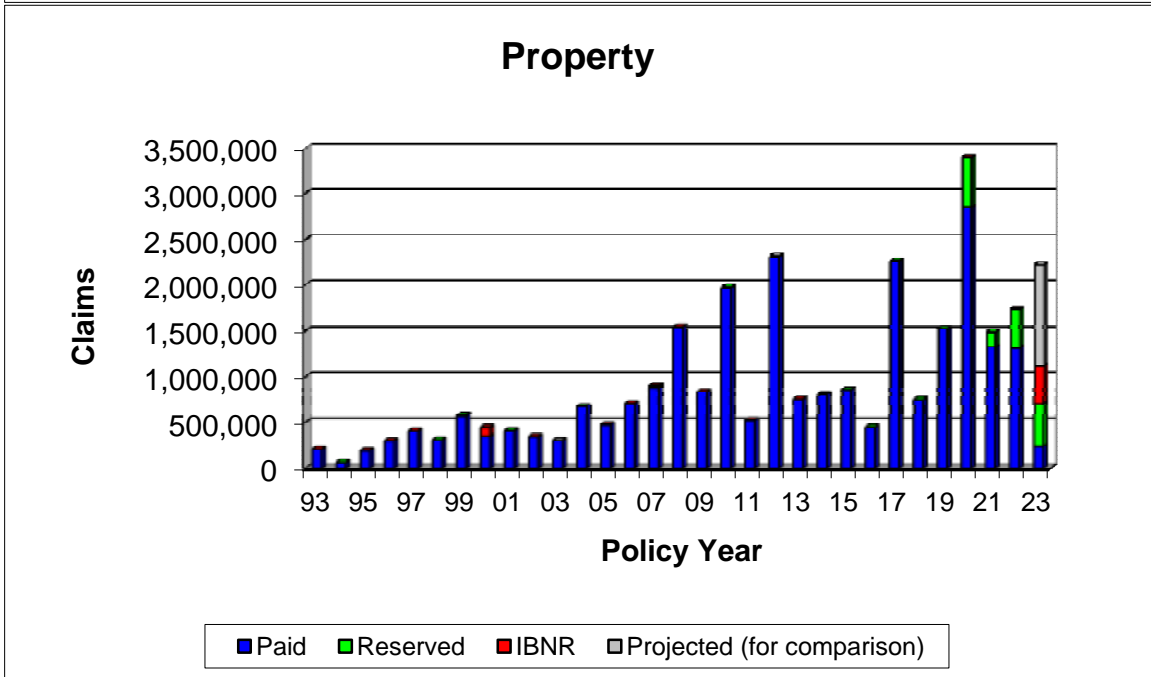
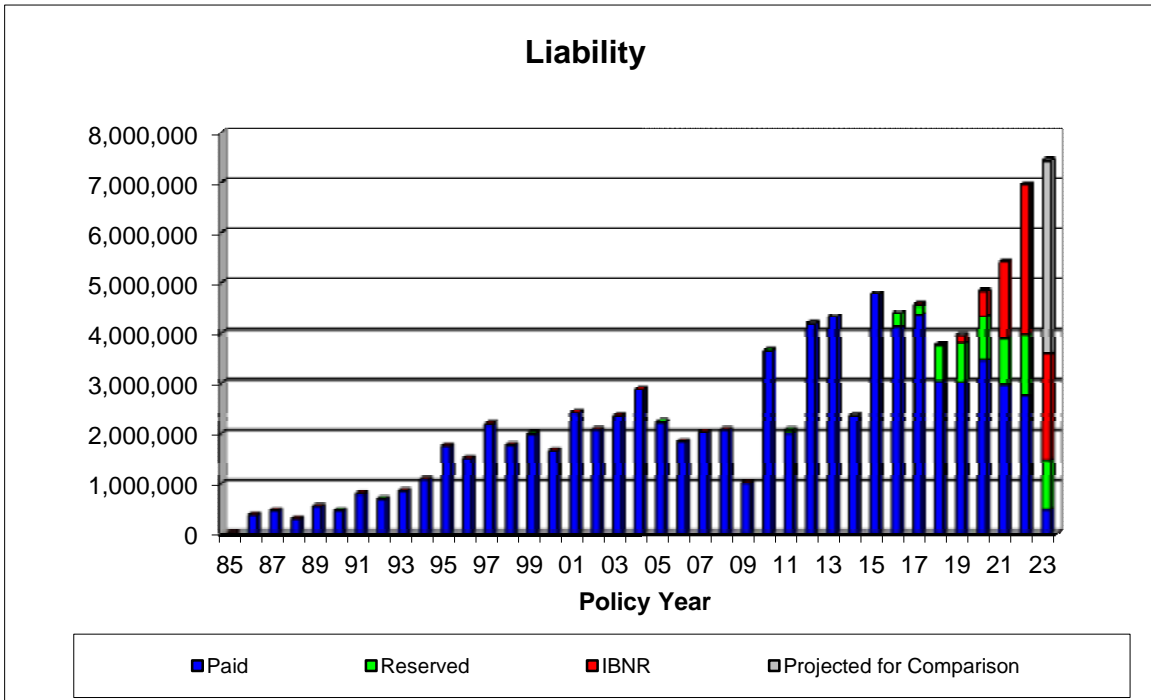
SPECIAL DISTRICTS INSURANCE SERVICES
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY INSURANCE PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | <u>Liability</u> | <u>Property</u> | <u>Workers'</u> <u>Compensation</u> | <u>Health</u> | <u>School</u> <u>Fund</u> | <u>Total</u> |
|---|----------------------|---------------------|--|----------------------|------------------------------|----------------------|
| Operating Revenues | | | | | | |
| Member contributions | \$ 13,723,859 | \$ 9,333,384 | \$ 6,728,014 | \$ 45,125,831 | \$ - | \$ 74,911,088 |
| Miscellaneous income | 63,862 | - | - | - | - | 63,862 |
| Total Operating Revenues | <u>13,787,721</u> | <u>9,333,384</u> | <u>6,728,014</u> | <u>45,125,831</u> | <u>-</u> | <u>74,974,950</u> |
| Operating Expenses | | | | | | |
| Underwriting Expenses: | | | | | | |
| Loss and loss adjustment expense | 7,086,491 | 1,598,172 | 5,930,867 | 33,809,627 | - | 48,425,157 |
| Insurance premiums | 2,596,752 | 5,007,537 | 445,237 | 4,046,862 | - | 12,096,388 |
| Broker fees | 91,905 | 104,782 | 64,731 | 189,300 | - | 450,718 |
| Local agent commissions | 1,396,614 | 1,001,543 | 302,524 | 833,804 | - | 3,534,485 |
| Workers' comp. taxes | - | - | 526,131 | - | - | 526,131 |
| Other Operating Expenses: | | | | | | |
| Conference and training | 348,119 | - | - | - | - | 348,119 |
| Claims service fees | 650,850 | 219,588 | 1,164,645 | 1,427,395 | - | 3,462,478 |
| Dividends | 57,215 | - | - | - | - | 57,215 |
| SDAO sponsorship | 90,974 | 61,870 | 44,654 | 213,426 | - | 410,924 |
| Other expenses | 1,649,875 | 574,419 | 1,658,499 | 773,484 | - | 4,656,277 |
| Total Operating Expenses | <u>13,968,795</u> | <u>8,567,911</u> | <u>10,137,288</u> | <u>41,293,898</u> | <u>-</u> | <u>73,967,892</u> |
| Operating Income (Loss) | <u>(181,074)</u> | <u>765,473</u> | <u>(3,409,274)</u> | <u>3,831,933</u> | <u>-</u> | <u>1,007,058</u> |
| Nonoperating Revenues (Expenses) | | | | | | |
| Investment income | 817,146 | (409,721) | 1,910,293 | 1,862,043 | 405,120 | 4,584,881 |
| Rental revenues | 339,681 | - | - | - | - | 339,681 |
| Rental expenses | (409,779) | - | - | - | - | (409,779) |
| Total Nonoperating Income(Loss) | <u>747,048</u> | <u>(409,721)</u> | <u>1,910,293</u> | <u>1,862,043</u> | <u>405,120</u> | <u>4,514,783</u> |
| Change in Net Position | 565,974 | 355,752 | (1,498,981) | 5,693,976 | 405,120 | 5,521,841 |
| Net Position, Beginning | 21,565,357 | 6,802,402 | 4,032,022 | 20,053,551 | 1,351,428 | 53,804,760 |
| Net Position, Ending | <u>\$ 22,131,331</u> | <u>\$ 7,158,154</u> | <u>\$ 2,533,041</u> | <u>\$ 25,747,527</u> | <u>\$ 1,756,548</u> | <u>\$ 59,326,601</u> |

SPECIAL DISTRICTS INSURANCE SERVICES

GRAPHICAL SUMMARY OF CLAIMS

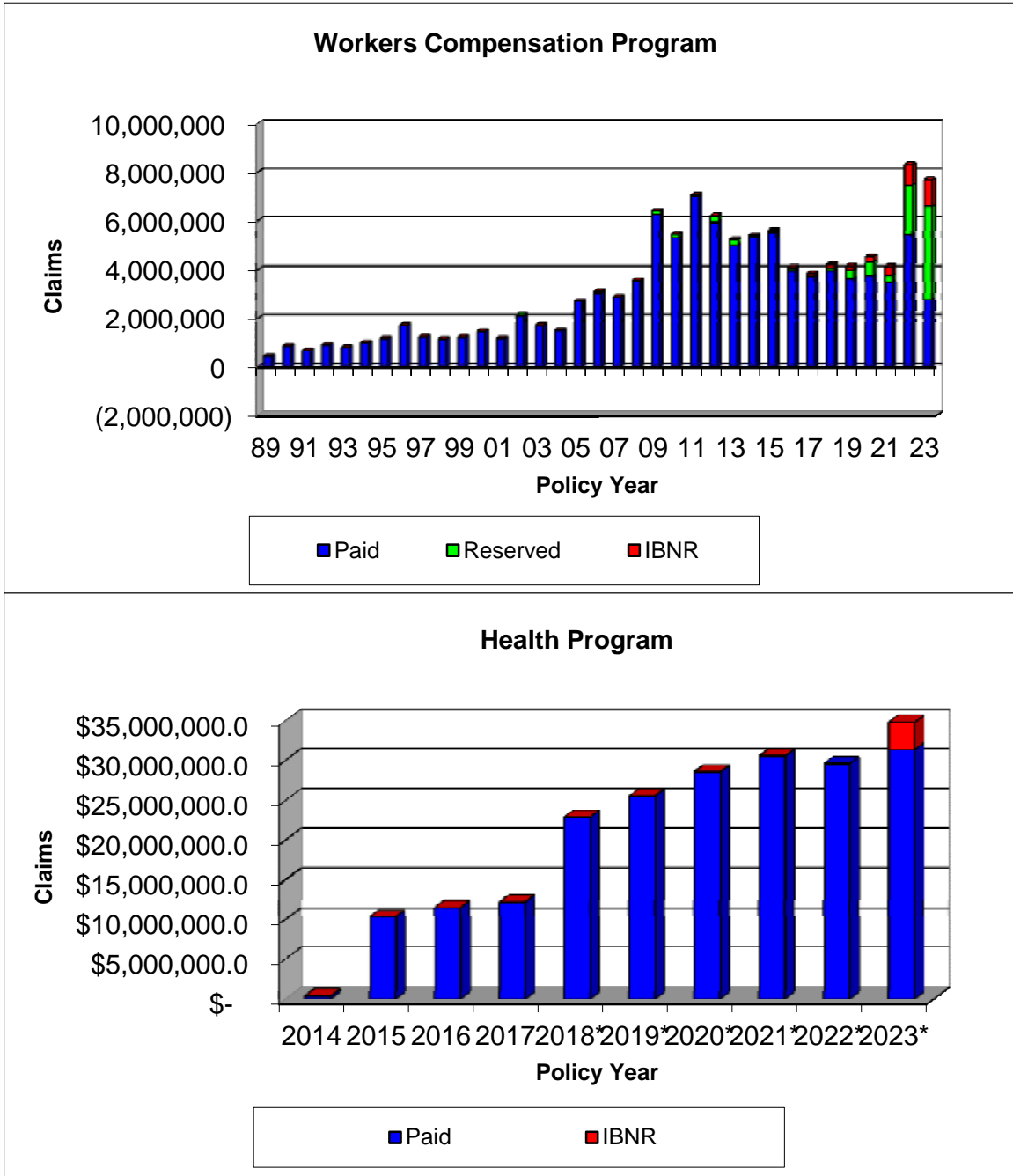
FOR THE FISCAL YEAR ENDED JUNE 30, 2023



SPECIAL DISTRICTS INSURANCE SERVICES

GRAPHICAL SUMMARY OF CLAIMS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023



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