

**VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.**

**AUDIT REPORT**

**JUNE 30, 2022 AND 2021**

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
AUDIT REPORT  
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JUNE 30, 2022 AND 2021

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Independent Auditor's Report

Board of Directors  
Vermont School Boards  
Insurance Trust, Inc.  
52 Pike Drive  
Berlin, Vermont 05602

**Opinions**

We have audited the accompanying financial statements of the Vermont School Boards Insurance Trust, Inc. as of and for the year ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Vermont School Boards Insurance Trust, Inc.'s basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Vermont School Boards Insurance Trust, Inc. as of June 30, 2022 and 2021, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Vermont School Boards Insurance Trust, Inc., 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**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Vermont School Boards Insurance Trust, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Vermont School Boards Insurance Trust, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Vermont School Boards Insurance Trust, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

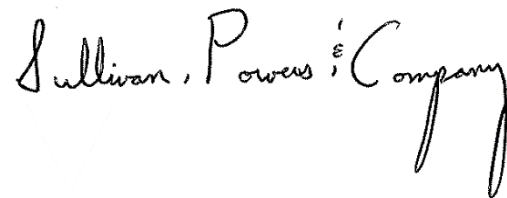
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9 and the financial information listed as Tables 1 and 2 in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

As discussed in Note 1, it is not presently possible to determine whether actual loss experience will conform to the assumptions used in determining its reserve for losses and loss adjustment expenses. Accordingly, the ultimate liability could be significantly in excess of or less than the amount indicated in the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. Schedules 1 through 5 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

October 27, 2022  
Montpelier, Vermont  
VT Lic. #92-000180

A handwritten signature in black ink that reads "Sullivan, Powers & Company". The signature is written in a cursive style with a large, stylized 'S' at the beginning and a long, sweeping tail at the end.

**VERMONT SCHOOL BOARDS INSURANCE TRUST**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For The Year Ended June 30, 2022

The Vermont School Boards Insurance Trust (VSBIT), which was organized in 1978, is owned by member school districts. VSBIT offers its members a wide range of risk management services as well as educational and professional development opportunities through a series of programs.

VSBIT operates an unemployment compensation program for school districts which protects members from unexpected unemployment benefit expense. Effective July 1, 2004, VSBIT's Multi-Line Intermunicipal School Program (multi-line program) began operations. This program, which was formed by member districts as an alternative to commercial insurance, provides property, workers' compensation and various forms of liability coverage. VSBIT's educational and risk management services are provided through its School Management Resource Center (SMRC). These services focus on human resource, policy, physical plant and enterprise risk management issues.

VSBIT receives revenue from the Vermont Education Health Initiative [VEHI] via a service contract. VEHI provides health, dental, life and long-term disability insurance and related health promotion programs.

Fiscal 2022 Highlights and Overall Financial Position

During the year ending June 30, 2022, VSBIT provided unemployment insurance to 107 schools and supervisory unions. VSBIT also provided property/casualty and workers' compensation coverage to 47 members of the multi-line program. All school districts within a supervisory union must participate to be a member in the multi-line program.

VSBIT's program contributions totaled \$14.4 million in FY22; \$936 thousand from unemployment contributions and \$13.5 million from the multi-line program.

VSBIT earned \$2.6 million in interest and dividends and had a market loss of \$12.2 million on investments following a \$8.6 million market gain in FY21. VSBIT also received \$1.1 million from VEHI per the administrative contract.

VSBIT's net position decreased by \$10.8 million; from \$69 million to \$58.2 million. This is a result of a \$303 thousand gain on the unemployment program, a \$3.7 million loss on the multi-line program and a loss of \$8.8 million on the general reserve, unemployment reserve and multi-line reserve funds which primarily was from investment loss. VSBIT holds general reserves in the amount of \$27.9 million, down from \$35.3 million in FY21. Unemployment reserve and operating funds total \$3.5 million, down from \$3.9 million in FY21. Multi-line reserve and operating funds of \$23.6 million decreased from \$27.95 million in FY21.

VSBIT's FY22 general and general reserve funds operating budgets totaled \$3,272,898. Actual FY22 spending levels were under budget by \$254 thousand with 92.2% of the budget being spent.

## The Financial Statements

VSBIT's financial statements are a series of reports that detail financial information using enterprise fund accounting and financial reporting. VSBIT uses the accrual basis method of accounting in preparing its financial statements.

The statement of net position includes all the corporation's assets and liabilities. The statement also presents the balance of assets in excess of liabilities, or net position.

The statement of revenues, expenses, and change in net position presents the results of VSBIT's operations. The statement reports all revenues and expenses, and reconciles the beginning and end of year net position balances.

The statement of cash flows supplements these statements providing relevant information about cash receipts and payments to the corporation.

### FINANCIAL INFORMATION

#### SUMMARY OF NET POSITION

	<u>2022</u>	<u>2021</u>
Assets:		
Cash and Investments	\$ 68,033,237	\$ 75,506,224
Receivables	696,209	371,888
Other Assets	293,810	3,875,108
Property Plant and Equipment	<u>3,083,763</u>	<u>3,121,834</u>
Total Assets	<u>\$ 72,107,019</u>	<u>\$ 82,875,054</u>
Liabilities:		
Claims Liabilities	\$ 11,534,997	\$ 10,307,406
Other Program Liabilities	1,947,580	1,870,023
General Liabilities	449,016	361,624
Long Term Liabilities-Bond Payable	<u>0</u>	<u>1,362,020</u>
Total Liabilities	<u>13,931,593</u>	<u>13,901,073</u>
Net Position:		
Net Position	<u>58,175,426</u>	<u>68,973,981</u>
Total Net Position	<u>58,175,426</u>	<u>68,973,981</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 72,107,019</u>	<u>\$ 82,875,054</u>



## Assets

Cash and other near liquid assets are held at the Peoples United Bank, while investments are with Vanguard Group in the form of government and corporate bonds and mutual funds as of June 30, 2022. As of June 30, 2022 cash and investments total \$68 million as compared to \$75.5 million as of June 30, 2021. This is due to poor market performance during FY22.

Receivables of \$696 thousand are up from \$372 million from FY21. Receivables include amounts due for deductibles and subrogation for the multi-line program, contribution receivables due from members and amounts due from Peoples United Bank.

VSBIT held \$3.08 million in net capital assets as of June 30, 2022 as compared to \$3.12 million as of a year ago. The majority of the value of VSBIT's fixed assets is comprised of the office building located at 52 Pike Drive in Berlin, VT. FY22 other assets represents \$294 thousand in prepaid expenses. FY21 other assets was comprised of \$3.9 million in prepaid expenses. The change from the prior year is due to timing of the payments for multi-line reinsurance which weren't paid until July 1, 2022 for FY23.

## Liabilities

Claims liabilities total \$11.5 million, up from \$10.3 million for FY21. Claims liabilities include \$7.6 million which represents the projected cost of claims filed as of June 30, 2022 for the multi-line program but not yet paid and \$77 thousand in unpaid unemployment claims. The remaining \$3.87 million (down \$284 thousand from FY21) represents reserves for anticipated incurred claims not yet reported (IBNR) for the multi-line program. This is based on non-discounted actuarial forecasting derived from industry related trends and VSBIT's own data. As a result of the young age of the multi-line program which began operations on July 1, 2004, the amount of Vermont school specific loss development data is limited, particularly for long-tail lines of coverage such as workers' compensation and school board legal liability. Each year, as the VSBIT data becomes more credible, additional school specific data is incorporated into the actuarial calculations for this program.

Other program liabilities represent \$1.8 million in estimated claims adjustment reserves and \$148 thousand for the Vermont Department of Labor assessment. These reserves are calculated based on case reserves and IBNR values as of June 30, 2022.

General liabilities include \$233,184 due to vendors and other accrued expenses, \$131,161 in accrued vacation payable, and \$84,671 in accrued payroll liabilities.

The long term liabilities-bond payable of \$1,362,020 as of June 30, 2021 was the amount due to the Peoples United Bank for the mortgage on the office building at 52 Pike Drive in Berlin VT. This was paid off in full during FY22.

## SUMMARY OF REVENUE AND EXPENSES

	<u>2022</u>	<u>2021</u>
Operating Revenues:		
Program Contributions	\$ 14,384,056	\$ 13,914,618
VEHI Administrative Contract/Other Income	<u>1,104,602</u>	<u>1,154,145</u>
Total Operating Revenues	<u>15,488,658</u>	<u>15,068,763</u>
Operating Expenses:		
Net Change in Claims Paid & Reserved	8,053,851	7,520,451
Other Program Expenses	5,659,154	5,075,246
General and Administrative Expenses	2,637,308	2,770,376
SMRC	<u>340,706</u>	<u>321,700</u>
Total Operating Expenses	<u>16,691,019</u>	<u>15,687,773</u>
Operating Income/(Loss)	<u>(1,202,361)</u>	<u>(619,010)</u>
Non-Operating Revenues/(Expenses):		
Total Investment Activity	(9,577,776)	10,162,202
Interest Expense	<u>(18,418)</u>	<u>(43,089)</u>
Change in Net Position	(10,798,555)	9,500,103
Net Position – Beginning of Year	<u>68,973,981</u>	<u>59,473,878</u>
Net Position - End of Year	\$ <u><u>58,175,426</u></u>	\$ <u><u>68,973,981</u></u>

### Revenue

VSBIT revenue is primarily made up of program contributions from members. Revenues for FY22 total \$15.5 million, an increase of \$420 thousand from FY21.

Investment activity generated a loss of \$9.6 million reflecting negative market results of \$12.2 million offset by \$2.6 million in dividends and interest earnings. This follows two very good years in the market. FY21 resulted in a positive \$10.2 million and FY20 a positive \$4.66 million.

### Expenses

VSBIT incurred unemployment claims in the amount of \$515,326 as compared to \$1,906,500 for FY21. Despite most school employees remaining employed, closures throughout Vermont due to the COVID19 pandemic resulted in increased claims expense to the program during FY20 and FY21. FY22 unemployment claims have returned to the level expected prior to COVID19 closures. The Multi-Line Intermunicipal School Program's change in claims paid and reserved increased by \$1.9 million to \$7.5 million as of June 30, 2022.

General and administrative expenses totaled \$2.6 million, decreasing by \$133 thousand from FY21. This was due to increased salaries and benefits during FY21 as the trust transitioned to a new President, employing both the incoming and retiring President for part of the year. School Management Resource Center expenses totaled \$340,706. The SMRC uses these funds for staff and all program expenses associated with providing popular services in the areas of physical plant, policy, human resources and enterprise risk management to all Vermont public K-12 schools.

VSBIT's actual general and administrative expenses for FY22 concluded at 7.8% below budget; for FY21 VSBIT ended the year at 4.9% below budget.

### Change in Net Position

VSBIT's FY22 operations resulted in a decrease in net position of \$10.8 million as compared to a \$9.5 million increase for FY21. This decrease is primarily due to negative investment activity.

### Economic Factors

FY22 marked the eighteenth year for VSBIT's multi-line program. For FY23, the workers' compensation base rate renewed flat (0% increase) and the property casualty rates were collectively adjusted up by 4.1% to achieve the overall 1.8% base rate increase. For FY22 base rates for workers' compensation were adjusted up by 1.9% and property casualty rates were adjusted up by 4.5% for an overall 3% base rate increase. Net position for this program decreased from \$27.95 million to \$23.6 million in FY22 following a \$3.25 million increase in net position in FY21. In FY22, one member entity was dissolved with the underlying schools joining a non-member district. In FY23, VSBIT welcomed one new member to the program. Also, a current member changed its structure and spun off its career center, resulting in the career center becoming a separate member.

The VSBIT unemployment program is VSBIT's oldest program, beginning operations in 1978. VSBIT rates the membership on a three year average to minimize large rate changes to the membership. VSBIT decreased the rate structure by 35% for FY19 as the program was well capitalized. The rate structure was not adjusted for FY20 or FY21. However, due to the COVID19 pandemic, claims for FY20 and FY21 spiked. These two years reflect two of the highest claims years in the history of the program despite most school employees remaining employed. VSBIT members are subject to base period claims which means a portion of former employees claims can be assessed to the member. In response to the large increase in claims, VSBIT adjusted the rate structure up by 10% for FY22. With FY22 claims returning to historical levels, the rate structure was not further adjusted for FY23. One member left the program in FY22 as the entity dissolved and one new member joined.

The FY23 operating budget was set at \$3,945,725. This is an increase of \$672,827 or 21% from FY22. This was partly due to normal inflation but primarily driven by the addition of six staff previously employed by our third-party administrator who are responsible for adjusting claims for the multi-line program. The TPA cost was a direct program expense, not part of the general operating salaries so not included in previous general operating budgets. Effective July 1, 2022, the claims operation was brought fully in house with the elimination of the TPA.

#### Requests for Information

The financial report is designed to provide a general overview of VSBIT's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the President, Vermont School Boards Insurance Trust, 52 Pike Drive, Berlin, VT 05602.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
STATEMENT OF NET POSITION  
JUNE 30, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Cash - Note 2	\$ 9,231,824	\$ 5,093,890
Investments - Note 2	58,801,413	70,412,334
Contributions Receivable - Note 3	50,768	234,105
Other Receivables - Note 4	564,326	66,128
Deductibles Receivable	58,042	33,333
Subrogation Receivable	23,073	38,322
Prepaid Expenses - Note 5	293,810	3,875,108
Property, Plant and Equipment - Net of Accumulated Depreciation of \$908,800 and \$845,336 as of June 30, 2022 and 2021, Respectively - Note 6	<u>3,083,763</u>	<u>3,121,834</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 72,107,019</u></b>	<b><u>\$ 82,875,054</u></b>

LIABILITIES AND NET POSITION

Liabilities:

Accounts Payable	\$ 175,583	\$ 118,983
Accrued Payroll and Related Taxes Payable	84,671	76,325
Accrued Vacation Payable	131,161	112,245
Accrued Interest Payable	0	3,326
Other Payables	57,601	50,745
Claims Payable - Note 7	77,371	80,155
Workers' Compensation State Assessment Reserve	147,580	129,023
Claims to be Paid - Note 8	7,583,626	6,069,251
Anticipated Claims Not Reported - Note 8	3,874,000	4,158,000
Reserve for Unallocated Loss Adjustment Expenses	1,800,000	1,741,000
Bonds Payable - Note 9	<u>0</u>	<u>1,362,020</u>
<b>Total Liabilities</b>	<b><u>13,931,593</u></b>	<b><u>13,901,073</u></b>

Net Position:

Net Investment in Property, Plant and Equipment	3,083,763	1,759,814
Unrestricted Net Position	<u>55,091,663</u>	<u>67,214,167</u>
<b>Total Net Position - Note 10</b>	<b><u>58,175,426</u></b>	<b><u>68,973,981</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 72,107,019</u></b>	<b><u>\$ 82,875,054</u></b>

The accompanying notes are an integral part of this financial statement.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating Revenues:		
Program Contributions	\$ 14,384,056	\$ 13,914,618
Other Income	35,277	59,319
VEHI Administration Contract	<u>1,069,325</u>	<u>1,094,826</u>
Total Operating Revenues	<u>15,488,658</u>	<u>15,068,763</u>
Operating Expenses:		
Net Change in Claims Paid and Reserved - Unemployment Insurance - Note 11	515,326	1,906,500
Net Change in Claims Paid and Reserved - Multi-Line Program - Note 11	7,538,525	5,613,951
Reinsurance Premiums	3,259,190	3,059,772
Other Program Expenses - Note 12	2,399,964	2,015,474
General and Administrative Expenses - Note 13	2,637,308	2,770,376
School Management Resource Center Expenses	<u>340,706</u>	<u>321,700</u>
Total Operating Expenses	<u>16,691,019</u>	<u>15,687,773</u>
Net Operating Income/(Loss)	<u>(1,202,361)</u>	<u>(619,010)</u>
Non-Operating Revenues/(Expenses):		
Investment Income - Interest and Dividends	2,606,314	1,539,474
Investment Income/(Loss) - Other	(12,184,090)	8,622,728
Interest Expense	<u>(18,418)</u>	<u>(43,089)</u>
Total Non-Operating Revenues/(Expenses)	<u>(9,596,194)</u>	<u>10,119,113</u>
Change in Net Position	(10,798,555)	9,500,103
Net Position - Beginning of Year	<u>68,973,981</u>	<u>59,473,878</u>
Net Position - End of Year	<u>\$ 58,175,426</u>	<u>\$ 68,973,981</u>

The accompanying notes are an integral part of this financial statement.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Cash Received from Unemployment Contributions	\$ 940,635	\$ 766,851
Cash Received from Multi-Line Contributions	13,627,213	13,199,192
Cash Received from VEHI for Administration	1,125,426	1,094,826
Other Income Received	66,369	889,875
Cash Paid for Unemployment Claims	(518,110)	(3,619,711)
Cash Paid for Multi-Line Claims	(6,317,610)	(5,146,799)
Cash Paid for Reinsurance	(235,099)	(3,144,074)
Cash Paid for General and Administrative Expenses	(2,573,629)	(2,609,478)
Cash Paid for School Management Resource Center Expenses	(340,706)	(321,700)
Cash Paid for Other Program Expenses	(1,714,433)	(2,675,007)
Net Cash Provided/(Used) by Operating Activities	<u>4,060,056</u>	<u>(1,566,025)</u>
Cash Flows from Non-Capital Financing Activities:		
Drawn by Bank for Future Payments	<u>(528,245)</u>	<u>(55,838)</u>
Net Cash Provided/(Used) by Non-Capital Financing Activities	<u>(528,245)</u>	<u>(55,838)</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of Property, Plant and Equipment	(43,258)	(39,772)
Principal Paid on Bonds Payable	(1,362,020)	(200,342)
Interest Paid on Bonds Payable	<u>(21,744)</u>	<u>(43,555)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(1,427,022)</u>	<u>(283,669)</u>
Cash Flows from Investing Activities:		
Net Proceeds/(Purchase) of Investments	(573,169)	(173,845)
Cash Received from Interest and Dividends	<u>2,606,314</u>	<u>1,539,474</u>
Net Cash Provided by Investing Activities	<u>2,033,145</u>	<u>1,365,629</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	4,137,934	(539,903)
Cash and Cash Equivalents, Beginning of Year	<u>5,093,890</u>	<u>5,633,793</u>
Cash and Cash Equivalents, End of Year	<u>\$ 9,231,824</u>	<u>\$ 5,093,890</u>

The accompanying notes are an integral part of this financial statement.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Reconciliation of Net Operating Income to Net Cash Provided/(Used) by Operating Activities		
Net Operating Income/(Loss)	\$ (1,202,361)	\$ (619,010)
Adjustments to Reconcile the Change in Net Position to Net Cash Provided/(Used) by Operating Activities:		
Depreciation	81,329	82,476
Changes in Operating Assets and Liabilities:		
Decrease/(Increase) in Contributions Receivable	183,337	51,425
Decrease/(Increase) in Other Receivables	30,047	886,393
Decrease/(Increase) in Deductibles Receivable	(24,709)	(8,900)
Decrease/(Increase) in Subrogation and Reinsurance Receivable	15,249	(17,959)
Decrease/(Increase) in Prepaid Expenses	3,581,298	(749,872)
Increase/(Decrease) in Accounts Payable	56,600	14,409
Increase/(Decrease) in Accrued Payroll	8,346	9,541
Increase/(Decrease) in Accrued Vacation Payable	18,916	7,787
Increase/(Decrease) in Other Payables	6,856	(7,748)
Increase/(Decrease) in Claims Payable	(2,784)	(1,713,211)
Increase/(Decrease) in Workers' Compensation State Assessment Reserve	18,557	4,633
Increase/(Decrease) in Claims to be Paid and Anticipated Claims Not Reported	1,230,375	203,011
Increase/(Decrease) in Reserve for Unallocated Loss Adjustment Expenses	<u>59,000</u>	<u>291,000</u>
Net Cash Provided/(Used) by Operating Activities	<u>\$ 4,060,056</u>	<u>\$ (1,566,025)</u>

Supplemental Disclosures:

Equipment with a cost of \$17,865 and accumulated depreciation of \$17,865 was disposed of during fiscal year 2022.

Equipment with a cost of \$1,424 and accumulated depreciation of \$1,424 was disposed of during fiscal year 2021.

The accompanying notes are an integral part of this financial statement.



VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

The Vermont School Boards Insurance Trust, Inc. (herein, the Trust) was organized in 1978. The Trust is treated as an instrumentality of its member political subdivisions. The Trust offers educational and professional development opportunities to school district employees and administrators and also provides insurance and risk management services. The educational opportunities are delivered through the Trust's School Management Resource Center. The Resource Center provides educational seminars and web based resources on matters critical to the operation of a school district.

School districts joining the Trust must remain members for a minimum of one year. Trust underwriting and ratesetting policies have been established after consultation with its business partners and actuaries, as necessary. The Trust currently provides unemployment coverage to 107 school districts and, on July 1, 2004, began operating its Multi-Line Intermunicipal School Program to supervisory unions which provides members with coverage for property damage, workers' compensation and various forms of liability. As of June 30, 2022, there were 47 members in the program. All school districts within a supervisory union must participate to be a member in the Multi-Line Program.

The major accounting policies followed by the Trust are presented below to assist the reader in evaluating the financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Trust conform to generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

The Trust is using enterprise fund accounting and reporting. Enterprise Funds are financed in whole or in part by fees charged to external parties.

The Trust uses the accrual basis of accounting in preparing its financial statements. Income is recognized in the period in which the applicable coverage is provided and expenses are recognized in the period in which they are incurred.

The presentation 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

Note 1:  
(Cont'd)

The Vermont School Boards Insurance Trust, Inc. is exempt from income tax on its exempt function income under Section 501(c)(3) of the Internal Revenue Code.

Property, plant and equipment is capitalized when purchased. It is the Trust's policy to capitalize all property, plant and equipment with a cost of \$10,000 or more. A reserve from net position is established for the book value of the property, plant and equipment net of related debt. Straight-line depreciation is being taken over lives as follows:

Land	N/A
Building and Building Components	10-75 Years
Infrastructure	10 Years
Furniture and Equipment	3 to 10 Years

The Trust receives its unemployment contributions from school districts based on taxable payroll reported multiplied by a rate established by the Board of Directors. The Vermont Department of Labor pays the actual claims filed against members of the Trust and then bills the Trust for reimbursement.

The Multi-Line Intermunicipal School Program received approval from the Vermont Department of Financial Regulation to begin operations on July 1, 2004. This self-funded program receives its contributions from member supervisory unions and supervisory districts based on a rating method developed by the Trust's actuary. In an experience rating system, contributions are determined, in part, by a member's historical losses. Contributions for the workers' compensation portion of the program are adjusted based on actual payrolls subsequent to the end of each year. The contributions are billed on an annual or quarterly basis. If the member elects quarterly billing, then 1% of the premium is charged as a service fee.

The self-funded workers' compensation program that operated from July 1, 1992 to June 30, 1998 was suspended effective June 30, 1998. In 2020, the Trust closed this program and distributed the surplus.

Cash includes amounts in demand deposits. Cash does not include the cash equivalents included with the investments.

Investments with readily determinable fair values are reported at their fair values on the statement of net position. Unrealized gains and losses are included in revenue.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2022 AND 2021

Note 1:  
 (Cont'd)

The Trust uses the allowance method for uncollectible accounts. They have determined that all accounts are collectible and the allowance is zero (0).

The liability for claims to be paid include case basis estimates by management of reported losses. The liability for anticipated claims not reported and loss adjustment expenses at year end represents an estimate, based upon the available data, of the amount necessary to cover the ultimate cost of losses as determined by the Trust's actuaries however, actual loss experience may not conform to the assumptions used in determining the estimated amounts for such liability. Accordingly, the ultimate liability could be significantly in excess of or less than the amount indicated. As adjustments to these estimates become necessary, such adjustments are reflected in current operations.

Operating revenues include unemployment contributions, multi-line contributions and fees received from providing services. Operating expenses include unemployment claims paid, multi-line claims paid and the costs of providing services and operating all programs.

Note 2: CASH AND INVESTMENTS

Cash and Investments as of June 30, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Deposits with Financial Institutions	\$ 9,231,824	\$ 5,093,890
Investments	<u>58,801,413</u>	<u>70,412,334</u>
Total	<u>\$68,033,237</u>	<u>\$75,506,224</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Trust will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counter-party (e.g. broker-dealer) to a transaction, the Trust will not be able to recover the value of its investments or collateral securities that are in possession of another party. The Trust invests in money market accounts and open-ended mutual funds which are not subject to custodial credit risk. The Trust does not have any policy to limit the exposure to custodial credit risk, however, the Board of Directors monitors this annually. All cash deposits are in the People's United Bank. The following table shows the custodial credit risk of the Trust's deposits.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

Note 2:  
(Cont'd)

	<u>2022</u>		<u>2021</u>	
	<u>Book Balance</u>	<u>Bank Balance</u>	<u>Book Balance</u>	<u>Bank Balance</u>
FDIC Insured	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Uninsured, Collateralized by U.S. Government Agencies Held by the Pledging Financial Institution's Agent	<u>8,981,824</u>	<u>9,177,608</u>	<u>4,843,890</u>	<u>5,041,761</u>
Total Cash Deposits	<u>\$9,231,824</u>	<u>\$9,427,608</u>	<u>\$5,093,890</u>	<u>\$5,291,761</u>

The difference between the book balance and the bank balance is due to reconciling items such as deposits in transit and outstanding checks.

Investments

Investments of the Trust are held by the Vanguard Group.

Investments at June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Mutual Funds – Equities	\$25,797,717	\$33,841,924
Mutual Funds – Fixed Income	<u>33,003,696</u>	<u>36,570,410</u>
Total	<u>\$58,801,413</u>	<u>\$70,412,334</u>

The Trust's Board of Directors has established an investment policy which indicates which types of investments the Trust will own. There are no outside restrictions on the type of investment the Trust may invest in for reserve funds. Investment practices for operating funds must comply with requirements set forth in 8 V.S.A., section 3463 as referenced in section 9 of Regulation I-90-1.

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. All of the Trust's assets can be changed daily thereby creating no interest rate risk.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

Note 2:  
(Cont'd)

Credit Risk

Investments of operating cash shall be limited to insured bank deposits, repurchase agreements, U.S. Treasury or agency securities, money market funds, and commercial paper rated A-1 or P-1 or better by Standard & Poor's and Moody's respectively. Investments of operating and reserve funds can be in equities (mutual and exchange-traded funds) and fixed income securities. Individual bonds are allowed but only if managed by an outside advisor and no rating below BBB. The Trust held no individual bonds in 2022 or 2021. All of the investments of the Trust are unrated.

Concentration of Credit Risk

The Trust has a limit of 5% per issuer, except for U.S. securities, mutual funds and exchange-traded funds. Multi-line operating funds have a target of 25% equities and 75% fixed income securities, to be rebalanced annually. Reserve funds, including the unemployment insurance program, must be invested 45% to 55% in equities and 45% to 55% in bonds. The Trust has invested 100% of their portfolio in seventeen mutual funds of the Vanguard Group as of June 30, 2022 and June 30, 2021.

Fair Value

The Trust categorizes its fair value measurements within the fair value hierarchy established by Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application." The hierarchy is based on the valuation inputs used to measure fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1 – Unadjusted quoted prices for identical instruments in active markets

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

The mutual funds – equities of \$25,797,717 and \$33,841,924 and the mutual funds – fixed income of \$33,003,696 and \$36,570,410 as of June 30, 2022 and 2021, respectively, were all deemed to be categorized as Level 1.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

Note 3: CONTRIBUTIONS RECEIVABLE

Contributions receivable of \$50,768 and \$234,105 as of June 30, 2022 and June 30, 2021, respectively, represent unemployment and multi-line program contributions received after year end. \$50,000 and \$229,000 of these amounts as of June 30, 2022 and 2021, respectively, represent estimated contributions from future workers compensation reconciliations.

Note 4: OTHER RECEIVABLES

Other receivables at June 30, 2022 consists of \$528,245 due from the bank for future ACH payments and \$36,081 for other amounts due. Other receivables at June 30, 2021 consists of \$55,838 due from the bank for future ACH payments and \$10,290 for other amounts due.

Note 5: PREPAID EXPENSES

Prepaid expenses of \$293,810 and \$3,875,108 as of June 30, 2022 and 2021, respectively, represents amounts paid during the current year that will benefit future years. The balances consist primarily of reinsurance premiums paid in advance.

Note 6: PROPERTY, PLANT AND EQUIPMENT

The following is a summary of changes in property, plant and equipment during the fiscal years.

	2022					
	2021			2022		
	Balance 7/1/2021	Additions	Disposals	Balance 6/30/2022	Accumulated Depreciation 6/30/2022	Net Property Plant and Equipment 6/30/2022
Land	\$ 282,023	\$ 0	\$ 0	\$ 282,023	\$ 0	\$ 282,023
Furniture and Equipment	287,821	26,398	17,865	296,354	256,523	39,831
Infrastructure	113,078	0	0	113,078	106,482	6,596
Building and Building Components	<u>3,284,248</u>	<u>16,860</u>	<u>0</u>	<u>3,301,108</u>	<u>545,795</u>	<u>2,755,313</u>
Total	<u>\$ 3,967,170</u>	<u>\$ 43,258</u>	<u>\$ 17,865</u>	<u>\$ 3,992,563</u>	<u>\$ 908,800</u>	<u>\$ 3,083,763</u>

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021

Note 6:  
(Cont'd)

	2021					
	Balance	Additions	Disposals	Balance	Accumulated	Net
	7/1/2020			6/30/2021	Depreciation	Property Plant and Equipment
	7/1/2020	Additions	Disposals	6/30/2021	6/30/2021	6/30/2021
Land	\$ 282,023	\$ 0	\$ 0	\$ 282,023	\$ 0	\$ 282,023
Furniture and Equipment	289,245	0	1,424	287,821	267,388	20,433
Infrastructure	113,078	0	0	113,078	95,174	17,904
Building and Building Components	<u>3,244,476</u>	<u>39,772</u>	<u>0</u>	<u>3,284,248</u>	<u>482,774</u>	<u>2,801,474</u>
Total	<u>\$ 3,928,822</u>	<u>\$ 39,772</u>	<u>\$ 1,424</u>	<u>\$ 3,967,170</u>	<u>\$ 845,336</u>	<u>\$ 3,121,834</u>

Note 7: CLAIMS PAYABLE

At June 30, 2022 and 2021, the Trust owed \$77,371 and \$80,155, respectively, to the Vermont Department of Labor. These consist of claims actually paid by them but not yet reimbursed by the Trust as of these dates. This liability does not include claims accrued as of June 30, 2022 and 2021 but not yet paid as of these dates.

Claims expense for the Unemployment Program decreased from \$1,906,500 in fiscal year 2021 to \$515,326 in fiscal year 2022.

Note 8: CLAIMS TO BE PAID/ANTICIPATED CLAIMS NOT REPORTED

MULTI-LINE INTERMUNICIPAL SCHOOL PROGRAM

The claims to be paid/anticipated claims not reported for the multi-line program are difficult to estimate. There is no set settlement date and each fund year must remain open until all cases are settled which, in some cases, can take many years. Claims to be paid (case reserves) indicate the amount of reserves assigned to specific cases and are estimated to be \$7,583,626 net of \$398,850, of reinsurance as of June 30, 2022 and \$6,069,251 net of \$296,500 of reinsurance as of June 30, 2021. Anticipated claims not reported (non-case reserves) consist of reserves for claims incurred but not reported and are estimated to be \$3,874,000 net of \$1,603,000 of reinsurance as of June 30, 2022 and \$4,158,000 net of \$2,294,500 of reinsurance as of June 30, 2021. Coverage is on an occurrence basis. Accordingly, claims incurred in one year but not reported until a subsequent year, are accounted for in the year in which they occurred.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2022 AND 2021

Note 8:  
 (Cont'd)

The Trust 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. Estimated amounts of reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors such as jury decisions, court interpretations, legislative changes, changes in the medical condition of claimants, public attitudes, and social/economic conditions such as inflation, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as indemnity. In addition, the Trust has a small volume of annual losses for some coverages. Loss projections based on a small volume of data tend to be volatile. The Trust's workers' compensation coverage has a relatively high per occurrence retention relative to the average ultimate severity level, which increases the uncertainty associated with the retained unpaid liability estimates. The Trust's retained losses are weighted toward coverages such as general liability, school board legal liability and workers' compensation for which the estimation of expected loss is more uncertain than for short-tailed property/casualty lines of business. The Trust's geographic concentration could cause adverse results due to legislative or judicial changes or catastrophic events (e.g., terrorism or hurricanes).

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 reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Note 9:

BONDS PAYABLE

	<u>2022</u>	<u>2021</u>
Revenue Bond Payable – 2012 Series A Issued by the Vermont Economic Development Authority, Administered by Peoples United Bank, Building Construction, Monthly Principal and Interest Payments of \$10,827 Due from September 1, 2012 through August 1, 2032, Interest at 2.96%, Due August 1, 2032, Secured by Building. Paid Off Early in December, 2021.	\$ 0	\$1,231,254



VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
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Note 9:  
(Cont'd)

	<u>2022</u>	<u>2021</u>
Revenue Bond Payable – 2012 Series B Issued By the Vermont Economic Development Authority, Administrated by Peoples United Bank, Building Construction, Monthly Principal and Interest Payments of \$9,498 Due from September 1, 2012 through August 1, 2022, Interest at 2.65%, Due August 1, 2022, Secured by Building. Paid Off Early in December, 2021.	\$ <u>0</u>	\$ <u>130,766</u>
Total Bonds Payable	\$ <u>0</u>	\$ <u>1,362,020</u>

The changes in long-term debt were as follows:

	<u>2022</u>	<u>2021</u>
Beginning Balance	\$ 1,362,020	\$ 1,562,362
Payments	<u>(1,362,020)</u>	<u>(200,342)</u>
Ending Balance	\$ <u>0</u>	\$ <u>1,362,020</u>

Interest expense on the bonds was \$18,418 and \$43,089 during fiscal year 2022 and 2021, respectively.

Note 10: NET POSITION

Net position consists of the following:

	<u>2022</u>	<u>2021</u>
Designated for Unemployment Insurance	\$ 129,293	\$ (173,702)
Designated for Multi-Line Program	19,730,492	23,401,031
Designated for General Reserve	27,904,088	35,345,631
Designated for Unemployment Reserve	3,410,778	4,091,035
Designated for Multi-Line Reserve	3,917,012	4,550,172
Designated for General Operating - Net Investment in Property, Plant and Equipment	<u>3,083,763</u>	<u>1,759,814</u>
	\$ <u>58,175,426</u>	\$ <u>68,973,981</u>

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
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Note 10:  
(Cont'd)

The net position (accumulated excess of revenue over expenses) shall accrue to the benefit of the members as it is earned. Any funds not needed to pay claims and maintain prudent reserves will be available for distribution to the members or credit toward future member contributions as determined by the Board of Directors of the Trust. Alternately, the Board of Directors and management of the Trust may increase retention on reinsurance policies or offer additional services to the members.

Note 11: CLAIMS PAID AND RESERVED

An analysis of the net change in claims paid and reserved is as follows:

	<u>2022</u>	
	<u>Unemployment Insurance</u>	<u>Multi-Line</u>
Claims Paid (Net of Recoveries)	\$ 515,326	\$ 6,308,150
Reserves - End of Year	0	11,457,626
Less: Reserves - Beginning of Year	<u>0</u>	<u>(10,227,251)</u>
Net Change in Claims Paid and Reserved	<u>\$ 515,326</u>	<u>\$ 7,538,525</u>
	<u>2021</u>	
	<u>Unemployment Insurance</u>	<u>Multi-Line</u>
Claims Paid (Net of Recoveries)	\$ 1,906,500	\$ 5,410,940
Reserves - End of Year	0	10,227,251
Less: Reserves - Beginning of Year	<u>0</u>	<u>(10,024,240)</u>
Net Change in Claims Paid and Reserved	<u>\$ 1,906,500</u>	<u>\$ 5,613,951</u>

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
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Note 12: OTHER PROGRAM EXPENSES

Other Program Expenses is comprised of the following:

	<u>2022</u>	<u>2021</u>
Unallocated Loss Adjustment Expense - Multi-Line	\$ 59,000	\$ 291,000
Workers' Compensation State Assessment - Multi-Line	64,048	45,795
Actuarial Services - Multi-Line	151,683	153,223
Administration Fees - Multi Line	827,271	823,465
Consulting - Multi-Line	276,408	234,192
Medical Director Fees - Multi-Line	14,400	14,400
Appraisal - Multi Line	34,940	0
Claims Management System - Multi Line	440,156	0
Loss Prevention - Multi-Line	111,640	74,493
Loss Prevention Grant Expense - Multi-Line	272,907	240,428
Administration Fees - Unemployment Insurance	38,619	38,619
Other Expenses - Unemployment Insurance	452	6,272
Other Expenses - General Reserve	22,094	13,656
Other Expenses - Multi-Line	86,346	79,931
	<u>\$ 2,399,964</u>	<u>\$ 2,015,474</u>

Note 13: ALLOCATION OF GENERAL AND ADMINISTRATIVE EXPENSES

The Vermont School Boards Insurance Trust, Inc. has incurred General and Administrative Expenses of \$2,637,308 and \$2,770,376 for the years ended June 30, 2022 and 2021, respectively. These expenses are allocated to Vermont Education Health Initiative (VEHI), to the Unemployment Insurance Fund and to the Multi-Line Program based upon estimates by management. The General Reserve pays the balance after the above allocations.

Note 14: TRANSFERS

Transfers between programs during 2022 consisted of the following:

	<u>General Reserve</u>	<u>Multi-Line Reserve</u>	<u>General Operating</u>	<u>Total</u>
Transfer From the General Reserve Fund to the General Operating Fund for the Difference Between Capital Purchases, Depreciation Expense and Debt Service Payments	\$ (1,323,949)	\$ 0	\$ 1,323,949	\$ 0
Transfer from the Multi-Line Reserve Fund to the General Reserve Fund of its Interest and Dividend Earnings	129,373	(129,373)	0	0
Transfer from the General Operating Fund to the General Reserve Fund of its Interest Earnings	<u>277</u>	<u>0</u>	<u>(277)</u>	<u>0</u>
Net Transfers In/(Out)	<u>\$ (1,194,299)</u>	<u>\$ (129,373)</u>	<u>\$ 1,323,672</u>	<u>\$ 0</u>

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
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Note 15: PENSIONS

The Trust provides its employees a defined contribution pension plan under Internal Revenue Code Section 401(a). In a defined contribution plan, benefits depend solely on amounts contributed plus investment earnings. The Plan is administered by the Vermont School Boards Insurance Trust, Inc.. Employees are eligible after reaching the age of 21 and completing one year of service. The Plan may be amended at any time, however, Plan assets may not be used for any other purpose and amendments may not cause any reduction in the amount credited to employees' accounts. Employees are 20% vested after 1 year of service and the vested portion increases 20% each year until fully vested after 5 years of service. The Trust contributed 8.5% of employees gross salaries for sixteen (16) employees in 2022 and 2021. All of the investments are self directed by each employee.

The Trust also has a 403(b) plan which allows for employee contributions if they elect to contribute. The Trust also increased one new employee's salary by 8.5% for a portion of the year which was then deferred and contributed to the 403(b) plan. This was done as the new employees were not eligible for the Trust's 401(a) plan. The amount of the contribution was \$6,805 for fiscal year 2022 and is included as salary. All of the investments are self directed by each employee.

TIAA is the custodian of the plans' assets. Total payroll for the Trust was \$1,482,771 and \$1,637,210 while covered payroll was \$1,318,294 and \$1,374,835 for fiscal year 2022 and 2021, respectively. Pension expense for the year ended June 30, 2022 and 2021 was \$112,055 and \$116,861, respectively

Note 16: REINSURANCE/CONTINGENT LIABILITY

MULTI-LINE INTERMUNCIPAL SCHOOL PROGRAM

The Trust uses reinsurance agreements to reduce its exposure to losses in its multi-line program. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Trust as direct insurer of the risks reinsured. The Trust has two types of reinsurance: specific and aggregate. Specific reinsurance protects the Trust in the event of an unusually large claim. Aggregate reinsurance protects the Trust in the event of an unusually large number of claims.

The Trust reports reinsured risks to the reinsurance attachment point. The Trust does not report the reinsured value as a liability unless it is probable that those risks will not be covered by reinsurers. The amount deducted from claims to be paid (case reserves) and incurred but not reported claims liabilities (non-case reserves) for reinsurance as of June 30, 2022 was \$398,850 and \$1,603,000, respectively, and as of June 30, 2021 was \$296,500 and \$2,294,500, respectively.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
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The aggregate retention for the fund years are as follows:

Fund Years	Property	Liability	Workers' Compensation
2005	\$250,000 reinsurance attachment; annual aggregate \$510,715	\$250,000 reinsurance attachment	\$400,000 reinsurance attachment
2006	\$250,000 reinsurance attachment; annual aggregate \$839,487	\$250,000 reinsurance attachment	\$400,000 reinsurance attachment
2007	\$250,000 reinsurance attachment; annual aggregate \$849,585	\$250,000 reinsurance attachment	\$500,000 reinsurance attachment
2008	\$250,000 reinsurance attachment; annual aggregate \$938,862	\$250,000 reinsurance attachment	\$500,000 reinsurance attachment
2009	\$250,000 reinsurance attachment; annual aggregate \$885,751	\$250,000 reinsurance attachment	\$500,000 reinsurance attachment
2010	\$250,000 reinsurance attachment; annual aggregate \$909,606	\$250,000 reinsurance attachment	\$500,000 reinsurance attachment
2011-2013	\$250,000 reinsurance attachment; annual aggregate \$885,000	\$250,000 reinsurance attachment	\$500,000 reinsurance attachment
2014	\$250,000 reinsurance attachment; annual aggregate \$850,000	\$250,000 reinsurance attachment	\$500,000 reinsurance attachment
2015	\$250,000 reinsurance attachment; annual aggregate \$850,000	\$350,000 reinsurance attachment	\$500,000 reinsurance attachment
2016-2019	\$250,000 reinsurance attachment; annual aggregate \$850,000	\$350,000 reinsurance attachment	\$550,000 reinsurance attachment
2020	\$250,000 reinsurance attachment; annual aggregate \$1,000,000	\$350,000 reinsurance attachment	\$550,000 reinsurance attachment
2021	\$250,000 reinsurance attachment; annual aggregate \$1,000,000	\$350,000 reinsurance attachment	\$550,000 reinsurance attachment
2022	\$250,000 reinsurance attachment; annual aggregate \$1,000,000	\$350,000 reinsurance attachment	\$550,000 reinsurance attachment

Note 17: GENERAL RESERVE

The General Reserve was established at the annual meeting of the members on October 31, 1986 to achieve better utilization of assets, provide maximum protection for all funds and reduce the cost of reinsurance. The Reserve was initially created through a transfer from the Unemployment program. During 1997, the Health Reserve, in existence at that time, transferred approximately \$4,800,000 back to the General Reserve and in 2001 transferred the remaining assets totaling approximately \$10,700,000. Excess earnings, if any, may be distributed to the respective programs in accordance with a prorated formula established by the Board of Directors.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
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Note 18: UNEMPLOYMENT RESERVE

The Unemployment Reserve was established by the Board of Directors in 2013 to protect the Trust in the event that unemployment claims exceeded operating funds. The Reserve was funded with a \$1,142,265 transfer from the Unemployment Insurance Operating Fund in 2013 and another \$900,000 was transferred in fiscal year 2017.

Note 19: MULTI-LINE RESERVE

On July 1, 2004, the Board established a Multi-Line Reserve to protect the Trust in the event that claims and expenses exceed aggregate reinsurance. The Multi-Line Reserve was funded with a \$3,500,000 transfer from the General Reserve. Beginning in 2012, the Board has elected to transfer all interest and dividend income earned back to the General Reserve. Beginning in 2015, the Board has elected to transfer all positive market change as well as all interest and dividend income earned back to the General Reserve. In addition, the Board has elected to transfer a portion of the initial principal back to the General Reserve because it had adequate reserves. As of June 30, 2022, \$3,611,727 has been transferred back to the General Reserve which is inclusive of all three types of transfers described previously.

Note 20: RISK MANAGEMENT

The Trust is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Trust maintains commercial insurance coverage. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Trust. Settled claims have not exceeded this coverage in any of the past three fiscal years.

Note 21: AFFILIATED ORGANIZATION

The Trust is contracted by the Vermont Education Health Initiative (VEHI) to provide management, wellness and accounting services. VEHI, a separate corporation, provides health, dental, life and disability coverage to member schools. VEHI paid the Trust \$1,069,325 and \$1,094,826 for these services during fiscal years 2022 and 2021, respectively. Furthermore, the Trust's President was the President of VEHI until October, 2019.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
CLAIMS DEVELOPMENT INFORMATION – MULTI-LINE PROGRAM  
JUNE 30, 2022

This table illustrates how the Trust's earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Trust since inception for the Multi-Line Program. The rows of the tables are defined as follows: (1) This line shows the gross of each fiscal year's earned contribution revenues and investment revenues. (2) This line shows each fiscal year's reinsurance premiums. (3) This line shows the net of each fiscal year's earned contribution revenues and investment revenues. (4) This line shows each fiscal year's other operating costs of the Trust including overhead and claims expense not allocable to individual claims. (5) This line shows the Trust's incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year). (6) This section of rows shows the cumulative amounts paid as of the end of successive years for each policy year. (7) This section of rows shows how each policy year's incurred claims increased or decreased as of the end of successive years. 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. (8) This line compares the latest reestimated incurred claims amount to the amount originally established (line 5) and shows whether this latest estimate of claims cost is greater or less than originally determined.

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VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
CLAIMS DEVELOPMENT INFORMATION - MULTI-LINE PROGRAM  
JUNE 30, 2022

	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
1. Gross Contribution and Investment Revenues	\$ 8,454,411	\$ 9,637,118	\$ 10,276,741	\$ 10,841,776	\$ 12,124,860	\$ 12,525,570	\$ 12,694,680	\$ 12,841,943	\$ 12,815,199	\$ 13,489,827
2. Reinsurance Premiums	1,795,923	1,902,918	2,109,061	2,281,683	2,321,576	2,358,627	2,612,285	2,774,088	3,033,553	3,398,767
3. Net Earned Required Contribution and Investment Revenues	6,658,488	7,734,200	8,167,680	8,560,093	9,803,284	10,166,943	10,082,395	10,067,855	9,781,646	10,091,060
4. Unallocated Expenses	1,821,259	1,883,764	2,151,390	2,462,336	2,794,216	3,288,751	3,123,767	3,259,951	2,956,832	3,971,236
5. Estimated Incurred Claim and Expense, End of Policy Year	4,294,863	4,689,534	5,259,771	5,011,505	6,097,313	5,829,267	6,901,098	6,015,662	5,486,494	7,300,804
6. Paid (cumulative) as of:										
End of Policy Year	1,272,490	1,203,784	1,607,633	1,270,430	1,698,977	1,948,152	2,212,295	1,793,978	1,475,337	1,971,664
One Year Later	2,840,374	2,683,043	2,972,413	2,047,786	2,882,442	3,189,818	4,073,895	3,397,380	3,360,664	
Two Years Later	3,640,314	3,195,225	3,537,008	2,765,019	3,389,957	3,667,102	5,566,108	4,516,351		
Three Years Later	4,269,503	3,636,688	3,765,243	3,169,406	3,924,403	3,910,566	6,253,916			
Four Years Later	4,702,228	3,808,834	3,984,093	3,622,742	4,120,538	4,134,370				
Five Years Later	4,743,736	4,037,095	4,251,078	3,907,308	4,454,823					
Six Years Later	4,766,839	4,162,151	4,276,538	3,943,009						
Seven Years Later	4,803,010	4,225,313	4,281,386							
Eight Years Later	4,805,146	4,225,313								
Nine Years Later	4,813,267									
7. Reestimated Incurred Claims and Expense:										
End of Policy Year	4,294,863	4,689,534	5,259,771	5,011,505	6,097,313	5,829,267	6,901,098	6,015,662	5,486,494	7,300,804
One Year Later	4,677,396	4,382,662	5,105,904	4,141,287	4,816,239	5,231,640	7,309,485	6,315,762	5,126,265	
Two Years Later	5,389,684	4,312,603	4,729,597	3,887,675	4,563,459	4,655,591	7,122,552	6,306,925		
Three Years Later	5,465,483	4,325,017	4,443,604	3,828,046	4,363,881	4,628,199	7,137,621			
Four Years Later	5,346,219	4,421,123	4,404,823	4,169,036	4,544,094	4,794,599				
Five Years Later	5,251,777	4,401,314	4,424,904	4,096,356	4,824,192					
Six Years Later	5,176,708	4,307,897	4,451,924	4,192,127						
Seven Years Later	4,913,908	4,225,313	4,481,899							
Eight Years Later	4,913,303	4,225,313								
Nine Years Later	4,918,303									
8. Increase/(Decrease) in Estimated Incurred Claims and Expense from End of Policy Year	623,440	(464,221)	(777,872)	(819,378)	(1,273,121)	(1,034,668)	236,523	291,263	(360,229)	N/A

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VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
RECONCILIATION OF CLAIMS LIABILITIES - MULTI-LINE PROGRAM  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

The schedule below presents the changes in claims liabilities for the Trust's two types of coverage, property and casualty (including general liability and school board liability) and workers' compensation:

	2022			2021		
	Property and Casualty	Workers' Compensation	Total	Property and Casualty	Workers' Compensation	Total
Unpaid Claims at Beginning of Year	\$ <u>3,014,121</u>	\$ <u>7,213,130</u>	\$ <u>10,227,251</u>	\$ <u>2,711,429</u>	\$ <u>7,312,811</u>	\$ <u>10,024,240</u>
Incurred Claims:						
Provision for Covered Events of the Current Year	1,901,544	5,399,260	7,300,804	1,335,570	4,150,924	5,486,494
Increase/(Decrease) in Provision for Covered Events of Prior Years	<u>(733,277)</u>	<u>970,998</u>	<u>237,721</u>	<u>(34,968)</u>	<u>162,425</u>	<u>127,457</u>
Total Incurred Claims	<u>1,168,267</u>	<u>6,370,258</u>	<u>7,538,525</u>	<u>1,300,602</u>	<u>4,313,349</u>	<u>5,613,951</u>
Payments:						
Claims Attributable to Covered Events of the Current Year	431,717	1,539,947	1,971,664	281,178	1,194,159	1,475,337
Claims Attributable to Covered Events of Prior Years	<u>648,274</u>	<u>3,688,213</u>	<u>4,336,487</u>	<u>716,732</u>	<u>3,218,871</u>	<u>3,935,603</u>
Total Payments	<u>1,079,991</u>	<u>5,228,160</u>	<u>6,308,151</u>	<u>997,910</u>	<u>4,413,030</u>	<u>5,410,940</u>
Total Unpaid Claims at End of Year	\$ <u><u>3,102,397</u></u>	\$ <u><u>8,355,228</u></u>	\$ <u><u>11,457,625</u></u>	\$ <u><u>3,014,121</u></u>	\$ <u><u>7,213,130</u></u>	\$ <u><u>10,227,251</u></u>

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VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
 COMBINING STATEMENT OF NET POSITION  
 JUNE 30, 2022

	Unemployment Insurance	Multi-Line	General Reserve	Unemployment Reserve	Multi-Line Reserve	General Operating	Total
<u>ASSETS</u>							
Cash	\$ 189,467	\$ 8,359,036	\$ 501,769	\$ 0	\$ 0	\$ 181,552	\$ 9,231,824
Investments	0	24,069,612	27,404,011	3,410,778	3,917,012	0	58,801,413
Contributions Receivable	313	50,000	455	0	0	0	50,768
Other Receivables	16,884	456,780	4,095	0	0	86,567	564,326
Deductibles Receivable	0	58,042	0	0	0	0	58,042
Subrogation Receivable	0	23,073	0	0	0	0	23,073
Prepaid Expenses	0	276,856	0	0	0	16,954	293,810
Property, Plant and Equipment - Net of Accumulated Depreciation of \$908,800	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,083,763</u>	<u>3,083,763</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 206,664</u></b>	<b><u>\$ 33,293,399</u></b>	<b><u>\$ 27,910,330</u></b>	<b><u>\$ 3,410,778</u></b>	<b><u>\$ 3,917,012</u></b>	<b><u>\$ 3,368,836</u></b>	<b><u>\$ 72,107,019</u></b>
<u>LIABILITIES AND NET POSITION</u>							
Liabilities:							
Accounts Payable	\$ 0	\$ 157,701	\$ 6,242	\$ 0	\$ 0	\$ 11,640	\$ 175,583
Accrued Payroll and Related Payroll Taxes	0	0	0	0	0	84,671	84,671
Accrued Vacation Payable	0	0	0	0	0	131,161	131,161
Other Payables	0	0	0	0	0	57,601	57,601
Claims Payable	77,371	0	0	0	0	0	77,371
Workers' Compensation State Assessment Reserve	0	147,580	0	0	0	0	147,580
Claims to be Paid	0	7,583,626	0	0	0	0	7,583,626
Anticipated Claims Not Reported Reserve for Unallocated	0	3,874,000	0	0	0	0	3,874,000
Loss Adjustment Expenses	<u>0</u>	<u>1,800,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,800,000</u>
<b>Total Liabilities</b>	<b>77,371</b>	<b>13,562,907</b>	<b>6,242</b>	<b>0</b>	<b>0</b>	<b>285,073</b>	<b>13,931,593</b>
<b>Net Position:</b>	<b><u>129,293</u></b>	<b><u>19,730,492</u></b>	<b><u>27,904,088</u></b>	<b><u>3,410,778</u></b>	<b><u>3,917,012</u></b>	<b><u>3,083,763</u></b>	<b><u>58,175,426</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 206,664</u></b>	<b><u>\$ 33,293,399</u></b>	<b><u>\$ 27,910,330</u></b>	<b><u>\$ 3,410,778</u></b>	<b><u>\$ 3,917,012</u></b>	<b><u>\$ 3,368,836</u></b>	<b><u>\$ 72,107,019</u></b>

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VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2022

	Unemployment Insurance	Multi-Line	General Reserve	Unemployment Reserve	Multi-Line Reserve	General Operating	Total
<b>Revenues:</b>							
Program Contributions	\$ 935,843	\$ 13,448,213	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,384,056
Other Income	0	4,632	29,545	0	0	1,100	35,277
Investment Income - Interest and Dividends	199	369,691	1,894,085	212,689	129,373	277	2,606,314
Investment Income/(Loss) - Other	<u>0</u>	<u>(3,174,587)</u>	<u>(7,483,397)</u>	<u>(892,946)</u>	<u>(633,160)</u>	<u>0</u>	<u>(12,184,090)</u>
<b>Total Revenues</b>	<u>936,042</u>	<u>10,647,949</u>	<u>(5,559,767)</u>	<u>(680,257)</u>	<u>(503,787)</u>	<u>1,377</u>	<u>4,841,557</u>
<b>Expenses:</b>							
Net Change in Claims Paid and Reserved	515,326	7,538,525	0	0	0	0	8,053,851
Reinsurance Premiums	0	3,259,190	0	0	0	0	3,259,190
Other Program Expenses	39,071	2,338,799	22,094	0	0	0	2,399,964
General and Administrative Expenses	78,650	1,181,974	306,259	0	0	1,100	1,567,983
School Management Resource Center Expenses	0	0	340,706	0	0	0	340,706
Interest Expense	<u>0</u>	<u>0</u>	<u>18,418</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,418</u>
<b>Total Expenses</b>	<u>633,047</u>	<u>14,318,488</u>	<u>687,477</u>	<u>0</u>	<u>0</u>	<u>1,100</u>	<u>15,640,112</u>
<b>Net Income/(Loss)</b>	302,995	(3,670,539)	(6,247,244)	(680,257)	(503,787)	277	(10,798,555)
<b>Transfers:</b>							
Transfers In/(Out)	<u>0</u>	<u>0</u>	<u>(1,194,299)</u>	<u>0</u>	<u>(129,373)</u>	<u>1,323,672</u>	<u>0</u>
<b>Change in Net Position</b>	302,995	(3,670,539)	(7,441,543)	(680,257)	(633,160)	1,323,949	(10,798,555)
<b>Net Position - July 1, 2021</b>	<u>(173,702)</u>	<u>23,401,031</u>	<u>35,345,631</u>	<u>4,091,035</u>	<u>4,550,172</u>	<u>1,759,814</u>	<u>68,973,981</u>
<b>Net Position - June 30, 2022</b>	<u>\$ 129,293</u>	<u>\$ 19,730,492</u>	<u>\$ 27,904,088</u>	<u>\$ 3,410,778</u>	<u>\$ 3,917,012</u>	<u>\$ 3,083,763</u>	<u>\$ 58,175,426</u>

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VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
 SCHEDULE OF GENERAL AND ADMINISTRATIVE AND SCHOOL  
 MANAGEMENT RESOURCE CENTER REVENUES AND EXPENSES  
 FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	General and Administrative	School Management Resource Center	Total	General and Administrative	School Management Resource Center	Total
<b>Sources of Revenue:</b>						
VEHI Administration Contract	\$ 1,069,325	\$ 0	\$ 1,069,325	\$ 1,094,826	\$ 0	\$ 1,094,826
Unemployment Insurance Program	78,650	0	78,650	75,292	0	75,292
Multi-Line Program	1,181,974	0	1,181,974	1,123,269	0	1,123,269
General Reserve	306,259	340,706	646,965	474,489	321,700	796,189
Other Income	1,100	0	1,100	2,500	0	2,500
<b>Total Sources of Revenue</b>	<b>\$ 2,637,308</b>	<b>\$ 340,706</b>	<b>\$ 2,978,014</b>	<b>\$ 2,770,376</b>	<b>\$ 321,700</b>	<b>\$ 3,092,076</b>
<b>Expenses:</b>						
Salaries	\$ 1,355,423	\$ 0	\$ 1,355,423	\$ 1,518,036	\$ 0	\$ 1,518,036
Benefits and Payroll Taxes	704,356	0	704,356	675,497	0	675,497
Accounting Services	36,700	0	36,700	35,748	0	35,748
Bank Fees	8,476	0	8,476	7,730	0	7,730
Computer Upgrade and Maintenance	159,570	0	159,570	154,798	0	154,798
Consulting	281	0	281	60	0	60
Conference Expenses	7,925	0	7,925	7,500	0	7,500
Depreciation	81,329	0	81,329	82,477	0	82,477
Dues and Subscriptions	8,133	0	8,133	7,053	0	7,053
Employee Relations	9,809	0	9,809	5,360	0	5,360
Employment Advertising	0	0	0	376	0	376
Equipment Expense	7,823	0	7,823	16,726	0	16,726
Insurance	60,442	0	60,442	54,113	0	54,113
Internet Expense	13,495	0	13,495	17,599	0	17,599
Legal Services	1,805	0	1,805	1,322	0	1,322
<b>Occupancy:</b>						
Custodial	21,859	0	21,859	25,795	0	25,795
Grounds Care	9,000	0	9,000	8,899	0	8,899
Building Maintenance	22,457	0	22,457	23,593	0	23,593
Property Taxes	31,669	0	31,669	33,204	0	33,204
Utilities	26,036	0	26,036	22,895	0	22,895
Office Supplies	10,567	0	10,567	14,947	0	14,947
Payroll Service Fee	3,254	0	3,254	3,009	0	3,009
Postage	10,539	0	10,539	8,719	0	8,719
Printing/Photocopying	16,045	0	16,045	17,353	0	17,353
Public Relations/Promotional Expense	6,550	0	6,550	7,550	0	7,550
State-wide Initiatives	0	340,706	340,706	0	321,700	321,700
Telephone	15,353	0	15,353	15,143	0	15,143
Travel, Meals and Lodging	6,758	0	6,758	3,253	0	3,253
Website Maintenance and Fees	1,654	0	1,654	1,621	0	1,621
<b>Total Expenses</b>	<b>\$ 2,637,308</b>	<b>\$ 340,706</b>	<b>\$ 2,978,014</b>	<b>\$ 2,770,376</b>	<b>\$ 321,700</b>	<b>\$ 3,092,076</b>

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
 COMPARATIVE STATEMENT OF NET POSITION -  
 MULTI-LINE AND MULTI-LINE RESERVE FUNDS  
 JUNE 30, 2022 AND 2021

	2022	2021
<u>ASSETS</u>		
Cash	\$ 8,359,036	\$ 4,566,360
Investments	27,986,624	31,437,115
Receivables	506,780	233,945
Deductibles Receivable	58,042	33,333
Subrogation and Reinsurance Receivable	23,073	38,322
Prepaid Expenses	276,856	3,822,325
TOTAL ASSETS	\$ 37,210,411	\$ 40,131,400
<u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Accounts Payable	\$ 157,701	\$ 82,923
Workers' Compensation State Assessment Reserve	147,580	129,023
Claims to be Paid	7,583,626	6,069,251
Anticipated Claims Not Reported	3,874,000	4,158,000
Reserve for Unallocated Loss Adjustment Expenses	1,800,000	1,741,000
Total Liabilities	13,562,907	12,180,197
Net Position:	23,647,504	27,951,203
TOTAL LIABILITIES AND NET POSITION	\$ 37,210,411	\$ 40,131,400

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VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.  
 COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 MULTI-LINE AND MULTI-LINE RESERVE FUNDS  
 FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Revenues:		
Program Contributions	\$ 13,448,213	\$ 13,174,575
Other Income	4,632	4,418
Investment Income - Interest and Dividends	499,064	554,121
Investment Income/(Loss) - Other	<u>(3,807,747)</u>	<u>1,429,429</u>
Total Revenues	<u>10,144,162</u>	<u>15,162,543</u>
Expenses:		
Net Change in Claims Paid and Reserved	7,538,525	5,613,951
Reinsurance Premiums	3,259,190	3,059,772
Other Program Expenses	2,338,799	1,956,927
General and Administrative Expenses	<u>1,181,974</u>	<u>1,123,269</u>
Total Expenses	<u>14,318,488</u>	<u>11,753,919</u>
Excess/(Deficiency) of Revenues Over Expenses	<u>(4,174,326)</u>	<u>3,408,624</u>
Transfers:		
Transfers In/(Out)	<u>(129,373)</u>	<u>(131,373)</u>
Change in Net Position	(4,303,699)	3,277,251
Net Position - Beginning of Year	<u>27,951,203</u>	<u>24,673,952</u>
Net Position - End of Year	<u>\$ 23,647,504</u>	<u>\$ 27,951,203</u>

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