

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.

AUDIT REPORT

JUNE 30, 2020 AND 2019

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
AUDIT REPORT
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Vermont School Boards Insurance Trust, Inc. as of and for the years ended June 30, 2020 and 2019 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Vermont School Boards Insurance Trust, Inc.'s preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Vermont School Boards Insurance Trust, Inc. as of June 30, 2020 and 2019 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

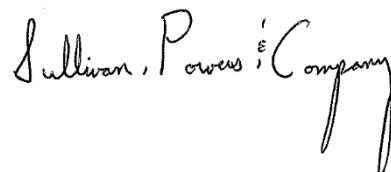
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 and the financial information listed as Tables 1 and 2 in the table of contents be presented to supplement the basic financial statements. Such information, 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 28, 2020
Montpelier, Vermont
VT Lic. #92-000180



VERMONT SCHOOL BOARDS INSURANCE TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2020

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 2020 Highlights and Overall Financial Position

During the year ending June 30, 2020, VSBIT provided unemployment insurance to 107 schools and supervisory unions. VSBIT also provided property/casualty and workers' compensation coverage to 48 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 \$13.8 million in FY20; \$800 thousand from unemployment contributions and \$13 million from the multi-line program.

VSBIT earned \$1.26 million in interest and dividends and had a market gain of \$3.4 million on investments following a \$2.8 million market gain in FY19. VSBIT also received \$1 million from VEHI per the administrative contract.

VSBIT's net position increased by \$4 million; from \$55.5 million to \$59.5 million. This is a result of a \$710 thousand loss on the unemployment program, the return of \$468 thousand to members for the 1992-1998 workers compensation program now fully closed, a \$3.1 million gain on the multi-line program and a gain of \$2 million on the general reserve, unemployment reserve and multi-line reserve funds which primarily was from investment income. VSBIT holds general reserves in the amount of \$28.75 million, up from \$26.9 million in FY19. Unemployment reserve and operating funds are down \$508 thousand from \$4.95 million in FY19. Multi-line reserve and operating funds of \$24.7 million increased from \$21.6 million in FY19. The workers' compensation reserves, from the program operated between 1992 and 1998, were returned to members.

VSBIT's FY20 general and general reserve funds operating budgets totaled \$3,078,168. Actual FY20 spending levels were under budget by \$43 thousand with 98.6% 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>2020</u>	<u>2019</u>
Assets:		
Cash and Investments	\$ 67,249,554	\$ 61,944,865
Receivables	1,227,009	728,869
Other Assets	3,125,236	2,930,537
Property Plant and Equipment	<u>3,164,538</u>	<u>3,263,818</u>
Total Assets	<u>\$ 74,766,337</u>	<u>\$ 68,868,089</u>
Liabilities:		
Claims Liabilities	\$ 11,817,606	\$ 10,037,354
Other Program Liabilities	1,574,390	1,398,043
General Liabilities	338,101	224,968
Long Term Liabilities-Bond Payable	<u>1,562,362</u>	<u>1,756,992</u>
Total Liabilities	<u>15,292,459</u>	<u>13,417,357</u>
Net Position:		
Net Position	<u>59,473,878</u>	<u>55,450,732</u>
Total Net Position	<u>59,473,878</u>	<u>55,450,732</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 74,766,337</u>	<u>\$ 68,868,089</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, 2020.

The largest receivable for FY20 is \$896,683 due from the Vermont Department of Labor. This is for a 50% reimbursement of claims billed for April-June of 2020 to member school accounts as per the Federal Cares Act. Additional receivables include \$24 thousand due for deductibles and \$20 thousand due for subrogation for the multi-line program, \$230 thousand due in estimated contributions from multi-line members as a result of the FY20 payroll audit, and \$55 thousand for contribution receivables from members. Receivables for FY19 were mostly comprised from monies due for reinsurance for the Multi-Line program and the estimated amounts due in contributions from multi-line members as a result of the FY19 payroll audit.

VSBIT held \$3.16 million in net capital assets as of June 30, 2020 as compared to \$3.26 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. FY20 other assets represents \$3.1 million in prepaid expenses. FY19 other assets was comprised of \$2.9 million in prepaid expenses.

Liabilities

Claims liabilities total \$11.8 million, up \$1.78 million from FY19. The increase is attributable to unemployment claims payable; claims incurred prior to June 30, 2020 but not yet reimbursed by VSBIT. Unemployment claims payable is \$1.8 million as compared to \$106 thousand for FY19. This is due to increased claims resulting from the COVID19 pandemic. \$896,683 of this will be recouped from the Vermont Department of Labor as noted above. Also included is \$5.86 million which represents the projected cost of claims filed as of June 30, 2020 for the multi-line program but not yet paid. This is a decrease of \$331 thousand from FY19. The remaining \$4.16 million (up from \$3.7 million for FY19) 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 \$1.45 million in estimated claims adjustment reserves (up from \$1.28 million in FY19) and \$124 thousand for the Vermont Department of Labor assessment. These reserves are calculated based on case reserves and IBNR values as of June 30, 2020.

General liabilities include \$166,859 due to vendors and other accrued expenses, \$104,458 in accrued vacation payable, and \$66,784 in accrued payroll liabilities.

The long term liabilities-bond payable of \$1,562,362 is the amount due to the Peoples United Bank for the mortgage on the office building at 52 Pike Drive in Berlin VT.

SUMMARY OF REVENUE AND EXPENSES

	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Program Contributions	\$ 13,791,092	\$ 13,146,125
VEHI Administrative Contract/Other Income	<u>1,089,863</u>	<u>1,073,266</u>
Total Operating Revenues	<u>14,880,955</u>	<u>14,219,391</u>
Operating Expenses:		
Net Change in Claims Paid & Reserved	7,081,334	6,255,315
Other Program Expenses	4,972,860	4,630,483
General and Administrative Expenses	2,433,970	2,403,268
SMRC	<u>511,861</u>	<u>474,688</u>
Total Operating Expenses	<u>15,000,025</u>	<u>13,763,754</u>
Operating Income/(Loss)	<u>(119,070)</u>	<u>455,637</u>
Non-Operating Revenues/(Expenses):		
Total Investment Activity	4,657,110	4,156,661
Interest Expense	(48,815)	(54,123)
Return of Contributions-Old		
WC Program Surplus	<u>(466,079)</u>	<u>0</u>
Change in Net Position	4,023,146	4,558,175
Net Position – Beginning of Year	<u>55,450,732</u>	<u>50,892,557</u>
Net Position - End of Year	<u>\$ 59,473,878</u>	<u>\$ 55,450,732</u>

Revenue

VSBIT revenue is primarily made up of program contributions from members. Revenues for FY20 total \$14.9 million, an increase of \$662 thousand from FY19.

Investment activity generated a \$4.66 million dollar gain reflecting positive market results of \$3.4 million and \$1.26 million in dividends and interest earnings. For FY19 investment activity totaled \$4.1 million.

Expenses

VSBIT incurred unemployment claims in the amount of \$1,410,996 as compared to \$634,000 for FY19. Despite most school employees remaining employed, closures throughout Vermont due to the COVID19 pandemic resulted in this increase in claims expense to the program. The Multi-Line Intermunicipal School Program's change in claims paid and reserved increased by \$51 thousand to \$5.67 as of June 30, 2020.

Other expenses include general expenses of \$2.4 million, increasing slightly by \$31 thousand from FY19, and the School Management Resource Center expenses totaling \$511,861, an increase of \$37,173 from FY19. 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.

VSBIT's actual general and administrative expenses for FY20 concluded at 1.4% below budget; for FY19 VSBIT ended the year at 8.1% below budget.

Change in Net Position

VSBIT's FY19 operations resulted in an increase in net position of \$4 million, as compared to \$4.6 million for FY19. These increases are primarily due to investment activity and positive claims development for the multi-line program.

Economic Factors

FY20 marked the sixteenth year for VSBIT's multi-line program. For FY21, the workers' compensation base rate was adjusted down by 3.3% and the property casualty rates were adjusted up by 4.7% for an overall flat rate indication. For FY20, base rates for workers' compensation were adjusted down by 4.5% and property casualty rates were adjusted up by 4.1% to achieve the overall 1% base rate decrease. Net position for this program increased from \$21.6 million to \$24.7 million in FY20 following a \$2 million increase in net position in FY19. Membership did not change during FY20 or for FY21.

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, FY20 expected claims spiked significantly in the fourth quarter. This quarter was the highest claims quarter 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. Claims expense for FY20 was \$1.4 million, as compared to \$634 thousand in FY19. Moving into FY21 it is uncertain what the scope of claims related to the pandemic will be. VSBIT will continue to monitor these trends closely. Due to mergers, the overall membership count continued to decrease in FY20, however the program actually lost no entities for FY20 or FY21.

The FY21 operating budget was set at \$3,311,854. This is an increase of \$233,686 or 7.6% from FY20. VSBIT's President and one Health Promotion Specialist are retiring during FY21. The budget approved allows for a smooth transition of these positions.

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, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Cash - Note 2	\$ 5,633,793	\$ 7,027,575
Investments - Note 2	61,615,761	54,917,290
Contributions Receivable - Note 3	285,530	188,017
Other Receivables - Note 4	896,683	7,548
Deductibles Receivable	24,433	32,664
Subrogation Receivable	20,363	183,189
Reinsurance Receivable	0	317,451
Prepaid Expenses - Note 5	3,125,236	2,928,390
Advance to Vermont School Boards Association - Note 6	0	2,147
Property, Plant and Equipment - Net of Accumulated Depreciation of \$764,284 and \$805,851 as of June 30, 2020 and 2019, Respectively - Note 7	<u>3,164,538</u>	<u>3,263,818</u>
TOTAL ASSETS	<u>\$ 74,766,337</u>	<u>\$ 68,868,089</u>

LIABILITIES AND NET POSITION

Liabilities:

Accounts Payable	\$ 104,574	\$ 82,577
Accrued Payroll and Related Taxes Payable	66,784	52,719
Accrued Vacation Payable	104,458	81,267
Accrued Interest Payable	3,792	4,245
Other Payables	58,493	4,160
Claims Payable - Note 8	1,793,366	105,657
Workers' Compensation State Assessment Reserve	124,390	116,043
Claims to be Paid - Note 9	5,861,240	6,192,697
Anticipated Claims Not Reported - Note 9	4,163,000	3,739,000
Reserve for Unallocated Loss Adjustment Expenses	1,450,000	1,282,000
Bonds Payable - Note 10	<u>1,562,362</u>	<u>1,756,992</u>
Total Liabilities	<u>15,292,459</u>	<u>13,417,357</u>

Net Position:

Net Investment in Property, Plant and Equipment	1,602,176	1,506,826
Unrestricted Net Position	<u>57,871,702</u>	<u>53,943,906</u>
Total Net Position - Note 11	<u>59,473,878</u>	<u>55,450,732</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 74,766,337</u>	<u>\$ 68,868,089</u>

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, 2020 AND 2019

	2020	2019
Operating Revenues:		
Program Contributions	\$ 13,791,092	\$ 13,146,125
Other Income	36,870	34,277
VEHI Administration Contract	1,052,993	1,038,989
Total Operating Revenues	14,880,955	14,219,391
Operating Expenses:		
Net Change in Claims Paid and Reserved - Unemployment Insurance - Note 12	1,410,996	635,962
Net Change in Claims Paid and Reserved - Multi-Line Program - Note 12	5,670,338	5,619,353
Reinsurance Premiums	2,764,857	2,610,653
Administration	879,992	875,185
Other Program Expenses - Note 13	1,328,011	1,144,645
General and Administrative Expenses - Note 14	2,433,970	2,403,268
School Management Resource Center Expenses	511,861	474,688
Total Operating Expenses	15,000,025	13,763,754
Net Operating Income/Loss)	(119,070)	455,637
Non-Operating Revenues/(Expenses):		
Investment Income - Interest and Dividends	1,258,116	1,321,958
Investment Income - Other	3,398,994	2,834,703
Interest Expense	(48,815)	(54,123)
Return of Contributions - Old Workers Compensation Program Surplus	(466,079)	0
Total Non-Operating Revenues/(Expenses)	4,142,216	4,102,538
Change in Net Position	4,023,146	4,558,175
Net Position - Beginning of Year	55,450,732	50,892,557
Net Position - End of Year	\$ 59,473,878	\$ 55,450,732

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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Cash Received from Unemployment Contributions	\$ 768,259	\$ 726,219
Cash Received from Multi-Line Contributions	12,927,297	12,413,288
Cash Received from VEHI for Administration	1,058,814	1,033,168
Other Income Received	33,220	26,694
Cash Paid for Unemployment Claims	(619,970)	(628,589)
Cash Paid for Multi-Line Claims	(5,089,287)	(5,106,555)
Cash Paid for Reinsurance	(2,952,209)	(2,762,150)
Cash Paid for General and Administrative Expenses	(2,238,878)	(2,343,192)
Cash Paid for School Management Resource Center Expenses	(509,714)	(351,688)
Cash Paid for Other Program Expenses	<u>(2,019,977)</u>	<u>(1,915,470)</u>
Net Cash Provided by Operating Activities	<u>1,357,555</u>	<u>1,091,725</u>
Cash Flows from Noncapital Financing Activities:		
Return of Contributions - Old Workers Compensation Program Surplus	<u>(466,079)</u>	<u>0</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>(466,079)</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of Property, Plant and Equipment	0	(15,351)
Principal Paid on Bonds Payable	(194,630)	(189,334)
Interest Paid on Bonds Payable	<u>(49,268)</u>	<u>(54,563)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(243,898)</u>	<u>(259,248)</u>
Cash Flows from Investing Activities:		
Net Proceeds/(Purchase) of Investments	(3,299,476)	(736,674)
Cash Received from Interest and Dividends	<u>1,258,116</u>	<u>1,321,958</u>
Net Cash Provided/(Used) by Investing Activities	<u>(2,041,360)</u>	<u>585,284</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,393,782)	1,417,761
Cash and Cash Equivalents, Beginning of Year	<u>7,027,575</u>	<u>5,609,814</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,633,793</u>	<u>\$ 7,027,575</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Net Operating Income to Net Cash Provided/(Used) by Operating Activities		
Net Operating Income/(Loss)	\$ (119,070)	\$ 455,637
Adjustments to Reconcile the Change in Net Position to Net Cash Provided/(Used) by Operating Activities:		
Depreciation	98,939	102,000
Loss on Disposal of Capital Assets	340	6,731
Changes in Operating Assets and Liabilities:		
Decrease/(Increase) in Contributions Receivable	(97,513)	(21,018)
Decrease/(Increase) in Other Receivables	(889,135)	3,180
Decrease/(Increase) in Deductibles Receivable	8,231	(6,942)
Decrease/(Increase) in Subrogation and Reinsurance Receivable	480,277	(131,134)
Decrease/(Increase) in Prepaid Expenses	(196,846)	(147,073)
Decrease/(Increase) in Advance to Vermont School Boards Association	2,147	114,135
Decrease in Working Fund Deposit	0	5,000
Increase/(Decrease) in Accounts Payable	21,997	(35,251)
Increase/(Decrease) in Accrued Payroll	14,065	(34,958)
Increase/(Decrease) in Accrued Vacation Payable	23,191	20,530
Increase/(Decrease) in Other Payables	54,333	(32,119)
Increase/(Decrease) in Claims Payable	1,687,709	6,081
Increase/(Decrease) in Workers' Compensation State Assessment Reserve	8,347	3,052
Increase/(Decrease) in Claims to be Paid and Anticipated Claims Not Reported	92,543	650,874
Increase/(Decrease) in Reserve for Unallocated Loss Adjustment Expenses	<u>168,000</u>	<u>133,000</u>
Net Cash Provided by Operating Activities	\$ <u>1,357,555</u>	\$ <u>1,091,725</u>

Supplemental Disclosures:

Equipment with a cost of \$140,847 and accumulated depreciation of \$140,507 was disposed of during fiscal year 2020.

Equipment with a cost of \$7,361 and accumulated depreciation of \$630 was disposed of during fiscal year 2019.

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

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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, 2020, there were 48 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, 2020 AND 2019

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, 2020 AND 2019

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, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Deposits with Financial Institutions	\$ 5,633,793	\$ 7,027,575
Investments	<u>61,615,761</u>	<u>54,917,290</u>
Total	<u>\$67,249,554</u>	<u>\$61,944,865</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, 2020 AND 2019

Note 2:
(Cont'd)

	2020		2019	
	<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>5,383,793</u>	<u>5,674,644</u>	<u>6,777,575</u>	<u>7,052,996</u>
Total Cash Deposits	<u>\$5,633,793</u>	<u>\$5,924,644</u>	<u>\$7,027,575</u>	<u>\$7,302,996</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, 2020 and 2019 consisted of the following:

	2020	2019
Mutual Funds – Equities	\$24,488,975	\$22,090,530
Mutual Funds – Fixed Income	<u>37,126,786</u>	<u>32,826,760</u>
Total	<u>\$61,615,761</u>	<u>\$54,917,290</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, 2020 AND 2019

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 2019 or 2020. 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 thirteen and three mutual funds of the Vanguard Group as of June 30, 2020 and June 30, 2019, respectively.

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.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 2:
(Cont'd)

The Trust has the following fair value measurements as of June 30, 2020:

Description	Total	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Mutual Funds - Equities	\$ 24,488,975	\$ 24,488,975	\$ 0	\$ 0
Mutual Funds - Fixed Income	37,126,786	37,126,786	0	0
Total	\$ 61,615,761	\$ 61,615,761	\$ 0	\$ 0

The mutual funds – equities of \$22,090,530 and the mutual funds – fixed income of \$32,826,760 as of June 30, 2019 were all deemed to be categorized as Level 1.

Note 3: CONTRIBUTIONS RECEIVABLE

Contributions receivable of \$285,530 and \$188,017 as of June 30, 2020 and June 30, 2019, respectively, represent unemployment and multi-line program contributions received after year end. \$230,000 and \$185,000 of these amounts as of June 30, 2020 and 2019, respectively, represent estimated contributions from future workers compensation reconciliations.

Note 4: OTHER RECEIVABLES

Other receivables at June 30, 2020 consists of CARES Act unemployment funds due from the Vermont Department of Labor in the amount of \$896,683. At June 30, 2019, \$7,548 was due from Vermont Education Health Initiative (VEHI) for shared expenses. VEHI is an affiliated organization as described in Note 22.

Note 5: PREPAID EXPENSES

Prepaid expenses of \$3,125,236 and \$2,928,390 as of June 30, 2020 and 2019, respectively, represents amounts paid during the current year that will benefit future years. The balances consist primarily of reinsurance premiums paid in advance.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 6: ADVANCE TO VERMONT SCHOOL BOARDS ASSOCIATION

The Trust joined the Vermont School Boards Association (VSBA) and the Vermont Superintendents Association (VSA) in forming the Act 46 Implementation Collaborative to support school districts in responding to the goals and requirements of Act 46 in a manner that effectively manages risk. The Trust is providing financial resources to the Collaborative and VSBA is acting as the fiscal agent. The advance to Vermont School Boards Association was \$2,147 as of June 30, 2019 and was paid in 2020.

Note 7: PROPERTY, PLANT AND EQUIPMENT

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

	2020					
	Balance	Additions	Disposals	Balance	Accumulated Depreciation	Net Property Plant and Equipment
	7/1/2019			6/30/2020		
Land	\$ 282,023	\$ 0	\$ 0	\$ 282,023	\$ 0	\$ 282,023
Furniture and Equipment	430,092	0	140,847	289,245	257,833	31,412
Infrastructure	113,078	0	0	113,078	83,866	29,212
Building and Building Components	<u>3,244,476</u>	<u>0</u>	<u>0</u>	<u>3,244,476</u>	<u>422,585</u>	<u>2,821,891</u>
Total	<u>\$ 4,069,669</u>	<u>\$ 0</u>	<u>\$ 140,847</u>	<u>\$ 3,928,822</u>	<u>\$ 764,284</u>	<u>\$ 3,164,538</u>

	2019					
	Balance	Additions	Disposals	Balance	Accumulated Depreciation	Net Property Plant and Equipment
	7/1/2018			6/30/2019		
Land	\$ 282,023	\$ 0	\$ 0	\$ 282,023	\$ 0	\$ 282,023
Furniture and Equipment	430,092	0	0	430,092	368,908	61,184
Infrastructure	113,078	0	0	113,078	72,558	40,520
Building and Building Components	<u>3,236,486</u>	<u>15,351</u>	<u>7,361</u>	<u>3,244,476</u>	<u>364,385</u>	<u>2,880,091</u>
Total	<u>\$ 4,061,679</u>	<u>\$ 15,351</u>	<u>\$ 7,361</u>	<u>\$ 4,069,669</u>	<u>\$ 805,851</u>	<u>\$ 3,263,818</u>

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 8: CLAIMS PAYABLE

At June 30, 2020 and 2019, the Trust owed \$1,793,366 and \$105,657, 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, 2020 and 2019 but not yet paid as of these dates.

Claims expense for the Unemployment Program increased from \$635,962 in fiscal year 2019 to \$1,410,996 in fiscal year 2020. The Trust paid out \$1,793,366 in claims for the quarter of April through June, 2020 of which \$896,693 will be reimbursed by the Vermont Department of Labor as per the Federal CARES Act. This amount is reflected in other receivables as of June 30. Despite most school employees remaining employed, closures throughout Vermont due to the COVID19 pandemic resulted in a sharp increase in claims expense for the program.

Note 9: 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 \$5,861,240 net of \$439,200, of reinsurance as of June 30, 2020 and \$6,192,697 net of \$185,890 of reinsurance as of June 30, 2019. Anticipated claims not reported (non-case reserves) consist of reserves for claims incurred but not reported and are estimated to be \$4,163,000 net of \$1,754,000 of reinsurance as of June 30, 2020 and \$3,739,000 net of \$1,525,000 of reinsurance as of June 30, 2019. 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, 2020 AND 2019

Note 9:
 (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 10:

BONDS PAYABLE

	<u>2020</u>	<u>2019</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	\$1,322,725	\$1,411,386

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 10:
(Cont'd)

	<u>2020</u>	<u>2019</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	\$ <u>239,637</u>	\$ <u>345,606</u>
Total Bonds Payable	\$ <u><u>1,562,362</u></u>	\$ <u><u>1,756,992</u></u>

The future maturities of bonds payable at June 30, 2020 are estimated to be as follows:

Year Ending June 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 200,342	\$ 40,555	\$ 240,897
2022	206,087	37,789	243,876
2023	116,055	32,860	148,915
2024	99,996	29,923	129,919
2025	103,120	26,799	129,919
2026-2030	564,569	85,025	649,594
2031-2035	<u>272,193</u>	<u>9,297</u>	<u>281,490</u>
	<u>\$ 1,562,362</u>	<u>\$ 262,248</u>	<u>\$ 1,824,610</u>

The changes in long-term debt were as follows:

	<u>2020</u>	<u>2019</u>
Beginning Balance	\$ 1,756,992	\$ 1,946,326
Additions	0	0
Payments	<u>(194,630)</u>	<u>(189,334)</u>
Ending Balance	<u>\$ 1,562,362</u>	<u>\$ 1,756,992</u>

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020 AND 2019

Note 10:
 (Cont'd)

The bonds contain certain operating and financial covenants. The two financial covenants that must be verified is that the Trust had a minimum annual debt service coverage ratio of 1.20 and that the Trust maintain \$12,000,000 in liquidity. The Trust adhered to these covenants for 2020 and 2019.

Interest expense on the bonds was \$48,815 and \$54,123 during fiscal year 2020 and 2019, respectively.

Note 11: NET POSITION

Net position consists of the following:

	2020	2019
Designated for Unemployment Insurance	\$ 1,111,918	\$ 1,821,737
Designated for Workers' Compensation (92-98)	0	468,311
Designated for Multi-Line Program	20,010,952	16,917,512
Designated for General Reserve	28,750,044	26,939,431
Designated for Unemployment Reserve	3,335,788	3,133,915
Designated for Multi-Line Reserve	4,663,000	4,663,000
Designated for General Operating - Net Investment in Property, Plant and Equipment	1,602,176	1,506,826
	\$ 59,473,878	\$ 55,450,732

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.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 12: CLAIMS PAID AND RESERVED

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

	2020	
	Unemployment Insurance	Multi-Line
Claims Paid (Net of Recoveries)	\$ 1,410,996	\$ 5,577,795
Reserves - End of Year	0	10,024,240
Less: Reserves - Beginning of Year	0	(9,931,697)
Net Change in Claims Paid and Reserved	\$ 1,410,996	\$ 5,670,338
	2019	
	Unemployment Insurance	Multi-Line
Claims Paid (Net of Recoveries)	\$ 635,962	\$ 4,968,479
Reserves - End of Year	0	9,931,697
Less: Reserves - Beginning of Year	0	(9,280,823)
Net Change in Claims Paid and Reserved	\$ 635,962	\$ 5,619,353

Note 13: OTHER PROGRAM EXPENSES

Other Program Expenses is comprised of the following:

	2020	2019
Bank Fees	\$ 1,739	\$ 1,386
Unallocated Loss Adjustment Expense - Multi-Line	168,000	133,000
Workers' Compensation State Assessment - Multi-Line	43,911	36,634
Actuarial Services - Multi-Line	228,783	145,155
Consulting - Multi-Line	231,750	243,750
Consulting - General Reserve	26,275	440
Appraisal Expense - Multi-Line	0	25,193
Loss Prevention - Multi-Line	185,755	126,306
Loss Prevention Grant Expense - Multi-Line	316,848	298,669
Working Fund Deposit Loss - Worker's Compensation (92-98)	0	5,000
Other Operating Expenses - Unemployment Insurance	1,330	1,356
Other Operating Expenses - General Reserve	14,518	0
Other Operating Expenses - Multi-Line	109,102	127,756
	\$ 1,328,011	\$ 1,144,645

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 14: ALLOCATION OF GENERAL AND ADMINISTRATIVE EXPENSES

The Vermont School Boards Insurance Trust, Inc. has incurred General and Administrative Expenses of \$2,433,970 and \$2,403,268 for the years ended June 30, 2020 and 2019, 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 15: TRANSFERS

Transfers between programs during 2020 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	\$ (95,350)	\$ 0	\$ 95,350	\$ 0
Transfer from the Multi-Line Reserve Fund to the General Reserve Fund of its Interest and Dividend Earnings and Positive Market Value Changes	304,308	(304,308)	0	0
Transfer from the General Operating Fund to the General Reserve Fund of its Interest Earnings	<u>687</u>	<u>0</u>	<u>(687)</u>	<u>0</u>
Net Transfers In/(Out)	<u>\$ 209,645</u>	<u>\$ (304,308)</u>	<u>\$ 94,663</u>	<u>\$ 0</u>

Note 16: 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 and fifteen (15) employees in 2020 and 2019, respectively. All of the investments are self directed by each employee.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 16:
(Cont'd)

The Trust also has a 403(b) plan which allows for employee contributions if they elect to contribute. The Trust also increased a 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 employee was not eligible for the Trust's 401(a) plan. The amount of the contribution was \$1,667 for fiscal year 2020 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 \$1,350,899 and \$1,354,249 while covered payroll was \$1,315,253 and \$1,158,938 for fiscal year 2020 and 2019, respectively. Pension expense for the year ended June 30, 2020 and 2019 was \$111,796 and \$98,510, respectively

Note 17: 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, 2020 was \$439,200 and \$1,754,000, respectively, and as of June 30, 2019 was \$185,890 and \$1,525,000, respectively.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 17:
(Cont'd)

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

Note 18: 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
JUNE 30, 2020 AND 2019

Note 19: 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 20: 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, 2020, \$3,350,981 has been transferred back to the General Reserve which is inclusive of all three types of transfers described previously.

Note 21: 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 22: 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 \$1,052,993 and \$1,038,989 for these services during fiscal years 2020 and 2019, 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, 2020

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, 2020

	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
1. Gross Contribution and Investment Revenues	\$ 8,216,905	\$ 7,774,191	\$ 8,454,957	\$ 9,672,830	\$ 10,316,100	\$ 10,880,507	\$ 12,169,013	\$ 12,579,388	\$ 12,644,920	\$ 12,975,701
2. Reinsurance Premiums	1,608,741	1,662,139	1,810,211	1,967,253	2,169,599	2,281,683	2,321,576	2,358,627	2,612,285	2,748,285
3. Net Earned Required Contribution and Investment Revenues	6,608,164	6,112,052	6,644,746	7,705,577	8,146,501	8,598,824	9,847,437	10,220,761	10,032,635	10,227,416
4. Unallocated Expenses	1,174,298	1,509,766	1,831,828	1,881,433	2,142,251	2,493,248	2,804,503	3,310,657	3,345,348	3,309,379
5. Estimated Incurred Claim and Expense, End of Policy Year	4,133,954	5,473,170	4,294,863	4,689,534	5,259,771	5,011,505	6,097,313	5,829,267	6,901,098	6,015,662
6. Paid (cumulative) as of:										
End of Policy Year	1,229,414	2,108,603	1,272,490	1,203,784	1,607,633	1,270,430	1,698,977	1,948,152	2,212,295	1,793,978
One Year Later	2,395,235	3,418,076	2,840,374	2,683,043	2,972,413	2,047,786	2,882,442	3,189,818	4,073,895	
Two Years Later	2,652,291	3,966,195	3,640,314	3,195,225	3,537,008	2,765,019	3,389,957	3,667,102		
Three Years Later	3,014,782	4,428,627	4,269,503	3,636,688	3,765,243	3,169,406	3,924,403			
Four Years Later	3,328,395	4,545,206	4,702,228	3,808,834	3,984,093	3,622,742				
Five Years Later	3,752,468	4,545,488	4,743,736	4,037,095	4,251,078					
Six Years Later	3,769,159	4,546,366	4,766,839	4,162,151						
Seven Years Later	3,558,752	4,556,408	4,803,010							
Eight Years Later	3,671,988	4,556,408								
Nine Years Later	3,672,051									
7. Reestimated Incurred Claims and Expense:										
End of Policy Year	4,133,954	5,473,170	4,294,863	4,689,534	5,259,771	5,011,505	6,097,313	5,829,267	6,901,098	6,015,662
One Year Later	3,850,255	4,898,859	4,677,396	4,382,662	5,105,904	4,141,287	4,816,239	5,231,640	7,309,485	
Two Years Later	3,287,719	4,801,233	5,389,684	4,312,603	4,729,597	3,887,675	4,563,459	4,655,591		
Three Years Later	3,444,168	4,772,989	5,465,483	4,325,017	4,443,604	3,828,046	4,363,881			
Four Years Later	3,884,766	4,563,983	5,346,219	4,421,123	4,404,823	4,169,036				
Five Years Later	3,938,179	4,564,489	5,251,777	4,401,314	4,424,904					
Six Years Later	3,918,513	4,546,366	5,176,708	4,307,897						
Seven Years Later	4,049,353	4,556,408	4,913,908							
Eight Years Later	3,671,988	4,556,408								
Nine Years Later	3,672,049									
8. Increase/(Decrease) in Estimated Incurred Claims and Expense from End of Policy Year	(461,905)	(916,762)	619,045	(381,637)	(834,867)	(842,469)	(1,733,432)	(1,173,676)	408,387	N/A

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
RECONCILIATION OF CLAIMS LIABILITIES - MULTI-LINE PROGRAM
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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:

	2020			2019		
	Property and Casualty	Workers' Compensation	Total	Property and Casualty	Workers' Compensation	Total
Unpaid Claims at Beginning of Year	\$ <u>2,773,726</u>	\$ <u>7,157,971</u>	\$ <u>9,931,697</u>	\$ <u>2,159,863</u>	\$ <u>7,120,960</u>	\$ <u>9,280,823</u>
Incurred Claims:						
Provision for Covered Events of the Current Year	1,616,672	4,398,990	6,015,662	2,001,753	4,899,345	6,901,098
Increase/(Decrease) in Provision for Covered Events of Prior Years	<u>(216,232)</u>	<u>(129,092)</u>	<u>(345,324)</u>	<u>29,000</u>	<u>(1,310,745)</u>	<u>(1,281,745)</u>
Total Incurred Claims	<u>1,400,440</u>	<u>4,269,898</u>	<u>5,670,338</u>	<u>2,030,753</u>	<u>3,588,600</u>	<u>5,619,353</u>
Payments:						
Claims Attributable to Covered Events of the Current Year	537,952	1,256,026	1,793,978	853,253	1,359,042	2,212,295
Claims Attributable to Covered Events of Prior Years	<u>924,785</u>	<u>2,859,032</u>	<u>3,783,817</u>	<u>563,637</u>	<u>2,192,547</u>	<u>2,756,184</u>
Total Payments	<u>1,462,737</u>	<u>4,115,058</u>	<u>5,577,795</u>	<u>1,416,890</u>	<u>3,551,589</u>	<u>4,968,479</u>
Total Unpaid Claims at End of Year	\$ <u><u>2,711,429</u></u>	\$ <u><u>7,312,811</u></u>	\$ <u><u>10,024,240</u></u>	\$ <u><u>2,773,726</u></u>	\$ <u><u>7,157,971</u></u>	\$ <u><u>9,931,697</u></u>

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VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

<u>ASSETS</u>	Unemployment Insurance	Workers' Compensation (1992-1998)	Multi-Line	General Reserve	Unemployment Reserve	Multi-Line Reserve	General Operating	Total
Cash	\$ 1,978,713	\$ 0	\$ 3,410,084	\$ 79,226	\$ 0	\$ 0	\$ 165,770	\$ 5,633,793
Investments	0	0	24,935,584	28,681,389	3,335,788	4,663,000	0	61,615,761
Contributions Receivable	31,913	0	253,617	0	0	0	0	285,530
Other Receivables	896,683	0	0	0	0	0	0	896,683
Deductibles Receivable	0	0	24,433	0	0	0	0	24,433
Subrogation Receivable	0	0	20,363	0	0	0	0	20,363
Reinsurance Receivable	0	0	0	0	0	0	0	0
Prepaid Expenses	0	0	3,052,377	0	0	0	72,859	3,125,236
Advance to VSBA	0	0	0	0	0	0	0	0
Property, Plant and Equipment - Net of Accumulated Depreciation of \$764,284	0	0	0	0	0	0	3,164,538	3,164,538
TOTAL ASSETS	\$ 2,907,309	\$ 0	\$ 31,696,458	\$ 28,760,615	\$ 3,335,788	\$ 4,663,000	\$ 3,403,167	\$ 74,766,337
<u>LIABILITIES AND NET POSITION</u>								
Liabilities:								
Accounts Payable	\$ 499	\$ 0	\$ 86,876	\$ 6,779	\$ 0	\$ 0	\$ 10,420	\$ 104,574
Accrued Payroll and Related Payroll Taxes	0	0	0	0	0	0	66,784	66,784
Accrued Vacation Payable	0	0	0	0	0	0	104,458	104,458
Accrued Interest Payable	0	0	0	3,792	0	0	0	3,792
Other Payables	1,526	0	0	0	0	0	56,967	58,493
Claims Payable	1,793,366	0	0	0	0	0	0	1,793,366
Workers' Compensation State								
Assessment Reserve	0	0	124,390	0	0	0	0	124,390
Claims to be Paid	0	0	5,861,240	0	0	0	0	5,861,240
Anticipated Claims Not Reported	0	0	4,163,000	0	0	0	0	4,163,000
Reserve for Unallocated								
Loss Adjustment Expenses	0	0	1,450,000	0	0	0	0	1,450,000
Bonds Payable	0	0	0	0	0	0	1,562,362	1,562,362
Total Liabilities	1,795,391	0	11,685,506	10,571	0	0	1,800,991	15,292,459
Net Position:	1,111,918	0	20,010,952	28,750,044	3,335,788	4,663,000	1,602,176	59,473,878
TOTAL LIABILITIES AND NET POSITION	\$ 2,907,309	\$ 0	\$ 31,696,458	\$ 28,760,615	\$ 3,335,788	\$ 4,663,000	\$ 3,403,167	\$ 74,766,337

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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, 2020

	Unemployment Insurance	Workers' Compensation (1992-1998)	Multi-Line	General Reserve	Unemployment Reserve	Multi-Line Reserve	General Operating	Total
Revenues:								
Program Contributions	\$ 799,789	\$ 0	\$ 12,991,303	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,791,092
Other Income	3	0	4,611	31,436	0	0	820	36,870
Investment Income - Interest and Dividends	9,808	2,039	463,167	599,932	65,175	117,308	687	1,258,116
Investment Income - Other	<u>0</u>	<u>0</u>	<u>1,283,408</u>	<u>1,791,888</u>	<u>136,698</u>	<u>187,000</u>	<u>0</u>	<u>3,398,994</u>
Total Revenues	<u>809,600</u>	<u>2,039</u>	<u>14,742,489</u>	<u>2,423,256</u>	<u>201,873</u>	<u>304,308</u>	<u>1,507</u>	<u>18,485,072</u>
Expenses:								
Net Change in Claims Paid and Reserved	1,410,996	0	5,670,338	0	0	0	0	7,081,334
Reinsurance Premiums	0	0	2,764,857	0	0	0	0	2,764,857
Administration Fees to Outside Administrator	38,619	0	841,373	0	0	0	0	879,992
Other Program Expenses	1,330	0	1,285,888	40,793	0	0	0	1,328,011
General and Administrative Expenses	68,474	4,271	1,086,593	220,819	0	0	820	1,380,977
School Management Resource Center Expenses	0	0	0	511,861	0	0	0	511,861
Interest Expense	0	0	0	48,815	0	0	0	48,815
Return of Contributions	<u>0</u>	<u>466,079</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>466,079</u>
Total Expenses	<u>1,519,419</u>	<u>470,350</u>	<u>11,649,049</u>	<u>822,288</u>	<u>0</u>	<u>0</u>	<u>820</u>	<u>14,461,926</u>
Net Income/(Loss)	(709,819)	(468,311)	3,093,440	1,600,968	201,873	304,308	687	4,023,146
Transfers:								
Transfers In/(Out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>209,645</u>	<u>0</u>	<u>(304,308)</u>	<u>94,663</u>	<u>0</u>
Change in Net Position	(709,819)	(468,311)	3,093,440	1,810,613	201,873	0	95,350	4,023,146
Net Position - July 1, 2019	<u>1,821,737</u>	<u>468,311</u>	<u>16,917,512</u>	<u>26,939,431</u>	<u>3,133,915</u>	<u>4,663,000</u>	<u>1,506,826</u>	<u>55,450,732</u>
Net Position - June 30, 2020	<u>\$ 1,111,918</u>	<u>\$ 0</u>	<u>\$ 20,010,952</u>	<u>\$ 28,750,044</u>	<u>\$ 3,335,788</u>	<u>\$ 4,663,000</u>	<u>\$ 1,602,176</u>	<u>\$ 59,473,878</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, 2020 AND 2019

	2020			2019		
	General and Administrative	School Management Resource Center/ Other	Total	General and Administrative	School Management Resource Center/ Other	Total
Sources of Revenue:						
VEHI Administration Contract	\$ 1,052,993	\$ 0	\$ 1,052,993	\$ 1,038,989	\$ 0	\$ 1,038,989
Unemployment Insurance Program	68,474	0	68,474	68,416	0	68,416
Workers' Compensation Insurance Program (92-98)	4,271	0	4,271	5,062	0	5,062
Multi-Line Program	1,086,593	0	1,086,593	1,059,284	0	1,059,284
General Reserve	220,819	480,425	701,244	226,742	452,758	679,500
Other Income	820	31,436	32,256	4,775	21,930	26,705
Total Sources of Revenue	\$ 2,433,970	\$ 511,861	\$ 2,945,831	\$ 2,403,268	\$ 474,688	\$ 2,877,956
Expenses:						
Salaries	\$ 1,237,402	\$ 0	\$ 1,237,402	\$ 1,173,980	\$ 0	\$ 1,173,980
Benefits and Payroll Taxes	606,631	0	606,631	582,512	0	582,512
Accounting Services	35,748	0	35,748	35,000	0	35,000
Bank Fees	4,761	0	4,761	4,471	0	4,471
Computer Upgrade and Maintenance	140,392	0	140,392	147,672	0	147,672
Consulting	58	0	58	7,500	0	7,500
Conference Expenses	3,766	0	3,766	45,241	0	45,241
Depreciation	98,939	0	98,939	102,000	0	102,000
Director's Expense	1,688	0	1,688	2,122	0	2,122
Dues and Subscriptions	6,025	0	6,025	4,921	0	4,921
Employee Relations	6,078	0	6,078	7,377	0	7,377
Equipment Expense	15,918	0	15,918	11,647	0	11,647
Insurance	54,300	0	54,300	53,635	0	53,635
Internet Expense	13,409	0	13,409	12,994	0	12,994
Legal Services	2,964	0	2,964	4,022	0	4,022
Occupancy:						
Custodial	20,360	0	20,360	25,545	0	25,545
Grounds Care	8,900	0	8,900	10,574	0	10,574
Building Maintenance	28,674	0	28,674	20,862	0	20,862
Property Taxes	32,466	0	32,466	31,952	0	31,952
Utilities	25,844	0	25,844	23,814	0	23,814
Office Supplies	18,096	0	18,096	17,979	0	17,979
Payroll Service Fee	3,200	0	3,200	1,468	0	1,468
Postage	11,497	0	11,497	8,895	0	8,895
Printing/Photocopying	14,696	0	14,696	18,498	0	18,498
Public Relations/Promotional Expense	13,218	0	13,218	11,988	0	11,988
State-wide Initiatives	0	511,861	511,861	0	465,823	465,823
Telephone	16,064	0	16,064	14,753	0	14,753
Travel, Meals and Lodging	3,315	0	3,315	14,495	57	14,552
VSBIT U/Training Room	0	0	0	0	8,808	8,808
Website Maintenance and Fees	9,221	0	9,221	620	0	620
Loss on Disposal of Capital Assets	340	0	340	6,731	0	6,731
Total Expenses	\$ 2,433,970	\$ 511,861	\$ 2,945,831	\$ 2,403,268	\$ 474,688	\$ 2,877,956

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
 COMPARATIVE STATEMENT OF NET POSITION -
 MULTI-LINE AND MULTI-LINE RESERVE FUNDS
 JUNE 30, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Cash	\$ 3,410,084	\$ 4,505,150
Investments	29,598,584	24,897,736
Receivables	253,617	185,000
Deductibles Receivable	24,433	32,664
Subrogation and Reinsurance Receivable	20,363	500,640
Prepaid Expenses	<u>3,052,377</u>	<u>2,865,025</u>
 TOTAL ASSETS	 <u>\$ 36,359,458</u>	 <u>\$ 32,986,215</u>
 <u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Accounts Payable	\$ 86,876	\$ 75,963
Workers' Compensation State Assessment Reserve	124,390	116,043
Claims to be Paid	5,861,240	6,192,697
Anticipated Claims Not Reported	4,163,000	3,739,000
Reserve for Unallocated Loss Adjustment Expenses	<u>1,450,000</u>	<u>1,282,000</u>
 Total Liabilities	 11,685,506	 11,405,703
 Net Position:	 <u>24,673,952</u>	 <u>21,580,512</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 36,359,458</u>	 <u>\$ 32,986,215</u>

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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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Revenues:		
Program Contributions	\$ 12,991,303	\$ 12,439,098
Other Income	4,611	7,572
Investment Income - Interest and Dividends	580,475	603,419
Investment Income - Other	<u>1,470,408</u>	<u>701,383</u>
Total Revenues	<u>15,046,797</u>	<u>13,751,472</u>
Expenses:		
Net Change in Claims Paid and Reserved	5,670,338	5,619,353
Reinsurance Premiums	2,764,857	2,610,653
Administration Fees to Outside Administrator	841,373	836,566
Other Program Expenses	1,285,888	1,137,849
General and Administrative Expenses	<u>1,086,593</u>	<u>1,059,284</u>
Total Expenses	<u>11,649,049</u>	<u>11,263,705</u>
Excess of Revenues Over Expenses	<u>3,397,748</u>	<u>2,487,767</u>
Transfers:		
Transfers In/(Out)	<u>(304,308)</u>	<u>(491,025)</u>
Change in Net Position	3,093,440	1,996,742
Net Position - Beginning of Year	<u>21,580,512</u>	<u>19,583,770</u>
Net Position - End of Year	<u>\$ 24,673,952</u>	<u>\$ 21,580,512</u>

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