

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.

AUDIT REPORT

JUNE 30, 2021 AND 2020

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2021 AND 2020

		<u>Page #</u>
Independent Auditor's Report		1-2
Management's Discussion and Analysis		3-8
Statement of Net Position	Exhibit A	9
Statement of Revenues, Expenses and Changes in Net Position	Exhibit B	10
Statement of Cash Flows	Exhibit C	11-12
Notes to the Financial Statements		13-28
Claims Development Information - Multi-Line Program	Table 1	29-30
Reconciliation of Claims Liabilities - Multi-Line Program	Table 2	31
Combining Statement of Net Position - June 30, 2021	Schedule 1	32
Combining Statement of Revenues, Expenses and Changes in Net Position - For the Year Ended June 30, 2021	Schedule 2	33
Schedule of General and Administrative and School Management Resource Center Revenues and Expenses	Schedule 3	34

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
AUDIT REPORT
TABLE OF CONTENTS
JUNE 30, 2021 AND 2020

		<u>Page #</u>
Comparative Statement of Net Position - Multi-Line and Multi-Line Reserve Funds	Schedule 4	35
Comparative Statement of Revenues, Expenses and Changes in Net Position - Multi-Line and Multi-Line Reserve Funds	Schedule 5	36

Sullivan, Powers & Co., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

77 Barre Street
P.O. Box 947
Montpelier, VT 05601
802/223-2352
www.sullivanpowers.com

Fred Duplessis, CPA
Richard J. Brigham, CPA
Chad A. Hewitt, CPA
Wendy C. Gilwee, CPA
VT Lic. #92-000180

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, 2021 and 2020 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, 2021 and 2020 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

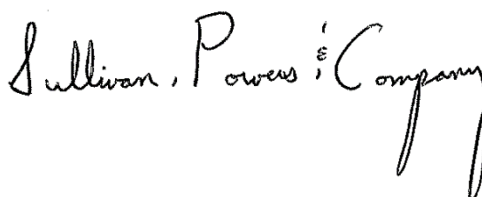
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8 and the financial information listed as Tables 1 and 2 in the table of contents be presented to supplement the basic financial statements. Such information, 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, 2021
Montpelier, Vermont
VT Lic. #92-000180



VERMONT SCHOOL BOARDS INSURANCE TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2021

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 2021 Highlights and Overall Financial Position

During the year ending June 30, 2021, 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 \$13.9 million in FY21; \$740 thousand from unemployment contributions and \$13.2 million from the multi-line program.

VSBIT earned \$1.5 million in interest and dividends and had a market gain of \$8.6 million on investments following a \$3.4 million market gain in FY20. VSBIT also received \$1.1 million from VEHI per the administrative contract.

VSBIT's net position increased by \$9.5 million; from \$59.5 million to \$69 million. This is a result of a \$1.3 million loss on the unemployment program, a \$3.4 million gain on the multi-line program and a gain of \$7.4 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 \$35.3 million, up from \$28.75 million in FY20. Unemployment reserve and operating funds total \$3.9 million, down from \$4.4 million in FY20. Multi-line reserve and operating funds of \$27.95 million increased from \$24.7 million in FY20.

VSBIT's FY21 general and general reserve funds operating budgets totaled \$3,311,854. Actual FY21 spending levels were under budget by \$163 thousand with 95.1% 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>2021</u>	<u>2020</u>
Assets:		
Cash and Investments	\$ 75,506,224	\$ 67,249,554
Receivables	371,888	1,227,009
Other Assets	3,875,108	3,125,236
Property Plant and Equipment	<u>3,121,834</u>	<u>3,164,538</u>
Total Assets	<u>\$ 82,875,054</u>	<u>\$ 74,766,337</u>
Liabilities:		
Claims Liabilities	\$ 10,307,406	\$ 11,817,606
Other Program Liabilities	1,870,023	1,574,390
General Liabilities	361,624	338,101
Long Term Liabilities-Bond Payable	<u>1,362,020</u>	<u>1,562,362</u>
Total Liabilities	<u>13,901,073</u>	<u>15,292,459</u>
Net Position:		
Net Position	<u>68,973,981</u>	<u>59,473,878</u>
Total Net Position	<u>68,973,981</u>	<u>59,473,878</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 82,875,054</u>	<u>\$ 74,766,337</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, 2021. As of June 30, 2021 cash and investments total \$75.5 million as compared to \$67.2 million as of June 30, 2020. This is due to strong market performance during FY21.

Receivables of \$372 thousand are down from \$1.2 million from FY20. The largest receivable for FY20 was \$896,683 due from the Vermont Department of Labor for reimbursement of claims as per the Federal Cares Act. As of June 30, 2021 only \$8,500 is due from the Vermont Department of Labor. FY21 receivables include \$33 thousand due for deductibles and \$38 thousand due for subrogation for the multi-line program, \$229 thousand due in estimated contributions from multi-line members as a result of the FY21 payroll audit, and \$56 thousand due from Peoples United Bank.

VSBIT held \$3.12 million in net capital assets as of June 30, 2021 as compared to \$3.16 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. FY21 other assets represents \$3.9 million in prepaid expenses. FY20 other assets was comprised of \$3.1 million in prepaid expenses.

Liabilities

Claims liabilities total \$10.3 million, down from \$11.8 million for FY20. The decrease is attributable to unemployment claims payable; claims incurred prior to June 30, 2021 but not yet reimbursed by VSBIT. Unemployment claims payable is \$80 thousand as compared to \$1.8 million for FY20. Claims liabilities also include \$6.07 million which represents the projected cost of claims filed as of June 30, 2021 for the multi-line program but not yet paid. This is an increase of \$208 thousand from FY20. The remaining \$4.16 million (down \$5 thousand from FY20) 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 \$1.74 million in estimated claims adjustment reserves (up from \$1.45 million in FY20) and \$129 thousand for the Vermont Department of Labor assessment. These reserves are calculated based on case reserves and IBNR values as of June 30, 2021.

General liabilities include \$173,054 due to vendors and other accrued expenses, \$112,245 in accrued vacation payable, and \$76,325 in accrued payroll liabilities.

The long term liabilities-bond payable of \$1,362,020 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>2021</u>	<u>2020</u>
Operating Revenues:		
Program Contributions	\$ 13,914,618	\$ 13,791,092
VEHI Administrative Contract/Other Income	<u>1,154,145</u>	<u>1,089,863</u>
Total Operating Revenues	<u>15,068,763</u>	<u>14,880,955</u>
Operating Expenses:		
Net Change in Claims Paid & Reserved	7,520,451	7,081,334
Other Program Expenses	5,075,246	4,972,860
General and Administrative Expenses	2,770,376	2,433,970
SMRC	<u>321,700</u>	<u>511,861</u>
Total Operating Expenses	<u>15,687,773</u>	<u>15,000,025</u>
Operating Income/(Loss)	<u>(619,010)</u>	<u>(119,070)</u>
Non-Operating Revenues/(Expenses):		
Total Investment Activity	10,162,202	4,657,110
Interest Expense	(43,089)	(48,815)
Return of Contributions-Old		
WC Program Surplus	<u>0</u>	<u>(466,079)</u>
Change in Net Position	9,500,103	4,023,146
Net Position – Beginning of Year	<u>59,473,878</u>	<u>55,450,732</u>
Net Position - End of Year	<u>\$ 68,973,981</u>	<u>\$ 59,473,878</u>

Revenue

VSBIT revenue is primarily made up of program contributions from members. Revenues for FY21 total \$15.1 million, an increase of \$188 thousand from FY20.

Investment activity generated a \$10.16 million dollar gain reflecting positive market results of \$8.6 million and \$1.54 million in dividends and interest earnings. For FY20 investment activity totaled \$4.66 million.

Expenses

VSBIT incurred unemployment claims in the amount of \$1,906,500 as compared to \$1,410,996 for FY20. 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 decreased by \$32 thousand to \$5.6 million as of June 30, 2021.

General and administrative expenses totaled \$2.77 million, increasing by \$336 thousand from FY20. This was due to increased salaries and benefits. During FY21, the Trust transitioned to a new President, employing both the incoming and retiring President for the year. Another retiring staff member also resulted in five months of overlap to facilitate successful staffing transitions. School Management Resource Center expenses totaled \$321,700, a decrease of \$190,161 from FY20 as several ongoing projects were completed. 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 FY21 concluded at 4.9% below budget; for FY20 VSBIT ended the year at 1.4% below budget.

Change in Net Position

VSBIT's FY21 operations resulted in an increase in net position of \$9.5 million, as compared to \$4 million for FY20. This increase is primarily due to positive investment activity and positive claims development for the multi-line program, offset by a \$1.3 million loss from operations for the unemployment program.

Economic Factors

FY21 marked the seventeenth year for VSBIT's multi-line program. For FY22, the workers' compensation base rate was adjusted up by 1.9% and the property casualty rates were adjusted up by 4.5% to achieve the overall 3% base rate increase. For FY21, base rates for workers' compensation were adjusted down by 3.3% and property casualty rates were adjusted up by 4.7% for an overall flat rate indication. Net position for this program increased from \$24.7 million to \$27.95 million in FY21 following a \$3.1 million increase in net position in FY20. Membership did not change during FY21. In FY22 one member entity was dissolved with the underlying schools joining a non-member district.

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 claims expense spiked in the 4th quarter and ended the year at \$1,410,996 as compared to \$634 thousand for FY19. FY21 continued the high claims trend, totaling \$1,906,500. 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. Moving into FY22 it is uncertain what the scope of claims related to the pandemic will be, however VSBIT did see a decrease in claims expense for the fourth quarter of FY21. VSBIT will continue to monitor trends closely. No members left the program in FY21.

The FY22 operating budget was set at \$3,272,898. This is a decrease of \$38,956 or 1.2% from FY21.

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, 2021 AND 2020

ASSETS

	2021	2020
Cash - Note 2	\$ 5,093,890	\$ 5,633,793
Investments - Note 2	70,412,334	61,615,761
Contributions Receivable - Note 3	234,105	285,530
Other Receivables - Note 4	66,128	896,683
Deductibles Receivable	33,333	24,433
Subrogation Receivable	38,322	20,363
Prepaid Expenses - Note 5	3,875,108	3,125,236
Property, Plant and Equipment - Net of Accumulated Depreciation of \$845,336 and \$764,284 as of June 30, 2021 and 2020, Respectively - Note 6	3,121,834	3,164,538
TOTAL ASSETS	\$ 82,875,054	\$ 74,766,337

LIABILITIES AND NET POSITION

Liabilities:

Accounts Payable	\$ 118,983	\$ 104,574
Accrued Payroll and Related Taxes Payable	76,325	66,784
Accrued Vacation Payable	112,245	104,458
Accrued Interest Payable	3,326	3,792
Other Payables	50,745	58,493
Claims Payable - Note 7	80,155	1,793,366
Workers' Compensation State Assessment Reserve	129,023	124,390
Claims to be Paid - Note 8	6,069,251	5,861,240
Anticipated Claims Not Reported - Note 8	4,158,000	4,163,000
Reserve for Unallocated Loss Adjustment Expenses	1,741,000	1,450,000
Bonds Payable - Note 9	1,362,020	1,562,362
Total Liabilities	13,901,073	15,292,459

Net Position:

Net Investment in Property, Plant and Equipment	1,759,814	1,602,176
Unrestricted Net Position	67,214,167	57,871,702
Total Net Position - Note 10	68,973,981	59,473,878
TOTAL LIABILITIES AND NET POSITION	\$ 82,875,054	\$ 74,766,337

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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues:		
Program Contributions	\$ 13,914,618	\$ 13,791,092
Other Income	59,319	36,870
VEHI Administration Contract	<u>1,094,826</u>	<u>1,052,993</u>
Total Operating Revenues	<u>15,068,763</u>	<u>14,880,955</u>
Operating Expenses:		
Net Change in Claims Paid and Reserved - Unemployment Insurance - Note 11	1,906,500	1,410,996
Net Change in Claims Paid and Reserved - Multi-Line Program - Note 11	5,613,951	5,670,338
Reinsurance Premiums	3,059,772	2,764,857
Administration	862,084	879,992
Other Program Expenses - Note 12	1,153,390	1,328,011
General and Administrative Expenses - Note 13	2,770,376	2,433,970
School Management Resource Center Expenses	<u>321,700</u>	<u>511,861</u>
Total Operating Expenses	<u>15,687,773</u>	<u>15,000,025</u>
Net Operating Income/Loss)	<u>(619,010)</u>	<u>(119,070)</u>
Non-Operating Revenues/(Expenses):		
Investment Income - Interest and Dividends	1,539,474	1,258,116
Investment Income - Other	8,622,728	3,398,994
Interest Expense	(43,089)	(48,815)
Return of Contributions - Old Workers Compensation Program Surplus	<u>0</u>	<u>(466,079)</u>
Total Non-Operating Revenues/(Expenses)	<u>10,119,113</u>	<u>4,142,216</u>
Change in Net Position	9,500,103	4,023,146
Net Position - Beginning of Year	<u>59,473,878</u>	<u>55,450,732</u>
Net Position - End of Year	<u>\$ 68,973,981</u>	<u>\$ 59,473,878</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Cash Received from Unemployment Contributions	\$ 766,851	\$ 768,259
Cash Received from Multi-Line Contributions	13,199,192	12,927,297
Cash Received from VEHI for Administration	1,094,826	1,058,814
Other Income Received	889,875	33,220
Cash Paid for Unemployment Claims	(3,619,711)	(619,970)
Cash Paid for Multi-Line Claims	(5,146,799)	(5,089,287)
Cash Paid for Reinsurance	(3,144,074)	(2,952,209)
Cash Paid for General and Administrative Expenses	(2,665,316)	(2,238,878)
Cash Paid for School Management Resource Center Expenses	(321,700)	(509,714)
Cash Paid for Other Program Expenses	<u>(2,675,007)</u>	<u>(2,019,977)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(1,621,863)</u>	<u>1,357,555</u>
Cash Flows from Noncapital Financing Activities:		
Return of Contributions - Old Workers Compensation Program Surplus	<u>0</u>	<u>(466,079)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>0</u>	<u>(466,079)</u>
Cash Flows from Capital and Related Financing Activities:		
Purchase of Property, Plant and Equipment	(39,772)	0
Principal Paid on Bonds Payable	(200,342)	(194,630)
Interest Paid on Bonds Payable	<u>(43,555)</u>	<u>(49,268)</u>
Net Cash Provided/(Used) by Capital and Related Financing Activities	<u>(283,669)</u>	<u>(243,898)</u>
Cash Flows from Investing Activities:		
Net Proceeds/(Purchase) of Investments	(173,845)	(3,299,476)
Cash Received from Interest and Dividends	<u>1,539,474</u>	<u>1,258,116</u>
Net Cash Provided/(Used) by Investing Activities	<u>1,365,629</u>	<u>(2,041,360)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(539,903)	(1,393,782)
Cash and Cash Equivalents, Beginning of Year	<u>5,633,793</u>	<u>7,027,575</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,093,890</u>	<u>\$ 5,633,793</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of Net Operating Income to Net Cash Provided/(Used) by Operating Activities		
Net Operating Income/(Loss)	\$ (619,010)	\$ (119,070)
Adjustments to Reconcile the Change in Net Position to Net Cash Provided/(Used) by Operating Activities:		
Depreciation	82,476	98,939
Loss on Disposal of Capital Assets	0	340
Changes in Operating Assets and Liabilities:		
Decrease/(Increase) in Contributions Receivable	51,425	(97,513)
Decrease/(Increase) in Other Receivables	830,555	(889,135)
Decrease/(Increase) in Deductibles Receivable	(8,900)	8,231
Decrease/(Increase) in Subrogation and Reinsurance Receivable	(17,959)	480,277
Decrease/(Increase) in Prepaid Expenses	(749,872)	(196,846)
Decrease/(Increase) in Advance to Vermont School Boards Association	0	2,147
Increase/(Decrease) in Accounts Payable	14,409	21,997
Increase/(Decrease) in Accrued Payroll	9,541	14,065
Increase/(Decrease) in Accrued Vacation Payable	7,787	23,191
Increase/(Decrease) in Other Payables	(7,748)	54,333
Increase/(Decrease) in Claims Payable	(1,713,211)	1,687,709
Increase/(Decrease) in Workers' Compensation State Assessment Reserve	4,633	8,347
Increase/(Decrease) in Claims to be Paid and Anticipated Claims Not Reported	203,011	92,543
Increase/(Decrease) in Reserve for Unallocated Loss Adjustment Expenses	<u>291,000</u>	<u>168,000</u>
Net Cash Provided/(Used) by Operating Activities	\$ <u>(1,621,863)</u>	\$ <u>1,357,555</u>

Supplemental Disclosures:

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

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

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

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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, 2021, 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, 2021 AND 2020

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, 2021 AND 2020

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, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Deposits with Financial Institutions	\$ 5,093,890	\$ 5,633,793
Investments	<u>70,412,334</u>	<u>61,615,761</u>
Total	<u>\$75,506,224</u>	<u>\$67,249,554</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, 2021 AND 2020

Note 2:
(Cont'd)

	2021		2020	
	<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>4,843,890</u>	<u>5,041,761</u>	<u>5,383,793</u>	<u>5,674,644</u>
Total Cash Deposits	<u>\$5,093,890</u>	<u>\$5,291,761</u>	<u>\$5,633,793</u>	<u>\$5,924,644</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, 2021 and 2020 consisted of the following:

	2021	2020
Mutual Funds – Equities	\$33,841,924	\$24,488,975
Mutual Funds – Fixed Income	<u>36,570,410</u>	<u>37,126,786</u>
Total	<u>\$70,412,334</u>	<u>\$61,615,761</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, 2021 AND 2020

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 2021 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 seventeen and thirteen mutual funds of the Vanguard Group as of June 30, 2021 and June 30, 2020, 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, 2021 AND 2020

Note 2:
(Cont'd)

The Trust has the following fair value measurements as of June 30, 2021:

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	\$ 33,841,924	\$ 33,841,924	\$ 0	\$ 0
Mutual Funds - Fixed Income	36,570,410	36,570,410	0	0
Total	\$ 70,412,334	\$ 70,412,334	\$ 0	\$ 0

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

Note 3: CONTRIBUTIONS RECEIVABLE

Contributions receivable of \$234,105 and \$285,530 as of June 30, 2021 and June 30, 2020, respectively, represent unemployment and multi-line program contributions received after year end. \$229,000 and \$230,000 of these amounts as of June 30, 2021 and 2020, respectively, represent estimated contributions from future workers compensation reconciliations.

Note 4: OTHER RECEIVABLES

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. 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.

Note 5: PREPAID EXPENSES

Prepaid expenses of \$3,875,108 and \$3,125,236 as of June 30, 2021 and 2020, 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, 2021 AND 2020

Note 6: PROPERTY, PLANT AND EQUIPMENT

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

	2021					
	Balance	Additions	Disposals	Balance	Accumulated Depreciation	Net
	7/1/2020			6/30/2021		6/30/2021
	<u>7/1/2020</u>	<u> </u>	<u> </u>	<u>6/30/2021</u>	<u>6/30/2021</u>	<u>6/30/2021</u>
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>

	2020					
	Balance	Additions	Disposals	Balance	Accumulated Depreciation	Net
	7/1/2019			6/30/2020		6/30/2020
	<u>7/1/2019</u>	<u> </u>	<u> </u>	<u>6/30/2020</u>	<u>6/30/2020</u>	<u>6/30/2020</u>
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>

Note 7: CLAIMS PAYABLE

At June 30, 2021 and 2020, the Trust owed \$80,155 and \$1,793,366, 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, 2021 and 2020 but not yet paid as of these dates.

Claims expense for the Unemployment Program increased from \$1,410,996 in fiscal year 2020 to \$1,906,500 in fiscal year 2021. The Trust paid out \$1,793,366 in claims for the quarter of April through June, 2020 of which \$896,693 was reimbursed by the Vermont Department of Labor as per the Federal CARES Act. This amount is reflected in other receivables as of June 30, 2020. 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.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 \$6,069,251 net of \$296,500, of reinsurance as of June 30, 2021 and \$5,861,240 net of \$439,200 of reinsurance as of June 30, 2020. Anticipated claims not reported (non-case reserves) consist of reserves for claims incurred but not reported and are estimated to be \$4,158,000 net of \$2,294,500 of reinsurance as of June 30, 2021 and \$4,163,000 net of \$1,754,000 of reinsurance as of June 30, 2020. 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.

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.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 9: BONDS PAYABLE

	<u>2021</u>	<u>2020</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	\$1,231,254	\$1,322,725
Revenue Bond Payable – 2012 Series B Issued By the Vermont Economic Development Authority, Administered 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>130,766</u>	<u>239,637</u>
Total Bonds Payable	<u>\$1,362,020</u>	<u>\$1,562,362</u>

The future maturities of bonds payable at June 30, 2021 are estimated to be as follows:

Year Ending June 30:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
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	106,257		23,662		129,919
2027-2031	581,747		67,845		649,592
2032-2033	<u>148,758</u>		<u>2,814</u>		<u>151,572</u>
	<u>\$ 1,362,020</u>	\$	<u>221,692</u>	\$	<u>1,583,712</u>

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 9:
(Cont'd)

The changes in long-term debt were as follows:

	2021	2020
Beginning Balance	\$ 1,562,362	\$ 1,756,992
Additions	0	0
Payments	(200,342)	(194,630)
Ending Balance	\$ 1,362,020	\$ 1,562,362

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 2021 and 2020.

Interest expense on the bonds was \$43,089 and \$48,815 during fiscal year 2021 and 2020, respectively.

Note 10: NET POSITION

Net position consists of the following:

	2021	2020
Designated for Unemployment Insurance	\$ (173,702)	\$ 1,111,918
Designated for Multi-Line Program	23,401,031	20,010,952
Designated for General Reserve	35,345,631	28,750,044
Designated for Unemployment Reserve	4,091,035	3,335,788
Designated for Multi-Line Reserve	4,550,172	4,663,000
Designated for General Operating - Net Investment in Property, Plant and Equipment	1,759,814	1,602,176
	\$ 68,973,981	\$ 59,473,878

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, 2021 AND 2020

Note 11: CLAIMS PAID AND RESERVED

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

	2021	
	Unemployment Insurance	Multi-Line
Claims Paid (Net of Recoveries)	\$ 1,906,500	\$ 5,410,940
Reserves - End of Year	0	10,227,251
Less: Reserves - Beginning of Year	0	(10,024,240)
Net Change in Claims Paid and Reserved	\$ 1,906,500	\$ 5,613,951
	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

Note 12: OTHER PROGRAM EXPENSES

Other Program Expenses is comprised of the following:

	2021	2020
Bank Fees	\$ 1,448	\$ 1,739
Unallocated Loss Adjustment Expense - Multi-Line	291,000	168,000
Workers' Compensation State Assessment - Multi-Line	45,795	43,911
Actuarial Services - Multi-Line	153,223	228,783
Consulting - Multi-Line	234,192	231,750
Consulting - General Reserve	0	26,275
Medical Director Fees - Multi-Line	14,400	0
Loss Prevention - Multi-Line	74,493	185,755
Loss Prevention Grant Expense - Multi-Line	240,428	316,848
Other Operating Expenses - Unemployment Insurance	6,272	1,330
Other Operating Expenses - General Reserve	13,656	14,518
Other Operating Expenses - Multi-Line	78,483	109,102
	\$ 1,153,390	\$ 1,328,011

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 13: ALLOCATION OF GENERAL AND ADMINISTRATIVE EXPENSES

The Vermont School Boards Insurance Trust, Inc. has incurred General and Administrative Expenses of \$2,770,376 and \$2,433,970 for the years ended June 30, 2021 and 2020, 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 2021 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	\$ (157,638)	\$ 0	\$ 157,638	\$ 0
Transfer from the Multi-Line Reserve Fund to the General Reserve Fund of its Interest and Dividend Earnings and Positive Market Value Changes	131,373	(131,373)	0	0
Transfer from the General Operating Fund to the General Reserve Fund of its Interest Earnings	<u>218</u>	<u>0</u>	<u>(218)</u>	<u>0</u>
Net Transfers In/(Out)	<u>\$ (26,047)</u>	<u>\$ (131,373)</u>	<u>\$ 157,420</u>	<u>\$ 0</u>

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 2021 and 2020. All of the investments are self directed by each employee.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 15:
(Cont'd)

The Trust also has a 403(b) plan which allows for employee contributions if they elect to contribute. The Trust also increased two 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 \$17,183 for fiscal year 2021 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 \$1,637,210 and \$1,350,899 while covered payroll was \$1,374,835 and \$1,315,253 for fiscal year 2021 and 2020, respectively. Pension expense for the year ended June 30, 2021 and 2020 was \$116,861 and \$111,796, 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, 2021 was \$296,500 and \$2,294,500, respectively, and as of June 30, 2020 was \$439,200 and \$1,754,000, respectively.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 17:
(Cont'd)

The aggregate retention for the fund years are as follows:

Years	Property	Liability	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

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
JUNE 30, 2021 AND 2020

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, 2021, \$3,482,354 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 \$1,094,826 and \$1,052,993 for these services during fiscal years 2021 and 2020, respectively. Furthermore, the Trust's President was the President of VEHI until October, 2019.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Note 22: SUBSEQUENT EVENT

Subsequent to year-end, the Trust has begun the process to move the Multi-Line claims operation from the current third party administrator, ASC/Davies Group, to in-house operations. This is expected to be accomplished by the beginning of FY23. This will involve the implementation of new software as well as the hiring of four adjustors and two administrative support personnel, likely the current ASC/Davies employees already working Trust claims. The claims software selected is Origami and the Trust has signed a three year contract for FY22 through FY24 for a total of \$695,625.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
CLAIMS DEVELOPMENT INFORMATION – MULTI-LINE PROGRAM
JUNE 30, 2021

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.

See Disclaimer in Accompanying Independent Auditor's Report.

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
CLAIMS DEVELOPMENT INFORMATION - MULTI-LINE PROGRAM
JUNE 30, 2021

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
1. Gross Contribution and Investment Revenues	\$ 7,774,301	\$ 8,456,491	\$ 9,784,460	\$ 10,435,692	\$ 11,044,330	\$ 12,379,161	\$ 12,813,703	\$ 12,790,382	\$ 13,139,664	\$ 13,311,977
2. Reinsurance Premiums	1,662,139	1,810,211	1,967,253	2,169,599	2,281,683	2,321,576	2,358,627	2,612,285	2,774,088	3,033,969
3. Net Earned Required Contribution and Investment Revenues	6,112,162	6,646,280	7,817,207	8,266,093	8,762,647	10,057,585	10,455,076	10,178,097	10,365,576	10,278,008
4. Unallocated Expenses	1,519,343	1,821,182	1,883,764	2,145,987	2,455,130	2,803,008	3,291,629	3,228,972	3,384,148	3,181,616
5. Estimated Incurred Claim and Expense, End of Policy Year	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	5,486,494
6. Paid (cumulative) as of:										
End of Policy Year	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	1,475,337
One Year Later	3,418,076	2,840,374	2,683,043	2,972,413	2,047,786	2,882,442	3,189,818	4,073,895	3,397,380	
Two Years Later	3,966,195	3,640,314	3,195,225	3,537,008	2,765,019	3,389,957	3,667,102	5,566,108		
Three Years Later	4,428,627	4,269,503	3,636,688	3,765,243	3,169,406	3,924,403	3,910,566			
Four Years Later	4,545,206	4,702,228	3,808,834	3,984,093	3,622,742	4,120,538				
Five Years Later	4,545,488	4,743,736	4,037,095	4,251,078	3,907,308					
Six Years Later	4,546,366	4,766,839	4,162,151	4,276,538						
Seven Years Later	4,556,408	4,803,010	4,225,313							
Eight Years Later	4,556,408	4,805,146								
Nine Years Later	4,565,239									
7. Reestimated Incurred Claims and Expense:										
End of Policy Year	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	5,486,494
One Year Later	4,898,859	4,677,396	4,382,662	5,105,904	4,141,287	4,816,239	5,231,640	7,309,485	6,315,762	
Two Years Later	4,801,233	5,389,684	4,312,603	4,729,597	3,887,675	4,563,459	4,655,591	7,122,552		
Three Years Later	4,772,989	5,465,483	4,325,017	4,443,604	3,828,046	4,363,881	4,628,199			
Four Years Later	4,563,983	5,346,219	4,421,123	4,404,823	4,169,036	4,544,094				
Five Years Later	4,564,489	5,251,777	4,401,314	4,424,904	4,096,356					
Six Years Later	4,546,366	5,176,708	4,307,897	4,451,924						
Seven Years Later	4,556,408	4,913,908	4,225,313							
Eight Years Later	4,556,408	4,913,303								
Nine Years Later	4,638,632									
8. Increase/(Decrease) in Estimated Incurred Claims and Expense from End of Policy Year	(834,538)	618,440	(464,221)	(807,847)	(915,149)	(1,553,219)	(1,201,068)	221,454	300,100	N/A

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
RECONCILIATION OF CLAIMS LIABILITIES - MULTI-LINE PROGRAM
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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:

	2021			2020		
	Property and Casualty	Workers' Compensation	Total	Property and Casualty	Workers' Compensation	Total
Unpaid Claims at Beginning of Year	\$ <u>2,711,429</u>	\$ <u>7,312,811</u>	\$ <u>10,024,240</u>	\$ <u>2,773,726</u>	\$ <u>7,157,971</u>	\$ <u>9,931,697</u>
Incurred Claims:						
Provision for Covered Events of the Current Year	1,335,570	4,150,924	5,486,494	1,616,672	4,398,990	6,015,662
Increase/(Decrease) in Provision for Covered Events of Prior Years	<u>(34,968)</u>	<u>162,425</u>	<u>127,457</u>	<u>(216,232)</u>	<u>(129,092)</u>	<u>(345,324)</u>
Total Incurred Claims	<u>1,300,602</u>	<u>4,313,349</u>	<u>5,613,951</u>	<u>1,400,440</u>	<u>4,269,898</u>	<u>5,670,338</u>
Payments:						
Claims Attributable to Covered Events of the Current Year	281,178	1,194,159	1,475,337	537,952	1,256,026	1,793,978
Claims Attributable to Covered Events of Prior Years	<u>716,732</u>	<u>3,218,871</u>	<u>3,935,603</u>	<u>924,785</u>	<u>2,859,032</u>	<u>3,783,817</u>
Total Payments	<u>997,910</u>	<u>4,413,030</u>	<u>5,410,940</u>	<u>1,462,737</u>	<u>4,115,058</u>	<u>5,577,795</u>
Total Unpaid Claims at End of Year	\$ <u><u>3,014,121</u></u>	\$ <u><u>7,213,130</u></u>	\$ <u><u>10,227,251</u></u>	\$ <u><u>2,711,429</u></u>	\$ <u><u>7,312,811</u></u>	\$ <u><u>10,024,240</u></u>

See Disclaimer in Accompanying Independent Auditor's Report.

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

	Unemployment Insurance	Multi-Line	General Reserve	Unemployment Reserve	Multi-Line Reserve	General Operating	Total
ASSETS							
Cash	\$ 42,807	\$ 4,566,360	\$ 316,422	\$ 0	\$ 0	\$ 168,301	\$ 5,093,890
Investments	0	26,886,943	34,884,184	4,091,035	4,550,172	0	70,412,334
Contributions Receivable	5,105	229,000	0	0	0	0	234,105
Other Receivables	8,541	4,945	14,869	0	0	37,773	66,128
Deductibles Receivable	0	33,333	0	0	0	0	33,333
Subrogation Receivable	0	38,322	0	0	0	0	38,322
Prepaid Expenses	0	3,822,325	0	0	0	52,783	3,875,108
Due from Unemployment Insurance	0	0	150,000	0	0	0	150,000
Property, Plant and Equipment - Net of Accumulated Depreciation of \$845,336	0	0	0	0	0	3,121,834	3,121,834
TOTAL ASSETS	\$ 56,453	\$ 35,581,228	\$ 35,365,475	\$ 4,091,035	\$ 4,550,172	\$ 3,380,691	\$ 83,025,054
LIABILITIES AND NET POSITION							
Liabilities:							
Accounts Payable	\$ 0	\$ 82,923	\$ 16,518	\$ 0	\$ 0	\$ 19,542	\$ 118,983
Accrued Payroll and Related Payroll Taxes	0	0	0	0	0	76,325	76,325
Accrued Vacation Payable	0	0	0	0	0	112,245	112,245
Accrued Interest Payable	0	0	3,326	0	0	0	3,326
Other Payables	0	0	0	0	0	50,745	50,745
Due to General Reserve	150,000	0	0	0	0	0	150,000
Claims Payable	80,155	0	0	0	0	0	80,155
Workers' Compensation State Assessment Reserve	0	129,023	0	0	0	0	129,023
Claims to be Paid	0	6,069,251	0	0	0	0	6,069,251
Anticipated Claims Not Reported Reserve for Unallocated	0	4,158,000	0	0	0	0	4,158,000
Loss Adjustment Expenses	0	1,741,000	0	0	0	0	1,741,000
Bonds Payable	0	0	0	0	0	1,362,020	1,362,020
Total Liabilities	230,155	12,180,197	19,844	0	0	1,620,877	14,051,073
Net Position:	(173,702)	23,401,031	35,345,631	4,091,035	4,550,172	1,759,814	68,973,981
TOTAL LIABILITIES AND NET POSITION	\$ 56,453	\$ 35,581,228	\$ 35,365,475	\$ 4,091,035	\$ 4,550,172	\$ 3,380,691	\$ 83,025,054

See Disclaimer in Accompanying Independent Auditor's Report.

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

	Unemployment Insurance	Multi-Line	General Reserve	Unemployment Reserve	Multi-Line Reserve	General Operating	Total
Revenues:							
Program Contributions	\$ 740,043	\$ 13,174,575	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,914,618
Other Income	1	4,418	52,400	0	0	2,500	59,319
Investment Income - Interest and Dividends	1,019	422,748	881,530	102,586	131,373	218	1,539,474
Investment Income - Other	<u>0</u>	<u>1,542,257</u>	<u>6,540,638</u>	<u>652,661</u>	<u>(112,828)</u>	<u>0</u>	<u>8,622,728</u>
Total Revenues	<u>741,063</u>	<u>15,143,998</u>	<u>7,474,568</u>	<u>755,247</u>	<u>18,545</u>	<u>2,718</u>	<u>24,136,139</u>
Expenses:							
Net Change in Claims Paid and Reserved	1,906,500	5,613,951	0	0	0	0	7,520,451
Reinsurance Premiums	0	3,059,772	0	0	0	0	3,059,772
Administration Fees to Outside Administrator	38,619	823,465	0	0	0	0	862,084
Other Program Expenses	6,272	1,133,462	13,656	0	0	0	1,153,390
General and Administrative Expenses	75,292	1,123,269	474,489	0	0	2,500	1,675,550
School Management Resource Center Expenses	0	0	321,700	0	0	0	321,700
Interest Expense	<u>0</u>	<u>0</u>	<u>43,089</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>43,089</u>
Total Expenses	<u>2,026,683</u>	<u>11,753,919</u>	<u>852,934</u>	<u>0</u>	<u>0</u>	<u>2,500</u>	<u>14,636,036</u>
Net Income/(Loss)	<u>(1,285,620)</u>	<u>3,390,079</u>	<u>6,621,634</u>	<u>755,247</u>	<u>18,545</u>	<u>218</u>	<u>9,500,103</u>
Transfers:							
Transfers In/(Out)	<u>0</u>	<u>0</u>	<u>(26,047)</u>	<u>0</u>	<u>(131,373)</u>	<u>157,420</u>	<u>0</u>
Change in Net Position	<u>(1,285,620)</u>	<u>3,390,079</u>	<u>6,595,587</u>	<u>755,247</u>	<u>(112,828)</u>	<u>157,638</u>	<u>9,500,103</u>
Net Position - July 1, 2020	<u>1,111,918</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>
Net Position - June 30, 2021	<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>

See Disclaimer in Accompanying Independent Auditor's Report.

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, 2021 AND 2020

	2021			2020		
	General and Administrative	School Management Resource Center	Total	General and Administrative	School Management Resource Center	Total
Sources of Revenue:						
VEHI Administration Contract	\$ 1,094,826	\$ 0	\$ 1,094,826	\$ 1,052,993	\$ 0	\$ 1,052,993
Unemployment Insurance Program	75,292	0	75,292	68,474	0	68,474
Workers' Compensation Insurance Program (92-98)	0	0	0	4,271	0	4,271
Multi-Line Program	1,123,269	0	1,123,269	1,086,593	0	1,086,593
General Reserve	474,489	321,700	796,189	220,819	511,861	732,680
Other Income	2,500	0	2,500	820	0	820
Total Sources of Revenue	\$ 2,770,376	\$ 321,700	\$ 3,092,076	\$ 2,433,970	\$ 511,861	\$ 2,945,831
Expenses:						
Salaries	\$ 1,518,036	\$ 0	\$ 1,518,036	\$ 1,237,402	\$ 0	\$ 1,237,402
Benefits and Payroll Taxes	675,497	0	675,497	606,631	0	606,631
Accounting Services	35,748	0	35,748	35,748	0	35,748
Bank Fees	7,730	0	7,730	7,730	0	7,761
Computer Upgrade and Maintenance	154,798	0	154,798	140,392	0	140,392
Consulting	60	0	60	58	0	58
Conference Expenses	7,500	0	7,500	3,766	0	3,766
Depreciation	82,477	0	82,477	98,939	0	98,939
Director's Expense	0	0	0	1,688	0	1,688
Dues and Subscriptions	7,053	0	7,053	6,025	0	6,025
Employee Relations	5,360	0	5,360	6,078	0	6,078
Employment Advertising	376	0	376			
Equipment Expense	16,726	0	16,726	15,918	0	15,918
Insurance	54,113	0	54,113	54,300	0	54,300
Internet Expense	17,599	0	17,599	13,409	0	13,409
Legal Services	1,322	0	1,322	2,964	0	2,964
Occupancy:						
Custodial	25,795	0	25,795	20,360	0	20,360
Grounds Care	8,899	0	8,899	8,900	0	8,900
Building Maintenance	23,593	0	23,593	28,674	0	28,674
Property Taxes	33,204	0	33,204	32,466	0	32,466
Utilities	22,895	0	22,895	25,844	0	25,844
Office Supplies	14,947	0	14,947	18,096	0	18,096
Payroll Service Fee	3,009	0	3,009	3,200	0	3,200
Postage	8,719	0	8,719	11,497	0	11,497
Printing/Photocopying	17,353	0	17,353	14,696	0	14,696
Public Relations/Promotional Expense	7,550	0	7,550	13,218	0	13,218
State-wide Initiatives		321,700	321,700	0	511,861	511,861
Telephone	15,143	0	15,143	16,064	0	16,064
Travel, Meals and Lodging	3,253	0	3,253	3,315	0	3,315
VSBIT U/Training Room	0	0	0	0	0	0
Website Maintenance and Fees	1,621	0	1,621	9,221	0	9,221
Loss on Disposal of Capital Assets	0	0	0	340	0	340
Total Expenses	\$ 2,770,376	\$ 321,700	\$ 3,092,076	\$ 2,433,970	\$ 511,861	\$ 2,945,831

VERMONT SCHOOL BOARDS INSURANCE TRUST, INC.
 COMPARATIVE STATEMENT OF NET POSITION -
 MULTI-LINE AND MULTI-LINE RESERVE FUNDS
 JUNE 30, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Cash	\$ 4,566,360	\$ 3,410,084
Investments	31,437,115	29,598,584
Receivables	233,945	253,617
Deductibles Receivable	33,333	24,433
Subrogation and Reinsurance Receivable	38,322	20,363
Prepaid Expenses	<u>3,822,325</u>	<u>3,052,377</u>
 TOTAL ASSETS	 <u>\$ 40,131,400</u>	 <u>\$ 36,359,458</u>
 <u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Accounts Payable	\$ 82,923	\$ 86,876
Workers' Compensation State Assessment Reserve	129,023	124,390
Claims to be Paid	6,069,251	5,861,240
Anticipated Claims Not Reported	4,158,000	4,163,000
Reserve for Unallocated Loss Adjustment Expenses	<u>1,741,000</u>	<u>1,450,000</u>
 Total Liabilities	 12,180,197	 11,685,506
 Net Position:	 <u>27,951,203</u>	 <u>24,673,952</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 40,131,400</u>	 <u>\$ 36,359,458</u>

See Disclaimer in Accompanying Independent Auditor's Report.

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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Revenues:		
Program Contributions	\$ 13,174,575	\$ 12,991,303
Other Income	4,418	4,611
Investment Income - Interest and Dividends	554,121	580,475
Investment Income - Other	<u>1,429,429</u>	<u>1,470,408</u>
Total Revenues	<u>15,162,543</u>	<u>15,046,797</u>
Expenses:		
Net Change in Claims Paid and Reserved	5,613,951	5,670,338
Reinsurance Premiums	3,059,772	2,764,857
Administration Fees to Outside Administrator	823,465	841,373
Other Program Expenses	1,133,462	1,285,888
General and Administrative Expenses	<u>1,123,269</u>	<u>1,086,593</u>
Total Expenses	<u>11,753,919</u>	<u>11,649,049</u>
Excess of Revenues Over Expenses	<u>3,408,624</u>	<u>3,397,748</u>
Transfers:		
Transfers In/(Out)	<u>(131,373)</u>	<u>(304,308)</u>
Change in Net Position	3,277,251	3,093,440
Net Position - Beginning of Year	<u>24,673,952</u>	<u>21,580,512</u>
Net Position - End of Year	<u>\$ 27,951,203</u>	<u>\$ 24,673,952</u>

See Disclaimer in Accompanying Independent Auditor's Report.