

**OREGON SCHOOL BOARDS ASSOCIATION
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION**

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

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2024 AND 2023**

OREGON SCHOOL BOARDS ASSOCIATION
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION
BOARD OF DIRECTORS

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Business Services Director – Orgon Trail 46

Dawn Moorefield – Vice Chair
Assistant Superintendent – Cascade 5

Paul Andrews
Superintendent – High Desert ESD

David Kruse
Risk Manager - North Clackamas

Dawn Watson
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Olivia Meyers Buch
Dir. Of Contracts & Risk – Corvallis SD 509J

Brad Henry
Chief Operations Officer – Bend-La Pine 1

Sean Taggart
Dir. Of Risk Management – Rogue CC

Jordan Ely
Chief Financial Officer – Northwest Regional ESD

**OREGON SCHOOL BOARDS ASSOCIATION
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION**

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Oregon School Boards Association
Property and Casualty Coverage for Education
Salem, Oregon

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Oregon School Boards Association Property and Casualty Coverage for Education (PACE), which comprise the statement of financial position as of June 30, 2024 and 2023, and the related statement of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of PACE as of June 30, 2024 and 2023, and the changes in its net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PACE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PACE's ability to continue as a going concern for a period of at least twelve months from the date of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Other Matters

Other Information

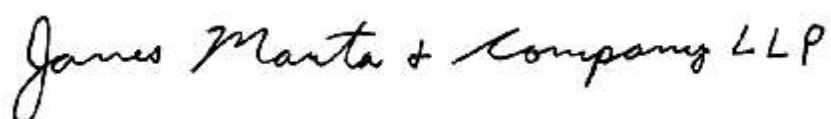
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise PACE's basic financial statements. The Claims Development Information and the Graphical Summary of Claims are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Claims Development Information and the Graphical Summary of Claims are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing

and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with auditing standards generally accepted in the United States of America, we have also issued our report dated October 24, 2024, on our consideration of the PACE's internal control over financial reporting. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the results of that testing, and not to provide an opinion on internal control over financial reporting. That report is an integral part of an audit performed in accordance with auditing standards generally accepted in the United States of America in considering the PACE's internal control over financial reporting.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
October 24, 2024

FINANCIAL SECTION

**OREGON SCHOOL BOARDS ASSOCIATION
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION**

STATEMENT OF FINANCIAL POSTION

JUNE 30, 2024 AND 2023

	2024	2023
ASSETS:		
Current Assets:		
Cash	\$ 6,688,306	\$ 3,077,801
Accounts receivable	2,012,239	399,706
Prepaid expenses	34,268	38,135
Total Current Assets	8,734,813	3,515,642
Non Current Assets:		
Investments	80,716,804	77,344,888
Total Assets	89,451,617	80,860,530
LIABILITIES		
Current Liabilities:		
Accounts payable	997,786	836,693
Claims payable - current portion	16,261,862	14,487,880
Total Current Liability	17,259,648	15,324,573
Non Current Liabilities		
Claims payable	20,303,856	22,706,230
Total Liabilities	37,563,504	38,030,803
NET ASSETS		
Restricted net assets	8,265,819	7,455,491
Unrestricted net assets	43,622,294	35,374,236
Total Net Assets	\$ 51,888,113	\$ 42,829,727

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

**OREGON SCHOOL BOARDS ASSOCIATION
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION**

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
REVENUES:		
Member contributions	\$ 65,116,059	\$ 54,318,435
Miscellaneous / other income	2,000	7,750
Total Revenues	65,118,059	54,326,185
 EXPENSES:		
Underwriting Expenses:		
Claims expense	18,821,314	20,991,974
Insurance premiums	32,052,784	24,496,471
Local agent commissions	3,326,473	2,836,397
Broker fees	265,000	170,000
Operating Expenses:		
Contract fees - SDAO	3,407,600	3,230,500
Contract fees - OSBA	2,080,918	1,790,843
Operating expenses	1,359,294	1,252,475
Total Expenses	61,313,383	54,768,660
Operating Income (Loss)	3,804,676	(442,475)
 NONOPERATING REVENUES		
Investment income (loss)	5,253,710	3,479,905
 CHANGE IN NET ASSETS	9,058,386	3,037,430
 NET ASSETS, BEGINNING	42,829,727	39,792,297
 NET ASSETS, ENDING	\$ 51,888,113	\$ 42,829,727

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

**OREGON SCHOOL BOARDS ASSOCIATION
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION**

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flow From Operating Activities		
Cash received from members	\$ 65,118,059	\$ 54,176,929
Cash paid for claims	(21,062,239)	(18,272,853)
Cash paid for insurance premiums	(32,052,784)	(24,496,463)
Cash paid for other underwriting expenses	(3,591,473)	(3,006,405)
Cash paid for operating expenses	(6,682,852)	(6,604,541)
Net Cash Flows Provided (Used) by Operating Activities	1,728,711	1,796,667
Cash Flows From by Investing Activities		
Investment income received	1,625,830	1,625,830
Purchase of investments	(13,000,000)	(11,000,000)
Sale of investments	13,255,964	8,107,710
Net Cash Flow Provided (Used) by Investing Activities	1,881,794	(1,266,460)
Net Increase (Decrease) in Cash	3,610,505	530,207
Beginning Cash and Equivalents	3,077,801	2,547,594
Ending Cash and Equivalents	\$ 6,688,306	\$ 3,077,801
Reconciliation of Operating Income (Loss) to Net Cash Flows		
Provided by Operating Activities		
Operating income (loss)	3,804,676	(442,475)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows		
Provided by Operating Activities		
(Increase) Decrease in:		
Account receivable	(1,612,533)	76,526
Prepaid expenses	3,867	1,489
Increase (Decrease) in:		
Accounts payable	161,093	(332,212)
Unearned revenue	-	(149,256)
Claims liabilities	(628,392)	2,642,595
Net Cash Flows Provided by Operating Activities	\$ 1,728,711	\$ 1,796,667
Noncash Investing and Financing Activities		
Unrealized gain/(loss) on investments	\$ 4,087,533	\$ (105,055)

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

**OREGON SCHOOL BOARDS ASSOCIATION
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

1. ORGANIZATION AND OPERATIONS

A. Organization

The Oregon School Boards Association Property and Casualty Coverage for Education Trust (“Trust”), is a component unit of Oregon School Boards Association (OSBA), a nonprofit organization. The Trust was formed effective July 1, 2006 and offers property and casualty coverage to school districts.

The self-insurance pool currently provides for the first \$1.5 million of each general liability and auto liability claim.; the Trust carries a \$5 million property SIR with a \$5 million aggregate policy.

B. Membership

Members must be an Oregon School District, Education Service District, or Community College which is a member of the OSBA, a Charter School per SB 100 (1999 Oregon Laws Charter 200) that is sponsored by a participating member of the Trust or a district who purchases coverage from the OSBA-PACE excess carrier. Currently, there are 300 members in the PACE program.

C. Admission and Withdrawal of Members

Admission

Under the Trust’s Agreement, new members must complete a written application, receive resolution to admit by the governing board of the Trust, and receive written acceptance of membership from the Trust.

Withdrawal

Status as a member will be continuous unless terminated by the member of the Trust. Each member shall continue its membership for an initial period of not less than one full fund year. A member may withdraw prior to the end of one full fund year upon six months written notice to the Trust. Participants may withdraw at any time upon submitting a six months written notice to the Trust.

D. Reporting Entity

The Trust’s reporting entity includes all activities (operations of its officers and Board of Directors as they relate to the Authority) considered to be part of (controlled by or dependent on) the Trust. This includes financial activity relating to all of the membership years of the Trust.

**OREGON SCHOOL BOARDS ASSOCIATION
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

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

B. Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, the Trust considers all demand deposits and their investment in the State of Oregon Local Government Investment Pool as cash equivalents.

C. Statement of Cash Flows

The Trust considers interest on investments to be nonoperating revenue; therefore, investment income is presented in the investing section of the Statement of Cash Flows.

D. Receivables

Accounts receivable represent amounts of reinsurance due on claims, contributions due and amounts due on services provided. Due to the nature of the receivables and the likelihood of collection, no provision for uncollectible accounts has been made.

E. Investments

Investments are stated at fair value. Fair value is the amount at which an investment could be exchanged between willing parties, other than in a forced or liquidation sale. If a quoted market price is available for an investment, that amount is used as the fair value. Accordingly, unrealized gains or losses are recorded for the increase or decrease in the fair value of assets from the beginning of the year to the end of the year.

F. Unearned Revenue/Prepaid Expenses

The policy year-end for the programs is June 30th. As such, certain revenues are treated as unearned and certain expenses as prepaid. This is to reflect a proper matching of revenues and expenses for the fiscal year-end financial statements.

**OREGON SCHOOL BOARDS ASSOCIATION
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

G. Premiums

Premiums are taken into income as earned over the term of related insurance policies. Policies are generally written for the annual period from July 1 through June 30. As of June 30, 2024 and 2023, the Trust had no unearned premiums.

H. Claims and Claims Adjustment Expenses

Each program establishes claims liabilities based on estimates of the ultimate cost of claims (including future allocated claim adjustment expense) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability.

Claims liabilities are recomputed annually using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

I. Restricted Surplus

State law requires the Trust to maintain a surplus equal to 25% of net contributions. See note 7 for current year restricted surplus calculation.

J. Income Taxes

The Trust is tax exempt for federal and state taxes under Internal Revenue Code Section 115.

K. Contribution Income

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

**OREGON SCHOOL BOARDS ASSOCIATION
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

K. Contribution Income (continued)

Revenues mainly consist of premium contributions from members. Member contributions are recognized as revenues in the period for which insurance protection is provided. Contribution development is performed by staff and the Board of Directors based on the particular characteristics of the members. Contribution income consists of payments from members that are planned to match the expense of insurance premiums for coverage in excess of self-insured amounts, estimated payments resulting from self-insurance programs, and operating expenses. The activities of the Trust consist solely of risk management programs and claims management activities related to the coverages described above. The reporting entity does not include any other component units within the criterion prescribed by Generally Accepted Accounting Policies (GAAP).

L. Unallocated Loss Adjustment Expense (ULAE)

The liability for ULAE includes all costs expected to be incurred in connection with the settlement of unpaid claims that cannot be related to a specific claim.

M. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term are described elsewhere in this report.

3. CASH AND INVESTMENTS

A. Cash and Cash Equivalents

The Trust has the following cash and cash equivalents as of June 30:

	<u>2024</u>	<u>2023</u>
Demand Deposits with Financial Institutions	\$ 1,747,987	\$ (119,400)
Local Government Investment Pool	4,940,319	3,197,201
Total	<u>\$ 6,688,306</u>	<u>\$ 3,077,801</u>

**OREGON SCHOOL BOARDS ASSOCIATION
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

A. Cash and Cash Equivalents (continued)

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the Trust's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the Trust's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest-bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

Local Government Investment Pool

The State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool (LGIP) is part. Participation by local governments is voluntary. At June 30, 2024, the carrying value of the position in the Oregon State Treasurer's Short-Term Investment Pool approximates fair value. The investment in the Oregon Short-Term Fund is not subject to risk evaluation. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of or has control of any fund. The LGIP is comingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP. The LGIP is not rated as to credit quality.

**OREGON SCHOOL BOARDS ASSOCIATION
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

B. Investments

As of June 30, 2024, The Trust had the following investments held in a managed portfolio:

	<u>Amount</u>	<u>Percentage</u>
Large CAP US Equity Fund	\$ 3,128,960	3.88%
Multi Asset Core Plus Fund	17,684,101	21.91%
Low Duration Bond Fund	11,978,227	14.84%
Core BD Fund	45,817,101	56.76%
Private Credit Fund I LLC	2,108,415	2.61%
Total	<u>\$ 80,716,804</u>	<u>100%</u>

Investment Objectives

- a. To assure the safety of principal.
- b. To retain liquidity to meet projected or unexpected cash needs.
- c. To attain the best possible total return (yield and market appreciation) while retaining liquidity and minimizing risk.
- d. To comply with the provisions of Chapter 294 of Oregon Revised Statutes.

Investment Securities and Diversification

Acceptable Investments:

1. Federally insured certificates of deposits, savings accounts, and money market funds that invest in government backed securities.
2. Bank repurchase agreements, banker acceptances, and commercial paper.
3. United States Treasury Bills and United States Government Securities that are backed by full faith of the United States Government.
4. Investment grade (BBB) or better individual corporate or municipal bonds.
5. Exchange traded funds.
6. Open end and closed-end mutual funds.
7. Equities of Corporations listed on the New York Stock Exchange (NYSE),
8. American Stock Exchange (AMEX), and large and medium capitalization companies listed on National Association of Securities Dealers Exchange (NASDAQ).
9. Master Limited Partnerships (MLPs).
10. Real Estate Investment Trusts (REITs)

Portfolio Diversification:

To support the stated investment objectives, the Trust's funds will be diversified to sufficiently minimize risk as well as to assure adequate liquidity and marketability of the invested funds.

- a. In order to minimize the risk of large losses in individual security positions, the portfolio will be constructed to attain extensive diversification in both equity and fixed income

**OREGON SCHOOL BOARDS ASSOCIATION
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

investments with no material concentration of plan assets in any single security or industry group with the exception of U.S. Government and Agency obligations.

b. Economic Sectors: It is expected that the equity component of the portfolio will reflect a broad economic sector diversification.

Asset Category	Preferred Allocation	Target Range
Equities	40%	20 - 50%
Bonds/Fixed Income	55%	30 - 70%
Cash/Equivalents	5%	0 - 20%

PACE considers all funds noncurrent, as their intent is to hold them longer than one year and as “funds” they do not have maturity dates.

Fair values of assets measured on a recurring basis at June 30, 2024 and 2023 are as follows:

	<u>Fair Value Measurements at Reporting Date</u>			
	<u>Fair Value</u>	<u>Using Quoted Prices</u>		
		<u>In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>June 30, 2024</u>				
Equity Mutual Funds	\$ 80,716,804	\$ 80,716,804	-	-
Total Investments	<u>\$ 80,716,804</u>	<u>\$ 80,716,804</u>	<u>\$ -</u>	<u>\$ -</u>
<u>June 30, 2023</u>				
Equity Mutual Funds	\$ 77,344,888	\$ 77,344,888	-	-
Total Investments	<u>\$ 77,344,888</u>	<u>\$ 77,344,888</u>	<u>\$ -</u>	<u>\$ -</u>

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

4. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Contributions Receivable	\$ 41,262	\$ 31,557
Reinsurance Receivable	1,968,981	366,153
Other Receivables	1,996	1,996
Total	<u>\$ 2,012,239</u>	<u>\$ 399,706</u>

**OREGON SCHOOL BOARDS ASSOCIATION
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

5. CLAIMS LIABILITIES

The Trust has established a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claims adjustment expenses. The liability is based on an actuarial study of the program prepared by the Trust's consulting actuary. The liability for unpaid claims and claims adjustment expenses have been discounted and reflects a reduction for future interest income which will be available to meet the Trust's claims payment obligations. The following represents changes in those aggregate liabilities for the Trust during fiscal years ended:

	2024	2023
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	\$ 37,194,110	\$ 34,551,515
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	20,335,746	21,772,240
Changes in provision for insured events of prior fiscal years	(1,511,705)	(1,281,298)
Changes in provision for ULAE	(2,727)	501,032
Total incurred claims and claim adjustment expenses	18,821,314	20,991,974
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	5,743,315	6,481,579
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	13,706,391	11,867,800
Total payments	19,449,706	18,349,379
Total unpaid claims and claim adjustment expenses at end of the fiscal year	\$ 36,565,718	\$ 37,194,110

As of June 30, 2024 and 2023, \$38,715,864 and \$39,542,213 of unpaid claims and claim adjustment expenses were presented at their net present value of \$36,565,718 and \$37,194,110 using an interest rate of 2.5%.

**OREGON SCHOOL BOARDS ASSOCIATION
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

6. CLAIMS AND ADMINISTRATIVE SERVICE AGREEMENTS

The Trust receives professional insurance management and support services from Special Districts Association of Oregon (SDAO). The expense for services provided under contract during the years ended June 30, 2024 and 2023 were \$3,407,600 and \$3,230,500, respectively.

The Trust also receives pre-loss legal, administration and support services from Oregon School Boards Association. The expense for these services provided under contract during the years ended June 30, 2024 and 2023 were \$2,080,918 and \$1,790,843, respectively.

7. RESTRICTED SURPLUS

Restricted surplus balances for June 30, 2024 and 2023 are calculated as follows:

	<u>2024</u>	<u>2023</u>
Member Premiums	\$ 65,116,059	\$ 54,318,435
Premiums Paid	<u>32,052,784</u>	<u>24,496,471</u>
Net Contributions	33,063,275	29,821,964
State Restricted Percentage (25%)	<u>0.25</u>	<u>0.25</u>
Restricted Surplus	<u>\$ 8,265,819</u>	<u>\$ 7,455,491</u>

The amounts the Trust returned in surplus equity during the years ended June 30, 2024 and 2023 was \$0. Upon inception of the Trust, the Special Districts Insurance Services Trust (SDIS) School District Program's operations and members were transferred to the Trust. An agreement exists between SDIS and the Trust stating that SDIS will annually identify and transfer balances of retained net assets deemed prudent from the SDIS School District Program to the Trust. The Trust will then distribute this surplus to remaining members of the School District Program.

8. SUBSEQUENT EVENTS

Management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2024, through October 24, 2024, the date the financial statements were issued. Management is not aware of any subsequent events, other than those described above, that would require recognition or disclosure in the accompanying financial statements.

SUPPLEMENTARY INFORMATION

**OREGON SCHOOL BOARDS ASSOCIATION
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION
CLAIMS DEVELOPMENT INFORMATION**

JUNE 30, 2024

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

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

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

**OREGON SCHOOL BOARDS ASSOCIATION
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION
CLAIMS DEVELOPMENT INFORMATION**

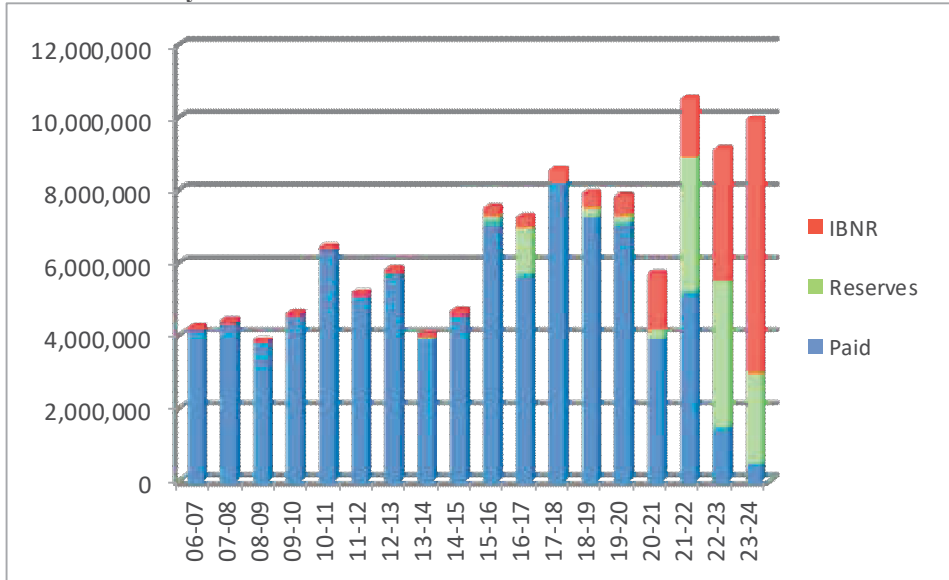
JUNE 30, 2024

	<u>Fiscal and Policy Year Ended</u>									
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
1. Required contribution and investment revenue:										
Gross Contribution	\$ 31,151,517	\$ 31,934,445	\$ 32,719,169	\$ 33,163,193	\$ 34,218,363	\$ 36,395,758	\$ 43,281,842	\$ 50,151,161	\$ 54,318,427	\$ 65,116,059
Investment Earnings During Policy Period	439,048	164,337	845,206	328,233	873,991	384,807	1,723,044	(2,189,523)	801,530	1,296,900
Investment Earnings Subsequent to Policy Period	1,119,376	2,855,511	561,349	1,815,493	510,410	(111,208)	(718,540)	620,036	633,543	-
Ceded	8,834,245	9,129,962	8,982,134	10,322,137	11,766,796	14,203,680	17,481,229	21,682,264	24,496,462	32,052,784
Net earned	23,875,695	25,824,332	25,143,590	24,984,782	23,835,967	22,465,678	26,805,117	26,899,410	31,257,038	34,360,175
2. Unallocated expenses	5,672,618	5,782,138	6,332,895	6,776,590	7,270,398	7,428,203	7,849,851	8,553,948	9,280,212	10,439,289
3. Estimated incurred claims and expense, end of policy year:										
Incurred	17,873,761	10,736,025	31,646,560	10,127,289	17,741,223	18,652,113	22,339,444	19,593,882	22,174,216	27,780,951
Ceded	4,988,675	686,421	13,382,116	829,753	818,633	771,796	5,950,431	738,094	401,976	7,445,205
Net incurred	12,885,086	10,049,604	18,264,444	9,297,536	16,922,590	17,880,317	16,389,013	18,855,788	21,772,240	20,335,746
4. Paid (cumulative) as of:										
End of policy year	3,647,253	1,945,190	6,175,180	2,273,917	3,904,005	5,999,897	4,786,088	5,077,706	6,481,579	5,743,315
One Year Later	9,633,712	4,953,176	8,033,979	4,418,774	10,525,675	10,613,996	10,589,391	10,234,540	12,492,078	
Two Years Later	11,286,883	7,091,355	13,721,748	6,978,654	13,072,642	11,837,272	12,841,238	12,658,571		
Three Years Later	12,245,128	8,030,282	15,847,799	8,514,949	15,119,614	13,959,387	14,081,632			
Four Years Later	12,902,600	9,397,261	16,816,772	10,094,874	15,445,180	15,439,057				
Five Years Later	12,910,409	9,688,259	17,331,571	10,176,567	16,655,556					
Six Years Later	12,905,941	10,378,758	18,177,423	11,246,206						
Seven Years Later	12,909,053	11,021,549	18,199,780							
Eight Years Later	12,910,852	11,296,804								
Nine Years Later	12,910,726									
5. Reestimated ceded claims and expenses	8,257,528	157,874	15,605,340	43,867	50,591	4,802,927	7,916,877	1,625,492	279,721	7,445,205
6. Reestimated net incurred claims and expenses:										
End of policy year	12,885,086	10,049,604	18,264,444	9,297,536	16,922,589	17,880,317	16,389,012	19,576,664	21,772,240	20,335,746
One Year Later	14,044,716	10,814,538	17,191,721	10,360,036	18,441,370	17,172,376	16,724,523	19,151,595	20,893,146	
Two Years Later	14,283,404	9,860,016	18,576,454	11,691,686	17,419,109	16,712,201	16,186,028	18,128,503		
Three Years Later	13,627,041	9,804,260	18,757,321	11,614,979	17,547,877	16,249,772	15,885,018			
Four Years Later	13,617,108	11,058,062	18,780,672	11,941,722	17,172,603	16,145,790				
Five Years Later	13,380,836	11,197,354	18,240,359	12,071,714	17,284,432					
Six Years Later	13,200,123	11,702,216	18,406,371	11,587,365						
Seven Years Later	13,268,562	11,709,710	19,685,339							
Eight Years Later	13,103,185	11,638,032								
Nine Years Later	13,013,158									
7. Increase (decrease) in estimated incurred claims and expense from end of policy year	\$ 128,072	\$ 1,588,428	\$ 1,420,895	\$ 2,289,830	\$ 361,842	\$ (1,734,526)	\$ (503,995)	\$ (727,284)	\$ (879,093)	\$ -

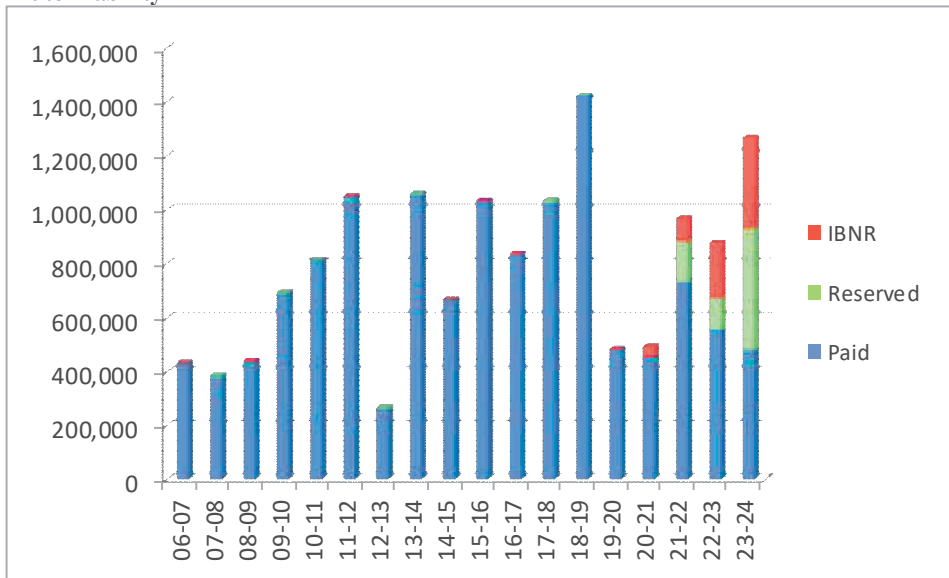
**OREGON SCHOOL BOARDS ASSOCIATION
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION
GRAPHICAL SUMMARY OF CLAIMS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

General Liability



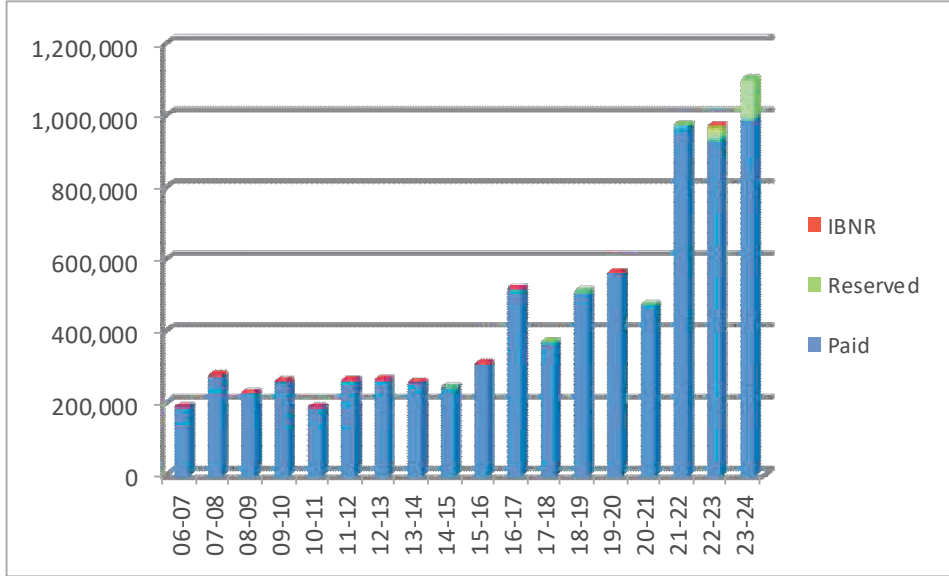
Auto Liability



**OREGON SCHOOL BOARDS ASSOCIATION
PROPERTY AND CASUALTY COVERAGE FOR EDUCATION
GRAPHICAL SUMMARY OF CLAIMS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Auto Physical Damage



Property

