

**IOWA PUBLIC SCHOOLS INSURANCE PROGRAM**

**Financial Statements  
With Independent Auditors' Report**

**For the Years Ended  
June 30, 2023 and 2022**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees and Members of  
Iowa Public Schools Insurance Program  
Iowa City, Iowa

### Opinion

We have audited the accompanying financial statements of the Iowa Public Schools Insurance Program (the Cooperative) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cooperative, as of June 30, 2023 and 2022, and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cooperative and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditors' 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 Auditors' 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing the audits in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 controls relevant to the audits 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 Cooperative's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and loss development information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audits 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.

*Matheson, Moyke, Austin & Co. LLP*

Lisle, Illinois  
October 11, 2023

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

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This discussion and analysis of Iowa Public Schools Insurance Program's (the Cooperative) financial performance is presented to review the overall monetary health of the Cooperative and to supply more in-depth analysis for the years ended June 30, 2023 and 2022, along with related comparisons between years. The Cooperative's management encourages interested parties to consider this information along with the basic financial statements to better understand the Cooperative's performance.

### **Financial Highlights**

- 18 members participated in the Cooperative's property and casualty and 18 members participated in the workers' compensation self-insurance programs during the year ended June 30, 2023.
- The overall financial condition of the Cooperative after its eleventh year of existence continues to be favorable, with net position as of June 30, 2023 of \$9,457,410, an increase of \$2,916,457 from net position as of June 30, 2022.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Cooperative's basic financial statements. The Cooperative operates as an enterprise fund, in accounting for members who participate in the public entity self-insurance pool.

The Cooperative's basic financial statements are comprised of two components, the basic financial statements and the notes to the basic financial statements.

#### *Basic financial statements*

The basic financial statements are designed to provide a broad overview of the Cooperative's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Cooperative's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Cooperative is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information on all of the Cooperative's revenues, expenses and resulting change in net position (members' balances) during the fiscal year. All revenues and expenses are reported on an accrual basis. This means that the revenue or expense is recognized as soon as the underlying event giving rise to the change occurs, regardless of when the actual cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED 30, 2023 AND 2022 (CONT.)

For example, claims that occurred during the fiscal year will be reflected as expense, whether or not they have been paid as of the end of the fiscal year.

The Statement of Cash Flows presents the net cash provided by the Cooperative's operating activities. It reconciles the beginning and end of year cash balances contained in the Statement of Net Position.

*Notes to the basic financial statements*

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

*Required supplementary information*

This report also contains required supplementary information regarding claims liabilities and other loss development information.

**Financial Analysis**

*Statements of Net Position*

Net Position increased by \$2,916,457 in 2023 to \$9,457,410 compared to an increase of \$2,274,805 to \$6,540,953 in 2022. The Cooperative's assets consist of cash, certificates of deposit and amounts due from excess carriers. Liabilities include the liability for unpaid losses and loss adjustment expenses, accrued claims expense and amounts received in advance from members.

<b>Table 1</b>			
<b>Condensed Statements of Net Position</b>			
<b>Assets:</b>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash and investments	\$12,127,703	\$10,101,019	\$7,731,521
Due from members	-	-	19,360
Due from excess insurance carriers	2,414,990	768,879	401,422
<b>Total Assets</b>	<u>14,542,693</u>	<u>10,869,898</u>	<u>8,152,303</u>
<b>Liabilities:</b>			
Accounts payable and other liabilities	-	-	59,496
Unpaid losses and loss adjustment expenses	5,085,283	4,071,185	3,392,604
Accrued claims expense	-	41,114	207,248
Unearned member contribution revenue	-	216,646	226,807
<b>Total Liabilities</b>	<u>5,085,283</u>	<u>4,328,945</u>	<u>3,886,155</u>
<b>Net Position</b>	<u>\$9,457,410</u>	<u>\$6,540,953</u>	<u>\$4,266,148</u>



IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED 30, 2023 AND 2022 (CONT.)

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*Statements of Revenues, Expenses and Changes in Net Position*

The Cooperative's total revenues from member contributions in 2023 were \$12,847,147. These revenues consist of loss fund contributions (\$6,625,573) and charges to members for insurance coverage, administrative costs and other operating expenses (\$6,221,574).

Total expenses in 2023 of \$10,130,293, consist of insurance premiums (\$5,349,578), losses and loss adjustment expenses (\$3,760,281), charges for pool and claims administration (\$780,396), other operating expenses (\$63,180) and return of surplus to members (\$176,858).

The increase in revenues in 2023 was primarily the result of the increase in premiums due to a hard market, an increase in members and higher loss fund contributions. The increase in expenses in 2023 was primarily the result of increases in insurance premiums, increase in administrative costs and fees and a return of surplus to members.

The Cooperative's total revenues from member contributions in 2022 were \$10,394,150. These revenues consist of loss fund contributions (\$5,085,206) and charges to members for insurance coverage, administrative costs and other operating expenses (\$5,308,944).

Total expenses in 2022 of \$8,154,549, consist of insurance premiums (\$4,724,834), losses and loss adjustment expenses (\$2,723,509), charges for pool and claims administration (\$495,609), other operating expenses (\$37,567) and return of surplus to members (\$173,030).

The increase in revenues in 2022 was primarily the result of the increase in premiums due to a hard market and higher loss fund contributions. The increase in expenses in 2022 was primarily the result of increases in insurance premiums, increase in administrative costs and fees and a return of surplus to members.

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED 30, 2023 AND 2022 (CONT.)

<b>Table 2</b> <b>Condensed Statements of Revenues, Expenses and Changes in Net Position</b>			
	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Operating revenues:</b>			
Member contributions	\$12,847,147	\$10,394,150	\$8,053,983
Premiums to excess insurance carriers	<u>(5,349,578)</u>	<u>(4,724,834)</u>	<u>(3,042,583)</u>
Net operating revenues	<u>7,497,569</u>	<u>5,669,316</u>	<u>5,011,400</u>
<b>Operating expenses:</b>			
Provision for losses, administrative and other operating expenses	4,603,857	3,256,685	3,645,898
Return of surplus to members	<u>176,858</u>	<u>173,030</u>	<u>-</u>
Total operating expenses	<u>4,780,715</u>	<u>3,429,715</u>	<u>3,645,898</u>
<b>Operating income</b>	<u>2,716,854</u>	<u>2,239,601</u>	<u>1,365,502</u>
Interest income	<u>199,603</u>	<u>35,204</u>	<u>57,521</u>
<b>Changes in net position</b>	<u>2,916,457</u>	<u>2,274,805</u>	<u>1,423,023</u>
Net position-beginning of year	<u>6,540,953</u>	<u>4,266,148</u>	<u>2,843,125</u>
Net position-end of year	<u>\$9,457,410</u>	<u>\$6,540,953</u>	<u>\$4,266,148</u>

### Factors Bearing on the Cooperative's Future

Membership in the Cooperative remained stable for the property and casualty programs and increased by one for the workers' compensation programs for the fiscal year ended June 30, 2024.

At the time these financial statements were prepared and audited, the Cooperative was not aware of any other circumstances that may significantly affect its financial position in the future.

### Requests for Information

This financial report is designed to provide a general overview of the Cooperative's finances and to demonstrate the Cooperative's accountability for the money it handles. If you have questions about this report, or need additional financial information, contact Mr. Leslie Finger, Treasurer, c/o P.O. Box 2654, Iowa City, Iowa 52244-2654.

## **BASIC FINANCIAL STATEMENTS**

**IOWA PUBLIC SCHOOLS INSURANCE PROGRAM**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 4,577,909	\$ 5,666,466
Investments	7,549,794	4,434,553
Due from excess insurance carriers	<u>2,414,990</u>	<u>768,879</u>
Total Assets	<u><u>\$ 14,542,693</u></u>	<u><u>\$ 10,869,898</u></u>
Liabilities and Net Position		
Liabilities:		
Unpaid losses and loss adjustment expenses:		
Property and casualty	1,568,660	950,906
Workers compensation	<u>3,516,623</u>	<u>3,120,279</u>
Total unpaid losses and loss adjustment expenses	5,085,283	4,071,185
Accrued claims expense	-	41,114
Unearned member contribution revenue	<u>-</u>	<u>216,646</u>
Total Liabilities	5,085,283	4,328,945
Net Position:		
Unrestricted net position	<u>9,457,410</u>	<u>6,540,953</u>
Total Liabilities and Net Position	<u><u>\$ 14,542,693</u></u>	<u><u>\$ 10,869,898</u></u>

See Notes to Basic Financial Statements

**IOWA PUBLIC SCHOOLS INSURANCE PROGRAM**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
Operating revenues		
Contributions		
Premium and administrative contributions	\$ 6,221,574	\$ 5,308,944
Loss fund contributions	6,625,573	5,085,206
Total contributions	12,847,147	10,394,150
Premiums to excess insurance carriers	(5,349,578)	(4,724,834)
Net operating revenues	7,497,569	5,669,316
Operating expenses		
Losses and loss adjustment expenses	3,760,281	2,723,509
Administrative costs and fees	780,396	495,609
Other operating expenses	63,180	37,567
Return of surplus to members	176,858	173,030
Total operating expenses	4,780,715	3,429,715
Operating income	2,716,854	2,239,601
Nonoperating revenues		
Interest income	199,603	35,204
Changes in net position	2,916,457	2,274,805
Net position - beginning	6,540,953	4,266,148
Net position - ending	\$ 9,457,410	\$ 6,540,953

See Notes to Basic Financial Statements

**IOWA PUBLIC SCHOOLS INSURANCE PROGRAM**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
Cash flows from operating activities		
Cash received from members	\$ 12,630,501	\$ 10,403,349
Cash payments for claims and to vendors, net of recoveries	(10,626,562)	(7,896,025)
Return of surplus to members	(176,858)	(173,030)
Net cash from operating activities	1,827,081	2,334,294
Cash flows from investing activities		
Net purchase of investments	(3,115,241)	(9,233)
Interest received	199,603	35,204
Net cash from investing activities	(2,915,638)	25,971
Net increase in cash and cash equivalents	(1,088,557)	2,360,265
Cash and cash equivalents, beginning of year	5,666,466	3,306,201
Cash and cash equivalents, end of year	<u>\$ 4,577,909</u>	<u>\$ 5,666,466</u>
Reconciliation of operating income to net cash from operating activities		
Operating income	\$ 2,716,854	\$ 2,239,601
Adjustment to reconcile operating income to net cash from operating activities:		
Changes in assets and liabilities:		
Due from members	-	19,360
Due from excess insurance carriers	(1,646,111)	(367,457)
Accounts payable	-	(59,496)
Unpaid losses and loss adjustment expenses	1,014,098	678,581
Accrued claims expense	(41,114)	(166,134)
Unearned member contribution revenue	(216,646)	(10,161)
Net cash provided by operating activities	<u>\$ 1,827,081</u>	<u>\$ 2,334,294</u>

See Notes to Basic Financial Statements

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

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NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Iowa Public Schools Insurance Program (the Cooperative) was formed as an Iowa nonprofit corporation, established under Iowa Code Chapter 504, to administer a local government risk pool pursuant to Iowa Code sections 296.7 and 670.7. An Intergovernmental Cooperative Agreement, effective July 1, 2012, was entered into by the six (6) initial member districts under the joint powers provisions of Iowa Code Chapter 28E for the establishment, operation and maintenance of a self-insurance program.

The Cooperative reporting entity includes all activities considered to be a part of (controlled by or dependent on) the Cooperative. This includes financial activity relating to all of the membership years of the Cooperative.

The purpose of the Cooperative is to jointly provide property and casualty and workers' compensation insurance coverage and protection for member districts.

The districts' creation of the Cooperative is not intended by the districts to constitute the transaction of an insurance business within the State of Iowa. The creation of the Cooperative is intended to allow a district to minimize annual fluctuations in insurance costs by establishing a program whereby reserves may be created to ultimately equalize the risks and stabilize the costs of providing the coverages mentioned previously.

The Cooperative had 18 members as of June 30, 2023 that participated in both the workers' compensation self-insurance program and the property and casualty self-insurance program. The Cooperative had 17 and 18 members as of June 30, 2022, that participated in the workers' compensation self-insurance program and the property and casualty self-insurance program, respectively.

A Board/Executive Committee manages the Cooperative. Districts are contractually obligated to make all required contributions, to report claims on a timely basis, to cooperate with the Program Administrator, its Claims Administrator and attorneys in claims investigations and settlements, and to follow the risk management procedures as outlined by the Cooperative.

If, during any fiscal year, the funds on hand in the account are not sufficient to pay expenses of the administration of the Cooperative, the Board may require supplementary payments from the members.

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 2023 AND 2022

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Significant Accounting Policies

The accounting policies of the Cooperative conform to accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB).

The following is a summary of the more significant accounting policies of the Cooperative:

Basis of Presentation

The Cooperative operates as an enterprise fund. The accounts of the Cooperative are organized on the basis of claim or membership years, each of which is accounted for separately because the composition of membership may change from year to year. The basic financial statements report information on all of the activities of the Cooperative.

Measurement Focus and Basis of Accounting

The financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

An enterprise fund is accounted for on a cost of services or “economic resources” measurement focus. This means that all assets and all liabilities associated with the activity of providing insurance services are included within the fund.

Enterprise funds distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods or services in connection with an enterprise fund’s principal ongoing operations. The principal operating revenues of the fund are charges to member districts for insurance coverage and loss fund contributions. Operating expenses for enterprise funds include the cost of insurance and services, claim fees and administrative expenses. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities and Net Position

*Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Cooperative considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash equivalents are carried at cost which approximates fair value due to the short term duration of the instruments.



IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 2023 AND 2022

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*Investments*

The Cooperative's investments consist of certificates of deposits held at banks with an original maturity of greater than 90 days at the date of purchase. Certificates of deposits are stated at amortized cost, which approximates fair value. Interest income related to the certificates of deposit is included as nonoperating revenues.

*Due from Excess Insurance Carriers*

In the normal course of business, the Cooperative seeks to reduce the loss that may arise from events that cause unfavorable underwriting results by insuring certain levels of risk in various areas of exposure with other insurance carriers. Amounts recoverable from excess carriers under excess loss coverage are estimated in a manner consistent with the development of the estimated liability for loss and loss adjustment expenses and are netted with such reserves. Amounts due from excess insurance carriers on paid losses and loss adjustment expenses are recorded as assets.

*Unpaid Losses and Loss Adjustment Expenses*

The liability for unpaid losses and loss adjustment expenses represents an estimate of the ultimate cost of all losses and loss adjustment expenses incurred but not yet paid as of June 30, 2023 and 2022. These estimates are based on historical loss experience, various industry statistics, and information provided by a consulting actuary. Management believes that the liability for unpaid losses and loss adjustment expenses is adequate to cover the ultimate cost of claims incurred but as yet unpaid. However, the ultimate cost may be more or less than the estimated liability, and any adjustments of the estimated liability, based on subsequent developments, are included in operations when the adjustments become known. The liability for unpaid losses and loss adjustment expenses are reported net of estimated unpaid losses recoverable from excess insurance carriers and are undiscounted.

*Accrued Claims Expense*

The liability for accrued claims expense represents amounts due on known claims that were advanced to the Cooperative.

*Unearned Member Contribution Revenue*

The unearned member contribution revenue liability represents member contributions for the succeeding membership year which have been paid by the member prior to the effective date of the related insurance coverage. These contributions will be earned and reported as revenue during the succeeding membership year.

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 2023 AND 2022

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*Premium Deficiency*

A premium deficiency exists when the sum of expected claims cost (including an estimated liability for unreported claims) and all expected claims adjustment expenses and policy acquisition costs exceed related unearned contributions. The Cooperative anticipates interest income in determining if a premium deficiency exists. No premium deficiencies existed as of June 30, 2023 and 2022.

*Net Position*

The Cooperative's net position is reported as unrestricted as of June 30, 2023 and 2022.

Net position is reported as restricted when constraints placed on net position used are either externally imposed by creditors, grantors, contributors, or imposed by laws through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the Cooperative's policy to use restricted resources first, then unrestricted resources as needed.

Operating Revenues

*Contributions*

Membership contributions are calculated to provide for certain administrative expenses, insurance coverage, and the funding of a portion of anticipated losses and loss adjustment expenses which will be borne directly by the membership. The losses and loss adjustment expenses to be borne by the membership are those which must be incurred prior to the attachment of excess insurance coverage.

Initial contributions are determined in advance of each membership period based on payroll of covered employees, property values, loss history and other factors. Contributions are earned in the membership period to which they apply. Initial contributions for each membership period are billed at or near the beginning of the period. Contributions for workers compensation insurance coverage are subject to revisions based on audits of member school districts' payroll data subsequent to year end.

During the years ended June 30, 2023 and 2022, loss fund contributions funded by the cooperative's members were 100% of the annual aggregate loss fund in its property and casualty programs and 87% and 92% funded in its workers compensation programs, respectively.

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 2023 AND 2022

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Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

*Deposits*

The Cooperative's deposits are comprised of deposits with financial institutions which include amounts held in demand accounts and certificate of deposits. The Cooperative's bank and book balances of deposits at June 30, 2023, were \$12,217,614 and \$12,127,703, and at June 30, 2022, were \$10,227,503 and \$10,101,019, respectively.

*Custodial Credit Risk – Deposits*

With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the Cooperative's deposits may not be returned to it.

At June 30, 2023 and 2022, the bank balances of the Cooperative's deposits with financial institutions totaled \$12,217,614 and \$10,227,503. The entire balance was fully collateralized at June 30, 2023 and 2022.

*Authorized Investments*

The Cooperative does not have a formal deposit and investment policy that limits the Cooperative's allowable deposits or investments.

*Interest Rate Risk*

The Cooperative does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 2023 AND 2022

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NOTE 3 – INSURANCE IN FORCE

The Cooperative purchases excess insurance policies to reduce its exposure to large losses on various types of insured events. The Cooperative provides property and automobile physical damage, loss of income, extra expense, general liability, automobile liability, school board legal liability and employment practices, employee benefits liability, law enforcement, abuse liability, excess liability, and excess property coverage in excess of specified limits for the membership acting as a single insurable unit. Boiler and machinery, crisis response, and cyber liability coverage are purchased on a “first dollar” basis for the membership.

The Cooperative also purchases an excess workers’ compensation policy. Under the terms of the workers’ compensation policy, in the event the annual aggregate loss fund exceeds \$3,979,027 for the policy year ended June 30, 2023 and \$2,999,769 for the policy year ended June 30, 2022, the Cooperative has aggregate excess coverage provided by the excess workers’ compensation carrier. The Package Policy also includes a self-insured retention amount for individual claims exceeding \$500,000 for the years ended June 30, 2023 and 2022.

Under the terms of the package policy, in the event the annual aggregate loss fund exceeds \$3,145,000 for the policy year ended June 30, 2023 and \$2,335,000 for the policy year ended June 30, 2022, the Cooperative has aggregate excess coverage provided by the package carrier. The package policy also includes a self-insured retention amount for individual claims exceeding \$100,000 for crime, \$750,000 for property coverage and \$150,000 for all other coverages for the years ended June 30, 2023 and 2022.

Additionally, some coverages carry a deductible of \$1,000 to \$100,000 which must be paid by the applicable member.

NOTE 4 – INCOME TAXES

The Cooperative’s income is exempt from federal income taxes under Section 115 of the Internal Revenue Code.

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 2023 AND 2022

NOTE 5 – UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

A summary of the changes in the liability for unpaid losses and loss adjustment expenses as of June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Unpaid losses and loss adjustment expenses at beginning of year	<u>\$4,071,185</u>	<u>\$3,392,604</u>
Incurring losses and loss adjustment expenses:		
Provision for insured events of the current fiscal year	5,067,132	3,260,460
Changes in provision for insured events of prior fiscal years	<u>(1,306,851)</u>	<u>(536,951)</u>
Total incurred losses and loss adjustment expenses	<u>3,760,281</u>	<u>2,723,509</u>
Payments of losses and loss adjustment expenses attributable to:		
Insured events of the current fiscal year	1,372,512	840,791
Insured events of prior fiscal years	<u>1,373,671</u>	<u>1,204,137</u>
Total payments of losses and loss adjustment expenses	<u>2,746,183</u>	<u>2,044,928</u>
Unpaid losses and loss adjustment expenses at end of year	<u><u>\$5,085,283</u></u>	<u><u>\$4,071,185</u></u>

NOTE 6 – RETURN OF SURPLUS TO MEMBERS

The Cooperative returned surplus to members for the following membership years during the years ending June 30, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Property & Casualty program:		
2013-2014	\$ -	\$ 30,784
2014-2015	54,281	54,282
Workers Compensation program:		
2014-2015	<u>122,577</u>	<u>87,964</u>
Total return of surplus to members	<u><u>\$176,858</u></u>	<u><u>\$173,030</u></u>

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
NOTES TO THE BASIC FINANCIAL STATEMENTS (CONT.)  
JUNE 30, 2023 AND 2022

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NOTE 7 – COMMITMENTS AND CONTINGENCIES

The Cooperative is subject to various claims and lawsuits arising in the normal conduct of its insurance operations. Certain of these suits may seek damages in excess of policy limits. The Cooperative has established claim liabilities for the amount of losses management feels are potentially payable. The Cooperative believes that no material adverse settlement in excess of amounts provided will be made.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events were evaluated for recognition and disclosure in the financial statements through the date of this report, which is the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**IOWA PUBLIC SCHOOLS INSURANCE PROGRAM**  
**RECONCILIATION OF CLAIMS LIABILITIES**  
**JUNE 30, 2023 AND 2022**

	2023			2022		
	Property & Casualty	Workers' Compensation	Total	Property & Casualty	Workers' Compensation	Total
Unpaid losses and loss adjustment expenses at beginning of year	\$ 950,906	\$ 3,120,279	\$ 4,071,185	\$ 183,273	\$ 3,209,331	\$ 3,392,604
Incurred losses and loss adjustment expenses:						
Provision for insured events of the current fiscal year	1,457,862	3,609,270	5,067,132	938,258	2,322,202	3,260,460
Changes in provision for insured events of prior fiscal years	(118,738)	(1,188,113)	(1,306,851)	153,947	(690,898)	(536,951)
Total incurred losses and loss adjustment expenses	1,339,124	2,421,157	3,760,281	1,092,205	1,631,304	2,723,509
Payments:						
Losses and loss adjustment expenses attributable to insured events of the current fiscal year	172,719	1,199,793	1,372,512	225,232	615,559	840,791
Losses and loss adjustment expenses attributable to insured events of prior fiscal years	548,651	825,020	1,373,671	99,340	1,104,797	1,204,137
Total payments	721,370	2,024,813	2,746,183	324,572	1,720,356	2,044,928
Unpaid losses and loss adjustment expenses at end of year	<u>\$ 1,568,660</u>	<u>\$ 3,516,623</u>	<u>\$ 5,085,283</u>	<u>\$ 950,906</u>	<u>\$ 3,120,279</u>	<u>\$ 4,071,185</u>



IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
LOSS DEVELOPMENT INFORMATION – PROPERTY AND CASUALTY  
JUNE 30, 2023

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The following table illustrates how the Cooperative's property and casualty earned revenue (net of reinsurance) compare to related costs of loss (net of loss assumed by reinsurers) assumed by the Cooperative as of the end of each of the past ten fiscal years. The rows of the table are defined as follows:

(1) This line shows the total of each fiscal year's gross earned contribution revenue, contribution revenue paid to excess carriers, and net earned contribution revenue.

(2) This line shows the Cooperative's gross incurred losses and loss adjustment expenses (both paid and accrued) as originally reported at the end of the first fiscal year in which the event that triggered coverage under the contract occurred (called policy year).

(3) This section of ten rows shows the cumulative net amounts paid as of the end of successive fiscal years for each policy year.

(4) This section of ten rows shows how each policy year's net incurred losses increased or decreased as of the end of successive fiscal years. (This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.)

(5) This line compares the latest reestimated net incurred losses amount to the amount originally established (line 2) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts commonly is used to evaluate the accuracy of net incurred losses currently recognized in less mature policy years. The columns of the table show data for successive policy years.

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
LOSS DEVELOPMENT INFORMATION - PROPERTY AND CASUALTY  
JUNE 30, 2023

	Policy year ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
(1) Required contribution										
Earned	\$ 1,248,956	\$ 1,659,438	\$ 1,930,180	\$ 2,071,563	\$ 2,194,437	\$ 2,449,862	\$ 4,965,611	\$ 4,719,920	\$7,074,398	\$8,534,371
Premium to excess carriers	(779,914)	(1,078,037)	(1,145,649)	(1,284,396)	(1,303,067)	(1,481,184)	(3,120,104)	(2,821,961)	(4,487,792)	(4,981,164)
Net earned	469,042	581,401	784,531	787,167	891,370	968,678	1,845,507	1,897,959	2,586,606	3,553,207
(2) Estimate incurred losses and loss adjustment expense, end of year	218,126	186,602	435,619	526,444	577,500	638,500	1,503,000	1,825,000	938,258	1,457,862
(3) Net paid (cumulative) as of:										
End of year	65,154	74,121	50,381	510,873	577,500	638,500	1,105,939	1,825,000	225,232	172,719
One year later	174,707	82,923	165,434	526,444	577,500	638,500	1,219,190	1,825,000	458,937	
Two years later	172,207	142,486	215,694	526,444	577,500	638,500	1,278,277	1,825,000		
Three years later	172,207	142,486	281,239	526,444	577,500	638,500	1,503,000			
Four years later	172,207	142,486	339,229	526,444	577,500	638,500				
Five years later	172,207	142,486	339,229	526,444	577,500					
Six years later	172,207	142,486	341,877	526,444						
Seven years later	172,207	142,486	341,877							
Eight years later	172,207	142,486								
Nine years later	172,207									
(4) Reestimated net incurred losses and loss adjustment expense:										
End of year	218,126	186,602	435,619	526,444	577,500	638,500	1,503,000	1,825,000	938,258	1,457,862
One year later	201,289	162,301	235,003	526,444	577,500	638,500	1,402,463	1,825,000	742,454	
Two years later	176,547	147,753	285,077	526,444	577,500	638,500	1,503,000	1,825,000		
Three years later	172,207	142,486	350,449	526,444	577,500	638,500	1,503,000			
Four years later	172,207	142,486	339,229	526,444	577,500	638,500				
Five years later	172,207	142,486	339,229	526,444	577,500					
Six years later	172,207	142,486	355,034	526,444						
Seven years later	172,207	142,486	341,877							
Eight years later	172,207	142,486								
Nine years later	172,207									
(5) Decrease in estimated incurred losses and loss adjustment expense from end of year	\$ (45,919)	\$ (44,116)	\$ (93,742)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (195,804)	\$ -

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
LOSS DEVELOPMENT INFORMATION – WORKERS’ COMPENSATION  
JUNE 30, 2023

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The following table illustrates how the Cooperative’s workers’ compensation earned revenue (net of reinsurance) compare to related costs of loss (net of loss assumed by reinsurers) assumed by the Cooperative as of the end of each of the past ten fiscal years. The rows of the table are defined as follows:

- (1) This line shows the total of each fiscal year's gross earned contribution revenue, contribution revenue paid to excess carriers, and net earned contribution revenue.
- (2) This line shows the Cooperative’s gross incurred losses and loss adjustment expenses (both paid and accrued) as originally reported at the end of the first fiscal year in which the event that triggered coverage under the contract occurred (called policy year).
- (3) This section of ten rows shows the cumulative net amounts paid as of the end of successive fiscal years for each policy year.
- (4) This section of ten rows shows how each policy year's net incurred losses increased or decreased as of the end of successive fiscal years. (This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, and emergence of new claims not previously known.)
- (5) This line compares the latest reestimated net incurred losses amount to the amount originally established (line 2) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts commonly is used to evaluate the accuracy of net incurred losses currently recognized in less mature policy years. The columns of the table show data for successive policy years.

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
LOSS DEVELOPMENT INFORMATION - WORKERS' COMPENSATION  
JUNE 30, 2023

	Policy year ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
(1) Required contribution										
Earned	\$ 1,625,382	\$ 2,194,640	\$ 2,818,907	\$ 3,117,514	\$ 3,594,334	\$ 3,706,607	\$ 3,713,632	\$ 3,334,063	\$ 3,319,752	\$ 4,312,776
Premium to excess carriers	(174,384)	(242,490)	(272,326)	(306,199)	(349,637)	(314,648)	(328,032)	(220,622)	(237,042)	(368,414)
Net earned	1,450,998	1,952,150	2,546,581	2,811,315	3,244,697	3,391,959	3,385,600	3,113,441	3,082,710	3,944,362
(2) Estimate incurred losses and loss adjustment expense, end of year	1,190,528	1,063,910	1,301,225	2,606,735	3,058,768	2,830,774	2,422,625	2,162,112	2,322,202	3,609,270
(3) Net paid (cumulative) as of:										
End of year	380,385	289,614	359,852	804,104	911,716	691,830	700,498	557,848	615,559	1,199,793
One year later	943,853	521,098	951,481	1,520,421	1,689,619	1,828,518	981,368	1,137,716	1,154,631	
Two years later	1,396,710	622,992	1,063,153	1,997,433	2,278,074	2,141,468	1,146,745	1,231,649		
Three years later	1,608,616	776,119	1,076,989	2,070,561	2,628,426	2,279,121	1,241,327			
Four years later	1,828,557	788,817	1,077,641	2,077,639	2,830,171	2,334,591				
Five years later	1,884,682	804,425	1,077,641	2,097,658	2,871,572					
Six years later	1,900,947	805,239	1,077,641	2,098,266						
Seven years later	1,900,947	805,239	1,077,641							
Eight years later	1,900,947	805,239								
Nine years later	1,900,955									
(4) Reestimated net incurred losses and loss adjustment expense:										
End of year	1,190,528	1,063,910	1,301,225	2,606,735	3,058,768	2,830,774	2,422,625	2,162,112	2,322,202	3,609,270
One year later	1,685,802	882,615	1,657,622	2,590,593	3,037,299	2,721,788	1,591,817	1,766,210	1,638,960	
Two years later	2,037,534	844,711	1,392,319	2,353,087	3,015,197	2,566,840	1,397,988	1,440,442		
Three years later	1,987,317	905,179	1,109,411	2,095,416	3,042,350	2,501,188	1,346,490			
Four years later	2,100,770	873,834	1,088,054	2,220,961	3,116,436	2,447,264				
Five years later	1,952,639	812,877	1,089,641	2,123,225	3,067,760					
Six years later	1,905,131	805,239	1,077,641	2,098,266						
Seven years later	1,900,947	805,239	1,077,641							
Eight years later	1,900,947	805,239								
Nine years later	1,900,955									
(5) Increase (decrease) in estimated net incurred losses and loss adjustment expense from end of year	\$ 710,427	\$ (258,671)	\$ (223,584)	\$ (508,469)	\$ 8,992	\$ (383,510)	\$(1,076,135)	\$ (721,670)	\$ (683,242)	\$ -