

**IOWA PUBLIC SCHOOLS INSURANCE PROGRAM**

**Financial Statements  
With Independent Auditors' Report**

**For the Years Ended June 30, 2020 and 2019**

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## Accountants and Advisors

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### **Independent Auditors' Report**

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

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, 2020 and 2019, and the related notes to the 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.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 entity'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 entity'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 above present fairly, in all material respects, the financial position of the Cooperative as of June 30, 2020 and 2019, and the changes in its financial position and 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 Management's Discussion and Analysis on pages 3 through 6, the Reconciliation of Claims Liabilities on page 18 and the Loss Development Information on pages 19 to 22, 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.

*Matheson, Morpki, Austin & Co. LLP*

Wheaton, Illinois  
December 17, 2020

**IOWA PUBLIC SCHOOLS INSURANCE PROGRAM**  
Management's Discussion and Analysis  
For the Years Ended June 30, 2020 and 2019

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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, 2020 and 2019, 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**

- 26 members participated in the Cooperative's property and casualty and workers' compensation self-insurance programs during the year ended June 30, 2020 and 2019.
- The overall financial condition of the Cooperative after its eighth year of existence continues to be favorable, with net position as of June 30, 2020 of \$2,843,125.
- In October 2019 and August 2018, returns of surplus from the Property & Casualty and Workers' Compensation programs were paid to members in the amounts of \$281,247 and \$94,442, respectively.

**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 financial statements and the notes to the financial statements.

*Financial statements*

The financial statements are designed to provide a broad overview of the Cooperative's finances.

The Statement of Net Position presents information on all of the Cooperative's assets and liabilities, with the difference reported as net position.

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.

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
Management's Discussion and Analysis  
For the Years Ended June 30, 2020 and 2019 (Continued)

*Notes to the financial statements*

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

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 \$885,898 in 2020 to \$2,843,125 compared to an increase of \$421,442 to \$1,957,227 in 2019. The Cooperative's assets consist primarily of cash, certificates of deposit and amounts due from excess carriers. Liabilities include the liability for unpaid losses and loss adjustment expenses, amounts received in advance from members and amounts due to members.

<b>Table 1</b> <b>Condensed Statements of Net Position</b>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Assets:</b>			
Cash and investments	\$6,269,627	\$5,110,935	\$5,199,472
Other assets	458,404	971,140	439,832
<b>Total Assets</b>	<u>6,728,031</u>	<u>6,082,075</u>	<u>5,639,304</u>
<b>Liabilities:</b>			
Unpaid losses and loss adjustment expenses	3,797,485	4,121,928	4,103,519
Unearned member contribution revenue	83,041	-	-
Other liabilities	4,380	2,920	-
<b>Total Liabilities</b>	<u>3,884,906</u>	<u>4,124,848</u>	<u>4,103,519</u>
<b>Net Position</b>	<u>\$2,843,125</u>	<u>\$1,957,227</u>	<u>\$1,535,785</u>

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

The Cooperative's total revenues from member contributions in 2020 were \$8,679,243. These revenues consist of loss fund contributions (\$4,509,502) and charges to members for insurance coverage, administrative costs and other operating expenses (\$4,169,741).

Total expenses in 2020 of \$7,606,135, consist of insurance premiums (\$3,448,136), losses and loss adjustment expenses (\$3,405,223), charges for pool and claims administration (\$677,661) and other operating expenses (\$75,115).

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
Management's Discussion and Analysis  
For the Years Ended June 30, 2020 and 2019 (Continued)

The increase in revenues in 2020 was primarily the result of increases in insurance premiums and related loss funds required to be collected from members. The increase in expenses in 2020 was primarily the result of the provision for insured events of the current fiscal year for property and casualty and increases in insurance premiums as noted above.

The Cooperative's total revenues from member contributions in 2019 were \$6,156,469. These revenues consist of loss fund contributions (\$3,645,269) and charges to members for insurance coverage, administrative costs and other operating expenses (\$2,511,200).

Total expenses in 2019 of \$5,711,958, consist of insurance premiums (\$1,795,832), losses and loss adjustment expenses (\$3,212,971), charges for pool and claims administration (\$657,911) and other operating expenses (\$45,244).

The increase in revenues in 2019 was primarily the result of increases in insurance premiums and related loss funds required to be collected from members. The decrease in expenses in 2019 was primarily the result of favorable workers' compensation loss development offset by increases in insurance premiums as noted above.

<b>Table 2</b> <b>Condensed Statements of Revenues, Expenses and Changes in Net Position</b>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Revenues:</b>			
Member contributions	\$8,679,243	\$6,156,469	\$5,788,771
Investment earnings	94,037	71,373	48,785
Total revenues	<u>8,773,280</u>	<u>6,227,842</u>	<u>5,837,556</u>
<b>Expenses:</b>			
Insurance premiums, claims and admin.	<u>7,606,135</u>	<u>5,711,958</u>	<u>5,976,757</u>
Total expenses	<u>7,606,135</u>	<u>5,711,958</u>	<u>5,976,757</u>
<b>Change in net position</b>	1,167,145	515,884	(139,201)
Return of surplus	(281,247)	(94,442)	(38,609)
Net position-beginning of year	<u>1,957,227</u>	<u>1,535,785</u>	<u>1,713,595</u>
Net Position-end of year	<u>\$2,843,125</u>	<u>\$1,957,227</u>	<u>\$1,535,785</u>

### Factors Bearing on the Cooperative's Future

Membership in the Cooperative has declined by six members for the fiscal year ended June 30, 2021, however, the impact on total covered property values and employees is not expected to impact the operating results of the Cooperative or the ability to access the insurance markets for insurance coverage and excess coverages to reduce the exposure to large losses.

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
Management's Discussion and Analysis  
For the Years Ended June 30, 2020 and 2019 (Continued)

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All members of the Cooperative operate as school districts within the State of Iowa and have not experienced losses from state sources due to the Coronavirus pandemic and have received federal CARES funding during the year ended June 30, 2020. However, the Cooperative and its members are not able to determine the impact on future periods and available coverages from the pandemic.

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 Iowa City Community School District, 1725 North Dodge Street, Iowa City, IA 55240.



## **BASIC FINANCIAL STATEMENTS**

**IOWA PUBLIC SCHOOLS INSURANCE PROGRAM**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 1,887,448	\$ 805,679
Investments	4,382,179	4,305,256
Due from excess carriers, net allowance for uncollectible	<u>458,404</u>	<u>971,140</u>
Total Assets	<u><u>\$ 6,728,031</u></u>	<u><u>\$ 6,082,075</u></u>
Liabilities and Net Position		
Liabilities:		
Due to members	<u>\$ 4,380</u>	<u>\$ 2,920</u>
Unpaid losses and loss adjustment expenses:		
Property and casualty	397,061	69,210
Workers compensation	<u>3,400,424</u>	<u>4,052,718</u>
Total unpaid losses and loss adjustment expenses	<u>3,797,485</u>	<u>4,121,928</u>
Unearned member contribution revenue	<u>83,041</u>	<u>-</u>
Total Liabilities	3,884,906	4,124,848
Net Position:		
Restricted net position	<u>2,843,125</u>	<u>1,957,227</u>
Total Liabilities and Net Position	<u><u>\$ 6,728,031</u></u>	<u><u>\$ 6,082,075</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, 2020 AND 2019**

	2020	2019
Operating Revenues		
Premium and administrative contributions	\$ 4,169,741	\$ 2,511,200
Loss fund contributions	4,509,502	3,645,269
Total	8,679,243	6,156,469
Operating Expenses		
Premiums	3,448,136	1,795,832
Provision for losses and loss adjustment expenses	3,405,223	3,212,971
Administrative costs and fees	677,661	657,911
Other operating expenses	75,115	45,244
Total	7,606,135	5,711,958
Operating Income	1,073,108	444,511
Nonoperating Revenues		
Investment earnings	94,037	71,373
Changes in net position	1,167,145	515,884
Net position - beginning	1,957,227	1,535,785
Return of surplus to members	(281,247)	(94,442)
Net position - ending	\$ 2,843,125	\$ 1,957,227

See Notes to Basic Financial Statements

**IOWA PUBLIC SCHOOLS INSURANCE PROGRAM**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Cash received from members	\$ 8,763,744	\$ 6,168,037
Cash payments for claims and to vendors, net of recoveries	<u>(7,417,842)</u>	<u>(6,233,505)</u>
Net cash provided (used) by operating activities	<u>1,345,902</u>	<u>(65,468)</u>
<b>Cash Flows from Investing Activities</b>		
Return of surplus to members	(281,247)	(94,442)
Net purchase of investments - Certificates of Deposit	(76,923)	(1,874,634)
Investment earnings	<u>94,037</u>	<u>71,373</u>
Net cash used by investing activities	<u>(264,133)</u>	<u>(1,897,703)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,081,769	(1,963,171)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>805,679</u>	<u>2,768,850</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 1,887,448</u></u>	<u><u>\$ 805,679</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>		
Operating Income	\$ 1,073,108	\$ 444,511
Adjustment to reconcile operating income to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
Due from members	-	8,648
Due from excess carriers	512,736	(539,956)
Due to members	1,460	2,920
Unpaid losses and loss adjustment expenses	(324,443)	18,409
Unearned member contribution revenue	<u>83,041</u>	<u>-</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,345,902</u></u>	<u><u>\$ (65,468)</u></u>

See Notes to Basic Financial Statements

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
Notes to the Basic Financial Statements  
June 30, 2020 and 2019

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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.

During the years ended June 30, 2020 and 2019, 26 Iowa school districts participated in the workers' compensation self-insurance program and the property and casualty self-insurance program.

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.

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
Notes to the Basic Financial Statements (Cont.)  
June 30, 2020 and 2019

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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 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.

The Cooperative operates as an enterprise fund.

**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.

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
Notes to the Basic Financial Statements (Cont.)  
June 30, 2020 and 2019

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**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.

*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. Investments are stated at fair value. Changes in fair value of investments are recorded as an increase or decrease of investment earnings.

*Due from Excess 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 this liability. Amounts recoverable from excess 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, 2020 and 2019. 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.

*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, 2020 and 2019

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*Net Position*

The Cooperative's net position is reported as restricted as of June 30, 2020 and 2019.

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.

**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, 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.

**Estimates**

The preparation of financial statements 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.

**Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to confirm with the presentation in the current-year financial statements.



IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
Notes to the Basic Financial Statements (Cont.)  
June 30, 2020 and 2019

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NOTE 2 – CASH AND INVESTMENTS

As of June 30, 2020 and 2019, the Cooperative deposits are comprised of deposits with financial institutions which include amounts held in demand accounts and certificates of deposits in the amount of \$6,269,627 and \$5,110,935 as of June 30, 2020 and 2019, 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, 2020, the bank balances of the Cooperative's deposits with financial institutions totaled \$6,280,545 of which \$5,992,146 was exposed to custodial credit risk. At June 30, 2019, the bank balances of the Cooperative's deposits totaled \$5,378,010 of which \$4,732,939 was exposed to custodial credit risk.

*Interest Rate Risk*

The Cooperative's investment policy seeks to ensure preservation of capital in the Cooperative's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the policy requires the Cooperative investment portfolio to be sufficiently liquid to enable the Cooperative to meet all operating requirements as they come due. A portion of the portfolio is required to be invested in readily available funds to ensure appropriate liquidity.

*Credit Risk*

State statutes limit the investments in commercial paper and corporate bonds to the top three ratings of two nationally recognized statistical rating organizations. The Cooperative's investment policy does not address credit risk.

*Concentration of Credit Risk*

The Cooperative's investment policy requires diversification of the investment portfolio to minimize risk of loss resulting from over-concentration in a specific maturity, issuer or class of investment.

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
Notes to the Basic Financial Statements (Cont.)  
June 30, 2020 and 2019

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*Custodial Credit Risk – Investments*

With respect to investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Cooperative will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Cooperative's investment policy addressed custodial credit risk by requiring documentation of the safekeeping of collateral through written agreement.

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, General Liability, Automobile Liability, Automobile Physical Damage, School Board Legal Liability, Crime, Excess Liability, Excess Property, Pollution, Cyber Liability and Workers' Compensation coverage in excess of specified limits for the membership acting as a single insurable unit.

Under the terms of the Package Policy, in the event the annual aggregate loss fund exceeds \$1,503,000 for the policy year ended June 30, 2020 and \$638,500 for the policy year ended June 30, 2019, 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 \$400,000 and \$100,000 for the years ended June 30, 2020 and 2019, respectively.

Under the terms of the Workers' Compensation Policy, in the event the annual aggregate loss fund exceeds \$3,006,771 for the policy year ended June 30, 2020 and \$3,006,769 for the policy year ended June 30, 2019, 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 \$400,000 for the years ended June 30, 2020 and 2019.

Additionally, some coverages carry a deductible of \$1,000 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, 2020 and 2019

**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, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Unpaid losses and loss adjustment expenses at beginning of year	\$4,121,928	\$4,103,519
Incurred losses and loss adjustment expenses:		
Provision for insured events of the current fiscal year	3,925,625	3,469,274
Changes in provision for insured events of prior fiscal years	<u>(520,402)</u>	<u>(256,303)</u>
Total incurred losses and loss adjustment expenses	<u>3,405,223</u>	<u>3,212,971</u>
Payments of losses and loss adjustment expenses attributable to:		
Insured events of the current fiscal year	1,806,437	1,330,330
Insured events of prior fiscal years	<u>1,923,229</u>	<u>1,864,232</u>
Total payments of losses and loss adjustment expenses	<u>3,729,666</u>	<u>3,194,562</u>
Unpaid losses and loss adjustment expenses at end of year	<u><u>\$3,797,485</u></u>	<u><u>\$4,121,928</u></u>

**NOTE 6 – RETURN OF SURPLUS TO MEMBERS**

The Cooperative returned a surplus to members for the following membership years during the years ending June 30, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Property & Casualty program:		
2012-2013	\$9,856	\$9,855
2013-2014	30,784	30,325
2014-2015	53,472	54,262
2015-2016	32,294	-
		-
Workers Compensation program:		
2014-2015	<u>154,841</u>	-
Total return of surplus to members	<u><u>\$281,247</u></u>	<u><u>\$94,442</u></u>

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
Notes to the Basic Financial Statements (Cont.)  
June 30, 2020 and 2019

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NOTE 7 – SUBSEQUENT EVENTS

The financial statements and related disclosures include evaluation of events through our report date, 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, 2020 and 2019**

	2020			2019		
	Property & Casualty	Workers' Compensation	Total	Property & Casualty	Workers' Compensation	Total
Unpaid losses and loss adjustment expenses at beginning of year	\$ 69,210	\$ 4,052,718	\$ 4,121,928	\$ 69,383	\$ 4,034,136	\$ 4,103,519
Incurred losses and loss adjustment expenses:						
Provision for insured events of the current fiscal year	1,503,000	2,422,625	3,925,625	638,500	2,830,774	3,469,274
Increases (Decreases) in provision for insured events of prior fiscal years	26,038	(546,440)	(520,402)	410,372	(666,675)	(256,303)
Total incurred losses and loss adjustment expenses	1,529,038	1,876,185	3,405,223	1,048,872	2,164,099	3,212,971
Payments:						
Losses and loss adjustment expenses attributable to insured events of the current fiscal year	1,105,939	700,498	1,806,437	638,500	691,830	1,330,330
Losses and loss adjustment expenses attributable to insured events of prior fiscal years	95,248	1,827,981	1,923,229	410,545	1,453,687	1,864,232
Total payments	1,201,187	2,528,479	3,729,666	1,049,045	2,145,517	3,194,562
Unpaid losses and loss adjustment expenses at end of year	\$ 397,061	\$ 3,400,424	\$ 3,797,485	\$ 69,210	\$ 4,052,718	\$ 4,121,928

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
Loss Development Information – Property and Casualty  
Last Eight Membership Years  
June 30, 2020

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The following tables illustrate how the Cooperative's property and casualty loss fund contributions compare to related losses and loss adjustment expenses (net of loss assumed by reinsurers) assumed by the Cooperative as of the end of each of the last eight membership years. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's earned loss fund contribution revenues, including loss fund contributions held by member districts. (2) This line shows the Fund's incurred losses and allocated loss 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 membership year). (3) This section shows the cumulative amounts paid as of the end of successive years of each membership year. (4) This section shows how each membership year's incurred losses increased or decreased as of the end of successive years. This annual re-estimation 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. (5) This line compares the latest re-estimated incurred losses amount to the amount originally established (line 2) and shows whether the latest estimate of claims cost is greater or less than originally estimated. As data for individual membership years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature membership years. The columns of the table show data for successive membership years.

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
Loss Development Information-Property & Casualty  
June 30, 2020

	Policy year ended June 30,							
	2013	2014	2015	2016	2017	2018	2019	2020
(1) Net earned required contribution	\$ 265,000	\$ 349,000	\$ 420,458	\$ 534,600	\$ 526,444	\$ 577,500	\$ 638,500	\$ 1,503,000
(2) Estimate incurred losses and loss adjustment expense, end of year	84,058	218,126	186,602	435,619	526,444	577,500	638,500	1,503,000
(3) Paid (cumulative) as of:								
End of year	37,706	65,154	74,121	50,381	510,873	577,500	638,500	1,105,939
One year later	63,138	174,707	82,923	165,434	526,444	577,500	638,500	
Two years later	67,160	172,207	142,486	215,694	526,444	577,500		
Three years later	70,966	172,207	142,486	281,239	526,444			
Four years later	71,946	172,207	142,486	339,229				
Five years later	71,946	172,207	142,486					
Six years later	71,946	172,207						
Seven years later	71,946							
(4) Reestimated incurred losses and loss adjustment expense:								
End of year	84,058	218,126	186,602	435,619	526,444	577,500	638,500	1,503,000
One year later	64,833	201,289	162,301	235,003	526,444	577,500	638,500	
Two years later	78,982	176,547	147,753	285,077	526,444	577,500		
Three years later	70,966	172,207	142,486	350,449	526,444			
Four years later	71,946	172,207	142,486	339,229				
Five years later	71,946	172,207	142,486					
Six years later	71,946	172,207						
Seven years later	71,946							
(5) Decrease in estimated incurred losses and loss adjustment expense from end of year	\$ (12,112)	\$ (45,919)	\$ (44,116)	\$ (96,390)	\$ -	\$ -	\$ -	\$ -



IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
Loss Development Information – Workers’ Compensation  
Last Eight Membership Years  
June 30, 2020

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The following tables illustrate how the Cooperative's workers' compensation loss fund contributions compare to related losses and loss adjustment expenses (net of loss assumed by reinsurers) assumed by the Cooperative as of the end of each of the last eight membership years. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's earned loss fund contribution revenues, including loss fund contributions held by member districts. (2) This line shows the Fund's incurred losses and allocated loss 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 membership year). (3) This section shows the cumulative amounts paid as of the end of successive years of each membership year. (4) This section shows how each membership year's incurred losses increased or decreased as of the end of successive years. This annual re-estimation 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. (5) This line compares the latest re-estimated incurred losses amount to the amount originally established (line 2) and shows whether the latest estimate of claims cost is greater or less than originally estimated. As data for individual membership years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature membership years. The columns of the table show data for successive membership years.

IOWA PUBLIC SCHOOLS INSURANCE PROGRAM  
Loss Development Information-Workers' Compensation  
June 30, 2020

	Policy year ended June 30,							
	2013	2014	2015	2016	2017	2018	2019	2020
(1) Net earned required contribution	\$ 843,897	\$ 1,262,737	\$ 1,693,199	\$ 2,215,961	\$ 2,425,490	\$ 2,857,968	\$ 3,006,769	\$ 3,006,502
(2) Estimate incurred losses and loss adjustment expense, end of year	295,196	1,190,528	1,063,910	1,301,225	2,606,735	3,058,768	2,830,774	2,422,625
(3) Paid (cumulative) as of:								
End of year	166,883	380,385	289,614	359,852	804,104	911,716	691,830	700,498
One year later	357,621	943,853	521,098	951,481	1,520,421	1,689,619	1,828,518	
Two years later	435,078	1,396,710	622,992	1,063,153	1,997,433	2,278,074		
Three years later	502,186	1,608,616	776,119	1,076,989	2,070,561			
Four years later	505,094	1,828,557	788,817	1,077,641				
Five years later	522,992	1,884,682	804,425					
Six years later	640,600	1,900,947						
Seven years later	640,494							
(4) Reestimated incurred losses and loss adjustment expense:								
End of year	295,196	1,190,528	1,063,910	1,301,225	2,606,735	3,058,768	2,830,774	2,422,625
One year later	530,666	1,685,802	882,615	1,657,622	2,590,593	3,037,299	2,721,788	
Two years later	625,416	2,037,534	844,711	1,392,319	2,353,087	3,015,197		
Three years later	609,855	1,987,317	905,179	1,109,411	2,095,416			
Four years later	576,766	2,100,770	873,834	1,088,054				
Five years later	609,465	1,952,639	812,877					
Six years later	665,644	1,905,131						
Seven years later	640,494							
(5) Increase (decrease) in estimated incurred losses and loss adjustment expense from end of year	\$ 345,298	\$ 714,603	\$ (251,033)	\$ (213,171)	\$ (511,319)	\$ (43,571)	\$ (108,986)	\$ -