

**SOUTH CENTRAL TRUST
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019
AND
INDEPENDENT AUDITOR'S REPORT**

DRAFT

HAMILTON & MUSSER, P.C.
Certified Public Accountants

SOUTH CENTRAL TRUST
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For the Years Ended June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Participants of
South Central Trust
Mechanicsburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of South Central Trust 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.

Auditor's 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 qualified audit opinion.

Basis for Qualified Opinion

Management has elected to not include the Schedule of Claims Development. Accounting principles generally accepted in the United States of America require the Schedule of Claims Development be shown as required supplementary information. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of South Central Trust as of June 30, 2020 and 2019, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules on pages 15-26 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

_____, 2020

Mechanicsburg, Pennsylvania

Certified Public Accountants

SOUTH CENTRAL TRUST
Statements of Net Position Available for Plan Benefits
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and Cash Equivalents	\$ 10,958,220	\$ 10,433,856
Investments (Note 2)	15,315,546	15,070,221
Accounts Receivable	406,178	1,522,945
Prepaid Expenses	<u>242,198</u>	<u>86,767</u>
Total Assets	<u>\$ 27,022,142</u>	<u>\$ 27,113,789</u>
Liabilities		
Accounts Payable	\$ 313,356	\$ 23,607
Claims Incurred But Not Recorded And Claims Payable – Pooled Schools (Note 3)	2,683,278	1,306,000
Claims Incurred But Not Recorded And Claims Payable – Non-Pooled Schools (Note 3)	1,861,960	1,124,000
Refundable Reserves – Non-Pooled Schools (Note 4)	9,793,970	10,641,458
Deferred Revenue (Note 5)		
Dental	535,834	411,255
Flex Spending	<u>65,686</u>	<u>109,769</u>
Total Liabilities	<u>15,254,084</u>	<u>13,616,089</u>
Net Position Available for Plan Benefits	<u>11,768,058</u>	<u>13,497,700</u>
Total Liabilities and Net Position Available for Plan Benefits	<u>\$ 27,022,142</u>	<u>\$ 27,113,789</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SOUTH CENTRAL TRUST
Statements of Changes in Net Position Available for Plan Benefits
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Member District Contributions	\$ 21,829,856	\$ 21,237,943
Stop Loss Reimbursements	911,252	1,752,739
Other Revenue	<u>111,660</u>	<u>142,883</u>
Total Operating Revenues	<u>22,852,768</u>	<u>23,133,565</u>
Operating Expenses:		
Benefit Payments on Behalf of Member Districts	23,117,308	20,528,641
Stop Loss Insurance	700,074	589,302
Administrative Expenses	752,416	753,302
Insurance	324	318
Consulting	169,906	146,139
Professional Fees	<u>46,538</u>	<u>37,796</u>
Total Operating Expenses	<u>24,786,566</u>	<u>22,055,498</u>
Operating Income (Loss)	<u>(1,933,798)</u>	<u>1,078,067</u>
Non-Operating Revenues:		
Interest Income (Note 2)	<u>204,156</u>	<u>212,212</u>
Total Non-Operating Revenues	<u>204,156</u>	<u>212,212</u>
Increase (Decrease) in Net Position Available for Plan Benefits	(1,729,642)	1,290,279
Net Position Available for Plan Benefits, Beginning of Year	<u>13,497,700</u>	<u>12,207,421</u>
Net Position Available for Plan Benefits, End of Year	<u>\$ 11,768,058</u>	<u>\$ 13,497,700</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SOUTH CENTRAL TRUST
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Contributions Collected	\$ 38,468,100	\$ 37,972,666
Stop Loss Reimbursements	2,445,870	1,835,288
Other Revenue	287,543	166,833
Claims Paid	(37,868,578)	(36,994,743)
Loss Prevention	(1,329,538)	(1,098,770)
Insurance Premiums Paid	(611)	(609)
General Administration Fees Paid	<u>(1,599,802)</u>	<u>(1,849,935)</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>402,984</u>	<u>30,730</u>
Cash Flows from Investing Activities:		
Sale (Purchase), Net of Investments	(245,325)	2,478,009
Interest Received	<u>366,705</u>	<u>426,128</u>
Net Cash and Cash Equivalents Provided by Investing Activities	<u>121,380</u>	<u>2,904,137</u>
Net Change in Cash and Cash Equivalents	524,364	2,934,867
Cash and Cash Equivalents, Beginning of Year	<u>10,433,856</u>	<u>7,498,989</u>
Cash and Cash Equivalents, End of Year	<u>\$ 10,958,220</u>	<u>\$ 10,433,856</u>
Reconciliation of Operating Income to Net Cash and Cash Equivalents Provided by Operating Activities:		
Operating Income (Loss)	\$ (1,933,798)	\$ 1,078,067
Adjustments to Reconcile Operating Income to Net Cash and Cash Equivalents Provided by Operating Activities:		
(Increase) Decrease in Assets:		
Accounts Receivable	1,116,767	(1,033,585)
Prepaid Expenses	(255,431)	(69,483)
Increase (Decrease) in Liabilities:		
Accounts Payable	289,749	395
Refundable Reserves – Non-Pooled Schools	(1,003,564)	(170,391)
Claims Incurred but Not Recorded and Claims Payable	2,115,238	192,000
Deferred Revenue – Dental and Flex Spending	<u>80,496</u>	<u>33,727</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>\$ 402,984</u>	<u>\$ 30,730</u>

The Accompanying Notes are an Integral Part of the Financial Statements

SOUTH CENTRAL TRUST
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

South Central Trust (the Trust) was organized in July 1995 to provide health and welfare, dental, vision, and other benefits for employees of the member school districts (Districts). The Trust's general objectives are to formulate, develop, and administer, on behalf of the Districts a program of insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The Board of Trustees is appointed by the Districts. Carlisle Area School District has been a member of the Trust since inception. Effective September 1, 1997, Big Spring School District became a member of the Trust; in 2005 Susquenita, Cumberland Perry Vo-Tech, CAIU, Camp Hill, and West Perry became members of the Trust; and in 2006 Mechanicsburg and East Pennsboro became members of the Trust.

The Trust has determined that it is exempt from federal income taxes under Section 115(1) of the Internal Revenue Code. The Trust is also exempt from Pennsylvania corporate income taxes. In the event of dissolution of the Trust, the remaining assets would be distributed to the Districts.

The Trust provides claims administration and contract services for and on behalf of the Districts. Some Districts maintain all risk for the employee benefits provided through the Trust (claims-servicing pool), while others pool their risk (risk-sharing pool). This risk pooling includes the liability for payment of benefit claims paid by the Trust on behalf of the Districts, and those claims incurred but not paid and incurred but not reported during the benefit coverage period. The Trust contracts with third party benefit providers on behalf of the Districts and arranges for reinsurance coverage to limit the exposure to large losses on insured events.

Basis for Presentation – Fund Accounting

The Trust operates as a single proprietary fund; more specifically, as an enterprise fund. A proprietary fund is used to account for activities similar to those found in the private sector, where determination of net income is necessary or useful to sound financial administration. An enterprise fund is used because the services provided by the Trust's activities are provided to outside parties, the school district members of the Trust.

The accounts of the Trust are organized on the basis of claim years, each of which is accounted for separately because the composition of membership may change from year to year. The Trust applies restricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The Trust has no restricted net position.

Basis of Accounting:

Basis of accounting refers to the period in which revenue and expenditures are recognized in the accounts and reported in the financial statements, and relates to the timing of the measurement made, regardless of the measurement focus applied.

The Trust is considered to be a "public entity risk pool" for financial reporting purposes, and therefore reports under the accounting rules promulgated by the Government Accounting Standards Board (GASB). As a proprietary fund, the Trust employs the accrual basis of accounting wherein revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Trust follows the cost of services or "economic resources" measurement focus under which all assets and all liabilities associated with the activity of providing insurance services are included within the fund.

SOUTH CENTRAL TRUST
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

The most sensitive estimate affecting the financial statements is the calculation of claims incurred but not paid or recorded (IBNR). Management's estimates of these claims are based on actual run out and on past claims paid history. Even though management feels these estimates are proper, it is reasonably possible for additional claim losses to occur.

Risk Management:

The Trust is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; and injuries to employees. Significant losses are covered by commercial insurance. There were no significant reductions in insurance coverage for the years ended June 30, 2020 and 2019. Settlement amounts have not exceeded insurance coverage for the current or three prior years.

Significant Accounting Pronouncements:

Management has reviewed upcoming and pending accounting pronouncements and has determined that they are not applicable to the Trust.

Premium Deficiency Reserves:

Premium deficiency reserves are required for the amount of the anticipated losses, loss adjustment expenses, acquisition costs and maintenance costs that have not previously been expensed and are in excess of the recorded unearned premium reserve on existing policies and anticipated investment income. No premium deficiency reserve was recorded at June 30, 2020 and 2019.

Claims Liabilities:

The Trust establishes claim liabilities that are based on estimates of the ultimate cost of: 1) claims (including future claim adjustment expenses) that have been reported but not settled, and 2) claims that have been incurred but not recorded. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in estimating claim liabilities does not necessarily result in exact amount.

Claim liabilities are estimated periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. During 2018, the Trust changed its method of determining claims incurred but not recorded from actual claims recorded two months subsequent to year-end to being actuarially determined.

SOUTH CENTRAL TRUST
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable:

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of members and customers having outstanding balances and current relationships with them, it has concluded that losses on balances outstanding at year-end will be immaterial.

Investments:

Investments are composed of certificates of deposit and are carried at cost.

GASB 72 requires an establishment of a hierarchy that ranks the quality and reliability of inputs, or assumptions, used in the determination of fair value and requires financial assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices in active markets for identical assets and liabilities
- Level 2 – Directly or indirectly observable inputs other than Level 1 quoted prices
- Level 3 – Unobservable inputs not corroborated by market data

For investments with quoted market prices in active markets, the Trust uses the quoted market prices as fair values and includes those investments in Level 1 of the fair value hierarchy. When quoted market prices in active markets are not available, various pricing services are used to determine fair value of investments that are included in Level 2 of the fair value hierarchy. Level 3 represents financial assets whose fair value is determined based upon inputs that are unobservable and include the Trust's own determinations of the assumptions that a market participant would use in pricing the asset. The Trust's investments are considered to be Level 2.

Investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible changes in risks in the near term would materially affect investment assets reported in the Statements of Net Position Available for Plan Benefits and Statements of Changes in Net Position Available for Plan Benefits.

Taxation:

The Internal Revenue Service has ruled that the income of the Trust is excludable from gross income and, therefore, exempt from taxation pursuant to Internal Revenue Code Section 115, which pertains to instrumentalities of state and local governments.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Trust, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that the Trust had taken no uncertain tax positions that require recognition or disclosure in the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. With few exceptions, the Trust is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before June 30, 2017.

Cash and Cash Equivalents:

For the purposes of the Statement of Cash Flows, the Trust considers all liquid instruments purchased with an original maturity of three months or less to be cash and cash equivalents. At June 30, 2020 and 2019 cash and cash equivalents consisted primarily of money market accounts with brokers.

SOUTH CENTRAL TRUST
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

NOTE 2 INVESTMENTS

Investments at cost at June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Certificates of Deposit	\$ 15,315,546	\$ 15,070,221
Total	<u>\$ 15,315,546</u>	<u>\$ 15,070,221</u>

Interest income for the years ended June 30, 2020 and 2019 was composed of:

	<u>2020</u>	<u>2019</u>
Interest – Pooled	\$ 204,154	\$ 212,212
Interest – Non-Pooled	<u>162,549</u>	<u>213,916</u>
Total	<u>\$ 366,703</u>	<u>\$ 426,128</u>

	<u>Cost Basis</u>	<u>Fair Value</u> <u>6/30/2020</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level					
Debt Securities					
Certificates of Deposit	\$ 15,315,546	\$ 15,432,882	\$ -	\$ 15,432,882	\$ -
Total Debt Securities	\$ 15,315,546	\$ 15,432,882	\$ -	\$ 15,432,882	\$ -
	<u>Cost Basis</u>	<u>Fair Value</u> <u>6/30/2019</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level					
Debt Securities					
Certificates of Deposit	\$ 15,070,221	\$ 15,085,916	\$ -	\$ 15,085,916	\$ -
Total Debt Securities	\$ 15,070,221	\$ 15,085,916	\$ -	\$ 15,085,916	\$ -

SOUTH CENTRAL TRUST
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

NOTE 3 CLAIMS LIABILITY (RISK POOL)

The Trust is liable for both reported and unreported insured claims, which includes estimates of future payments of losses.

Unpaid claims consist of the following at June 30, 2020:

Pooled Schools							
	Susquenita School District	Cumberland Perry AVTS	Capital Area IU	West Perry School District	Camp Hill School District	East Pennsboro School District	Total
Liabilities for Unpaid Claims, Beginning of Year	\$ 171,000	\$ 36,000	\$ 424,000	\$ 317,000	\$ 150,000	\$ 208,000	\$ 1,306,000
Incurred Claims Provision for Current Year Insured Events	2,391,885	733,325	5,073,764	4,662,061	2,331,288	3,522,165	18,714,488
Payments							
Claims & Adjustments for Current Year	(2,401,083)	(751,678)	(5,451,376)	(4,893,757)	(2,420,199)	(3,097,042)	(19,015,135)
Claims & Adjustments for Prior Year	<u>275,294</u>	<u>89,043</u>	<u>761,698</u>	<u>473,613</u>	<u>244,266</u>	<u>(165,989)</u>	<u>1,677,925</u>
Liabilities for Unpaid Claims, End of Year	<u>\$ 437,096</u>	<u>\$ 106,690</u>	<u>\$ 808,086</u>	<u>\$ 558,917</u>	<u>\$ 305,355</u>	<u>\$ 467,134</u>	<u>\$ 2,683,278</u>
Non-Pooled Schools							
	Carlisle Area School District	Big Spring School District	Mechanicsburg Area School District	Total			
Liabilities for Unpaid Claims, Beginning of Year	\$ 461,000	\$ 196,000	\$ 467,000	\$ 1,124,000			
Incurred Claims Provision for Current Year Insured Events	5,984,205	2,743,594	6,490,823	15,218,622			
Payments							
Claims & Adjustments for Current Year	(5,676,916)	(2,561,581)	(6,182,651)	(14,421,148)			
Claims & Adjustments for Prior Year	<u>(20,263)</u>	<u>(36,910)</u>	<u>(2,341)</u>	<u>(59,514)</u>			
Liabilities for Unpaid Claims, End of Year	<u>\$ 748,026</u>	<u>\$ 341,103</u>	<u>\$ 772,831</u>	<u>\$ 1,861,960</u>			

SOUTH CENTRAL TRUST
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

NOTE 3 CLAIMS LIABILITY (RISK POOL) – (CONTINUED)

The Trust is liable for both reported and unreported insured claims, which includes estimates of future payments of losses.

Unpaid claims consist of the following at June 30, 2019:

Pooled Schools							
	Susquenita School District	Cumberland Perry AVTS	Capital Area IU	West Perry School District	Camp Hill School District	East Pennsboro School District	Total
Liabilities for Unpaid Claims, Beginning of Year	\$ 151,000	\$ 29,000	\$ 411,000	\$ 291,000	\$ 101,000	\$ 204,000	\$ 1,187,000
Incurred Claims Provision for Current Year Insured Events	3,195,350	841,210	6,444,850	5,181,349	2,480,082	3,261,642	21,404,483
Payments							
Claims & Adjustments for Current Year	(3,177,849)	(816,958)	(6,033,298)	(4,952,049)	(2,316,131)	(3,011,497)	(20,307,782)
Claims & Adjustments for Prior Year	<u>2,499</u>	<u>(17,252)</u>	<u>(398,552)</u>	<u>(203,300)</u>	<u>(114,951)</u>	<u>(246,145)</u>	<u>(977,701)</u>
Liabilities for Unpaid Claims, End of Year	<u>\$ 171,000</u>	<u>\$ 36,000</u>	<u>\$ 424,000</u>	<u>\$ 317,000</u>	<u>\$ 150,000</u>	<u>\$ 208,000</u>	<u>\$ 1,306,000</u>
Non-Pooled Schools							
	Carlisle Area School District	Big Spring School District	Mechanicsburg Area School District	Total			
Liabilities for Unpaid Claims, Beginning of Year	\$ 440,000	\$ 179,000	\$ 432,000	\$ 1,051,000			
Incurred Claims Provision for Current Year Insured Events	6,678,536	3,208,414	7,404,660	17,291,610			
Payments							
Claims & Adjustments for Current Year	(6,382,904)	(3,019,290)	(6,978,941)	(16,381,135)			
Claims & Adjustments for Prior Year	<u>(274,632)</u>	<u>(172,124)</u>	<u>(390,719)</u>	<u>(837,475)</u>			
Liabilities for Unpaid Claims, End of Year	<u>\$ 461,000</u>	<u>\$ 196,000</u>	<u>\$ 467,000</u>	<u>\$ 1,124,000</u>			

SOUTH CENTRAL TRUST
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

NOTE 4 STATEMENT OF CHANGES IN REFUNDABLE RESERVE – NON-POOLED SCHOOLS

	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Member District Contributions	\$ 16,557,748	\$ 16,700,996
Stop Loss Reimbursements	417,851	1,116,134
Other Revenue	<u>175,883</u>	<u>23,950</u>
Total Operating Revenues	<u>17,151,482</u>	<u>17,841,080</u>
Operating Expenses:		
Benefit Payments on		
Behalf of Member Districts	16,866,508	16,658,102
Stop Loss Insurance	629,464	509,468
Administrative Expenses	430,471	604,893
Insurance	287	291
Consulting	206,280	212,464
Professional Fees	<u>28,508</u>	<u>26,253</u>
Total Operating Expenses	<u>18,161,518</u>	<u>18,011,471</u>
Operating Loss	<u>(1,010,037)</u>	<u>(170,391)</u>
Non-Operating Revenues:		
Interest Income	<u>162,549</u>	<u>213,916</u>
Total Non-Operating Revenues	<u>162,549</u>	<u>213,916</u>
Increase (Decrease) in Net Position		
Available for Plan Benefits	(847,488)	43,525
Refundable Reserve, Beginning of Year	<u>10,641,458</u>	<u>10,597,933</u>
Refundable Reserve, End of Year	<u>\$ 9,793,970</u>	<u>\$ 10,641,458</u>

NOTE 5 DEFERRED REVENUE

The Trust provides administrative services for dental benefits on behalf of the risk sharing school districts that have dental plans administered by the Trust. The excess of premiums over all expenses related to dental claims and other expenses related to providing the administrative services is not part of the Trust agreement. If the Trust terminates the contract between the specific school districts for any reason, the Trust will refund the school districts the cumulative amount of premiums collected minus all expenses related to the dental benefits. The balances of \$535,834 and \$411,255 are reflected as deferred revenue at June 30, 2020 and 2019, respectively.

The Trust provides administrative services for flex plan benefits on behalf of the risk sharing school districts that have flex plan health plans administered by the Trust. The excess of premiums over all expenses related to health claims and other expenses related to providing the administrative services is not part of the Trust agreement. If the Trust terminates the contract between the specific school districts for any reason, the Trust will refund the school districts the cumulative amount of premiums collected minus all expenses related to these health benefits. The balances of \$65,686 and \$109,769 are reflected as deferred revenue at June 30, 2020 and 2019, respectively.

SOUTH CENTRAL TRUST
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

NOTE 6 CONCENTRATED CREDIT RISK

Financial instruments that potentially subject the Trust to concentrations of credit risk consist principally of cash and cash equivalents held with financial institutions. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Trust accounts at financial institutions exceed the insurance obtained through the FDIC from time to time throughout the year. Amount in excess of the FDIC limit were \$6,120,665 and \$5,822,730 at June 30, 2020 and 2019, respectively, but was fully collateralized by the pledging bank's trust department as permitted by Act 72, at June 30, 2020 and 2019, respectively.

The Trust maintains a portion of its cash in money market accounts, which are not insured by the FDIC. The uninsured amount totaled \$4,535,783 and \$4,354,388 at June 30, 2020 and 2019, respectively, but \$4,265,474 and \$3,990,802 was collateralized by the pledging bank's trust department as permitted by Act 72, at June 30, 2020 and 2019, respectively. For June 30, 2020 and 2019, the remaining \$270,309 and \$158,287 was not collateralized, respectively.

The Trust maintains a portion of its cash in Certificate of Deposits, which are insured by the FDIC. The insured amount totaled \$15,315,546 and \$15,070,221 at June 30, 2020 and 2019, respectively.

Investments consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Certificates of Deposit	<u>\$ 15,315,546</u>	<u>\$ 15,070,221</u>
Total	<u>\$ 15,315,546</u>	<u>\$ 15,070,221</u>

Custodial Credit Risk – Custodial credit risk is the risk that the counterparty to an investment transaction will fail and the government will not recover the value of the investment or collateral securities that are in possession of an outside party. The Trust does not have a formal policy investment policy for custodial credit risk. The Trust's investments can not be classified by risk category because they are not evidenced by securities that exist in physical or book entry form.

Credit Risk – At June 30, 2020 and 2019, the ratings of the Trust's investments were:

		<u>2020</u>		<u>2019</u>
	<u>Rating</u>	<u>Cost</u>	<u>Rating</u>	<u>Cost</u>
M&T Securities	Various	\$ 6,815,546	Various	\$ 6,570,221
PSDLAF	AAAm	8,500,000	AAAm	8,500,000

Interest Rate Risk – The Trust does not have a formal policy that limits investment maturities as means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2020 and 2019, the Trust's investment in money market funds and external investment pool had an average maturity of less than one year. The average maturity of the fixed income mutual fund is currently unavailable.

SOUTH CENTRAL TRUST
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

NOTE 6 **CONCENTRATED CREDIT RISK (CONTINUED)**

External Investment Pool – The Trust also uses an external investment pool to ensure safety and maximize efficiency, liquidity, and yield for Trust funds. These funds are invested in the Pennsylvania Local Government Investment Trust (PLGIT), which separately issues audited financial statements that are available to the public.

The cost of the Trust's position in the external investment pool is equivalent to the value of the pool shares. The Commonwealth of Pennsylvania provides external regulatory oversight for the external investment pool.

NOTE 7 **PRIOR PERIOD ADJUSTMENT**

During the year ended June 30, 2020, management determined that \$612,399 in stop loss revenue should have been recorded as a receivable and revenue for the year ended June 30, 2019. These corrections are shown as an adjustment to the Schedule of Net Position Available for Plan Benefits and Statement of Revenue, Expenses and Changes in Net Position for the year ended June 30, 2019.

NOTE 8 **SUBSEQUENT EVENTS**

Subsequent events have been evaluated through _____, 2020, which is the date the financial statements were available to be issued.

Subsequent to June 30, 2020, the Authority has been operating in an environment that has been economically impacted by the COVID-19 pandemic. The full impact of the pandemic on the Trust is not known as of the release of these financial statements. However, management is monitoring the current conditions and their potential impact.

SUPPLEMENTARY INFORMATION

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SOUTH CENTRAL TRUST
Schedule of Net Position Available for Plan Benefits – Non-Pooled Schools
June 30, 2020

	<u>Carlisle</u>	<u>Big Spring</u>	<u>Mechanicsburg</u>
Assets			
Cash and Cash Equivalents	\$ 5,280,345	\$ 3,482,084	\$ 1,839,718
Investments	-	-	1,000,000
Accounts Receivable	76,841	2,591	-
Prepaid Expenses	<u>6,409</u>	<u>53,885</u>	<u>5,609</u>
Total Assets	<u>\$ 5,363,595</u>	<u>\$ 3,538,560</u>	<u>\$ 2,845,327</u>
Liabilities			
Accounts Payable	\$ -	\$ 52,229	\$ 20,000
IBNR – Insured Claims Payable	748,026	341,103	772,831
Deferred Revenue			
Dental	-	-	-
Flex Spending	<u>19,322</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>767,348</u>	<u>393,332</u>	<u>792,831</u>
Net Position Available for Plan Benefits	<u>4,596,247</u>	<u>3,145,228</u>	<u>2,052,496</u>
Total Liabilities and Net Position	<u>\$ 5,363,595</u>	<u>\$ 3,538,560</u>	<u>\$ 2,845,327</u>

See Independent Auditor's Report

SOUTH CENTRAL TRUST
Schedule of Changes in Net Position Available for Plan Benefits – Non-Pooled Schools
For the Year Ended June 30, 2020

	<u>Carlisle</u>	<u>Big Spring</u>	<u>Mechanicsburg</u>
Operating Revenues:			
Member District Contributions	\$ 6,406,379	\$ 3,491,979	\$ 6,659,390
Stop Loss Reimbursements	407,614	10,237	-
Other Revenue	<u>125,691</u>	<u>27,533</u>	<u>22,659</u>
Total Operating Revenues	<u>6,939,684</u>	<u>3,529,749</u>	<u>6,682,049</u>
Operating Expenses:			
Benefit Payments on Behalf of Member Districts	6,803,718	3,472,933	6,589,857
Stop Loss Insurance	217,221	133,616	278,627
Administrative Expenses	40,503	127,381	262,587
Insurance	101	61	125
Consulting	132,022	30,741	43,517
Professional Fees	<u>14,301</u>	<u>8,302</u>	<u>5,905</u>
Total Operating Expenses	<u>7,207,866</u>	<u>3,773,034</u>	<u>7,180,618</u>
Operating Income (Loss)	<u>(268,182)</u>	<u>(243,285)</u>	<u>(498,569)</u>
Non-Operating Revenues:			
Interest Income	<u>73,578</u>	<u>50,534</u>	<u>38,437</u>
Total Non-Operating Revenues	<u>73,578</u>	<u>50,534</u>	<u>38,437</u>
Decrease in Net Position Available for Plan Benefits	(194,604)	(192,751)	(460,132)
Net Position Available for Plan Benefits, Beginning of Year	<u>4,790,851</u>	<u>3,337,979</u>	<u>2,512,628</u>
Net Position Available for Plan Benefits, End of Year	<u>\$ 4,596,247</u>	<u>\$ 3,145,228</u>	<u>\$ 2,052,496</u>

See Independent Auditor's Report

SOUTH CENTRAL TRUST
Schedule of Net Position Available for Plan Benefits – Non-Pooled Schools
June 30, 2019

	<u>Carlisle</u>	<u>Big Spring</u>	<u>Mechanicsburg</u>
Assets			
Cash and Cash Equivalents	\$ 5,317,412	\$ 3,526,322	\$ 1,990,460
Investments	-	-	1,000,000
Accounts Receivable	-	123	5,166
Prepaid Expenses	<u>12,242</u>	<u>7,534</u>	<u>5,609</u>
Total Assets	<u>\$ 5,329,654</u>	<u>\$ 3,533,979</u>	<u>\$ 3,001,235</u>
Liabilities			
Accounts Payable	\$ -	\$ -	\$ 21,607
IBNR – Insured Claims Payable	461,000	196,000	467,000
Deferred Revenue			
Dental	-	-	-
Flex Spending	<u>77,803</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>538,803</u>	<u>196,000</u>	<u>488,607</u>
Net Position Available for Plan Benefits	<u>4,790,851</u>	<u>3,337,979</u>	<u>2,512,628</u>
Total Liabilities and Net Position	<u>\$ 5,329,654</u>	<u>\$ 3,533,979</u>	<u>\$ 3,001,235</u>

See Independent Auditor's Report

SOUTH CENTRAL TRUST
Schedule of Changes in Net Position Available for Plan Benefits – Non-Pooled Schools
For the Year Ended June 30, 2019

	<u>Carlisle</u>	<u>Big Spring</u>	<u>Mechanicsburg</u>
Operating Revenues:			
Member District Contributions	\$ 6,304,660	\$ 3,268,778	\$ 7,127,558
Stop Loss Reimbursements	1,103,502	7,466	5,166
Other Revenue	<u>23,950</u>	<u>-</u>	<u>-</u>
Total Operating Revenues	<u>7,432,112</u>	<u>3,276,244</u>	<u>7,132,724</u>
Operating Expenses:			
Benefit Payments on Behalf of Member Districts	6,892,276	2,883,520	6,882,306
Stop Loss Insurance	190,360	111,623	207,485
Administrative Expenses	216,494	127,161	261,238
Insurance	109	60	122
Consulting	132,341	26,823	53,300
Professional Fees	<u>12,111</u>	<u>6,678</u>	<u>7,464</u>
Total Operating Expenses	<u>7,443,691</u>	<u>3,155,865</u>	<u>7,411,915</u>
Operating Income (Loss)	<u>(11,579)</u>	<u>120,379</u>	<u>(279,191)</u>
Non-Operating Revenues:			
Interest Income	<u>79,701</u>	<u>53,903</u>	<u>80,312</u>
Total Non-Operating Revenues	<u>79,701</u>	<u>53,903</u>	<u>80,312</u>
Increase (Decrease) in Net Position Available for Plan Benefits	68,122	174,282	(198,879)
Net Position Available for Plan Benefits, Beginning of Year	<u>4,722,729</u>	<u>3,163,697</u>	<u>2,711,507</u>
Net Position Available for Plan Benefits, End of Year	<u>\$ 4,790,851</u>	<u>\$ 3,337,979</u>	<u>\$ 2,512,628</u>

See Independent Auditor's Report

SOUTH CENTRAL TRUST
Schedule of Net Position Available for Plan Benefits – Pooled Schools
June 30, 2020

	<u>Susquenita</u>	<u>CPTS</u>	<u>CAIU</u>	<u>West Perry</u>	<u>Camp Hill</u>	<u>East Pennsboro</u>
Assets						
Cash and Cash Equivalents	\$ 2,895,044	\$ 583,867	\$ 3,363,745	\$ 3,982,662	\$ 1,889,341	\$ 1,956,960
Investments	-	-	-	-	-	-
Accounts Receivable	-	-	-	73,429	28,253	225,064
Prepaid Expenses	<u>68,592</u>	<u>2,009</u>	<u>78,391</u>	<u>50,894</u>	<u>39,671</u>	<u>36,738</u>
Total Assets	<u>\$ 2,963,636</u>	<u>\$ 585,876</u>	<u>\$ 3,442,136</u>	<u>\$ 4,106,985</u>	<u>\$ 1,957,265</u>	<u>\$ 2,218,762</u>
Liabilities						
Accounts Payable	\$ 57,056	\$ -	\$ 49,342	\$ 71,615	\$ 41,549	\$ 21,565
IBNR – Insured Claims Payable	437,096	106,690	808,086	558,917	305,355	467,134
Deferred Revenue						
Dental	72,099	-	209,988	89,218	-	164,529
Flex Spending	<u>-</u>	<u>-</u>	<u>22,072</u>	<u>-</u>	<u>15,153</u>	<u>9,139</u>
Total Liabilities	<u>566,251</u>	<u>106,690</u>	<u>1,089,488</u>	<u>719,750</u>	<u>362,057</u>	<u>662,367</u>
Net Position Available for Plan Benefits	<u>2,397,384</u>	<u>479,187</u>	<u>2,352,649</u>	<u>3,387,235</u>	<u>1,595,208</u>	<u>1,556,395</u>
Total Liabilities and Net Position	<u>\$ 2,963,635</u>	<u>\$ 585,877</u>	<u>\$ 3,442,137</u>	<u>\$ 4,106,985</u>	<u>\$ 1,957,265</u>	<u>\$ 2,218,762</u>

See Independent Auditor's Report

SOUTH CENTRAL TRUST
Schedule of Changes in Net Position Available for Plan Benefits – Pooled Schools
For the Year Ended June 30, 2020

	<u>Susquenita</u>	<u>CPTS</u>	<u>CAIU</u>	<u>West Perry</u>	<u>Camp Hill</u>	<u>East Pennsboro</u>
Operating Revenues:						
Member District Contributions	\$ 3,475,304	\$ 826,162	\$ 6,547,377	\$ 4,841,682	\$ 2,364,538	\$ 3,774,793
Stop Loss Reimbursements	-	-	36,889	348,745	101,670	423,948
Other Revenue	-	-	39,962	-	28,962	42,736
Total Operating Revenues	<u>3,475,304</u>	<u>826,162</u>	<u>6,624,228</u>	<u>5,190,427</u>	<u>2,495,170</u>	<u>4,241,477</u>
Operating Expenses:						
Benefit Payments on Behalf of Member Districts	3,186,575	731,975	6,865,314	5,399,984	3,014,604	3,918,856
Stop Loss Insurance	88,163	27,687	253,318	138,728	79,125	113,053
Administrative Expenses	103,993	29,672	262,519	143,630	76,647	135,955
Insurance	40	13	117	66	36	52
Consulting	22,389	8,389	56,653	33,761	20,853	27,861
Professional Fees	6,719	4,600	12,548	8,693	6,400	7,578
Total Operating Expenses	<u>3,407,879</u>	<u>802,336</u>	<u>7,450,469</u>	<u>5,724,862</u>	<u>3,197,665</u>	<u>4,203,355</u>
Operating Income (Loss)	<u>67,996</u>	<u>21,415</u>	<u>(818,300)</u>	<u>(531,312)</u>	<u>(702,306)</u>	<u>40,052</u>
Non-Operating Revenues:						
Interest Income	<u>38,780</u>	<u>8,426</u>	<u>48,670</u>	<u>52,055</u>	<u>29,614</u>	<u>26,611</u>
Total Non-Operating Revenues	<u>38,780</u>	<u>8,426</u>	<u>48,670</u>	<u>52,055</u>	<u>29,614</u>	<u>26,611</u>
Increase (Decrease) in Net Position	106,205	32,252	(777,571)	(482,380)	(672,881)	64,733
Net Position Available for Plan Benefits, Beginning of Year	<u>2,291,179</u>	<u>446,935</u>	<u>3,130,220</u>	<u>3,869,615</u>	<u>2,268,089</u>	<u>1,491,662</u>
Net Position Available for Plan Benefits, End of Year	<u>\$ 2,397,384</u>	<u>\$ 479,187</u>	<u>\$ 2,352,649</u>	<u>\$ 3,387,235</u>	<u>\$ 1,595,208</u>	<u>\$ 1,556,395</u>

See Independent Auditor's Report

SOUTH CENTRAL TRUST
Schedule of Net Position Available for Plan Benefits – Pooled Schools
June 30, 2019

	<u>Susquenita</u>	<u>CPTS</u>	<u>CAIU</u>	<u>West Perry</u>	<u>Camp Hill</u>	<u>East Pennsboro</u>
Assets						
Cash and Cash Equivalents	\$ 2,447,648	\$ 478,095	\$ 3,083,540	\$ 3,656,069	\$ 2,344,501	\$ 1,660,030
Investments	-	-	-	-	-	-
Accounts Receivable	56,547	-	623,285	581,751	83,745	172,328
Prepaid Expenses	<u>12,459</u>	<u>4,840</u>	<u>14,177</u>	<u>8,641</u>	<u>5,958</u>	<u>15,307</u>
Total Assets	<u>\$ 2,516,654</u>	<u>\$ 482,935</u>	<u>\$ 3,721,002</u>	<u>\$ 4,246,461</u>	<u>\$ 2,434,204</u>	<u>\$ 1,847,665</u>
Liabilities						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000
IBNR – Insured Claims Payable	171,000	36,000	424,000	317,000	150,000	208,000
Deferred Revenue						
Dental	54,475	-	153,543	59,846	-	143,391
Flex Spending	<u>-</u>	<u>-</u>	<u>13,239</u>	<u>-</u>	<u>16,115</u>	<u>2,612</u>
Total Liabilities	<u>225,475</u>	<u>36,000</u>	<u>590,782</u>	<u>376,846</u>	<u>166,115</u>	<u>356,003</u>
Net Position Available for Plan Benefits	<u>2,291,179</u>	<u>446,935</u>	<u>3,130,220</u>	<u>3,869,615</u>	<u>2,268,089</u>	<u>1,491,662</u>
Total Liabilities and Net Position	<u>\$ 2,516,654</u>	<u>\$ 482,935</u>	<u>\$ 3,721,002</u>	<u>\$ 4,246,461</u>	<u>\$ 2,434,204</u>	<u>\$ 1,847,665</u>

See Independent Auditor's Report

SOUTH CENTRAL TRUST
Schedule of Changes in Net Position Available for Plan Benefits – Pooled Schools
For the Year Ended June 30, 2019

	<u>Susquenita</u>	<u>CPTS</u>	<u>CAIU</u>	<u>West Perry</u>	<u>Camp Hill</u>	<u>East Pennsboro</u>
Operating Revenues:						
Member District Contributions	\$ 3,427,771	\$ 806,340	\$ 6,302,958	\$ 4,500,472	\$ 2,337,753	\$ 3,862,649
Stop Loss Reimbursements	291,941	-	361,503	751,730	151,577	195,988
Other Revenue	<u>-</u>	<u>-</u>	<u>43,841</u>	<u>-</u>	<u>48,519</u>	<u>50,523</u>
Total Operating Revenues	<u>3,719,712</u>	<u>806,340</u>	<u>6,708,302</u>	<u>5,252,202</u>	<u>2,537,849</u>	<u>4,109,160</u>
Operating Expenses:						
Benefit Payments on Behalf of Member Districts	2,898,851	827,728	6,298,052	4,967,875	2,420,879	3,115,256
Stop Loss Insurance	75,112	23,038	203,995	119,404	68,656	99,097
Administrative Expenses	103,933	25,975	253,673	147,693	79,890	142,138
Insurance	41	12	110	65	37	53
Consulting	18,951	6,380	49,284	29,398	16,935	25,191
Professional Fees	<u>5,686</u>	<u>4,253</u>	<u>9,210</u>	<u>6,908</u>	<u>5,404</u>	<u>6,335</u>
Total Operating Expenses	<u>3,102,574</u>	<u>887,386</u>	<u>6,814,324</u>	<u>5,271,343</u>	<u>2,591,801</u>	<u>3,388,070</u>
Operating Income (Loss)	<u>617,138</u>	<u>(81,046)</u>	<u>(106,022)</u>	<u>(19,141)</u>	<u>(53,952)</u>	<u>721,090</u>
Non-Operating Revenues:						
Interest Income	<u>31,141</u>	<u>8,360</u>	<u>53,353</u>	<u>60,755</u>	<u>35,640</u>	<u>22,963</u>
Total Non-Operating Revenues	<u>31,141</u>	<u>8,360</u>	<u>53,353</u>	<u>60,755</u>	<u>35,640</u>	<u>22,963</u>
Increase (Decrease) in Net Position	648,279	(72,686)	(52,669)	41,614	(18,312)	744,053
Net Position Available for Plan Benefits, Beginning of Year	<u>1,642,900</u>	<u>519,621</u>	<u>3,182,889</u>	<u>3,828,001</u>	<u>2,286,401</u>	<u>747,609</u>
Net Position Available for Plan Benefits, End of Year	<u>\$ 2,291,179</u>	<u>\$ 446,935</u>	<u>\$ 3,130,220</u>	<u>\$ 3,869,615</u>	<u>\$ 2,268,089</u>	<u>\$ 1,491,662</u>

See Independent Auditor's Report

SOUTH CENTRAL TRUST
Schedule of Net Position Available for Plan Benefits
June 30, 2020

	<u>General Fund</u>	<u>Total Non-Pooled</u>	<u>Total Pooled</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ (14,315,546)	\$ 10,602,147	\$ 14,671,619	\$ 10,958,220
Investments	14,315,546	1,000,000	-	15,315,546
Accounts Receivable	-	79,432	326,746	406,178
Prepaid Expenses	-	65,903	276,295	342,198
	<u>-</u>	<u>65,903</u>	<u>276,295</u>	<u>342,198</u>
Total Assets	<u>\$ -</u>	<u>\$ 11,747,482</u>	<u>\$ 15,274,660</u>	<u>\$ 27,022,142</u>
Liabilities				
Accounts Payable	\$ -	\$ 72,229	\$ 241,127	\$ 313,356
IBNR – Insured Claims Payable	-	1,861,960	2,683,278	4,545,238
Deferred Revenue				
Dental	-	-	535,834	535,834
Flex Spending	-	19,322	46,364	65,686
	<u>-</u>	<u>19,322</u>	<u>46,364</u>	<u>65,686</u>
Total Liabilities	<u>-</u>	<u>1,953,511</u>	<u>3,506,603</u>	<u>5,460,114</u>
Net Position Available for Plan Benefits	<u>-</u>	<u>9,793,970</u>	<u>11,768,058</u>	<u>21,562,028</u>
Total Liabilities and Net Position	<u>\$ -</u>	<u>\$ 11,747,481</u>	<u>\$ 15,274,661</u>	<u>\$ 27,022,142</u>

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SOUTH CENTRAL TRUST
Schedule of Changes in Net Position Available for Plan Benefits
For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>Total Non-Pooled</u>	<u>Total Pooled</u>	<u>Total</u>
Operating Revenues:				
Member District Contributions	\$ -	\$ 16,557,747	\$ 21,829,856	\$ 38,387,604
Stop Loss Reimbursements	-	417,851	911,252	1,329,103
Other Revenue	-	175,883	111,660	287,543
	<u>-</u>	<u>175,883</u>	<u>111,660</u>	<u>287,543</u>
Total Operating Revenues	-	17,151,482	22,852,768	40,004,250
Operating Expenses:				
Benefit Payments on Behalf of Member Districts	-	16,866,508	23,117,308	39,983,816
Stop Loss Insurance	-	629,464	700,074	1,329,538
Administrative Expenses	-	430,471	752,416	1,182,887
Insurance	-	287	324	611
Consulting	-	206,280	169,906	276,186
Professional Fees	-	28,508	46,538	75,046
	<u>-</u>	<u>28,508</u>	<u>46,538</u>	<u>75,046</u>
Total Operating Expenses	-	18,161,518	24,786,566	42,948,084
Operating Income (Loss)	-	(1,010,037)	(1,933,798)	(2,943,835)
Non-Operating Revenues:				
Interest Income	-	162,549	204,156	366,705
	<u>-</u>	<u>162,549</u>	<u>204,156</u>	<u>366,705</u>
Total Non-Operating Revenues	-	162,549	204,156	366,705
Increase (Decrease) in Net Position Available for Plan Benefits	-	(847,488)	(1,729,642)	(2,577,130)
Net Position Available for Plan Benefits, Beginning of Year	-	10,641,458	13,497,700	24,139,158
Net Position Available for Plan Benefits, End of Year	\$ -	\$ 9,793,970	\$ 11,768,058	\$ 21,562,028

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SOUTH CENTRAL TRUST
Schedule of Net Position Available for Plan Benefits
June 30, 2019

	<u>General Fund</u>	<u>Total Non-Pooled</u>	<u>Total Pooled</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ (14,070,221)	\$ 10,834,194	\$ 13,669,883	\$ 10,433,856
Investments	14,070,221	1,000,000	-	15,070,221
Accounts Receivable	-	5,289	1,517,656	1,552,945
Prepaid Expenses	-	25,385	61,382	86,767
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ 11,864,868</u>	<u>\$ 15,248,921</u>	<u>\$ 27,113,789</u>
Liabilities				
Accounts Payable	\$ -	\$ 21,607	\$ 2,000	\$ 23,607
IBNR – Insured Claims Payable	-	1,124,000	1,306,000	2,430,000
Deferred Revenue				
Dental	-	-	411,255	411,255
Flex Spending	-	77,803	31,966	109,769
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>1,223,410</u>	<u>1,751,221</u>	<u>2,974,631</u>
Net Position Available for Plan Benefits	<u>-</u>	<u>10,641,458</u>	<u>13,497,700</u>	<u>24,139,158</u>
Total Liabilities and Net Position	<u>\$ -</u>	<u>\$ 11,864,868</u>	<u>\$ 15,248,921</u>	<u>\$ 27,113,789</u>

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SOUTH CENTRAL TRUST
Schedule of Changes in Net Position Available for Plan Benefits
For the Year Ended June 30, 2019

	<u>General Fund</u>	<u>Total Non-Pooled</u>	<u>Total Pooled</u>	<u>Total</u>
Operating Revenues:				
Member District Contributions	\$ -	\$ 16,700,996	\$ 21,237,943	\$ 37,938,939
Stop Loss Reimbursements	-	1,116,134	1,752,739	2,868,873
Other Revenue	<u>-</u>	<u>23,950</u>	<u>142,883</u>	<u>166,833</u>
Total Operating Revenues	<u>-</u>	<u>17,841,080</u>	<u>23,133,565</u>	<u>40,974,645</u>
Operating Expenses:				
Benefit Payments on Behalf of Member Districts	-	16,658,102	20,528,641	37,186,743
Stop Loss Insurance	-	509,468	589,302	1,098,770
Administrative Expenses	-	604,893	753,302	1,358,195
Insurance	-	291	318	609
Consulting	-	212,464	146,139	358,603
Professional Fees	<u>-</u>	<u>26,253</u>	<u>37,796</u>	<u>64,049</u>
Total Operating Expenses	<u>-</u>	<u>18,011,471</u>	<u>22,055,498</u>	<u>40,066,969</u>
Operating Income (Loss)	<u>-</u>	<u>(170,391)</u>	<u>1,078,067</u>	<u>907,676</u>
Non-Operating Revenues:				
Interest Income	<u>-</u>	<u>213,916</u>	<u>212,212</u>	<u>426,128</u>
Total Non-Operating Revenues	<u>-</u>	<u>213,916</u>	<u>212,212</u>	<u>426,128</u>
Increase (Decrease) in Net Position Available for Plan Benefits	-	43,525	1,290,279	1,333,804
Net Position Available for Plan Benefits, Beginning of Year	<u>-</u>	<u>10,597,933</u>	<u>12,207,421</u>	<u>22,805,354</u>
Net Position Available for Plan Benefits, End of Year	<u>\$ -</u>	<u>\$ 10,641,458</u>	<u>\$ 13,497,700</u>	<u>\$ 24,139,158</u>

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