

# Workers' Compensation Pooling Arrangement Memorandum

The following memorandum addresses questions related to Workers' Compensation pooling arrangements. The information was obtained by reviewing the applicable South Dakota Codified Laws (SDCL), reviewing the audit reports of the pooling arrangements and the websites of the applicable pooling arrangements.

There are two workers' compensation pooling arrangements that file audit reports with Legislative Audit:

- the South Dakota Municipal League Workers' Compensation Fund (referenced as SDMLWC) and
- the Associated School Boards Workers' Compensation Fund (referenced as ASBWC).

## **Statutory Authority related to formation:**

Municipalities, counties, and school districts are given the authority to provide insurance and other agreements to provide for the protection of officers and employees based on SDCL. The applicable statutes are, Counties - SDCL § 7-18-8, Municipalities - SDCL § 9-12-7 and School Districts - SDCL § 13-8-39.

In 1972, a constitutional amendment was approved that authorized intergovernmental cooperation agreements.

Constitution. Art. 9, § 3. Intergovernmental cooperation

Every local government may exercise, perform or transfer any of its powers or functions, including financing the same, jointly or in cooperation with any other governmental entities, either within or without the state, except as the Legislature shall provide otherwise by law.

**History:** Section proposed by SL 1972, ch 3, approved Nov. 7, 1972.

Under SDCL Section 1-24 – Joint Exercise of Power Authorized, public agencies of this State are authorized to jointly exercise the powers granted to the individual public agencies. SDCL § 1-24-2 states, “Any power or powers, privileges, or authority exercised or capable of exercise by a public agency of this state may be exercised and enjoyed jointly with any other public agency of this state and jointly with any public agency of any other state or of the United States to the extent that the laws of such other state or of the United States permit such joint exercise or enjoyment.”

[See Appendix A attached to this document contains the actual laws cited below.](#)

Additional statutory authority/clarification was adopted in the 1991 Legislative session which defined “pool arrangements” and authorized for the establishment of pool arrangements. SDCL § 1-24-11 defines pool arrangements as:

“For the purposes of §§ 1-24-11 to 1-24-17, inclusive, a pool arrangement is any joint power agreement, pool, consortium, or other arrangement or collection of public agencies, whether or not formed under or pursuant to chapter 1-24 and whether or not a separate legal entity,

by which one or more public agencies have provided for the payment of claims, liabilities, or other expenses or otherwise provided for or obtained coverage for property, personal injury, and workers compensation claims or group life, health, or accident coverage.”

SDCL § 1-24-17, also states that pool arrangement, agreement, or financing are not to be considered insurance or an insurance company

The pool arrangements related to SDCL 1-24-11 were set up through the local government associations – Associated School Boards of South Dakota (ASBSD), the South Dakota Municipal League (SDML) and the South Dakota Association of County Commissioners (SDACC).

SDCL 1-24-17.1 does require the pool arrangements to file their audited financial statements with Legislative Audit and we display them on our website ([see link to Pool Arrangements](#)). Legislative Audit does not approve the audited financial statements of the pool arrangements, as the funding source for the pool arrangements are payments from local government entities, not federal or state funds.

A brief summary of each of the Workers Compensation pooling arrangements, based on their audit reports, are as follows:

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### **South Dakota Municipal League Workers' Compensation Fund:**

South Dakota Municipal League (SDML) Workers' Compensation Fund (the Fund) was formed in 1986 to provide workers' compensation coverage for member organizations belonging to SDML and the South Dakota Association of County Commissioners (SDACC). There were 509 and 500 members of the Fund in 2021 and 2020, respectively, all of which are primarily cities, counties, townships, and special districts of the state of South Dakota.

The objective of the Fund is to formulate, develop and administer, on behalf of member organizations, a program of workers' compensation coverage; to obtain lower costs for that coverage; and to develop a comprehensive loss control program.

The Fund is supervised by a nine-member Board of Trustees.

### **Additional Information (based on review of audit reports, websites, and discussions):**

- **Governance** – Governed by a nine-member Board of Trustees, which are public officials of the local governments (Finance Officers/City Administrators, Commissioners, Mayors, Council Members, Human Resource Directors, SDML Executive Director and SDACC Executive Director). [See Appendix B for a listing of Board of Trustees.](#)
- **Management** – SDML Workers' Compensation Administrator and staff.
- **Funding Source** – Member Contributions and Net Investment Income.
- **Member Contribution Rate Setting (Per SDML)** – SDML contracts with Aon Risk Services (an actuary) to calculate our loss costs and Fund (experience) modifiers based

on ALL of the claims data that the SDML provide from Claims Associates. The same as the State of South Dakota contracts with NCCI (an actuary) to calculate loss costs and experience modifiers for insurance companies in South Dakota. Insurance companies employ their own actuaries to calculate the Loss Cost Multipliers to file with the South Dakota Division of Insurance.

- Reserve Determination Policy (Per SDML) – The actuarial report is used to determine how much the SDML should charge (rates) to fund and pay for current and future claims liabilities.

[A more detailed excerpt from the audit reports and a financial comparison from 2015 to 2021 is attached on Exhibit A.](#)

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### **Associated School Boards Workers' Compensation:**

ASB Workers' Compensation Fund (Fund) is one of three sub-funds of the Associated School Boards Protective Trust (Trust). The Trust is a separate legal entity pursuant to South Dakota Codified Law formed under the joint powers provision as provided for in the law. The Trust is governed by a Joint Powers Agreement and Bylaws (Bylaws). Each member also annually signs a Participation Agreement, which also binds the member to adhere to the Trust's Bylaws. The Fund was formed in 1989 to provide workers' compensation coverage for member organizations belonging to the Associated School Boards of South Dakota (ASBSD). To be eligible for membership, an applicant must be a public agency and be a member of ASBSD. There were 75 and 82 members of the Fund as of June 30, 2021 and 2020, respectively, which are primarily school districts in the state of South Dakota.

The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of workers' compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program.

The three sub-funds are supervised by a seven member Associated School Boards Protective Trust Board of Trustees.

### **Additional Information (based on review of audit reports, websites, and discussions):**

- Governance – The Associated School Boards Protective Trust (ASBPT) was established by local boards through a joint powers agreement, is governed by a seven-member Board of Directors consisting of local board members from school districts that participate in one or more of the three insurance pools that are designed and deployed to provide high quality insurance coverage to meet the diverse needs of local school districts. In addition, an ASBPT Advisory Committee was established which are responsible for advising ASBPT with respect to the needs of school districts concerning coverage for each fund (made up of Superintendents and Business Managers). [See Appendix B for a listing of the ASBPT Board of Directors and the ASBPT Advisory Committee.](#)
- Management – Director of the Protective Trust and Protective Trust Manager and staff.

- Funding Source – Member Contributions and Net Investment Income.
- Member Contribution Rate Setting (Per ASBPT) – Workers' compensation rates are determined through an in-depth process which consists of input and review from companies in which ASBPT contracts. These companies include A.J. Gallagher(AJG-Broker), AON (actuary) and Claims Associates, Inc (CAI-claims adjusting and TPA).

ASBPT begins the renewal process each November when member districts submit the total estimated payroll for the upcoming policy by member to AJG. CAI provides 10 years of loss history to AJG as well. AJG reviews the historic loss information and estimated payroll and submit that information to Safety National. Safety National is an admitted carrier with an A.M. Best Rating of A++ XV. Safety National then uses the information given to determine the excess workers compensation rate to charge for the excess workers compensation premium.

This information is then submitted to AON for the Actuarial Analysis of Workers Compensation Loss Rates. The analysis includes, but not limited to:

- Gather and summarize workers compensation data including losses and exposure (payroll) for prospective period members.
- Estimate ultimate losses for historical policy years for prospective period members limited to \$500,000 per occurrence.
  - Loss and exposure information used is for the prospective year members only. Loss development factors (LDFs) are based on all members as prospective member only data was not readily available. Increased limit factors (ILFs) are based on all members supplemented with industry (NCCI) data.
  - Actuarial methods used are the following:
    - Incurred loss development
    - Paid loss development
    - Case reserve development
    - Incurred Bornhuetter – Ferguson
    - Paid Bornhuetter – Ferguson
    - Frequency and severity
- Select loss rate for prospective year at \$500,000 retention based on historical loss rates (selected ultimate loss divided by payroll) trended to the prospective year.
- Estimate loss rates for prospective year at various other retentions by applying ILFs to the \$500,000 retention loss rates.

Once AON completes the actuarial analysis, ASBPT reviews the information with both AJG and Aon. Once finalized, the rate information is submitted to Workers' Compensation advisory committee for recommendation to the ASBPT Board of Director's for approval. Members are presented with their renewal rates in late March at an annual member meeting.

- Reserve Determination Policy (per ASBPT) – The actuary suggests an adequate contribution amount that will fund an acceptable reserve. The ASBPT board makes the final determination on the contribution amount.

[A more detailed excerpt from the audit reports and a financial comparison from 2015 to 2021 is attached on Exhibit B.](#)

## **South Dakota Municipal League Workers' Compensation Fund/Program**

*(Excerpts from 2021 Audit - Notes to the Financial Statements)*

### **Entity Description**

South Dakota Municipal League (SDML) Workers' Compensation Fund (the Fund) was formed in 1986 to provide workers' compensation coverage for member organizations belonging to SDML and the South Dakota Association of County Commissioners (SDACC). There were 509 and 500 members of the Fund in 2021 and 2020, respectively, all of which are primarily cities, counties, townships and special districts of the state of South Dakota.

The objective of the Fund is to formulate, develop and administer, on behalf of member organizations, a program of workers' compensation coverage; to obtain lower costs for that coverage; and to develop a comprehensive loss control program.

The Fund is supervised by a nine-member Board of Trustees.

The Fund operates as a single proprietary fund, more specifically as an enterprise fund. The Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Fund's principal ongoing operations. Nonoperating revenues and expenses result primarily from investment activities.

The Fund is exposed to various risks of loss related to torts and errors and omissions. SDML has purchased commercial insurance to mitigate these risks.

Members agree to continue membership in the Fund for one year and may withdraw from the Fund for any year thereafter upon giving 60 days' written notice to the Fund manager. Withdrawal cannot take place prior to the end of the policy year. Any member whose membership has been terminated by the Fund will only retain an interest to any accrued or current excess contributions as determined by the Board of Trustees.

### **Operating Revenues/Receivables**

Receivables are recorded based on amounts due from members and other third-party payers, and amounts estimated to be received or recovered from reinsurers and other third-party payers. The Fund evaluates the collectibility of such receivables monthly based on third-party payers' financial condition and credit history, and current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

### **Liability for Reported and Unreported Claims and Claims Adjustment Expenses**

The Fund establishes liabilities for both reported and unreported covered events, which includes estimates of both future payments of claims and related claims adjustment expenses.

The 2021, 2020 and 2019 decreases in prior years' provisions of incurred claims and claims adjustment expenses resulted from positive loss development experience as more information became known and payments made, offset by accretion of discount on claims liabilities.

### **Net Position**

Any surplus monies for a fiscal year in excess of the amount necessary to fulfill all obligations of the Fund for that year may be refunded to the members at the discretion of the Board of Trustees.

Return on equity credits were \$734,043 and \$677,054 during the years ended December 31, 2021 and 2020, respectively. Renewal and loss control credits were \$2,886,984 and \$2,507,580 during the years

ended December 31, 2021 and 2020, respectively. Return on equity credits are reported as an expense of the Fund, and renewal and loss control credits are reported as a reduction of member contributions earned in the year in which the member renews. Discretionary dividends are reported as an expense of the Fund in the year declared.

The Fund's Board of Trustees has designated net position for a "deep reserve," which is not available for dividends to members. At December 31, 2021 and 2020, this amount was approximately \$10,192,000 and \$10,115,000, respectively.

## South Dakota Municipal League (SDML) Workers' Compensation Fund Year End Comparison

## Statement of Net Position (Obtained from filed Audit Reports)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Assets</b>							
<b>Current Assets</b>							
Cash and cash equivalents	\$ 4,522,614	\$ 3,150,780	\$ 3,185,786	\$ 4,418,344	\$ 2,927,988	\$ 3,227,724	\$ 2,743,937
Investments - Certificates of deposit	5,339,477	8,516,090	5,783,925	7,082,193	5,439,325	6,832,648	6,635,208
Investments - Debt Securities	518,148	800,123					
Receivables							
Reinsurance recoverable on paid losses	368,044	306,154	322,699	411,955	326,545	519,455	796,316
Member contributions	56,836	108,463	133,193	119,468	74,465	54,173	108,417
Investment Income	63,828	64,787	80,990	88,794	101,679	97,399	86,369
Other	23,011	23,553	24,761	39,239	50,756	41,212	33,829
Prepaid Expenses	-	588,341	3,795	-	1,000	1,000	17,850
<b>Total current assets</b>	<u>10,891,958</u>	<u>13,558,291</u>	<u>9,535,149</u>	<u>12,159,993</u>	<u>8,921,758</u>	<u>10,773,611</u>	<u>10,421,926</u>
<b>Long-term investments</b>							
Certificates of deposit	18,246,109	17,161,380	22,077,843	20,808,403	25,529,474	24,578,055	25,366,669
Investments in debt securities	2,505,262	1,655,815	1,609,234	1,540,813	1,550,140	1,559,203	1,458,282
<b>Total Long-term investments</b>	<u>20,751,371</u>	<u>18,817,195</u>	<u>23,687,077</u>	<u>22,349,216</u>	<u>27,079,614</u>	<u>26,137,258</u>	<u>26,824,951</u>
<b>Other Assets</b>							
Contributed surplus and member equity in NLC Mutual Insurance Company	1,834,234	1,893,847	1,960,132	2,029,717	2,106,846	2,180,585	2,328,873
<b>Total Long-term investments</b>	<u>1,834,234</u>	<u>1,893,847</u>	<u>1,960,132</u>	<u>2,029,717</u>	<u>2,106,846</u>	<u>2,180,585</u>	<u>2,328,873</u>
<b>Total assets</b>	<u>\$ 33,477,563</u>	<u>\$ 34,269,333</u>	<u>\$ 35,182,358</u>	<u>\$ 36,538,926</u>	<u>\$ 38,108,218</u>	<u>\$ 39,091,454</u>	<u>\$ 39,575,750</u>
<b>PERCENTAGE OF INCREASE (DECREASE) FROM PROIR YEAR</b>		<b>2.37%</b>	<b>2.66%</b>	<b>3.86%</b>	<b>4.29%</b>	<b>2.58%</b>	<b>1.24%</b>

## South Dakota Municipal League (SDML) Workers' Compensation Fund Year End Comparison

Statement of Net Position (Obtained from filed Audit Reports)  
(Continued)

	2015	2016	2017	2018	2019	2020	2021
Liabilities and Net Position							
Current Liabilities							
Current portion of estimated liability for reported and unreported claims and claims adjustment expenses	\$ 3,005,844	\$ 3,170,185	\$ 3,199,816	\$ 3,794,195	\$ 3,431,511	\$ 3,324,340	\$ 3,568,690
Advance member contributions	2,787,973	2,413,387	2,591,901	2,420,362	2,407,519	2,483,964	2,563,973
Member contributions refundable	555,767	504,439	567,950	683,092	661,643	802,277	806,633
Accounts payable and accrued expenses	41,058	61,163	27,208	27,705	56,571	61,182	37,725
Total current liabilities	6,390,642	6,149,174	6,386,875	6,925,354	6,557,244	6,671,763	6,977,021
Long-term Liabilities							
Estimated Liability for Reported and Unreported Claims and Claims Adjustment Expenses, less current portion	5,568,211	5,748,045	5,317,100	5,861,399	5,742,279	5,343,893	5,203,167
Total liabilities	11,958,853	11,897,219	11,703,975	12,786,753	12,299,523	12,015,656	12,180,188
<i>PERCENTAGE OF INCREASE (DECREASE) FROM PROIR YEAR</i>		<i>(0.52%)</i>	<i>(1.62%)</i>	<i>9.25%</i>	<i>(3.81%)</i>	<i>(2.31%)</i>	<i>1.37%</i>
Net Position							
Unrestricted	21,518,710	22,372,114	23,478,383	23,752,173	25,808,695	27,075,798	27,395,562
Total liabilities and net position	<u>\$ 33,477,563</u>	<u>\$ 34,269,333</u>	<u>\$ 35,182,358</u>	<u>\$ 36,538,926</u>	<u>\$ 38,108,218</u>	<u>\$ 39,091,454</u>	<u>\$ 39,575,750</u>
<i>PERCENTAGE OF INCREASE (DECREASE) FROM PROIR YEAR</i>		<i>2.37%</i>	<i>2.66%</i>	<i>3.86%</i>	<i>4.29%</i>	<i>2.58%</i>	<i>1.24%</i>



## South Dakota Municipal League (SDML) Workers' Compensation Fund Year End Comparison

### Statement of Revenues, Expenses and Changes in Net Position (Obtained from filed Audit Reports)

	2015	2016	2017	2018	2019	2020	2021
Operating Revenues							
Member contributions earned, net of renewal and loss control credits	\$ 6,747,543	\$ 7,080,783	\$ 7,352,457	\$ 7,747,166	\$ 7,868,045	\$ 7,770,107	\$ 7,788,769
Less: Reinsurance premiums	(592,941)	(607,177)	(628,590)	(653,133)	(667,336)	(638,121)	(658,245)
Net operating revenues	6,154,602	6,473,606	6,723,867	7,094,033	7,200,709	7,131,986	7,130,524
<i>PERCENTAGE OF INCREASE (DECREASE) FROM PROIR YEAR</i>		5.18%	3.87%	5.51%	1.50%	(0.95%)	(0.02%)
Operating expenses							
Claims and claim adjustment expenses incurred	4,544,786	4,473,007	4,471,036	5,715,189	4,393,127	5,013,357	5,342,043
<i>PERCENTAGE OF INCREASE (DECREASE) FROM PROIR YEAR</i>		-1.58%	-0.04%	27.83%	-23.13%	14.12%	6.56%
General and administrative expenses							
Administrative and service fees	895,391	886,158	917,160	955,162	993,081	1,012,932	1,054,219
Payroll audit fees	36,000	37,260	38,564	39,914	41,310	42,500	43,988
Professional fees	34,685	36,176	50,456	40,576	38,309	47,411	34,896
Board of Trustee fees and expenses	42,595	31,541	26,233	22,925	23,384	7,999	11,067
Actuarial fees	14,500	25,850	17,350	17,350	18,000	21,000	14,000
Office expense and other	7,626	6,276	9,665	9,739	5,603	3,031	5,958
Insurance expense	3,529	3,529	3,214	3,103	2,921	2,700	2,368
Total general and administrative expenses	1,034,326	1,026,790	1,062,642	1,088,769	1,122,608	1,137,573	1,166,496
<i>PERCENTAGE OF INCREASE (DECREASE) FROM PROIR YEAR</i>		(0.73%)	3.49%	2.46%	3.11%	1.33%	2.54%
Return on equity credits	439,398	493,382	546,040	598,330	624,467	677,054	734,043
Total operating expenses	6,018,510	5,993,179	6,079,718	7,402,288	6,140,202	6,827,984	7,242,582
<i>PERCENTAGE OF INCREASE (DECREASE) FROM PROIR YEAR</i>		(0.42%)	1.44%	21.75%	(17.05%)	11.20%	6.07%
Operating Income	136,092	480,427	644,149	(308,255)	1,060,507	304,002	(112,058)
Nonoperating revenues							
Net investment income	320,713	313,364	395,835	512,460	918,886	889,262	283,534
Earned member equity, NLC Mutual Insurance Company	57,735	59,613	66,285	69,585	77,129	73,739	148,288
Total nonoperating revenues	378,448	372,977	462,120	582,045	996,015	963,001	431,822
Change in net position	514,540	853,404	1,106,269	273,790	2,056,522	1,267,003	319,764
Net Position							
Beginning of year	21,004,170	21,518,710	22,372,114	23,478,383	23,752,173	25,808,695	27,075,798
End of year	\$ 21,518,710	\$ 22,372,114	\$ 23,478,383	\$ 23,752,173	\$ 25,808,695	\$ 27,075,698	\$ 27,395,562
<i>PERCENTAGE OF INCREASE (DECREASE) FROM PROIR YEAR</i>		3.97%	4.94%	1.17%	8.66%	4.91%	1.18%

**South Dakota Municipal League (SDML) Workers' Compensation Fund Year End Comparison**

**Service Agreements, Related Parties Transactions (Obtained from filed Audit Reports)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Service Agreements (Note 4 paraphrased):</b>							
<b>Insurance Benefits, Inc.</b>	\$ 430,361	\$ 445,424	\$ 461,013	\$ 477,148	\$ 493,849	\$ 511,134	\$ 529,024
To provide program administration for the SDML Workers' Compensation Fund. The agreement expires December 31, 2024. The base fee is adjusted on an annual basis by the greater of 3.50% or the annual change in the Consumer Price Index.							
<b>Claims Associates, Inc.</b>	\$ 1,201,206	\$ 1,110,332	\$ 1,217,045	\$ 1,214,072	\$ 1,237,911	\$ 1,195,775	\$ 1,257,006
To provide administrative, investigative and adjustment services for claims incurred. The agreement expires December 31, 2024. The base fee is adjusted on an annual basis by the greater of 3.50% or the annual change in the Consumer Price Index. The Fund has a deposit of \$300,000 with CAI that will be applied toward future claims payment and is recored against the estimated liability for reported and unreported claims and claims adjustment expenses. The fund also has other agreements with CAI or its affiliates for rehabilitation services and network utilization savings.							
<b>Safety Benefits, Inc.</b>	\$ 310,415	\$ 319,470	\$ 330,651	\$ 342,224	\$ 354,202	\$ 366,599	\$ 379,430
To provide a loss control program for members. The agreement states that Safety Benefits, Inc. be compensated based on a fixed fee. The agreement expires December 31, 2022. The base fee is adjusted on an annual basis by the greater of 3.50%. The fees are included as a general and administrative expenses.							
<b>BankWest</b>	\$ 92,704	\$ 63,760	\$ 65,674	\$ 675,816	\$ 71,056	\$ 73,874	\$ 74,349
The SDML Workers' Compensation Fund maintains accounts with BankWest under a cutodial agreement. Fees incurred to BankWest are included in net investment income.							

**South Dakota Municipal League (SDML) Workers' Compensation Fund Year End Comparison**

**Related Party Transactions (Note 8 paraphrased):**

**South Dakota Municipal League**

<b>Management Service Fee</b>	\$	49,087	\$	50,559	\$	52,076	\$	53,638	\$	55,248	\$	56,905	\$	58,612
<b>Endorsement Fee</b>	\$	64,138	\$	65,944	\$	68,577	\$	74,485	\$	80,066	\$	74,149	\$	73,157

SDML and the SDACC are the sponsoring organizations of the Fund. SDML performs management services for the Fund. Expenses are recognized in administrative and service fees. Also, the SDML is paid endorsement fees incurred to SDML which are recognized in administrative and service fees. A member of the Fund's Board of Trustees is also the executive director of the SDML.

**South Dakota Association of County Commissioners**

	\$	42,759	\$	43,963	\$	45,718	\$	49,657	\$	53,377	\$	49,433	\$	48,772
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SDML and the SDACC are the sponsoring organizations of the Fund. The SDACC is paid endorsement fees incurred to SDACC which are recognized in administrative and service fees. A member of the Fund's Board of Trustees is also the executive director of the SDACC.



***Associated School Boards of South Dakota***  
*(Excerpts from ASBSD Website)*

Associated School Boards of South Dakota (ASBSD) is a private, non-profit organization representing more than 850 local school board members, the school districts they govern and the students they serve.

ASBSD provides services and support to local school boards and local school districts, specializing in assisting members with aspects related to the governance of public education. As the state school board association, we advocate in the interest of local school board members for continued advancement of the K-12 education system.

Board of Directors:

South Dakota school boards elect South Dakota school board members to serve on the ASBSD Board of Directors. ASBSD Board members are elected to serve from one of four different geographic regions. To ensure adequate representation, each region is broken down into five size categories.

Geographic Regions - Central Region, Northeast Region, Southeast Region, Western Region

Enrollment Size Categories - 265 and under , 266-699, 700-1,399, 1,400-9,999, 10,000 and above (Rapid City and Sioux Falls)

The election process is as follows:

1. Available seats for the next year will be determined by ASBSD in December.
2. Member districts will be notified of open positions by at least Jan. 1.
3. Candidates planning to run for an available seat in their region and enrollment category must submit an application and profile introducing them and their qualifications to ASBSD by Feb. 18.
4. Submitted candidate profiles and ballots will be distributed by ASBSD in March to school districts in the region that will be represented on the Board of Directors. In the event only one candidate declares intention to run for the available seat, that individual will be considered elected.
5. Ballots for contested elections must be received in the ASBSD office by 5 p.m. on May 13.
6. Member districts and candidates will be notified of election results by June 1 by ASBSD. Ballots will be counted by ASBSD's Executive Director, Legal Counsel and Board President or designee.
7. Candidates elected to the Board of Directors will take office in August at ASBSD-SASD Convention.

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***Associated School Boards of South Dakota Protective Trust***  
*(Excerpts from ASBSD Website)*

In 1982, ASBSD members created the Associated School Boards Protective Trust (ASBPT), an unincorporated assessable association created by public, K-12 school districts under a joint powers agreement.

ASBPT, which was established by local boards through a joint powers agreement, is governed by a seven-member Board of Directors consisting of local board members from school districts that participate in one or more of the three insurance pools that are designed and deployed to provide high quality insurance coverage to meet the diverse needs of local school districts.

ASBPT strives to provide the best coverage and service to our MORE THAN 100 MEMBERS while keeping costs affordable and works with school districts in our design, structure, and administration in our three insurance pools which include health, property/liability and workers' compensation.

**South Dakota School District Benefits Fund:**

The South Dakota School District Benefits Fund and Wellmark Blue Cross Blue Shield of South Dakota have partnered to bring districts in-network access to every hospital and 99% of providers in South Dakota and an extensive access nationwide for every employee!

**Associated School Boards Property/Liability Fund:**

Coverage plans are viable, broad, flexible, and growing and enable school districts in South Dakota to purchase the broadest coverage available at reasonable rates.

**Associated School Boards Workers' Compensation Fund:**

Managing school districts' on-the-job injury claims and helping workers successfully return to employment. The program assures members of quality, consistent service control by assisting with claims handling, loss control and administration.

***Associated School Boards Workers' Compensation Fund/Program***

*(Excerpts from 2021 Audit - Notes to the Financial Statements)*

**Entity Description**

ASB Workers' Compensation Fund (Fund) is one of three sub-funds of the Associated School Boards Protective Trust (Trust). The Trust is a separate legal entity pursuant to South Dakota Codified Law formed under the joint powers provision as provided for in the law. The Trust is governed by a Joint Powers Agreement and Bylaws (Bylaws). Each member also annually signs a Participation Agreement, which also binds the member to adhere to the Trust's Bylaws.

The Fund was formed in 1989 to provide workers' compensation coverage for member organizations belonging to the Associated School Boards of South Dakota (ASBSD). To be eligible for membership, an applicant must be a public agency and be a member of ASBSD. There were 75 and 82 members of the Fund as of June 30, 2021 and 2020, respectively, which are primarily school districts in the state of South Dakota.

The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of workers' compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program.

The three sub-funds are supervised by a seven member Associated School Boards Protective Trust Board of Trustees (Board of Trustees).

The Fund operates as a single proprietary fund, more specifically as an enterprise fund. The Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Fund's ongoing operations. Nonoperating revenues and expenses result primarily from investment activities.

The Fund is exposed to various risks of loss related to torts, errors and omissions. The Fund has commercial insurance to mitigate its risks.

The Fund's contract with its members provides for assessment provisions from the members. Members agree to continue membership in the Fund for one year and may withdraw from the Fund for any year thereafter upon giving written notice to the Fund in accordance with applicable agreements. A member is liable for additional assessments as determined by the Board of Trustees. Any member whose membership has been terminated by the Fund will only retain an interest in any accrued or current excess contributions as determined by the Board of Trustees.

In the event of the termination or dissolution of the Fund, all assets in excess of liabilities, including a sufficient reserve for unreported liabilities shall be returned to the then active members on a pro-rata basis as determined by the Board of Trustees and at such point in time that the Board of Trustees is assured all liabilities have been satisfied.

### **Operating Revenues**

Members are billed annually in advance for a deposit contribution. After the end of the policy year, members are billed or (refunded) any additional (excess) contributions as a result of payroll audits. Income from such contributions is recorded as earned during the coverage period. Contributions received in advance for coverage in the following policy year are recorded as advance member contributions. Revenue is reduced by reinsurance premiums ceded to reinsurance companies and by contribution relief. The contribution relief plan will reduce the participating member's contribution and will occur over from 2019 through 2024 with the annual amount of relief contingent on board approval during the period of relief, and therefore, no accrued liability is recognized prior to approval as the contributions are presented net of relief when earned.

### **Estimated Liability for Reported and Unreported Claims and Claims Adjustment Expenses**

The coverage offered by the Fund is on an occurrence basis which provides for payment of claims that occur during the period of coverage regardless of when the claim is reported. The estimated liability for reported and unreported claims and claims adjustment expenses is based upon data developed by the Fund's administrator. Industry experience and statistics were used to develop the estimated liability. The claims history of the Fund was also considered. The liability includes estimates of the costs to settle individual claims which have been reported, plus a provision for claims and costs incurred but not yet reported. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Claims are reduced for subrogation when payment is received, as subrogation amounts are not reasonably estimated until known. The liability is calculated using a 90% confidence interval and at present value using a 2.0% discount factor as of June 30, 2021 and 2020.

### **Premium Deficiency Reserve**

To the extent that premiums received or to be received for specific classes of business are insufficient to cover estimated healthcare and other costs over the life of the underlying contracts, the Fund establishes an accrual for the related premium deficiency. The Fund anticipates investment income in determining if a premium deficiency exists. For the years ended June 30, 2021 and 2020, there was no premium deficiency reserve recorded.

**Note 4 - Service Agreements**

The Fund has an agreement with Claims Associates, Inc. (CAI) to provide workers' compensation claims administrative services for claims incurred. Total fees under this agreement for the fiscal years ended June 30, 2021 and 2020 were \$436,156 and \$410,701, respectively, and are included in claims and claims adjustment expenses incurred in the statements of revenues, expenses and changes in net position.

The Fund maintains agency accounts with BankWest. Fees incurred to BankWest during the fiscal years ended June 30, 2021 and 2020 were \$34,718 and \$35,423, respectively, and are netted against investment income in the statements of revenues, expenses and changes in net position.

**Note 5 – Reinsurance**

The Fund utilizes reinsurance agreements to limit maximum loss and minimize exposures on larger risks. During each of the fiscal years ended June 30, 2021 and 2020, the reinsurance agreement provided that individual claims in excess of \$600,000 to a reinsurer employers' liability limit of \$2,000,000 during 2021 and 2020, were indemnified. Meanwhile, during 2021 and 2020 the individual claim indemnification of statutory benefits was unlimited by the reinsurer.

The Fund would be liable for any obligations that the reinsurance companies are unable to meet under the reinsurance agreements. Reinsurance of \$673,051 and \$714,690 was deducted from the estimated liability for reported and unreported claims and claim adjustment expenses as of June 30, 2021 and 2020, respectively. During the fiscal years ended June 30, 2021 and 2020, claims expense was net of 93,859 and 45,939 respectively, of recoveries from reinsurance companies under contract.

**Note 7 - Related Party Transactions**

ASBSD is a private nonprofit membership corporation comprised of local school districts organized for the purpose of reducing the burdens of government and promoting the exchange and dissemination of information and ideas designed for the efficient administration and conduct of public school affairs, for the purpose of research, for the improvement of school administration and for the purpose of promoting the general welfare of public school systems in the state of South Dakota. ASBSD is the sponsoring organization of the Fund.

As of June 30, 2021 and 2020, respectively, the Fund is owed from a related party \$0 and \$31,791 for shared expenses.

**Administration Agreement**

The Trust oversees three sub-funds known as the ASB Workers' Compensation Fund, ASB Property and Liability Fund, and South Dakota School District Benefit Fund (Benefit Fund). The Trust has an agreement with ASBSD in which ASBSD provides to the Trust, administrative oversight in the implementation and management of the Trust's activities including performing investment, promotion and accounting services for the Fund, among other activities. Under the agreement, ASBSD receives an administrative fee of ten percent of the contributions earned, including agent fees, by ASBSD from member school districts on behalf of the Fund. Amounts incurred by the Fund under the agreement during the fiscal years ended June 30, 2021 and 2020 were \$186,650 and \$216,766, respectively. The agreement was effective on July 1, 2017 for one year and automatically renews for annually for the period July 1 through June 30 unless either party gives written notice of intent not to renew at least twelve months prior to the termination date. No notice of intent was given by either party during 2021.

## Associated School Boards (ASB) Workers' Compensation Fund Year End Comparison

## Statement of Net Position (Obtained from filed Audit Reports)

	2015	2016	2017	2018	2019	2020	2021
<b>Assets</b>							
<b>Current Assets</b>							
Cash and cash equivalents	\$ 374,885	\$ 2,300,477	\$ 4,145,093	\$ 2,459,306	\$ 1,282,479	\$ 692,678	\$ 830,770
Receivables							
Member contributions	72,396	79,747	129,417	48,853	49,763	47,028	35,452
Current portion of annuities receivable	10,924	10,924	10,924	10,924	10,924	10,924	
Accrued interest from South Dakota School District Benefit Fund	45,107	58,104					
Reinsurance recoverable on paid losses	181,465	132,987	64,683	48,623	49,828	45,939	93,859
Advance to South Dakota School District Benefit Fund	600,000	600,000	600,000				
Accounts receivable		11,194		5,834	21,791		
Related party receivable				21,791	10,000	31,791	
Certificates of deposit	640,790	852,679	1,303,190				
Certificates of deposit - participating				1,091,867	1,491,172	1,256,214	1,000,450
Certificates of deposit - nonparticipating				706,511	747,000	1,494,000	1,644,000
<b>Total current assets</b>	<b>1,925,567</b>	<b>4,046,112</b>	<b>6,253,307</b>	<b>4,393,709</b>	<b>3,662,957</b>	<b>3,578,574</b>	<b>3,604,531</b>
<b>Noncurrent Assets</b>							
Advance to South Dakota School District Benefit Fund, less current position	7,800,000	7,200,000	6,600,000				
Due from South Dakota School District Benefit Fund	797,372	797,373					
Annuities receivable, less current position	64,358	53,434	42,510	31,587	20,663	9,740	9,740
Certificates of deposit	2,859,525	2,108,945	1,953,711				
Certificates of deposit - participating				4,371,287	5,011,868	3,919,864	3,102,212
Certificates of deposit - nonparticipating				5,383,427	5,476,000	6,472,000	6,720,000
Investments in external pool					211,464	416,561	266,603
Investments in mutual funds				1,212,942	1,379,766	1,287,989	1,371,988
Investments in debt securities	671,432	412,968	382,182	356,813	356,250	354,516	333,328
<b>Total noncurrent assets</b>	<b>12,192,687</b>	<b>10,572,720</b>	<b>8,978,403</b>	<b>11,356,056</b>	<b>12,456,011</b>	<b>12,460,670</b>	<b>11,803,871</b>
<b>Total assets</b>	<b>\$ 14,118,254</b>	<b>\$ 14,618,832</b>	<b>\$ 15,231,710</b>	<b>\$ 15,749,765</b>	<b>\$ 16,118,968</b>	<b>\$ 16,039,244</b>	<b>\$ 15,408,402</b>
<b>PERCENTAGE OF INCREASE (DECREASE) FROM PROIR YEAR</b>		<b>3.55%</b>	<b>4.19%</b>	<b>3.40%</b>	<b>2.34%</b>	<b>(0.49%)</b>	<b>(3.93%)</b>



## Associated School Boards (ASB) Workers' Compensation Fund Year End Comparison

Statement of Net Position (Obtained from filed Audit Reports)  
(Continued)

	2015	2016	2017	2018	2019	2020	2021
Liabilities and Net Position							
Current Liabilities							
Current portion of estimated liability for reported and unreported claims and claims adjustment expenses	\$ 821,328	\$ 973,937	\$ 1,013,798	\$ 1,000,498	\$ 1,111,417	\$ 1,099,385	\$ 762,241
Current portion of dividends payable	500,000						
Advance member contributions	450,442	460,188	287,831	395,954	435,617	338,144	180,103
Member contributions refundable	201,785	191,682	88,702	116,563	138,902	137,532	78,603
Accounts Payable			4,421				
Total current liabilities	1,973,555	1,625,807	1,394,752	1,513,015	1,685,936	1,575,061	1,020,947
Long-term Liabilities							
Estimated Liability for Reported and Unreported Claims and Claims Adjustment Expenses, less current portion	1,668,676	1,582,587	1,231,108	1,482,649	1,485,534	1,577,142	1,093,486
Total liabilities	3,642,231	3,208,394	2,625,860	2,995,664	3,171,470	3,152,203	2,114,433
<i>PERCENTAGE OF INCREASE (DECREASE) FROM PROIR YEAR</i>		<i>(11.91%)</i>	<i>(18.16%)</i>	<i>14.08%</i>	<i>5.87%</i>	<i>(0.61%)</i>	<i>(32.92%)</i>
Net Position							
Unrestricted	10,476,023	11,410,438	12,605,850	12,751,101	12,947,498	12,887,041	13,293,969
Total liabilities and net position	<u>\$ 14,118,254</u>	<u>\$ 14,618,832</u>	<u>\$ 15,231,710</u>	<u>\$ 15,746,765</u>	<u>\$ 16,118,968</u>	<u>\$ 16,039,244</u>	<u>\$ 15,408,402</u>
<i>PERCENTAGE OF INCREASE (DECREASE) FROM PROIR YEAR</i>		<i>3.55%</i>	<i>4.19%</i>	<i>3.38%</i>	<i>2.36%</i>	<i>(0.49%)</i>	<i>(3.93%)</i>

**Associated School Boards (ASB) Workers' Compensation Fund Year End Comparison**

**Statement of Revenues, Expenses and Changes in Net Position (Obtained from filed Audit Reports)**

	2015	2016	2017	2018	2019	2020	2021
Operating Revenues							
Member contributions earned	\$ 2,281,216	\$ 2,417,475	\$ 2,581,847	\$ 2,358,861	\$ 2,552,770	\$ 2,078,281	\$ 1,900,981
Less: Contribution Relief					\$ (600,000)		
Less: Reinsurance premiums	(113,207)	(116,916)	(137,290)	(149,717)	(228,704)	(255,776)	(233,131)
Net operating revenues	2,168,009	2,300,559	2,444,557	2,209,144	1,724,066	1,822,505	1,667,850
<i>PERCENTAGE OF INCREASE (DECREASE) FROM PROIR YEAR</i>		<i>6.11%</i>	<i>6.26%</i>	<i>(9.63%)</i>	<i>(21.96%)</i>	<i>5.71%</i>	<i>(8.49%)</i>
Operating expenses							
Claims and claim adjustment expenses incurred	1,197,454	1,288,525	1,097,334	1,736,599	1,759,500	2,080,668	1,331,436
<i>PERCENTAGE OF INCREASE (DECREASE) FROM PROIR YEAR</i>		<i>7.61%</i>	<i>(14.84%)</i>	<i>58.26%</i>	<i>1.32%</i>	<i>18.25%</i>	<i>(36.01%)</i>
Underwriting gain	970,555	1,012,034	1,347,223	472,545	(35,434)	(258,163)	336,414
General and administrative expenses							
Administrative and service fees	234,220	242,986	259,946	349,402	209,103	217,151	189,426
Other	45,593	43,225	39,440	43,382	38,457	29,855	38,469
Total general and administrative expenses	279,813	286,211	299,386	392,784	247,560	247,006	227,895
<i>PERCENTAGE OF INCREASE (DECREASE) FROM PROIR YEAR</i>		<i>2.29%</i>	<i>4.60%</i>	<i>31.20%</i>	<i>(36.97%)</i>	<i>(0.22%)</i>	<i>(7.74%)</i>
Operating Income	690,742	725,823	1,047,837	79,761	(282,994)	(505,169)	108,519
Nonoperating revenues							
Net investment income	117,393	208,592	147,575	68,490	476,391	444,712	298,409
Change in net position	808,135	934,415	1,195,412	148,251	193,397	(60,457)	406,928
Net Position							
Beginning of year	9,667,888	10,476,023	11,410,438	12,605,850	12,754,101	12,947,498	12,887,041
End of year	\$ 10,476,023	\$ 11,410,438	\$ 12,605,850	\$ 12,754,101	\$ 12,947,498	\$ 12,887,041	\$ 13,293,969
<i>PERCENTAGE OF INCREASE (DECREASE) FROM PROIR YEAR</i>		<i>8.92%</i>	<i>10.48%</i>	<i>1.18%</i>	<i>1.52%</i>	<i>(0.47%)</i>	<i>3.16%</i>

**Associated School Boards (ASB) Workers' Compensation Fund Year End Comparison**

**Service Agreements, Related Parties, Administration Agreements (Obtained from filed Audit Reports)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Service Agreements (Note 4):</b>							
<b>Claims Associates, Inc.</b>	\$ 312,559	\$ 310,042	\$ 330,010	\$ 394,663	\$ 419,145	\$ 410,701	\$ 436,156
To provide workers' compensation claims administrative services for claims incurred. Fees under this agreement are included in claims and claims adjustment expenses incurred in the statements of revenues, expenses and changes in net position.							
<b>BankWest</b>	\$ 12,080	\$ 10,299	\$ 8,748	\$ 30,107	\$ 34,029	\$ 35,423	\$ 34,718
The Workers' Compensation Fund maintains agency accounts with BankWest. Fees incurred to BankWest are netted against investment income in the statements of revenues, expenses and changes in net position.							
<hr/>							
<b>Related Party Transactions / Administration Agreement (Note 7):</b>							
<b>Associated School Boards of South Dakota</b>	Not Disclosed Separately	Not Disclosed Separately	Not Disclosed Separately	\$ 21,791	\$ 10,000	\$ 31,791	\$ 0
ASBSD is a private nonprofit membership corporation comprised of local school districts organized for the purpose of reducing the burdens of government and promoting the exchange and dissemination of information and ideas designed for the efficient administration and conduct of public school affairs, for the purpose of research, for the improvement of school administration and for the purpose of promoting the general welfare of public school systems in the state of South Dakota. ASBSD is the sponsoring organization of the Fund.							
<b>Associated School Boards Protective Trust (Trust)</b>	\$ 234,220	\$ 242,974	\$ 259,443	\$ 238,085	\$ 205,603	\$ 216,766	\$ 186,650
The Trust oversees three sub-funds known as the ASB Workers' Compensation Fund, ASB Property and Liability Fund, and South Dakota School District Benefit Fund (Benefit Fund). The Trust has an agreement with ASBSD in which ASBSD provides to the Trust, administrative oversight in the implementation and management of the Trust's activities including performing investment, promotion and accounting services for the Fund, among other activities. Under the agreement, ASBSD receives an administrative fee of ten percent of the contributions earned, including agent fees, by ASBSD from member school districts on behalf of the Fund.							

Constitution. Art. 9, § 3. Intergovernmental cooperation

Every local government may exercise, perform or transfer any of its powers or functions, including financing the same, jointly or in cooperation with any other governmental entities, either within or without the state, except as the Legislature shall provide otherwise by law.

History: Section proposed by SL 1972, ch 3, approved Nov. 7, 1972.

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SDCL § 7-18-8 - Liability insurance and agreements obtained for county--Protection for officers and employees

Any board of county commissioners may obtain and pay for all forms of liability insurance, or in lieu thereof, make other arrangements, including entering into agreements with others, which agreements may create separate legal or administrative entities pursuant to chapter 1-24, to protect and assist the county in meeting obligations arising from such acts or omissions for which the county may be legally liable. The liability insurance coverage or other arrangement obtained shall protect the county officers and employees in the performance of official duties and against acts committed by them that could be reasonably considered to be within the scope of their official duties.

SDCL § 9-12-7 - Liability insurance and agreements for protection of municipality, officers and employees

Any municipality may obtain and pay for all forms of liability insurance, or in lieu thereof, make other arrangements, including entering into agreements with others, which agreements may create separate legal or administrative entities pursuant to chapter 1-24, to protect and assist the municipality in meeting obligations arising from such acts or omissions for which the municipality may be legally liable. The liability insurance coverage obtained or other arrangement shall protect the municipal officers and employees in the performance of official duties and against acts committed by them that could be reasonably considered to be within the scope of their official duties.

SDCL § 13-8-39 - Management of schools by board--General powers

As provided and limited by law, the school board has general charge, direction and management of the schools of the district and control and care of all property belonging to it. The school board may levy taxes, borrow money, employ any necessary personnel, lease real and personal property, carry liability and other insurance, or in lieu of insurance, make other arrangements, including entering into agreements with others, which agreements may create separate legal or administrative entities pursuant to chapter 1-24, to protect and assist the school board in meeting obligations arising from such acts or omissions for which the school board may be legally liable, purchase all necessary books and equipment, purchase real property and erect necessary buildings for the operation of such schools.

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### SDCL § 1-24-1 - Definition of terms

Terms used in this chapter mean:

- (1) "Participating public agency," any public agency which has elected to participate in a pool arrangement;
  - (2) "Public agency," any county, municipality, township, school district, consumers power district or drainage district of the State of South Dakota; any agency of South Dakota state government or of the United States; any political subdivision of this state; any political subdivision of another adjacent state; and any Indian tribe;
  - (3) "State," a state of the United States and the District of Columbia;
  - (4) "State agency," each association, authority, board, commission, committee, council, department, division, office, officer, task force, or other agent of the state vested with the authority to exercise any portion of the state's sovereignty; provided that the term shall not include the legislative or judicial branch of the government of the state or units of local government, including but not limited to counties, townships, municipalities, chartered governmental units, or school or other special districts, or Indian tribes.
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### SDCL § 1-24-2 - Joint exercise of powers authorized—Exceptions

Any power or powers, privileges, or authority exercised or capable of exercise by a public agency of this state may be exercised and enjoyed jointly with any other public agency of this state and jointly with any public agency of any other state or of the United States to the extent that the laws of such other state or of the United States permit such joint exercise or enjoyment. Any agency of South Dakota state government when acting jointly with any public agency may exercise and enjoy all of the powers, privileges, and authority conferred by §§ 1-24-2 to 1-24-9, inclusive, upon a public agency. The provisions of this section do not apply to the power to tax or police powers, unless jointly held or otherwise authorized by law.

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### SDCL § 1-24-11 - Pool arrangement defined

For the purposes of §§ 1-24-11 to 1-24-17, inclusive, a pool arrangement is any joint power agreement, pool, consortium, or other arrangement or collection of public agencies, whether or not formed under or pursuant to chapter 1-24 and whether or not a separate legal entity, by which one or more public agencies have provided for the payment of claims, liabilities, or other expenses or otherwise provided for or obtained coverage for property, personal injury, and workers compensation claims or group life, health, or accident coverage.

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### SDCL § 1-24-12 - Authorization for and establishment of enforceability and validity of pool arrangements--Government immunity

The provisions of this chapter are applicable to and authorize and establish the enforceability and validity of pool arrangements entered into by participating public agencies to provide for payment of valid claims against participating public agencies and their officers and employees for liability they may incur which is not avoidable under the tenth or eleventh amendments of the United States Constitution, including liability coverage for property, personal injury and workers compensation claims and group life, health and accident coverage. Nothing in §§ 1-24-11 to 1-

24-17, inclusive, constitutes an abrogation, change, waiver or modification of the doctrine of governmental or sovereign immunity created by any statute, judicial opinion, ordinance, resolution or tort claims act nor may §§ 1-24-11 to 1-24-17, inclusive, create any cause of action in federal court or under federal law. A pool arrangement authorized by §§ 1-24-11 to 1-24-17, inclusive, may provide coverages, services or benefits only for or on behalf of the participating public agencies in any given pool arrangement.

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SDCL § 1-24-13 - Resolution or ordinance authorizing payment of premiums pursuant to pool arrangement—Payment

If a public agency participates in a pool arrangement which is funded by the health and educational facilities authority pursuant to § 1-24-14, then the obligation to pay premiums and other amounts pursuant to such pool arrangement shall be sufficiently authorized and evidenced by a duly authorized resolution or ordinance approved and filed as provided by §§ 1-24-6 and 1-24-6.1 and no further proceedings, notice or approval may be required to evidence such obligations. On and after the date of such approval and filing, the obligation of any participating public agency to pay premiums or other obligations described in such resolution, ordinance or other instrument relating to the pool arrangement shall be deemed a noncancelable current expense for services rendered to and benefits received by such participating public agency in the year such premium or other obligations shall become payable notwithstanding the year in which such resolution, ordinance or other instrument relating to the pool arrangement was adopted or executed, and whether or not such obligations are supported by an irrepealable tax levy and whether or not such participating public agency has exercised any contractual right to cancel participation in the pool arrangement for any future fiscal year or portion thereof.

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SDCL § 1-24-17 - Pool arrangement, agreement, or financing not to be considered insurance or insurance company

No pool arrangement and no agreement or financing in connection therewith may be considered insurance nor may any such pool arrangement, agreement, or financing be considered to be an insurance company under the laws of South Dakota nor may any such pool arrangement, agreement, or financing be under the jurisdiction of the commissioner of insurance.

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SDCL § 1-24-17.1 - Annual audit of pooling arrangement financial statements--Filing with Department of Legislative Audit--Availability to public

Each pool arrangement, as defined in § 1-24-11, shall have an annual audit of its financial statements conducted in accordance with generally accepted government auditing standards. A copy of the audited financial statements shall be filed with the Department of Legislative Audit within twelve months of the close of the previous fiscal year for the pool arrangement. The department shall make audited financial statements filed pursuant to this section available to the public on the department's website. The auditor-general may examine all financial records, related to funds provided by the state or its political subdivisions, of any pool arrangement if deemed necessary and in the public interest by the auditor-general.

## **Appendix B**

Source: Organization's website

### **Associated School Boards Protective Trust (ASBPT) Board of Directors:**

Eric Stroeder, Mobridge-Pollock, ASBSD President – Term 8/2021 – 8/2022

Craig Lee, Huron, Health – Term 7/1/2019 – 7/1/2022

Jerri Ann Haak, Chamberlain, Health – Term 7/1/2021 – 7/1/2024

Susan Humiston, Edgemont, Property/Liability – Term 7/1/2020 – 7/1/2023

Vacant Position, Property/Liability – Term 7/1/2021 – 7/1/2024

Anita Peterson, Haakon, Workers' Comp. – Term 7/1/2020 – 7/1/2023

Vacant Position, Workers' Comp. – Term 7/1/2021 – 7/1/2024

Wade Pogany, ASBSD Executive Director

### **ASBPT Advisory Committee – Workers' Compensation**

Anita Peterson, Haakon, ASBPT Board of Directors

Chad Blotsky, Todd County, Business Manager

Heidi Clausen, Watertown, Business Manager

Steve Culhane, Mitchell, Business Manager

Tom Janish, Aberdeen, Business Manager

Dan Martin, Timber Lake, Superintendent

Summer Schultz, Dell Rapids, Superintendent

### **South Dakota Municipal League Board of Directors**

Steve Allender, Rapid City, Mayor

Amy Leon, Yankton, City Manager

Harry Weller, Kadoka, Mayor

Carolyn Anderson, Wall, Finance Officer

Alex Jensen, Sioux Falls, Councilmember

Leland Treichel, Roscoe, Mayor

Vacant Position