opeep Oregon Public Entity Excess Pool

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEARS ENDED
JUNE 30, 2025 AND 2024

Directors and Executive Director

As of June 30, 2025

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Independent Auditor's Report

To the Board of Directors
Oregon Public Entity Excess Pool

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of Oregon Public Entity Excess Pool (the "Pool") as of and for the years ended June 30, 2025 and 2024 and the related notes to the financial statements, which collectively comprise the Pool's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Pool as of June 30, 2025 and 2024 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Pool and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pool's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors
Oregon Public Entity Excess Pool

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of claims development, as presented in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2025 on our consideration of the Pool's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pool's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pool's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated November 25, 2025 on our consideration of the Pool's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is solely to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Plante & Moran, PLLC

November 25, 2025

Overview

The **Oregon Public Entity Excess Pool (OPEEP)** was formed March 27, 2015, by Clackamas County Oregon, Deschutes County Oregon, Washington County Oregon and the CIS Trust (CIS) under authority of ORS 30.282 by intergovernmental agreement pursuant to ORS 190.010 to provide, under a Board of Directors (the Board), administration of joint risk retention, risk management services and group purchasing of insurance and reinsurance. OPEEP currently operates a self-insurance program for tort liability in accordance with ORS 30.282.

The basic concept behind OPEEP is:

- Aggregate the needs of similar public entities to create economies of scale that reduce costs and increase benefits beyond those any one member can realize on its own.
- Collect enough from members to pay for reinsurance, claims and expenses.
- Increase net position that allows OPEEP to achieve a level of self-insurance as surplus builds and the cost of reinsurance increases. Surplus net position also provides pricing stability and assurance that coverage will exist well into the future through reinsurance and risk retention.

Celebrating a Decade of Excellence in Public Risk Management

As we close out fiscal year 2025, OPEEP proudly marks its 10-year anniversary—celebrating a decade of delivering cost-effective risk management solutions and robust liability coverage to Oregon's public entities. Happy Anniversary, OPEEP!

Our success is driven by the dedication of the OPEEP Board, whose leadership and advocacy continue to elevate the program. Through active participation in national conferences and direct engagement with reinsurers, the Board showcases the strength and effectiveness of the Oregon Public Entity Excess Pool.

Together, our member organizations—City of Medford, Jackson County, Douglas County, Deschutes County, Metro, Washington County, Clackamas County, and CIS Trust—collaborate to deliver smart, scalable risk management services and leverage group purchasing power for liability insurance and reinsurance coverage.

As we look ahead, OPEEP is excited to build on this strong foundation and expand its reach. The future is bright, with new opportunities to innovate, strengthen partnerships, and welcome additional public entities into the pool.

OPEEP Market

Oregon "Public Bodies" as defined in ORS 30.260(4), as well as public entity risk pools, are eligible to participate in OPEEP's coverage, programs, and services. As an excess pool, OPEEP primarily serves larger self-insured cities, counties, and other risk pools—and we're always open to exploring new collaborations that align with our mission.

Here's to ten years of partnership, innovation, and impact—and to the future we're building together.

Description of the Basic Financial Statements

The *Statement of Net Position* provides information on all OPEEP assets and liabilities, with the difference reported as net position. Net position may be an indicator of the overall OPEEP financial condition.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing total revenue and expense and the resulting effect on net position.

The *Statement of Cash Flows* presents information about the cash receipts and cash payments during the year.

Financial Highlights

- As of June 30, 2025, total assets minus total liabilities (net position) is $3,007,508 compared to $2,791,134 as of June 30, 2024.

- Total assets include Cash and cash equivalents of $5,494,832 primarily invested in the State of Oregon Local Government Investment Pool.

- The change in net position for FY2025 was $216,374 and includes net operating loss of ($75,866). The increase in provision for claims expense and reinsurance premiums expense contributed to the overall net loss. The change in net position for FY2024 was $971,238 which includes net operating income of 740,358 and interest income of $230,880.

Assets, Liabilities and Net Position

As of June 30,

	2025	2024	2023
ASSETS			
Cash and cash equivalents	$ 5,494,832	$ 8,713,634	$ 3,944,513
Other current assets	631,173	37,863	34,333
Noncurrent assets	500,000	500,000	500,000
Total Assets	$ 6,626,005	$ 9,251,497	$ 4,478,846
LIABILITIES			
Accounts payable & accrued liabilities	607,973	4,774,912	533,309
Claims liabilities - current portion	1,000,000	1,000,000	1,000,000
Claims liabilities - noncurrent	2,010,523	685,451	1,125,641
Total Liabilities	3,618,496	6,460,363	2,658,950
NET POSITION -Unrestricted	3,007,509	2,791,134	1,819,896
Total Liabilities and Net Position	$ 6,626,005	$ 9,251,497	$ 4,478,846

Revenues, Expenses, and Changes In Net Position For the fiscal year ended June 30,	2025	2024	2023
OPERATING REVENUE			
Member contributions	$ 6,444,905	$ 5,601,168	$ 4,765,621
OPERATING EXPENSES			
Provision for claims	1,325,072	559,810	958,149
Reinsurance premiums expense	4,984,675	4,122,511	3,302,296
General and administrative	211,023	178,489	176,413
Total Expenses	6,520,770	4,860,810	4,436,859
Net Operating Income (Loss)	(75,865)	740,358	328,762
Interest income	292,240	230,880	113,801
Change In Net Position	216,375	971,238	442,564
Net Position - Beginning of year	2,791,134	1,819,896	1,377,332
Net Position - End of year	$ 3,007,509	$ 2,791,134	$ 1,819,896

Summary of Results

OPEEP administers excess self-insurance and reinsurance programs for the liability exposures of its members.

- Member contributions in FY2025 totaled $6.4 million compared to $5.6 million in FY2024 with increases due to increased member contributions and the addition of a new member.

- Interest income was higher in FY2025, $292,240 versus $230,880 in FY2024, due to an increased average cash balance held during the year.

- Reinsurance expense was $5.0 million and represents the bulk of cash expenditures in FY2025. Reinsurance expense was $4.1 million in FY2024. The increase is due to reinsurance rates and the addition of a new OPEEP member in FY2025.

  FY2025 provision for claims expense of $1.3 million compared to $560 thousand in FY2024. This expense relates to the provision for covered events of both current and prior years and includes adjustments to loss reserves resulting from the annual actuarial study. Additional details are found in the notes to the financial statements.

- FY2025 accounts payable balance of $607,973 includes $594,749 due to a member related to a reinsurance recovery. FY2024 accounts payable balance include $4,272,945 due to a member related to a reinsurance recovery that was paid to the member in FY2025.

- General and administrative expenditures in FY2025 totaled $211,024 compared to $178,489 in FY2024. Most of these expenses represent accounting and administrative support provided to OPEEP by CIS under arrangements with the OPEEP Administrator.

Description of Current Facts and Conditions that have a Significant Effect on Operations
The Board balances the fiscal strength of OPEEP with member needs and continuing budgetary pressure. Fiscal strength provides OPEEP options that directly benefit members. As OPEEP members collectively own the net position, funds can only be used to their benefit. The OPEEP Board sets rates for excess liability programs with a goal of member stability, while simultaneously protecting the capital position of OPEEP in order to assure coverage and stability well into the future. The Board determines the appropriate amount and time for the pool to retain risk of loss.

OPEEP operates in an environment dependent on various external markets including investments, reinsurance, commercial insurance, and international financing networks that enable high limit coverage. Consumer markets such as services required to indemnify property and casualty claimants also closely impact the experience of OPEEP members and therefore, rates. It can be reasonably expected that OPEEP rate levels will be impacted by the same economic realities that face OPEEP's business partners.

Legislative and ballot measure activity influence claims activity and members' exposure to liability. OPEEP provides broad coverage for tort claims and federal civil rights claims. Unlike Oregon tort claims, there are no caps on awards in federal cases, and the prevailing party often can be awarded legal fees as well as damages. Also, different than many commercial insurance policies, OPEEP covers awards of back pay and so-called "front pay". This coverage protects the member but can result in very high payouts when the member is found to have liability.

Certain external influences will impact OPEEP:

- The reinsurance market for local government remains challenging. Reinsures/insurers point to nuclear verdicts related to police excess force claims, employment claims, and jail claims as the driving forces. In FY 2023-24, the OPEEP Board added a second reinsurance partner to provide stability and capacity. After the members retention, OPEEP retains $250,000 per occurrence, $1,000,000 annual aggregate. Limits up to $20,000,000 are available for members.

- Oregon Tort Claims Act Revisions: Statutory cap on damages in tort liability claims limits for cities and counties are adjusted for inflation each year by the Office of the State Court Administrator. Effective July 1, 2024, the cap for personal injury increased to $885,520 per claimant and $1,710,200 per occurrence. These amounts apply to all causes of action arising on or after July 1, 2024, and before July 1, 2025.

- Cyber liability continues to emerge as a growing risk along with the expansion of technology itself. OPEEP continues to modify and enhance coverage to protect members from data security issues and other liabilities derived from cyber activity.

- No coverage changes were proposed in FY 2024-25.

Statement of Net Position

June 30, 2025 and 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	$ 5,494,832	$ 8,713,634
Reinsurance receivable (Note 5)	594,749	-
Prepaid expenses	36,424	37,863
Total current assets	6,126,005	8,751,497
Noncurrent assets - Deposits	500,000	500,000
Total assets	6,626,005	9,251,497
Liabilities		
Current liabilities:		
Accounts payable - Related party (Note 6)	13,225	4,272,945
Due to member (Note 5)	594,749	-
Unpaid losses and loss adjustment expenses - Current portion (Note 4)	1,000,000	1,000,000
Accrued liabilities and other	-	1,967
Total current liabilities	1,607,974	5,274,912
Noncurrent liabilities:		
Accounts payable - Related party (Note 6)	-	500,000
Unpaid losses and loss adjustment expenses - Long term (Note 4)	2,010,523	685,451
Total noncurrent liabilities	2,010,523	1,185,451
Total liabilities	3,618,497	6,460,363
Net Position - Unrestricted	**$ 3,007,508**	**$ 2,791,134**

See notes to financial statements.

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2025 and 2024

	2025	2024
Operating Revenue - Member contributions	$ 6,444,905	$ 5,601,168
Operating Expenses		
Provision for claims (Note 4)	1,325,072	559,810
Reinsurance premiums expense	4,984,675	4,122,511
General and administrative	211,024	178,489
Total operating expenses	6,520,771	4,860,810
Operating (Loss) Income	(75,866)	740,358
Nonoperating Revenue - Interest income	292,240	230,880
Change in Net Position	216,374	971,238
Net Position - Beginning of year	2,791,134	1,819,896
Net Position - End of year	**$ 3,007,508**	**$ 2,791,134**

Statement of Cash Flows

Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Receipts from members	$ 6,444,905	$ 5,601,168
Claims paid	(1,373,615)	(1,000,000)
Reinsurance paid	(4,984,675)	(4,122,511)
Reinsurance recoveries	778,866	4,272,766
General and administrative expenses paid	(198,327)	(213,182)
Reinsurance reimbursement paid to members and related parties on losses payable	(3,678,196)	-
Net cash (used in) provided by operating activities	(3,011,042)	4,538,241
Cash Flows from Noncapital Financing Activities - Repayment of reinsurance deposit	(500,000)	-
Cash Flows Provided by Investing Activities - Interest income	292,240	230,880
Net (Decrease) Increase in Cash and Cash Equivalents	(3,218,802)	4,769,121
Cash and Cash Equivalents - Beginning of year	8,713,634	3,944,513
Cash and Cash Equivalents - End of year	**$ 5,494,832**	**$ 8,713,634**
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities		
Operating (loss) income	$ (75,866)	$ 740,358
Adjustments to reconcile operating (loss) income to net cash from operating activities - Changes in assets and liabilities:		
Reinsurance receivable	(594,749)	-
Prepaid expenses	1,439	(3,530)
Unpaid losses and loss adjustment expenses	1,325,072	(440,190)
Accounts payable, accrued liabilities, and other	11,258	(31,342)
Change in accounts payable - Related party and due to member related to losses payable	(3,678,196)	4,272,945
Total adjustments	(2,935,176)	3,797,883
Net cash (used in) provided by operating activities	**$ (3,011,042)**	**$ 4,538,241**

See notes to financial statements.

Note 1 - Nature of Business

Oregon Public Entity Excess Pool (the "Pool" or OPEEP) was established on March 27, 2015 by its founding members, Clackamas County, Oregon; Deschutes County, Oregon; Washington County, Oregon; and CIS Trust (CIS), under authority of ORS 30.282 by an intergovernmental agreement pursuant to ORS 190.010 to provide joint self-insurance and risk management services. OPEEP is both a public body and a public corporation under Oregon law.

ORS 30.282 regulations (as further clarified in OAR 836-011) require the Pool to maintain an unallocated reserve (surplus) account equal to the greater of 25 percent of annual contributions, or $250,000. The unallocated reserve account is defined in OAR 836-011 as the amount that total assets exceed total liabilities, and annual contributions are total contributions paid less any premium collected to procure insurance of any kind. As of June 30, 2025, the required minimum ORS 30.282 unallocated reserve is $365,058.

Note 2 - Significant Accounting Policies

Reporting Entity

The OPEEP reporting entity includes all activities (operations of its administrator, contracted services, and the board) as they relate to the Pool. OPEEP has determined that no other outside entity meets the above criteria, and, therefore, no agency has been included as a component unit in these financial statements. In addition, OPEEP is not aware of any entity that would exercise such oversight responsibility that would result in OPEEP being considered a component unit of that entity. In determining its reporting entity, OPEEP considered all governmental units that were members of OPEEP since inception. The criteria did not require the inclusion of these entities in their financial statements principally because OPEEP does not exercise oversight responsibility over any members.

Basis of Accounting

The financial statements of the Pool have been prepared in conformity with generally accepted accounting principles (GAAP) applied to governmental insurance pools. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. The accompanying financial statements are prepared on the economic resources measurement focus and accrual basis of accounting in conformity with GAAP. Under this method, revenue from contributions and interest is recognized when earned, and expenses are recognized when goods or services have been received, except when a premium deficiency exists where unearned premiums are recognized currently. The Pool considers anticipated investment income in determining if a premium deficiency exists. Operating revenue includes member contributions and fees, which are an integral part of the operations and financing of the covered risks and activities.

Cash and Cash Equivalents

The Pool considers all investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include bank deposits and deposits in the State of Oregon Local Government Investment Pool (LGIP). The carrying amount for cash and cash equivalents approximates fair value due to the short-term nature of these investments.

Unpaid Losses and Loss Adjustment Expenses

Unpaid losses and loss adjustment expenses are stated gross of reinsurance ceded and include case reserve estimates for reported losses and loss adjustment expenses plus estimates for losses and loss adjustment expenses incurred but not reported. Amounts recoverable from reinsurers are estimated in a manner consistent with the loss liability associated with the reinsured business.

Note 2 - Significant Accounting Policies (Continued)

Management believes that the liability for losses and loss adjustment expenses is appropriately established in the aggregate and makes a reasonable provision to cover the ultimate cost of reported and unreported claims arising from losses. Such liabilities are based on estimates, and the ultimate net cost may vary materially from such estimates. These estimates are regularly reviewed and updated using the most current information available. Any resulting adjustments are reflected in operations in the period the need for such adjustments becomes apparent.

Estimates for losses and loss adjustment expenses are derived using various actuarial estimation methods, which consider several factors, including line of business, the number of years of experience, and the age of the experience year being developed. Loss development methods utilize paid and incurred loss experience to produce estimates of ultimate paid loss and incurred loss projections. Another method relies on a reported claim count development analysis and computes the ultimate loss as the product of ultimate claim counts and ultimate claim severities. The Bornhuetter-Ferguson technique estimates the ultimate loss using a combination of expected losses and loss development techniques.

Reinsurance

The Pool reinsures portions of certain insurance policies it writes, thereby providing a greater diversification of risk and minimizing exposure on larger risks. The Pool remains contingently at risk with respect to any reinsurance ceded and would incur an additional loss if an assuming company were unable to meet its obligation under the reinsurance agreements.

Ceded reinsurance premiums are recognized on the same basis as the premiums are earned on the underlying insurance contracts.

Member Contributions

Contributions are recorded as revenue when earned over the term of the related insurance policies. Any advance payment of insurance-related policies for coverage after June 30 is considered an unearned contribution. Retrospective premiums, subject to various limitations and conditions, may be assessed by members of OPEEP in the event a single loss or series of losses should exceed the remaining unexpended balance of premiums paid by members plus any investment income, gains, or other income derived therefrom. Supplemental assessments are recognized as income in the period assessed. Contribution development for OPEEP is performed using, among other items, loss estimates analysis and expected reinsurance costs. Contribution income consists of payments that are planned to match the expense of insurance premiums for coverage in excess of self-insured amounts, estimated payments resulting from joint self-insurance programs, and operating expenses.

Income Taxes

OPEEP is an intergovernmental entity established pursuant to ORS 190 and is not subject to state income tax. This statute allows OPEEP members to provide joint funding for a broad array of risk management and self-insurance services; as such, it is not subject to federal income tax under Internal Revenue Code Section 115.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are related to unpaid losses and loss adjustment expenses.

Note 3 - Deposits and Investments

Cash and cash equivalents consisted of the following as of June 30:

	2025	2024
Cash on hand and in bank	$ 31,420	$ 4,306,891
Cash in pooled funds (LGIP)	5,463,412	4,406,743
Total cash and cash equivalents	$ 5,494,832	$ 8,713,634

Custodial Credit Risk of Bank Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Pool's deposits may not be returned to it. OPEEP maintains deposits in accordance with ORS 295, which requires that deposit accounts in excess of federal depository insurance limits be maintained only at qualified financial institutions identified by the Oregon state treasurer. OPEEP deposits not covered by federal depository insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. PFCP is a shared liability structure for participating bank depositories, better protecting public funds but still not guaranteeing that all funds are 100 percent protected. A bank depository is required to pledge eligible securities with collateral valued in amounts determined by the Oregon state treasurer. At June 30, 2025, the Pool's cash deposit balance reflected in the accounts of the bank was $31,420, which was covered by the Federal Deposit Insurance Corporation.

State of Oregon Local Government Investment Pool

The Oregon state treasurer maintains the Oregon Short Term Fund (OSTF), of which the Local Government Investment Pool is a part. Participation by local governments in the OSTF is voluntary. OSTF investments are regulated by ORS 294, the Oregon Investment Council, and portfolio guidelines issued by the Oregon Short Term Fund board. In accordance with Oregon statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill, and caution. The LGIP was created to offer a short-term investment alternative to Oregon local governments, and it is not registered with the U.S. Securities and Exchange Commission. At June 30, 2025 and 2024, the cost of the Pool's deposits with the LGIP approximates fair value. The OSTF financial statements are available at http://www.ost.state.or.us.

Note 4 - Unpaid Losses and Loss Adjustment Expenses

OPEEP establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. Effective July 1, 2017, OPEEP entered into a financial arrangement with its reinsurer in which the reinsurer will recover from OPEEP the initial $1 million aggregate layer of claims payments for each coverage year. Prior to July 1, 2017, OPEEP was fully insured for all claims exposures through reinsurance, and there were no excess liability claims reported by the Pool's members.

Note 4 - Unpaid Losses and Loss Adjustment Expenses (Continued)

The following summarizes activity in the liability for unpaid losses and loss adjustment expenses as of June 30, 2025, 2024, and 2023:

	2025	2024	2023
Net unpaid losses and loss adjustment expenses - Beginning of fiscal year	$ 1,685,451	$ 2,125,641	$ 2,167,492
Incurred losses and loss adjustment expenses:			
Provision for insured events of the current fiscal year	1,381,392	720,692	1,166,056
Change in provision for insured events of prior fiscal years	(56,320)	(160,882)	(207,907)
Total incurred	1,325,072	559,810	958,149
Payments:			
Losses and loss adjustment expenses attributable to insurance events of the current fiscal year	-	-	-
Losses and loss adjustment expenses attributable to insured events of prior fiscal years	-	1,000,000	1,000,000
Total paid	-	1,000,000	1,000,000
Net unpaid losses and loss adjustment expenses - End of fiscal year	$ 3,010,523	$ 1,685,451	$ 2,125,641

For the years ended June 30, 2025, 2024, and 2023, the estimates of the claims incurred but not reported as of those dates were actuarially determined and are based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors. The unpaid losses and loss adjustment expenses are presented at present value using a discount rate of 1.5 percent for 2025, 2024, and 2023.

As a result of changes to estimates for incurred losses and loss adjustment expenses attributable to insured events of prior years, the provision for losses and loss adjustment expenses decreased in 2025, 2024, and 2023 due to reestimation of estimated future payment amounts.

Note 5 - Reinsurance Agreements

OPEEP was established to provide members with a risk-sharing pool for excess liability. OPEEP limits its risk retention on each policy issued through reinsurance and uses reinsurance to reduce its exposure to loss.

Under general liability reinsurance agreements, members retain the first $1,000,000 of each of their general liability occurrences, OPEEP retains $1,000,000 annual aggregate, and the reinsurance funds the next $9,000,000 of each occurrence. Effective July 1, 2021, CIS increased its retention to the first $2,000,000 of each of its general liability occurrences. Effective July 1, 2023, OPEEP retains the first $250,000 per occurrence, above the member self-insured retention.

Under employers' liability reinsurance (workers' compensation coverage b), members retain the first $1,000,000 of each of their employers' liability occurrences (except for CIS, which retains the first $3,000,000) and reinsurance funds the next $2,000,000 of each occurrence.

In addition, OPEEP has entered into a cyber quota share reinsurance agreement that is fully ceded. Members retain the first $250,000 of each occurrence. The maximum coverage is $1,000,000 for each occurrence and $5,000,000 in the aggregate.

Note 5 - Reinsurance Agreements (Continued)

Reinsurance premiums ceded to excess reinsurers totaled $4,984,675 and $4,122,511 in 2025 and 2024, respectively. As of 2024, there are no reinsurance recovery receivables under the reinsurance agreements, as all excess claims paid in 2024 by OPEEP were reimbursed by excess reinsurers. As of June 30, 2025, there was $594,749 in reinsurance recovery receivables under the reinsurance agreements, which is due to the member upon receipt.

Note 6 - Related Party Transactions

CIS is a participating and founding member of OPEEP. A CIS employee is a member of OPEEP's board. A different CIS employee is the administrator of OPEEP, subject to the general supervision and policy direction of OPEEP's board and executive committee. OPEEP has entered into a management services agreement with CIS that originally expired on October 15, 2021. The contract was renewed in May 2021 for a five-year period, expiring on June 30, 2026. Under the terms of the management services agreement, OPEEP paid CIS $148,828 and $131,606 in 2025 and 2024, respectively.

Total program contributions received from CIS were $4,063,750 and $3,717,523 in 2025 and 2024, respectively. CIS paid a reinsurance deposit on behalf of OPEEP; accordingly, OPEEP had recorded a $500,000 payable to CIS, which OPEEP repaid in 2025. As of June 30, 2025 and 2024, OPEEP had losses payable due to CIS of $13,225 and $4,272,945, respectively. Losses payable due to CIS represent reinsurance recoveries received by OPEEP that will be paid to CIS.

Required Supplementary Information

Claims Development Information

The table on the following page illustrates how the Pool earned revenue (net of excess insurance) and investment income compared to related costs of loss (net of loss assumed by excess insurers) and other expenses assumed by the Pool as of the end of each of the last 10 years. The rows of the table are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to excess insurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs of the Pool, including overhead and claims expense not allocable to individual claims.
3. This line shows the Pool's gross incurred claims and allocated claim adjustment expenses, claims assumed by excess insurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. This section of 10 rows shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest reestimated amount of claims assumed by excess insurers as of the end of the current year for each accident year.
6. This section of 10 rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
7. This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought.

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

Required Supplementary Information
Schedule of Claims Development (Continued)

June 30, 2025

	Policy Year Ended June 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
1.	Required contributions and investment income:										
	Earned	$ 1,706,726	$ 1,821,400	$ 2,404,867	$ 2,561,888	$ 2,863,531	$ 3,891,361	$ 4,369,532	$ 4,879,422	$ 5,832,048	$ 6,737,145
	Ceded	1,571,234	1,697,571	1,076,149	1,261,459	1,523,752	2,769,739	2,804,572	3,302,296	4,122,511	4,984,675
	Net	135,492	123,829	1,328,718	1,300,429	1,339,779	1,121,622	1,564,960	1,577,126	1,709,537	1,752,470
2.	Unallocated expenses	106,006	108,798	122,178	132,789	130,073	141,307	142,052	176,413	178,490	211,023
3.	Estimated claims and allocated claim adjustment expenses - End of policy year:										
	Incurred	-	-	1,425,324	3,381,677	4,746,402	3,292,122	2,396,864	2,757,746	720,692	1,381,392
	Ceded	-	-	323,174	2,246,797	3,443,572	2,170,472	1,193,953	1,591,690	-	-
	Net	-	-	1,102,150	1,134,880	1,302,830	1,121,650	1,202,911	1,166,056	720,692	1,381,392
4.	Cumulative paid claims and allocated claim adjustment expenses:										
	End of policy year	-	-	-	-	-	-	-	-	-	-
	One year later	-	-	-	-	-	-	-	-	-	-
	Two years later	-	-	-	1,000,000	-	-	-	1,000,000	-	-
	Three years later	-	-	-	1,000,000	1,000,000	1,000,000	-	1,000,000	-	-
	Four years later	-	-	-	1,000,000	1,000,000	1,000,000	-	-	-	-
	Five years later	-	-	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-	-
	Six years later	-	-	1,000,000	1,000,000	1,000,000	-	-	-	-	-
	Seven years later	-	-	1,000,000	1,000,000	-	-	-	-	-	-
	Eight years later	-	-	1,000,000	-	-	-	-	-	-	-
	Nine years later	-	-	-	-	-	-	-	-	-	-
5.	Reestimated ceded claims and expenses	1,109,114	3,487,823	1,670,793	8,359,043	6,398,126	6,644,491	1,401,358	3,911,426	-	-
6.	Reestimated incurred claims and allocated claim adjustment expenses:										
	End of policy year	-	-	1,102,150	1,134,880	1,302,830	1,121,650	1,202,911	1,166,056	720,692	1,381,392
	One year later	-	-	964,986	1,000,000	966,814	964,581	959,585	1,000,000	687,990	-
	Two years later	-	-	971,378	1,000,000	1,000,000	1,000,000	964,759	1,000,000	-	-
	Three years later	-	-	973,831	1,000,000	1,000,000	1,000,000	941,141	-	-	-
	Four years later	-	-	1,000,000	1,000,000	1,000,000	1,000,000	-	-	-	-
	Five years later	-	-	1,000,000	1,000,000	1,000,000	-	-	-	-	-
	Six years later	-	-	1,000,000	1,000,000	-	-	-	-	-	-
	Seven years later	-	-	1,000,000	-	-	-	-	-	-	-
	Eight years later	-	-	-	-	-	-	-	-	-	-
	Nine years later	-	-	-	-	-	-	-	-	-	-
7.	Change in estimated incurred claims and allocated claim adjustment expenses subsequent to initial policy year end	-	-	(102,150)	(134,880)	(302,830)	(121,650)	(261,770)	(166,056)	(32,702)	-

During the year ended June 30, 2021, the Pool revised its methodology for allocating the unallocated loss adjustment expense liability. As a result, lines 3 and 6 have been updated accordingly.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Directors
Oregon Public Entity Excess Pool

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Oregon Public Entity Excess Pool (the "Pool"), which comprise the basic financial statements as of June 30, 2025 and for the year then ended, and the related notes to the financial statements and have issued our report thereon dated November 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Pool's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pool's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pool's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Pool's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2025-1, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pool's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

To Management and the Board of Directors
Oregon Public Entity Excess Pool

The Pool's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Pool's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Pool's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pool's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pool's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

November 25, 2025

Section II - Financial Statement Audit Findings

Reference Number	Finding
2025-1	**Unpaid Losses and Loss Adjustment Expenses** - Significant deficiency

Criteria - Management should perform timely review of member claim information and the actuary report for accurate recognition and valuation of the unpaid losses and loss adjustment expenses. Management should communicate new developments to the actuary timely for proper inclusion in the valuation of the unpaid losses and loss adjustment expenses.

Condition - A member reported they would not request reimbursement of certain costs related to a claim incurred under an existing insurance policy. However, this information was not accurately factored into the actuary report.

Context - The reserve for losses incurred but not reported was understated by approximately $570,000 as of June 30, 2025.

Cause - The lack of timely communication between the member, the Pool, and the actuary and lack of timely review of the actuary report resulted in an understatement of the unpaid losses and loss adjustment expenses.

Effect - The unpaid losses and loss adjustment expenses were understated by $570,000.

Recommendation - We recommend implementing more timely review and communication with the actuary of member claim information received to ensure accurate inclusion in the actuary report utilized to record unpaid losses and loss adjustment expenses. In addition, we recommend more timely review of the actuary report to identify discrepancies for further follow up before the close of financial reporting.

Views of Responsible Officials and Planned Corrective Actions - We agree with the auditor’s recommendation to strengthen review procedures of information provided to the actuary and reconciling the member reportable loss runs with the Pool’s loss run.

In addition to claim file audits and review currently performed by the Pool, the Pool will work with members to receive comprehensive claim data on a more frequent basis to aid ongoing analysis and tracking claim development and apply claim handling best practice procedures. The Pool will also review claim data and reimbursement requests received after fiscal year end looking for information that may need to be considered by the actuary for accurate reporting.