

DIPLOMA JOINT INSURANCE FUND
Financial Statements
June 30, 2022 and 2021
With Independent Auditor's Reports

Diploma Joint Insurance Fund
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June 30, 2022 and 2021

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**Diploma Joint Insurance Fund
Management's Discussion and Analysis
June 30, 2022 and 2021**

This section of Diploma Joint Insurance Fund's (the "Fund") annual financial report presents a discussion and analysis of the financial performance of the Fund for the years ended June 30, 2022 and 2021. Please read it in conjunction with the financial statements which follow this section. The following table summarizes the financial position and results of operations of the Fund:

	<u>2022</u>	<u>2021</u>
Assets		
Cash, investments and accrued interest	\$ 22,168,358	\$ 20,355,132
Other assets	460,302	307,769
	<u>\$ 22,628,660</u>	<u>\$ 20,662,901</u>
Liabilities and Fund Surplus		
Reserves for unpaid claims	\$ 8,193,344	\$ 8,253,335
Other liabilities	2,014,320	1,928,187
Fund surplus	12,420,996	10,481,379
	<u>\$ 22,628,660</u>	<u>\$ 20,662,901</u>
Revenue and Expenses		
Revenue	\$ 10,811,932	\$ 10,093,933
Investment and other loss	(463,005)	(40,960)
	<u>10,348,927</u>	<u>10,052,973</u>
Claims expense	2,969,351	3,461,421
Insurance premiums	3,733,044	3,405,674
Administrative expense	1,706,915	1,403,251
	<u>8,409,310</u>	<u>8,270,346</u>
Net income	<u>\$ 1,939,617</u>	<u>\$ 1,782,627</u>

Diploma Joint Insurance Fund Management's Discussion and Analysis June 30, 2022 and 2021

Overview of the Financial Statements

Diploma Joint Insurance Fund's (the "Fund") financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The primary purpose of the Fund is to provide local and regional school districts a joint self-insurance fund. The Fund offers a full line of insurance coverage, such as workers' compensation and employers' liability, supplemental indemnity, property damage including auto physical damage, general and automobile liability, crime and fidelity, school leaders' professional liability, excess liability, environmental impairment, student accident, security guard, and foreign travel. The Fund operates under the provisions of New Jersey statutes (N.J.S.A. 18A:18B-1 et seq.) and has 18 school districts in the Fund as of June 30, 2022 and 2021. The three basic financial statements presented within the financial statements are as follows:

- Balance Sheet – This statement presents information reflecting the Fund's assets, liabilities, and fund surplus. Fund surplus, or net position, represents the amount of total assets less total liabilities.
- Statement of Revenue, Expenses, and Changes in Fund Surplus – This statement reflects the operating revenue and expenses, as well as non-operating income (loss) during the operating year. The major source of operating revenue is regular member contributions (assessments) while major sources of operating expenses include claims paid, changes in case reserves and in incurred but not reported claims, and insurance and reinsurance premiums as well as administrative expenses.
- Statement of Cash Flows – This statement presents changes in cash and cash equivalents resulting from operating activities and investing activities.

Financial Highlights

- The revenue increase of 7% is a result of significant market conditions on property line and higher than average increase on the other lines, membership exposure changes as well as loss funding expectations and rate changes by carriers.
- Claims' case reserves represent a life to date estimate as to the expected liability for the reported claims and claims incurred but not reported ("IBNR"). Computing the claims liability does not result in achieving an exact amount. Claims' case reserves must be estimated due to the complex factors that determine the liability. Some of these factors are changes in legal doctrine, inflation, historical settlements, claim frequency, damage awards, and other statistical techniques.
- The net increase in claims IBNR is a result of calculations supplied by the Fund's actuary. The actuary uses the Fund's loss runs as well as market conditions for his analysis.
- Investment loss for the current year is due primarily to lower interest rates on the fixed income notes held as well as market changes.
- All fund surplus available may be returned to members per the Department of Banking and Insurance regulations. The Fund has no immediate plans for a return of surplus.
- At this point in time, management is not aware of any facts, decisions, or conditions that would have a significant effect on the Fund's financial position or the results of its operations.
- For the upcoming year, the Fund will maintain its current 18 members.

Contacting the Fund's Management

This financial report is designed to provide the Diploma Joint Insurance Fund members and the Department of Banking and Insurance of the State of New Jersey with a general overview of the Fund's finances and to demonstrate the Fund's accountability for the public funds it receives. If you have any questions about this report or need additional financial information, please contact the Fund Administrator of the Diploma Joint Insurance Fund at the office of the Fund located at 51 Everett Drive, Suite 40-B, West Windsor, NJ 08550, or by phone at (609) 275-1140.

INDEPENDENT AUDITOR'S REPORT

To the Fund Commissioners,
Diploma Joint Insurance Fund:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Diploma Joint Insurance Fund, which comprise the balance sheets as of June 30, 2022 and 2021, and the related statements of revenue, expenses, and changes in fund surplus and cash flows for the years then ended and the related notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Diploma Joint Insurance Fund as of June 30, 2022 and 2021, and the changes in fund surplus and cash flows 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"), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements as prescribed by the State of New Jersey, Departments of Community Affairs and Banking and Insurance. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Diploma Joint Insurance Fund 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 Diploma Joint Insurance Fund's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 an audit conducted in accordance with GAAS and *Government Auditing Standards* and the audit requirements as prescribed by the State of New Jersey, Departments of Community Affairs and Banking and Insurance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements as prescribed by the State of New Jersey, Departments of Community Affairs and Banking and Insurance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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 Diploma Joint Insurance Fund'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 Diploma Joint Insurance Fund'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 audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2022 on our consideration of Diploma Joint Insurance Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Diploma Joint Insurance Fund'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 Diploma Joint Insurance Fund's internal control over financial reporting and compliance.

A handwritten signature in blue ink, which reads 'Withum Smith & Brown, PC'. The signature is written in a cursive style.

November 8, 2022

Diploma Joint Insurance Fund
Balance Sheets
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 11,719,112	\$ 9,455,589
Investments	10,409,593	10,851,761
Due from third-party administrator	18,579	-
Accrued interest income	39,653	47,782
Receivable from insurance carriers	139,155	136,619
Receivable from members	300,701	168,091
Prepaid expenses	<u>1,867</u>	<u>3,059</u>
	<u>\$ 22,628,660</u>	<u>\$ 20,662,901</u>
Liabilities and Fund Surplus		
Liabilities		
Claim reserves		
Case reserves	\$ 4,301,232	\$ 3,344,887
IBNR reserves	<u>3,892,112</u>	<u>4,908,448</u>
Total claim reserves	<u>8,193,344</u>	<u>8,253,335</u>
Other liabilities		
Administrative expenses payable	692,844	653,811
Supplemental assessments due to members, net	673,000	673,000
Reinsurance payable	<u>648,476</u>	<u>601,376</u>
Total other liabilities	<u>2,014,320</u>	<u>1,928,187</u>
Total liabilities	10,207,664	10,181,522
Fund surplus	<u>12,420,996</u>	<u>10,481,379</u>
	<u>\$ 22,628,660</u>	<u>\$ 20,662,901</u>

The Notes to Financial Statements are an integral part of these statements.

Diploma Joint Insurance Fund
Statements of Revenue, Expenses, and Changes in Fund Surplus
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenue		
Underwriting income - regular contributions	\$ 10,811,932	\$ 10,093,933
Expenses		
Claims		
Paid	3,029,342	1,766,122
Increase (decrease) in case reserves	956,345	(17,223)
Increase (decrease) in IBNR reserves	<u>(1,016,336)</u>	<u>1,712,522</u>
Claims, net	2,969,351	3,461,421
Insurance and reinsurance premiums	3,733,044	3,405,674
Administrative expenses	<u>1,706,915</u>	<u>1,403,251</u>
Total expenses	<u>8,409,310</u>	<u>8,270,346</u>
Operating income	<u>2,402,622</u>	<u>1,823,587</u>
Investment return and other income, net	189,279	188,263
Change in fair value of investments	<u>(652,284)</u>	<u>(229,223)</u>
Investment loss, net	<u>(463,005)</u>	<u>(40,960)</u>
Net income	1,939,617	1,782,627
Fund surplus		
Beginning of year	<u>10,481,379</u>	<u>8,698,752</u>
End of year	<u>\$ 12,420,996</u>	<u>\$ 10,481,379</u>

The Notes to Financial Statements are an integral part of these statements.

Diploma Joint Insurance Fund
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating activities		
Underwriting income - regular contributions	\$ 10,660,743	\$ 10,108,462
Claims paid	(3,029,342)	(1,766,122)
Excess insurance premium paid	(3,688,480)	(3,268,045)
Administrative expenses paid	<u>(1,666,690)</u>	<u>(1,500,710)</u>
Net cash provided by operating activities	<u>2,276,231</u>	<u>3,573,585</u>
Investing activities		
Proceeds from sale/maturity of investment securities	2,407,888	2,182,673
Purchase of investment securities	(2,622,280)	(2,329,627)
Investment income	<u>201,684</u>	<u>201,297</u>
Net cash provided by (used in) investing activities	<u>(12,708)</u>	<u>54,343</u>
Net change in cash and cash equivalents	2,263,523	3,627,928
Cash and cash equivalents		
Beginning of year	<u>9,455,589</u>	<u>5,827,661</u>
End of year	<u>\$ 11,719,112</u>	<u>\$ 9,455,589</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 2,402,622	\$ 1,823,587
Adjustments to reconcile change in fund surplus to net cash provided by operating activities:		
Changes in assets and liabilities		
Due from third-party administrator	(18,579)	13,948
Receivable from insurance carriers	(2,536)	(515)
Receivable from members	(132,610)	581
Prepaid expenses	1,192	3,060
Reinsurance payable	47,100	138,144
Case and IBNR reserves	(59,991)	1,695,299
Administrative expenses payable	<u>39,033</u>	<u>(100,519)</u>
Net cash provided by operating activities	<u>\$ 2,276,231</u>	<u>\$ 3,573,585</u>

The Notes to Financial Statements are an integral part of these statements.

Diploma Joint Insurance Fund
Notes to Financial Statements
June 30, 2022 and 2021

1. OPERATIONS

Diploma Joint Insurance Fund (the “Fund”) is a school district joint self-insurance fund formed under the provisions of New Jersey statutes (N.J.S.A. 18A:18B-1 et seq.). The Fund commenced operations on December 15, 1995 with an original membership of 8 local school districts. Membership is 18 school districts as of June 30, 2022 and 2021. The Fund's general objectives are to provide member districts with a long-term alternative to the insurance market as a means of stabilizing insurance expenditures and to develop comprehensive loss control programs for members.

The bylaws of the Fund, as supplemented by the Risk Management Plan, set forth the various procedures which are to be followed in the organization, administration, and operation of the Fund. Fund members are subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities. The Fund considers investment income when determining deficiencies.

The Fund's administrator (“Administrator”) is responsible for the overall administration of the Fund. Fees paid to the Administrator cover all administrative costs; accordingly, the Fund does not maintain any fixed assets nor incur any employee payroll expense.

The specific limits of liability of the various coverages afforded by the Fund incorporate member deductibles, funded self-insured retentions, and various jointly purchased conventional insurance policies.

The Fund offers its members the following coverages:

- Workers' compensation and employers' liability
- Supplemental indemnity
- Package (auto liability, general liability, property, and environmental impairment liability)
- Boiler and machinery
- Excess liability
- School leaders' professional liability (including employment practices liability)
- Crime and fidelity

The Fund's liability, or self-insured retention (“SIR”), for claims is limited to the following coverage and amounts:

	<u>Fund Year(s)</u>	<u>Loss Type ***</u>	<u>Per Occurrence SIR</u>	<u>Aggregate SIR</u>
Workers' Compensation	12/15/95 - 2001/2002	Loss & ALAE	\$250,000	Varies by fund year*
	2002/2003	Loss & ALAE	\$300,000	None
	2003/2004	Loss & ALAE	\$325,000	None
	2004/2005 - 2010/2011	Loss & ALAE	\$250,000	None
	2011/2012 - 2021/2022	Loss & ALAE	\$100,000	None
Property	7/23/1999 - 12/31/2001	Loss & ALAE	\$25,000	Varies by fund year*
Property & Liability	2005/2006 - 2021/2022	Loss & ALAE	\$100,000	Varies by fund year*
School Leaders' Liability	2005/2006 - 2009/2010	Loss & ALAE	\$25,000	None
	2010/2011 - 2014/2015	Loss & ALAE	\$35,000**	None
	2015/2016 - 2019/2020	Loss & ALAE	\$100,000	None
	2020/2021	Loss & ALAE	\$200,000	None
	2021/2022	Loss & ALAE	\$300,000	None

*On file with the Fund.

**For one member, SIR was \$50,000 for these fund years.

***Allocated Loss Adjustment Expense (“ALAE”)

Diploma Joint Insurance Fund

Notes to Financial Statements

June 30, 2022 and 2021

Effective with the 2020/21 fund year, the Fund has an additional per occurrence \$300,000 SIR on property for named storm systems that does not accrue to the aggregate. This is shared pro rata with the other members of the excess fund.

Effective 2020-2021, for auto and general liability coverage ("AL & GL"), the Fund is responsible for its self-insured retention of \$100,000 of each loss after which School Excess Liability Fund ("SEL") will pay its self-insured retention of \$400,000. Once the combined self-insured retention of \$500,000 has been paid, SEL will pay up to an aggregate loss corridor of \$2,000,000, applicable to all AL & GL covered losses, before the excess carrier has any obligation to pay.

Effective 2021/2022 and 2020/2021, the Fund has a SIR for all school board legal liability ("SBLL") claims of \$300,000 and \$200,000, respectively, after which SEL will pay a loss corridor up to a total of \$1,000,000 and \$900,000, respectively, after which the carrier will be obligated to pay.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund are prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

Governmental Accounting Standards Board Codification Section 2100, *Defining Financial Reporting Entity*, establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards, and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The Fund has determined that there were no additional entities required to be included in the reporting entity under the criteria as described above. In addition, the Fund is not includable in any other reporting entity on the basis of such criteria.

Basis of Accounting

The Fund utilizes the accrual basis of accounting whereby revenue is recorded as earned and expenses reflected as incurred. Fund surplus (deficit), or net position, reflects the excess (deficit) of total assets over total liabilities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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. In addition, certain actuarial assumptions have been made in the preparation of these financial statements. Actual results could differ from those estimates. Significant estimates included in these financial statements are fair market value of investments, case reserves, and incurred but not reported ("IBNR") reserves.

Cash and Cash Equivalents

The Fund considers all highly liquid investments with maturities of less than three months at the time of purchase to be cash equivalents.

Diploma Joint Insurance Fund

Notes to Financial Statements

June 30, 2022 and 2021

Investments

The investments in government-backed fixed maturities are carried at fair value. Fair value has been supplied by the custodian.

Fair Value of Financial Instruments

According to professional standards, the Fund measures its fair value under accounting principles generally accepted in the United States of America and provides disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs using a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Revenue Recognition

The Fund offers annual coverage to its members. Member assessments (contributions) are recorded on the accrual basis. The member assessments of the participating boards of education are determined by the Administrator and then certified by vote of the Fund's Board of Trustees. There are no advance sums collected for the revenue streams except any prepayments recorded as a liability. Revenue is recognized in the year the coverage is in effect and is recognized ratably over the period the service is provided.

Assessments Receivable

Assessments receivable from Fund members are unsecured and are recorded when invoices are issued and are presented in the balance sheets. Per the Fund's bylaws, past-due assessments shall bear interest at a rate determined annually by the Board of Trustees. The interest rate assessed for each of the years ended June 30, 2022 and 2021 was 0%. The Fund has determined a reserve against assessments receivable is not necessary as of June 30, 2022 and 2021. Payments of assessments receivable are allocated to specific invoices identified on the member's invoice. Assessments receivable are written off when they are deemed to be uncollectible.

Other Receivables

Other receivables represent amounts due from members' deductible billings and from reinsurers and can remain open until claims are settled. These amounts are unsecured, noninterest bearing and deemed to be fully collectible.

Diploma Joint Insurance Fund
Notes to Financial Statements
June 30, 2022 and 2021

Claims Liabilities

The Fund establishes claims liabilities for the Fund's SIR loss and claim adjustment expense based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. The Fund does not discount claim liabilities. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Subrogation and other recoverable claim amounts are recognized as a reduction of claim payments upon the receipt of cash or are accrued for if the recoverable amount is known.

Reinsurance

The Fund purchases a multiline reinsurance contract in accordance with the Risk Management Plan to reduce its exposure to large losses on certain types of insured events. Although reinsurance does not discharge the primary liability of the Fund as direct insurer of the risk of loss, the Fund does not report the claim payments or liabilities under reinsurance contracts unless it is probable that those liabilities will not be covered by reinsurers. A contingent liability may exist with respect to reinsurance which would become an actual liability in the event any of the insurance companies might be unable to meet their obligations to the Fund.

Income Taxes

The Fund is a tax-exempt organization and is not subject to either federal or state taxes.

3. CASH AND CASH EQUIVALENTS

At June 30, 2022 and 2021, the carrying amounts of the Fund's deposits were \$11,719,112 and \$9,455,589, respectively, and the bank balances were \$11,788,390 and \$9,548,770, respectively. The bank balances are deposited in public depositories which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation and any amounts in excess of \$250,000 are fully collateralized by the bank or institution through the Governmental Unit Deposit Protection Act.

4. INVESTMENTS

At June 30, 2022 and 2021, the Fund invested only in notes backed by the federal government which are triple A rated by Moody's with various interest rates and maturity dates. The maturity dates range from September 30, 2022 to September 30, 2026 as of June 30, 2022 and from October 31, 2021 to February 28, 2026 as of June 30, 2021. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments that are in the possession of an outside party. At June 30, 2022 and 2021, all of the Fund's investments are under the custody of the New Jersey Asset and Rebate Management Program who is the Fund's investment advisor.

Diploma Joint Insurance Fund
Notes to Financial Statements
June 30, 2022 and 2021

Investments are stated at fair value. The difference between fair value and amortized cost is recorded as unrealized gain at June 30 each year. Investments consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Face value	\$ 10,820,000	\$ 10,485,000
Unamortized premium, net	40,689	165,572
Unrealized gain (loss), net	<u>(451,096)</u>	<u>201,189</u>
Fair value	<u>\$ 10,409,593</u>	<u>\$ 10,851,761</u>

Investment income consisted of the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Interest income	\$ 193,555	\$ 202,546
Amortization of premium, net	(19,933)	(33,346)
Realized gain using amortized cost	<u>15,657</u>	<u>19,063</u>
Investment return, net	<u>\$ 189,279</u>	<u>\$ 188,263</u>

5. FAIR VALUE ACCOUNTING

Recurring Fair Value Measurements

The Fund has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The following tables summarize assets which have been accounted for at fair value on a recurring basis as of June 30, 2022 and 2021 along with the basis for the determination of fair value:

	<u>2022</u>			
	<u>Basis for Valuation</u>			
	<u>Total</u>	<u>Quoted Prices in Active Markets</u>	<u>Observable Measurement Criteria</u>	<u>Unobservable Measurement Criteria</u>
Investments - U.S. Treasury Notes	<u>\$ 10,409,593</u>	<u>\$ 10,409,593</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>2021</u>			
	<u>Basis for Valuation</u>			
	<u>Total</u>	<u>Quoted Prices in Active Markets</u>	<u>Observable Measurement Criteria</u>	<u>Unobservable Measurement Criteria</u>
Investments - U.S. Treasury Notes	<u>\$ 10,851,761</u>	<u>\$ 10,851,761</u>	<u>\$ -</u>	<u>\$ -</u>

Diploma Joint Insurance Fund
Notes to Financial Statements
June 30, 2022 and 2021

For applicable assets and liabilities subject to this pronouncement, the Fund will value such assets and liabilities using quoted market prices in active markets for identical assets and liabilities to the extent possible. To the extent that such market prices are not available, the Fund will next attempt to value such assets and liabilities using observable measurement criteria, including quoted market prices of similar assets and liabilities in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Fund will develop measurement criteria based on the best information available.

U.S. government-backed fixed notes are valued at the closing price reported on the active market on which individual securities are traded along with comparable bond ratings under Moody's and S&P.

The valuation methods for these investments are consistent for the years ended June 30, 2022 and 2021.

6. CONCENTRATION OF CREDIT RISK

The Fund has three members whose individual assessments are greater than 10% of total assessment revenue. In total, these members approximated 45% of total assessment revenue for each of the fund years ended June 30, 2022 and 2021.

7. LOSS RESERVES

The liability for unpaid losses and loss adjustment expenses represents an estimate of the ultimate net cost of all losses and loss adjustment expenses incurred but not yet paid as of June 30, 2022 and 2021. This estimate is based on the estimated ultimate cost of settling the claims considering the historical experience of the Fund, various other industry statistics, including the effects of inflation and other societal or economic factors, and the Fund's self-insured retention level. Management believes that the liability for unpaid losses is adequate to cover the ultimate cost of reported and unreported claims incurred but not yet paid. However, the ultimate cost may be more or less than the estimated liability. The Fund has created a loss reserve for any reported and potential unreported losses which have taken place but in which the Fund has not received notices or reports of losses IBNR.

Loss reserves at June 30 which have been estimated by the Fund's claims servicing organization and actuary, are as follows:

	<u>2022</u>	<u>2021</u>
Case reserves	\$ 4,301,232	\$ 3,344,887
Reserves for losses incurred but not reported	<u>3,892,112</u>	<u>4,908,448</u>
	<u>\$ 8,193,344</u>	<u>\$ 8,253,335</u>

Diploma Joint Insurance Fund
Notes to Financial Statements
June 30, 2022 and 2021

The following represents changes in the aggregate reserves for the Fund as of June 30:

	<u>2022</u>	<u>2021</u>
Unpaid claim liabilities, beginning of year	\$ 8,253,335	\$ 6,558,036
Incurred claims		
Provision for insured events of the current year	5,598,285	4,802,398
Decrease in provision for insured events of prior years	<u>(2,628,934)</u>	<u>(1,340,977)</u>
Total increase in incurred claims	<u>2,969,351</u>	<u>3,461,421</u>
Payments		
Payments - net on claims for insured events of the current year	1,717,582	785,562
Payments - net on claims for insured events of prior years	<u>1,311,760</u>	<u>980,560</u>
Total payments	<u>3,029,342</u>	<u>1,766,122</u>
Unpaid claim liabilities, end of year	<u>\$ 8,193,344</u>	<u>\$ 8,253,335</u>

8. SUPPLEMENTAL ASSESSMENTS DUE TO MEMBERS

During the year ended June 30, 2007, the Fund paid a claim from fund year 2000/2001 in the amount of \$750,000. In January 2010, the Fund was reimbursed \$300,000 from the New Jersey Property and Liability Insurance Guaranty Association; and during the year ended June 30, 2014, the fund received an additional \$385,000 from Legion Liquidation and Equity Trust Company following a suit as a result of its bankruptcy. The total amount of supplemental assessments payable to members at both June 30, 2022 and 2021 is \$673,000, net of application of a previously existing receivable of \$12,000, which may be returned to members as appropriate.

9. SUBSEQUENT EVENTS

The Fund has evaluated subsequent events occurring after the balance sheet date through November 8, 2022, which is the date the financial statements were available to be issued. Based on this evaluation, the Fund has determined there are no subsequent events that require disclosure in or adjustment to the financial statements.

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 the Fund Commissioners,
Diploma Joint Insurance Fund:

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, and the audit requirements as prescribed by the State of New Jersey, Division of Local Government Services, Department of Community Affairs, and Department of Banking and Insurance, the financial statements of Diploma Joint Insurance Fund (the "Fund"), which comprise the balance sheet as of June 30, 2022, and the related statements of revenue, expenses, and changes in fund surplus and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing the 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 Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over financial reporting.

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 entity'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 over financial reporting 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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* and the audit requirements as prescribed by the State of New Jersey, Division of Local Government Services, Department of Community Affairs, and Department of Banking and Insurance.

Purpose of the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the audit requirements as prescribed by the State of New Jersey, Division of Local Government Services, Department of Community Affairs, and Department of Banking and Insurance in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Withum Smith + Brown, PC

November 8, 2022

SUPPLEMENTARY INFORMATION

Diploma Joint Insurance Fund
Ten Year Claims Development Information
June 30, 2022

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Underwriting income - regular contributions	\$ 6,329,824	\$ 6,790,691	\$ 7,115,651	\$ 6,870,536	\$ 6,100,993	\$ 6,400,128	\$ 6,650,091	\$ 7,000,217	\$ 10,093,933	\$ 10,811,932
Investment and other income (loss)	<u>69,745</u>	<u>50,365</u>	<u>118,505</u>	<u>85,558</u>	<u>86,981</u>	<u>48,756</u>	<u>126,302</u>	<u>31,053</u>	<u>(103,399)</u>	<u>(1)</u>
	<u>\$ 6,399,569</u>	<u>\$ 6,841,056</u>	<u>\$ 7,234,156</u>	<u>\$ 6,956,094</u>	<u>\$ 6,187,974</u>	<u>\$ 6,448,884</u>	<u>\$ 6,776,393</u>	<u>\$ 7,031,270</u>	<u>\$ 9,990,534</u>	<u>\$ 10,811,931</u>
Insurance and reinsurance premiums	\$ 1,875,290	\$ 2,121,928	\$ 2,282,726	\$ 2,071,564	\$ 1,978,964	\$ 2,127,607	\$ 2,127,777	\$ 2,379,166	\$ 3,629,849	\$ 3,766,434
Administrative expenses	<u>984,754</u>	<u>1,069,539</u>	<u>1,104,036</u>	<u>1,065,687</u>	<u>928,861</u>	<u>980,069</u>	<u>1,006,477</u>	<u>1,069,054</u>	<u>1,571,115</u>	<u>1,736,170</u>
	<u>\$ 2,860,044</u>	<u>\$ 3,191,467</u>	<u>\$ 3,386,762</u>	<u>\$ 3,137,251</u>	<u>\$ 2,907,825</u>	<u>\$ 3,107,676</u>	<u>\$ 3,134,254</u>	<u>\$ 3,448,220</u>	<u>\$ 5,200,964</u>	<u>\$ 5,502,604</u>
Estimated incurred claims, end of policy year	\$ 2,757,000	\$ 4,120,000	\$ 3,467,000	\$ 3,170,000	\$ 2,792,098	\$ 3,915,865	\$ 3,044,544	\$ 3,411,781	\$ 4,802,398	\$ 5,598,285
Cumulative paid claims as of:										
End of policy year	1,135,829	1,762,284	1,036,691	1,072,272	767,370	1,444,256	1,214,554	793,540	785,562	1,646,589
One year later	1,861,858	2,567,716	1,814,544	2,091,114	1,216,150	2,427,273	1,747,484	1,110,668	1,351,129	
Two years later	2,300,342	2,788,486	2,042,234	2,532,615	1,661,765	2,753,925	1,849,857	1,258,080		
Three years later	2,533,405	3,032,351	2,352,015	2,980,810	1,819,549	2,894,629	2,009,308			
Four years later	2,661,431	3,172,397	2,525,022	3,016,781	1,958,187	3,036,939				
Five years later	2,771,930	3,381,005	2,623,829	3,077,184	1,958,686					
Six years later	2,841,628	3,416,118	2,641,155	3,145,774						
Seven years later	2,850,318	3,494,919	2,784,806							
Eight years later	2,868,248	3,541,327								
Nine years later	2,878,884									
Cumulative incurred claims as of:										
End of policy year	2,757,000	4,120,000	3,467,000	3,170,000	2,792,098	3,915,865	3,044,544	3,411,781	4,802,398	5,598,285
One year later	2,865,419	3,480,000	3,069,028	3,516,065	2,328,958	4,256,888	2,827,769	2,340,863	2,774,268	
Two years later	3,102,919	3,620,000	3,091,048	3,826,349	2,296,224	3,852,486	2,650,590	2,004,815		
Three years later	3,114,319	3,485,000	2,937,000	3,600,798	2,176,877	3,721,572	2,647,727			
Four years later	3,062,318	3,446,046	2,854,665	3,538,520	2,193,660	3,518,647				
Five years later	2,976,517	3,475,950	2,824,303	3,508,976	2,180,058					
Six years later	2,965,982	3,533,482	2,846,576	3,394,018						
Seven years later	2,971,956	3,545,732	2,895,922							
Eight years later	2,955,747	3,581,222								
Nine years later	<u>2,929,405</u>									
Increase (decrease) in cumulative incurred claims from end of policy year	<u>\$ 172,405</u>	<u>\$ (538,778)</u>	<u>\$ (571,078)</u>	<u>\$ 224,018</u>	<u>\$ (612,040)</u>	<u>\$ (397,218)</u>	<u>\$ (396,817)</u>	<u>\$ 1,406,966</u>	<u>\$ 2,028,130</u>	<u>\$ -</u>

See Independent Auditor's Report.

Diploma Joint Insurance Fund
Schedules of Changes in Claim Liabilities by Line of Coverage
June 30, 2022 and 2021

	2022			
	<u>Total</u>	<u>Workers' Compensation</u>	<u>Package</u>	<u>School Board Legal Liability</u>
Unpaid claim liabilities, beginning of year	\$ 8,253,335	\$ 6,444,285	\$ 496,828	\$ 1,312,222
Incurred claims				
Provision for insured events of current year	5,598,285	3,560,268	1,186,143	851,874
Decrease in provision for insured events of prior years	<u>(2,628,934)</u>	<u>(2,493,287)</u>	<u>(82,594)</u>	<u>(53,053)</u>
Increase in incurred claims	<u>2,969,351</u>	<u>1,066,981</u>	<u>1,103,549</u>	<u>798,821</u>
Claim payments				
Payments-net on claims for insured events of current year	1,717,582	1,224,626	471,181	21,775
Payments-net on claims for insured events of prior years	<u>1,311,760</u>	<u>912,344</u>	<u>129,125</u>	<u>270,291</u>
Total payments	<u>3,029,342</u>	<u>2,136,970</u>	<u>600,306</u>	<u>292,066</u>
Unpaid liability, end of year	<u>\$ 8,193,344</u>	<u>\$ 5,374,296</u>	<u>\$ 1,000,071</u>	<u>\$ 1,818,977</u>
	2021			
	<u>Total</u>	<u>Workers' Compensation</u>	<u>Package</u>	<u>School Board Legal Liability</u>
Unpaid claim liabilities, beginning of year	\$ 6,558,036	\$ 5,297,274	\$ 387,576	\$ 873,186
Incurred claims				
Provision for insured events of current year	4,802,398	3,726,594	423,059	652,745
Increase (decrease) in provision for insured events of prior years	<u>(1,340,977)</u>	<u>(1,392,125)</u>	<u>2,569</u>	<u>48,579</u>
Increase in incurred claims	<u>3,461,421</u>	<u>2,334,469</u>	<u>425,628</u>	<u>701,324</u>
Claim payments				
Payments-net on claims for insured events of current year	785,562	577,789	207,773	-
Payments-net on claims for insured events of prior years	<u>980,560</u>	<u>609,669</u>	<u>108,603</u>	<u>262,288</u>
Total payments	<u>1,766,122</u>	<u>1,187,458</u>	<u>316,376</u>	<u>262,288</u>
Unpaid liability, end of year	<u>\$ 8,253,335</u>	<u>\$ 6,444,285</u>	<u>\$ 496,828</u>	<u>\$ 1,312,222</u>

See Independent Auditor's Report.

**Diploma Joint Insurance Fund
Schedule of Changes in Fund Surplus
Fund Years 1996 through 2022
June 30, 2022**

<u>Fund Year</u>	<u>Fund Surplus (Deficit) July 1, 2021</u>	<u>Net Income (Loss)</u>	<u>Fund Surplus (Deficit) June 30, 2022</u>
1996	\$ 23,610	\$ (541)	\$ 23,069
1997	63,979	(1,466)	62,513
1998	(118,100)	-	(118,100)
1999	96,412	(2,210)	94,202
2000	54,870	(1,256)	53,614
2001	(2,915)	(15,354)	(18,269)
2002	(208,935)	-	(208,935)
2003	(311,350)	-	(311,350)
2004	(341,898)	(9,082)	(350,980)
2005	412,857	(10,160)	402,697
2006	712,969	(17,620)	695,349
2007	240,882	3,513	244,395
2008	1,043,275	(29,449)	1,013,826
2009	1,178,690	(27,686)	1,151,004
2010	892,351	(24,247)	868,104
2011	257,889	(6,426)	251,463
2012	1,335,605	(43,941)	1,291,664
2013	600,609	9,511	610,120
2014	107,990	(39,320)	68,670
2015	1,027,145	(75,673)	951,472
2016	327,820	97,005	424,825
2017	1,117,750	(17,659)	1,100,091
2018	(372,914)	195,475	(177,439)
2019	1,031,509	(37,097)	994,412
2020	1,265,017	313,218	1,578,235
2021	46,262	1,969,040	2,015,302
2022	-	(288,958)	(288,958)
	<u>\$ 10,481,379</u>	<u>\$ 1,939,617</u>	<u>\$ 12,420,996</u>

See Independent Auditor's Report.

**Diploma Joint Insurance Fund
Cumulative Operating Results Analysis
Fund Years 1996 through 2022
June 30, 2022**

Revenue	
Underwriting income - regular contributions	\$ 149,828,558
Supplemental assessments	<u>750,000</u>
	<u>150,578,558</u>
Expenses	
Claims	
Paid	66,314,436
Reinsurance settlement claim 2000/2001	750,000
Increase in case reserves	4,301,234
Increase in IBNR reserves	<u>3,892,112</u>
Claims, net	<u>75,257,782</u>
Insurance and reinsurance premiums	44,859,551
Administrative expenses	<u>22,409,764</u>
Total expenses	<u>67,269,315</u>
Operating income	8,051,461
Investment and other income	<u>3,641,242</u>
Net income	11,692,703
Return of surplus	<u>728,293</u>
Fund surplus	<u>\$ 12,420,996</u>

See Independent Auditor's Report.

Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 1996
June 30, 2022

	<u>Workers'</u> <u>Compensation</u>
Underwriting income	
Regular contributions	\$ 798,889
Expenses	
Claims	
Paid	828,447
Other	
Excess insurance premiums	63,354
Administrative	<u>124,913</u>
Total expenses	<u>1,016,714</u>
Operating loss	<u>(217,825)</u>
Investment income	50,894
Transfers	<u>190,000</u>
Non-operating income	<u>240,894</u>
Net income	23,069
Less: Return of surplus	<u>-</u>
Net current surplus	<u>\$ 23,069</u>

See Independent Auditor's Report.

Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 1997
June 30, 2022

	<u>Workers'</u> <u>Compensation</u>
Underwriting income	
Regular contributions	\$ 2,862,382
Expenses	
Claims	
Paid	1,810,227
Other	
Excess insurance premiums	188,717
Administrative	<u>420,195</u>
Total expenses	<u>2,419,139</u>
Operating income	<u>443,243</u>
Investment income	430,460
Transfers	<u>(549,898)</u>
Non-operating loss	<u>(119,438)</u>
Net income	323,805
Less: Return of surplus	<u>(261,292)</u>
Net current surplus	<u>\$ 62,513</u>

See Independent Auditor's Report.

Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 1998
June 30, 2022

	<u>Workers'</u> <u>Compensation</u>
Underwriting income	
Regular contributions	\$ 2,587,297
Expenses	
Claims	
Paid	1,935,684
Case reserves	<u>22,988</u>
	1,958,672
Other	
Excess insurance premiums	153,193
Administrative	<u>405,790</u>
Total expenses	<u>2,517,655</u>
Operating income	<u>69,642</u>
Investment income	312,258
Transfers	<u>(340,945)</u>
Non-operating loss	<u>(28,687)</u>
Net income	40,955
Less: Return of surplus	<u>(159,055)</u>
Net current deficit	<u>\$ (118,100)</u>

See Independent Auditor's Report.

Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 1999
June 30, 2022

	<u>Workers'</u> <u>Compensation</u>
Underwriting income	
Regular contributions	\$ 2,104,080
Expenses	
Claims	
Paid	2,096,270
Other	
Excess insurance premiums	96,383
Administrative	<u>338,079</u>
Total expenses	<u>2,530,732</u>
Operating loss	<u>(426,652)</u>
Investment income	160,956
Transfers	<u>359,898</u>
Non-operating income	<u>520,854</u>
Net income	94,202
Less: Return of surplus	<u>-</u>
Net current surplus	<u>\$ 94,202</u>

See Independent Auditor's Report.

Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2000
June 30, 2022

	<u>Workers'</u> <u>Compensation</u>	<u>Package</u>	<u>Excess &</u> <u>Boiler & Machinery</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 1,244,637	\$ 803,977	\$ 59,988	\$ 517,651	\$ 2,626,253
Expenses					
Claims					
Paid	2,069,983	51,799	-	-	2,121,782
Other					
Excess insurance premiums	70,786	697,752	59,682	-	828,220
Administrative	-	24,520	-	526,283	550,803
Total other expenses	70,786	722,272	59,682	526,283	1,379,023
Total expenses	2,140,769	774,071	59,682	526,283	3,500,805
Operating income (loss)	(896,132)	29,906	306	(8,632)	(874,552)
Investment income	53,932	32,391	2,084	12,836	101,243
Transfers	327,303	(38,511)	-	(11,679)	277,113
Total non-operating income (loss)	381,235	(6,120)	2,084	1,157	378,356
Net income (loss)	(514,897)	23,786	2,390	(7,475)	(496,196)
Less: Return of surplus	549,810	-	-	-	549,810
Net current surplus (deficit)	\$ 34,913	\$ 23,786	\$ 2,390	\$ (7,475)	\$ 53,614

See Independent Auditor's Report.

Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2001
June 30, 2022

	<u>Workers'</u> <u>Compensation</u>	<u>Package</u>	<u>Excess &</u> <u>Boiler & Machinery</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 1,642,182	\$ 968,751	\$ 111,187	\$ 620,782	\$ 3,342,902
Expenses					
Claims					
Paid	1,750,355	148,943	-	-	1,899,298
Other					
Excess insurance premiums	108,287	790,043	108,950	-	1,007,280
Administrative	-	11,520	-	596,849	608,369
Total other expenses	108,287	801,563	108,950	596,849	1,615,649
Total expenses	1,858,642	950,506	108,950	596,849	3,514,947
Operating income (loss)	(216,460)	18,245	2,237	23,933	(172,045)
Investment income	9,622	62,365	3,995	77,794	153,776
Transfers	-	-	-	-	-
Total non-operating income	9,622	62,365	3,995	77,794	153,776
Net income (loss)	(206,838)	80,610	6,232	101,727	(18,269)
Less: Return of surplus	-	-	-	-	-
Net current surplus (deficit)	\$ (206,838)	\$ 80,610	\$ 6,232	\$ 101,727	\$ (18,269)

See Independent Auditor's Report.

**Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2002
June 30, 2022**

	<u>Workers' Compensation</u>	<u>Package</u>	<u>Excess & Boiler & Machinery</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 2,141,152	\$ 733,979	\$ 189,669	\$ 585,537	\$ 3,650,337
Expenses					
Claims					
Paid	3,010,565	-	-	-	3,010,565
Other					
Excess insurance premiums	147,158	733,188	179,136	-	1,059,482
Administrative	-	-	-	539,481	539,481
Total other expenses	147,158	733,188	179,136	539,481	1,598,963
Total expenses	3,157,723	733,188	179,136	539,481	4,609,528
Operating income (loss)	(1,016,571)	791	10,533	46,056	(959,191)
Investment income	66,291	8,671	2,437	10,195	87,594
Transfers	106,599	(5,829)	(9,659)	(27,279)	63,832
Total non-operating income (loss)	172,890	2,842	(7,222)	(17,084)	151,426
Net income (loss)	(843,681)	3,633	3,311	28,972	(807,765)
Less: Return of surplus	608,400	(2,400)	(4,113)	(3,057)	598,830
Net current surplus (deficit)	\$ (235,281)	\$ 1,233	\$ (802)	\$ 25,915	\$ (208,935)

See Independent Auditor's Report.

Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2003
June 30, 2022

	<u>Workers'</u> <u>Compensation</u>	<u>Package</u>	<u>Excess &</u> <u>Boiler & Machinery</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 2,945,394	\$ 1,284,943	\$ 116,400	\$ 582,914	\$ 4,929,651
Expenses					
Claims					
Paid	3,184,896	-	-	-	3,184,896
Other					
Excess insurance premiums	261,329	1,259,578	116,614	-	1,637,521
Administrative	-	-	-	535,670	535,670
Total other expenses	261,329	1,259,578	116,614	535,670	2,173,191
Total expenses	3,446,225	1,259,578	116,614	535,670	5,358,087
Operating income (loss)	(500,831)	25,365	(214)	47,244	(428,436)
Investment income	74,330	21,962	1,355	19,439	117,086
Transfers	-	-	-	-	-
Total non-operating income	74,330	21,962	1,355	19,439	117,086
Net income (loss)	(426,501)	47,327	1,141	66,683	(311,350)
Less: Return of surplus	-	-	-	-	-
Net current surplus (deficit)	\$ (426,501)	\$ 47,327	\$ 1,141	\$ 66,683	\$ (311,350)

See Independent Auditor's Report.

**Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2004
June 30, 2022**

	<u>Workers' Compensation</u>	<u>Package</u>	<u>Excess & Boiler & Machinery</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 3,082,770	\$ 1,888,164	\$ 60,302	\$ 689,224	\$ 5,720,460
Expenses					
Claims					
Paid	3,451,665	-	-	-	3,451,665
Case reserves	30,175	-	-	-	30,175
	<u>3,481,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,481,840</u>
Other					
Excess insurance premiums	262,159	1,887,190	60,301	-	2,209,650
Administrative	-	-	-	555,799	555,799
Total other expenses	<u>262,159</u>	<u>1,887,190</u>	<u>60,301</u>	<u>555,799</u>	<u>2,765,449</u>
Total expenses	<u>3,743,999</u>	<u>1,887,190</u>	<u>60,301</u>	<u>555,799</u>	<u>6,247,289</u>
Operating income (loss)	<u>(661,229)</u>	<u>974</u>	<u>1</u>	<u>133,425</u>	<u>(526,829)</u>
Investment income	129,841	13,641	3,125	29,242	175,849
Transfers	-	-	-	-	-
Total non-operating income	<u>129,841</u>	<u>13,641</u>	<u>3,125</u>	<u>29,242</u>	<u>175,849</u>
Net income (loss)	(531,388)	14,615	3,126	162,667	(350,980)
Less: Return of surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net current surplus (deficit)	<u>\$ (531,388)</u>	<u>\$ 14,615</u>	<u>\$ 3,126</u>	<u>\$ 162,667</u>	<u>\$ (350,980)</u>

See Independent Auditor's Report.

Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2005
June 30, 2022

	<u>Workers'</u> <u>Compensation</u>	<u>Package</u>	<u>Excess &</u> <u>Boiler & Machinery</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 3,564,946	\$ 2,199,106	\$ 63,742	\$ 665,136	\$ 6,492,930
Expenses					
Claims					
Paid	3,054,194	-	-	-	3,054,194
Case reserves	30,528	-	-	-	30,528
	<u>3,084,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,084,722</u>
Other					
Excess insurance premiums	414,693	2,208,509	63,742	-	2,686,944
Administrative	-	-	-	611,750	611,750
Total other expenses	<u>414,693</u>	<u>2,208,509</u>	<u>63,742</u>	<u>611,750</u>	<u>3,298,694</u>
Total expenses	<u>3,499,415</u>	<u>2,208,509</u>	<u>63,742</u>	<u>611,750</u>	<u>6,383,416</u>
Operating income (loss)	<u>65,531</u>	<u>(9,403)</u>	<u>-</u>	<u>53,386</u>	<u>109,514</u>
Investment income	<u>253,260</u>	<u>17,657</u>	<u>1,215</u>	<u>21,051</u>	<u>293,183</u>
Total non-operating income	<u>253,260</u>	<u>17,657</u>	<u>1,215</u>	<u>21,051</u>	<u>293,183</u>
Net income	318,791	8,254	1,215	74,437	402,697
Less: Return of surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net current surplus	<u>\$ 318,791</u>	<u>\$ 8,254</u>	<u>\$ 1,215</u>	<u>\$ 74,437</u>	<u>\$ 402,697</u>

See Independent Auditor's Report.

**Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2006
June 30, 2022**

	<u>Workers' Compensation</u>	<u>Package</u>	<u>School Board Legal Liability</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 3,350,947	\$ 1,327,620	\$ 469,440	\$ 1,093,320	\$ 6,241,327
Expenses					
Claims					
Paid	3,042,611	314,789	15,006	-	3,372,406
Case reserves	45,829	-	-	-	45,829
	<u>3,088,440</u>	<u>314,789</u>	<u>15,006</u>	<u>-</u>	<u>3,418,235</u>
Other					
Excess insurance premiums	443,784	820,562	296,998	-	1,561,344
Administrative	-	-	-	984,327	984,327
Total other expenses	<u>443,784</u>	<u>820,562</u>	<u>296,998</u>	<u>984,327</u>	<u>2,545,671</u>
Total expenses	<u>3,532,224</u>	<u>1,135,351</u>	<u>312,004</u>	<u>984,327</u>	<u>5,963,906</u>
Operating income (loss)	<u>(181,277)</u>	<u>192,269</u>	<u>157,436</u>	<u>108,993</u>	<u>277,421</u>
Investment income	277,953	64,613	39,545	35,817	417,928
Transfers	-	-	-	-	-
Total non-operating income	<u>277,953</u>	<u>64,613</u>	<u>39,545</u>	<u>35,817</u>	<u>417,928</u>
Net income	96,676	256,882	196,981	144,810	695,349
Less: Return of surplus	-	-	-	-	-
Net current surplus	<u>\$ 96,676</u>	<u>\$ 256,882</u>	<u>\$ 196,981</u>	<u>\$ 144,810</u>	<u>\$ 695,349</u>

See Independent Auditor's Report.

**Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2007
June 30, 2022**

	<u>Workers' Compensation</u>	<u>Package</u>	<u>School Board Legal Liability</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 3,471,348	\$ 1,434,876	\$ 488,412	\$ 1,112,508	\$ 6,507,144
Expenses					
Claims					
Paid	3,386,449	317,956	80,007	-	3,784,412
Case reserves	60,830	-	-	-	60,830
	<u>3,447,279</u>	<u>317,956</u>	<u>80,007</u>	<u>-</u>	<u>3,845,242</u>
Other					
Excess insurance premiums	524,920	887,391	302,190	-	1,714,501
Administrative	-	-	-	986,826	986,826
Total other expenses	<u>524,920</u>	<u>887,391</u>	<u>302,190</u>	<u>986,826</u>	<u>2,701,327</u>
Total expenses	<u>3,972,199</u>	<u>1,205,347</u>	<u>382,197</u>	<u>986,826</u>	<u>6,546,569</u>
Operating income (loss)	<u>(500,851)</u>	<u>229,529</u>	<u>106,215</u>	<u>125,682</u>	<u>(39,425)</u>
Investment income	185,511	49,631	23,571	25,107	283,820
Transfers	-	-	-	-	-
Total non-operating income	<u>185,511</u>	<u>49,631</u>	<u>23,571</u>	<u>25,107</u>	<u>283,820</u>
Net income (loss)	(315,340)	279,160	129,786	150,789	244,395
Less: Return of surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net current surplus (deficit)	<u>\$ (315,340)</u>	<u>\$ 279,160</u>	<u>\$ 129,786</u>	<u>\$ 150,789</u>	<u>\$ 244,395</u>

See Independent Auditor's Report.

**Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2008
June 30, 2022**

	<u>Workers' Compensation</u>	<u>Package</u>	<u>School Board Legal Liability</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 3,596,583	\$ 1,550,265	\$ 475,736	\$ 1,103,388	\$ 6,725,972
Expenses					
Claims					
Paid	2,800,328	262,190	71,181	-	3,133,699
Case reserves	87,762	-	-	-	87,762
	<u>2,888,090</u>	<u>262,190.00</u>	<u>71,181.00</u>	<u>-</u>	<u>3,221,461</u>
Other					
Excess insurance premiums	518,518	906,599	269,148	-	1,694,265
Administrative	-	-	-	1,017,348	1,017,348
Total other expenses	<u>518,518</u>	<u>906,599</u>	<u>269,148</u>	<u>1,017,348</u>	<u>2,711,613</u>
Total expenses	<u>3,406,608</u>	<u>1,168,789</u>	<u>340,329</u>	<u>1,017,348</u>	<u>5,933,074</u>
Operating income	<u>189,975</u>	<u>381,476</u>	<u>135,407</u>	<u>86,040</u>	<u>792,898</u>
Investment income	<u>135,863</u>	<u>51,855</u>	<u>20,167</u>	<u>13,043</u>	<u>220,928</u>
Total non-operating income	<u>135,863</u>	<u>51,855</u>	<u>20,167</u>	<u>13,043</u>	<u>220,928</u>
Net income	325,838	433,331	155,574	99,083	1,013,826
Less: Return of surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net current surplus	<u>\$ 325,838</u>	<u>\$ 433,331</u>	<u>\$ 155,574</u>	<u>\$ 99,083</u>	<u>\$ 1,013,826</u>

See Independent Auditor's Report.

**Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2009
June 30, 2022**

	<u>Workers' Compensation</u>	<u>Package</u>	<u>School Board Legal Liability</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 2,680,126	\$ 1,005,734	\$ 251,717	\$ 826,016	\$ 4,763,593
Expenses					
Claims					
Paid	1,544,473	170,567	7,239	-	1,722,279
Case reserves	29,572	-	-	-	29,572
	<u>1,574,045</u>	<u>170,567.00</u>	<u>7,239.00</u>	<u>-</u>	<u>1,751,851</u>
Other					
Excess insurance premiums	506,818	592,248	139,707	-	1,238,773
Administrative	-	-	-	733,763	733,763
Total other expenses	<u>506,818</u>	<u>592,248</u>	<u>139,707</u>	<u>733,763</u>	<u>1,972,536</u>
Total expenses	<u>2,080,863</u>	<u>762,815</u>	<u>146,946</u>	<u>733,763</u>	<u>3,724,387</u>
Operating income	<u>599,263</u>	<u>242,919</u>	<u>104,771</u>	<u>92,253</u>	<u>1,039,206</u>
Investment income	69,522	23,332	9,253	9,691	111,798
Transfers	-	-	-	-	-
Total non-operating income	<u>69,522</u>	<u>23,332</u>	<u>9,253</u>	<u>9,691</u>	<u>111,798</u>
Net income	668,785	266,251	114,024	101,944	1,151,004
Less: Return of surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net current surplus	<u>\$ 668,785</u>	<u>\$ 266,251</u>	<u>\$ 114,024</u>	<u>\$ 101,944</u>	<u>\$ 1,151,004</u>

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Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2010
June 30, 2022

	<u>Workers'</u> <u>Compensation</u>	<u>Package</u>	<u>School Board</u> <u>Legal Liability</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 2,881,633	\$ 1,097,594	\$ 257,845	\$ 864,637	\$ 5,101,709
Expenses					
Claims					
Paid	1,952,981	237,782	30,000	-	2,220,763
Other					
Excess insurance premiums	589,261	584,756	139,128	-	1,313,145
Administrative	-	-	-	775,524	775,524
Total other expenses	589,261	584,756	139,128	775,524	2,088,669
Total expenses	2,542,242	822,538	169,128	775,524	4,309,432
Operating income	339,391	275,056	88,717	89,113	792,277
Investment income	37,242	23,562	7,361	7,662	75,827
Total non-operating income	37,242	23,562	7,361	7,662	75,827
Net income	376,633	298,618	96,078	96,775	868,104
Less: Return of surplus	-	-	-	-	-
Net current surplus	\$ 376,633	\$ 298,618	\$ 96,078	\$ 96,775	\$ 868,104

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Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2011
June 30, 2022

	<u>Workers'</u> <u>Compensation</u>	<u>Package</u>	<u>School Board</u> <u>Legal Liability</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 2,946,120	\$ 1,069,868	\$ 300,091	\$ 881,919	\$ 5,197,998
Expenses					
Claims					
Paid	2,335,176	400,000	89,700	-	2,824,876
Case reserves	22,897	-	-	-	22,897
IBNR reserves	3,286	-	-	-	3,286
	<u>2,361,359</u>	<u>400,000</u>	<u>89,700</u>	<u>-</u>	<u>2,851,059</u>
Other					
Excess insurance premiums	621,113	581,423	143,491	-	1,346,027
Administrative	-	-	-	775,829	775,829
Total other expenses	<u>621,113</u>	<u>581,423</u>	<u>143,491</u>	<u>775,829</u>	<u>2,121,856</u>
Total expenses	<u>2,982,472</u>	<u>981,423</u>	<u>233,191</u>	<u>775,829</u>	<u>4,972,915</u>
Operating income (loss)	<u>(36,352)</u>	<u>88,445</u>	<u>66,900</u>	<u>106,090</u>	<u>225,083</u>
Investment income	<u>9,973</u>	<u>5,657</u>	<u>4,108</u>	<u>6,642</u>	<u>26,380</u>
Total non-operating income	<u>9,973</u>	<u>5,657</u>	<u>4,108</u>	<u>6,642</u>	<u>26,380</u>
Net income (loss)	(26,379)	94,102	71,008	112,732	251,463
Less: Return of surplus	-	-	-	-	-
Net current surplus (deficit)	<u>\$ (26,379)</u>	<u>\$ 94,102</u>	<u>\$ 71,008</u>	<u>\$ 112,732</u>	<u>\$ 251,463</u>

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Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2012
June 30, 2022

	<u>Workers'</u> <u>Compensation</u>	<u>Package</u>	<u>School Board</u> <u>Legal Liability</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 3,600,407	\$ 1,078,352	\$ 333,882	\$ 998,997	\$ 6,011,638
Expenses					
Claims					
Paid	1,718,896	400,000	61,561	-	2,180,457
Case reserves	13,483	-	-	-	13,483
IBNR reserves	4,142	-	-	-	4,142
	<u>1,736,521</u>	<u>400,000</u>	<u>61,561</u>	<u>-</u>	<u>2,198,082</u>
Other					
Excess insurance premiums	920,171	574,058	205,218	-	1,699,447
Administrative	-	-	-	929,535	929,535
Total other expenses	<u>920,171</u>	<u>574,058</u>	<u>205,218</u>	<u>929,535</u>	<u>2,628,982</u>
Total expenses	<u>2,656,692</u>	<u>974,058</u>	<u>266,779</u>	<u>929,535</u>	<u>4,827,064</u>
Operating income	<u>943,715</u>	<u>104,294</u>	<u>67,103</u>	<u>69,462</u>	<u>1,184,574</u>
Investment income	<u>80,559</u>	<u>10,639</u>	<u>6,167</u>	<u>9,725</u>	<u>107,090</u>
Total non-operating income	<u>80,559</u>	<u>10,639</u>	<u>6,167</u>	<u>9,725</u>	<u>107,090</u>
Net income	1,024,274	114,933	73,270	79,187	1,291,664
Less: Return of surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net current surplus	<u>\$ 1,024,274</u>	<u>\$ 114,933</u>	<u>\$ 73,270</u>	<u>\$ 79,187</u>	<u>\$ 1,291,664</u>

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**Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2013
June 30, 2022**

	<u>Workers' Compensation</u>	<u>Package</u>	<u>School Board Legal Liability</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 3,704,452	\$ 1,210,794	\$ 340,241	\$ 1,074,337	\$ 6,329,824
Expenses					
Claims					
Paid	2,662,367	206,507	10,010	-	2,878,884
Case reserves	31,860	-	-	-	31,860
IBNR reserves	18,661	-	-	-	18,661
	<u>2,712,888</u>	<u>206,507</u>	<u>10,010</u>	<u>-</u>	<u>2,929,405</u>
Other					
Excess insurance premiums	980,403	701,041	193,846	-	1,875,290
Administrative	-	-	-	984,754	984,754
Total other expenses	<u>980,403</u>	<u>701,041</u>	<u>193,846</u>	<u>984,754</u>	<u>2,860,044</u>
Total expenses	<u>3,693,291</u>	<u>907,548</u>	<u>203,856</u>	<u>984,754</u>	<u>5,789,449</u>
Operating income	<u>11,161</u>	<u>303,246</u>	<u>136,385</u>	<u>89,583</u>	<u>540,375</u>
Investment income	<u>21,935</u>	<u>25,318</u>	<u>11,264</u>	<u>11,228</u>	<u>69,745</u>
Total non-operating income	<u>21,935</u>	<u>25,318</u>	<u>11,264</u>	<u>11,228</u>	<u>69,745</u>
Net income	33,096	328,564	147,649	100,811	610,120
Less: Return of surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net current surplus	<u>\$ 33,096</u>	<u>\$ 328,564</u>	<u>\$ 147,649</u>	<u>\$ 100,811</u>	<u>\$ 610,120</u>

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Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2014
June 30, 2022

	<u>Workers'</u> <u>Compensation</u>	<u>Package</u>	<u>School Board</u> <u>Legal Liability</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 3,814,732	\$ 1,433,781	\$ 391,518	\$ 1,150,660	\$ 6,790,691
Expenses					
Claims					
Paid	3,100,981	400,000	40,346	-	3,541,327
Case reserves	19,517	-	-	-	19,517
IBNR reserves	20,378	-	-	-	20,378
	<u>3,140,876</u>	<u>400,000</u>	<u>40,346</u>	<u>-</u>	<u>3,581,222</u>
Other					
Excess insurance premiums	929,766	960,644	231,518	-	2,121,928
Administrative	-	-	-	1,069,539	1,069,539
Total other expenses	<u>929,766</u>	<u>960,644</u>	<u>231,518</u>	<u>1,069,539</u>	<u>3,191,467</u>
Total expenses	<u>4,070,642</u>	<u>1,360,644</u>	<u>271,864</u>	<u>1,069,539</u>	<u>6,772,689</u>
Operating income (loss)	<u>(255,910)</u>	<u>73,137</u>	<u>119,654</u>	<u>81,121</u>	<u>18,002</u>
Investment income	19,946	7,534	12,251	10,634	50,365
Miscellaneous income	-	-	-	303	303
Total non-operating income	<u>19,946</u>	<u>7,534</u>	<u>12,251</u>	<u>10,937</u>	<u>50,668</u>
Net income (loss)	<u>(235,964)</u>	<u>80,671</u>	<u>131,905</u>	<u>92,058</u>	<u>68,670</u>
Less: Return of surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net surplus (deficit)	<u>\$ (235,964)</u>	<u>\$ 80,671</u>	<u>\$ 131,905</u>	<u>\$ 92,058</u>	<u>\$ 68,670</u>

See Independent Auditor's Report.

**Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2015
June 30, 2022**

	<u>Workers' Compensation</u>	<u>Package</u>	<u>School Board Legal Liability</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 4,018,358	\$ 1,471,397	\$ 431,716	\$ 1,194,180	\$ 7,115,651
Expenses					
Claims					
Paid	2,309,473	400,000	75,333	-	2,784,806
Case reserves	71,605	-	-	-	71,605
IBNR reserves	39,382	-	129.00	-	39,511
	<u>2,420,460</u>	<u>400,000</u>	<u>75,462</u>	<u>-</u>	<u>2,895,922</u>
Other					
Excess insurance premiums	1,016,054	1,000,952	265,720	-	2,282,726
Administrative	-	-	-	1,104,036	1,104,036
Total other expenses	<u>1,016,054</u>	<u>1,000,952</u>	<u>265,720</u>	<u>1,104,036</u>	<u>3,386,762</u>
Total expenses	<u>3,436,514</u>	<u>1,400,952</u>	<u>341,182</u>	<u>1,104,036</u>	<u>6,282,684</u>
Operating income	<u>581,844</u>	<u>70,445</u>	<u>90,534</u>	<u>90,144</u>	<u>832,967</u>
Investment income	<u>82,313</u>	<u>13,185</u>	<u>11,164</u>	<u>11,843</u>	<u>118,505</u>
Total non-operating income	<u>82,313</u>	<u>13,185</u>	<u>11,164</u>	<u>11,843</u>	<u>118,505</u>
Net income	664,157	83,630	101,698	101,987	951,472
Less: Return of surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net current surplus	<u>\$ 664,157</u>	<u>\$ 83,630</u>	<u>\$ 101,698</u>	<u>\$ 101,987</u>	<u>\$ 951,472</u>

See Independent Auditor's Report.

**Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2016
June 30, 2022**

	<u>Workers' Compensation</u>	<u>Package</u>	<u>School Board Legal Liability</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 4,041,653	\$ 1,365,251	\$ 297,004	\$ 1,166,628	\$ 6,870,536
Expenses					
Claims					
Paid	2,436,899	201,966	506,909	-	3,145,774
Case reserves	170,667	2,600.00	-	-	173,267
IBNR reserves	73,280	-	1,697	-	74,977
	<u>2,680,846</u>	<u>204,566</u>	<u>508,606</u>	<u>-</u>	<u>3,394,018</u>
Other					
Excess insurance premiums	1,082,254	802,068	187,242	-	2,071,564
Administrative	-	-	-	1,065,687	1,065,687
Total other expenses	<u>1,082,254</u>	<u>802,068</u>	<u>187,242</u>	<u>1,065,687</u>	<u>3,137,251</u>
Total expenses	<u>3,763,100</u>	<u>1,006,634</u>	<u>695,848</u>	<u>1,065,687</u>	<u>6,531,269</u>
Operating income (loss)	<u>278,553</u>	<u>358,617</u>	<u>(398,844)</u>	<u>100,941</u>	<u>339,267</u>
Investment income	<u>60,757</u>	<u>14,598</u>	<u>1,391</u>	<u>8,812</u>	<u>85,558</u>
Total non-operating income	<u>60,757</u>	<u>14,598</u>	<u>1,391</u>	<u>8,812</u>	<u>85,558</u>
Net income (loss)	339,310	373,215	(397,453)	109,753	424,825
Less: Return of surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net current surplus (deficit)	<u>\$ 339,310</u>	<u>\$ 373,215</u>	<u>\$ (397,453)</u>	<u>\$ 109,753</u>	<u>\$ 424,825</u>

See Independent Auditor's Report.

**Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2017
June 30, 2022**

	<u>Workers' Compensation</u>	<u>Package</u>	<u>School Board Legal Liability</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 3,643,400	\$ 1,131,632	\$ 304,855	\$ 1,021,106	\$ 6,100,993
Expenses					
Claims					
Paid	1,530,659	112,965	315,062	-	1,958,686
Case reserves	142,577	-	-	-	142,577
IBNR reserves	78,795	-	-	-	78,795
	<u>1,752,031</u>	<u>112,965</u>	<u>315,062</u>	<u>-</u>	<u>2,180,058</u>
Other					
Excess insurance premiums	1,179,720	646,558	152,686	-	1,978,964
Administrative	-	-	-	928,861	928,861
Total other expenses	<u>1,179,720</u>	<u>646,558</u>	<u>152,686</u>	<u>928,861</u>	<u>2,907,825</u>
Total expenses	<u>2,931,751</u>	<u>759,523</u>	<u>467,748</u>	<u>928,861</u>	<u>5,087,883</u>
Operating income (loss)	<u>711,649</u>	<u>372,109</u>	<u>(162,893)</u>	<u>92,245</u>	<u>1,013,110</u>
Investment income	<u>58,491</u>	<u>19,383</u>	<u>3,875</u>	<u>5,232</u>	<u>86,981</u>
Total non-operating income	<u>58,491</u>	<u>19,383</u>	<u>3,875</u>	<u>5,232</u>	<u>86,981</u>
Net income (loss)	770,140	391,492	(159,018)	97,477	1,100,091
Less: Return of surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net current surplus (deficit)	<u>\$ 770,140</u>	<u>\$ 391,492</u>	<u>\$ (159,018)</u>	<u>\$ 97,477</u>	<u>\$ 1,100,091</u>

See Independent Auditor's Report.

**Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2018
June 30, 2022**

	<u>Workers' Compensation</u>	<u>Package</u>	<u>School Board Legal Liability</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 3,859,036	\$ 1,165,683	\$ 316,644	\$ 1,058,765	\$ 6,400,128
Expenses					
Claims					
Paid	2,721,796	148,752	166,391	-	3,036,939
Case reserves	247,629	38,754	6,301	-	292,684
IBNR reserves	178,375	7,086	3,563	-	189,024
	<u>3,147,800</u>	<u>194,592</u>	<u>176,255</u>	<u>-</u>	<u>3,518,647</u>
Other					
Excess insurance premiums	1,243,183	728,501	155,923	-	2,127,607
Administrative	-	-	-	980,069	980,069
Total other expenses	<u>1,243,183</u>	<u>728,501</u>	<u>155,923</u>	<u>980,069</u>	<u>3,107,676</u>
Total expenses	<u>4,390,983</u>	<u>923,093</u>	<u>332,178</u>	<u>980,069</u>	<u>6,626,323</u>
Operating income (loss)	<u>(531,947)</u>	<u>242,590</u>	<u>(15,534)</u>	<u>78,696</u>	<u>(226,195)</u>
Investment income	<u>33,119</u>	<u>8,995</u>	<u>3,837</u>	<u>2,805</u>	<u>48,756</u>
Total non-operating income	<u>33,119</u>	<u>8,995</u>	<u>3,837</u>	<u>2,805</u>	<u>48,756</u>
Net income (loss)	(498,828)	251,585	(11,697)	81,501	(177,439)
Less: Return of surplus	-	-	-	-	-
Net current surplus (deficit)	<u>\$ (498,828)</u>	<u>\$ 251,585</u>	<u>\$ (11,697)</u>	<u>\$ 81,501</u>	<u>\$ (177,439)</u>

See Independent Auditor's Report.

**Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2019
June 30, 2022**

	<u>Workers' Compensation</u>	<u>Package</u>	<u>School Board Legal Liability</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 3,949,077	\$ 1,220,568	\$ 389,310	\$ 1,091,136	\$ 6,650,091
Expenses					
Claims					
Paid	1,622,630	188,137	198,541	-	2,009,308
Case reserves	290,637	99,828	35,491	-	425,956
IBNR reserves	158,448	19,772	34,243	-	212,463
	<u>2,071,715</u>	<u>307,737</u>	<u>268,275</u>	<u>-</u>	<u>2,647,727</u>
Other					
Excess insurance premiums	1,245,036	727,558	155,183	-	2,127,777
Administrative	-	-	-	1,006,477	1,006,477
Total other expenses	<u>1,245,036</u>	<u>727,558</u>	<u>155,183</u>	<u>1,006,477</u>	<u>3,134,254</u>
Total expenses	<u>3,316,751</u>	<u>1,035,295</u>	<u>423,458</u>	<u>1,006,477</u>	<u>5,781,981</u>
Operating income (loss)	<u>632,326</u>	<u>185,273</u>	<u>(34,148)</u>	<u>84,659</u>	<u>868,110</u>
Investment income	<u>75,478</u>	<u>18,999</u>	<u>10,356</u>	<u>21,469</u>	<u>126,302</u>
Total non-operating income	<u>75,478</u>	<u>18,999</u>	<u>10,356</u>	<u>21,469</u>	<u>126,302</u>
Net income (loss)	707,804	204,272	(23,792)	106,128	994,412
Less: Return of surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net current surplus (deficit)	<u>\$ 707,804</u>	<u>\$ 204,272</u>	<u>\$ (23,792)</u>	<u>\$ 106,128</u>	<u>\$ 994,412</u>

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Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2020
June 30, 2022

	<u>Workers'</u> <u>Compensation</u>	<u>Package</u>	<u>School Board</u> <u>Legal Liability</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 4,087,570	\$ 1,294,446	\$ 466,269	\$ 1,151,932	\$ 7,000,217
Expenses					
Claims					
Paid	752,219	240,272	265,589	-	1,258,080
Case reserves	320,490	12,784	150,272	-	483,546
IBNR reserves	96,296	12,217	154,676	-	263,189
	<u>1,169,005</u>	<u>265,273</u>	<u>570,537</u>	<u>-</u>	<u>2,004,815</u>
Other					
Excess insurance premiums	1,295,520	912,376	171,270	-	2,379,166
Administrative	-	-	-	1,069,054	1,069,054
Total other expenses	<u>1,295,520</u>	<u>912,376</u>	<u>171,270</u>	<u>1,069,054</u>	<u>3,448,220</u>
Total expenses	<u>2,464,525</u>	<u>1,177,649</u>	<u>741,807</u>	<u>1,069,054</u>	<u>5,453,035</u>
Operating income (loss)	<u>1,623,045</u>	<u>116,797</u>	<u>(275,538)</u>	<u>82,878</u>	<u>1,547,182</u>
Investment income	6,163	7,985	4,502	12,403	31,053
Total non-operating income	<u>6,163</u>	<u>7,985</u>	<u>4,502</u>	<u>12,403</u>	<u>31,053</u>
Net income (loss)	1,629,208	124,782	(271,036)	95,281	1,578,235
Less: Return of surplus	-	-	-	-	-
Net current surplus (deficit)	<u>\$ 1,629,208</u>	<u>\$ 124,782</u>	<u>\$ (271,036)</u>	<u>\$ 95,281</u>	<u>\$ 1,578,235</u>

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Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2021
June 30, 2022

	<u>Workers'</u> <u>Compensation</u>	<u>Package</u>	<u>School Board</u> <u>Legal Liability</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 4,957,571	\$ 2,512,504	\$ 1,009,816	\$ 1,614,042	\$ 10,093,933
Expenses					
Claims					
Paid	1,030,030	225,363	95,736	-	1,351,129
Case reserves	399,261	34,699	235,607	-	669,567
IBNR reserves	329,304	57,369	366,899	-	753,572
	<u>1,758,595</u>	<u>317,431</u>	<u>698,242</u>	<u>-</u>	<u>2,774,268</u>
Other					
Excess insurance premiums	1,484,577	1,833,787	311,485	-	3,629,849
Administrative	-	-	-	1,571,115	1,571,115
Total other expenses	<u>1,484,577</u>	<u>1,833,787</u>	<u>311,485</u>	<u>1,571,115</u>	<u>5,200,964</u>
Total expenses	<u>3,243,172</u>	<u>2,151,218</u>	<u>1,009,727</u>	<u>1,571,115</u>	<u>7,975,232</u>
Operating income	<u>1,714,399</u>	<u>361,286</u>	<u>89</u>	<u>42,927</u>	<u>2,118,701</u>
Investment income	(65,240)	(15,492)	(14,841)	(7,826)	(103,399)
Total non-operating income	<u>(65,240)</u>	<u>(15,492)</u>	<u>(14,841)</u>	<u>(7,826)</u>	<u>(103,399)</u>
Net income (loss)	1,649,159	345,794	(14,752)	35,101	2,015,302
Less: Return of surplus	-	-	-	-	-
Net current surplus (deficit)	<u>\$ 1,649,159</u>	<u>\$ 345,794</u>	<u>\$ (14,752)</u>	<u>\$ 35,101</u>	<u>\$ 2,015,302</u>

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Diploma Joint Insurance Fund
Cumulative Operating Results Analysis for Fund Year 2022
June 30, 2022

	<u>Workers'</u> <u>Compensation</u>	<u>Package</u>	<u>School Board</u> <u>Legal Liability</u>	<u>Administration</u>	<u>Total</u>
Underwriting income					
Regular contributions	\$ 4,883,694	\$ 2,957,034	\$ 1,223,309	\$ 1,747,895	\$ 10,811,932
Expenses					
Claims					
Paid	1,224,626	471,181	21,775	-	1,717,582
Case reserves	830,235	443,429	372,925	-	1,646,589
IBNR reserves	1,505,407	271,533	457,174	-	2,234,114
	<u>3,560,268</u>	<u>1,186,143</u>	<u>851,874</u>	<u>-</u>	<u>5,598,285</u>
Other					
Excess insurance premiums	1,405,517	1,962,146	398,771	-	3,766,434
Administrative	-	-	-	1,736,170	1,736,170
Total other expenses	<u>1,405,517</u>	<u>1,962,146</u>	<u>398,771</u>	<u>1,736,170</u>	<u>5,502,604</u>
Total expenses	<u>4,965,785</u>	<u>3,148,289</u>	<u>1,250,645</u>	<u>1,736,170</u>	<u>11,100,889</u>
Operating income (loss)	<u>(82,091)</u>	<u>(191,255)</u>	<u>(27,336)</u>	<u>11,725</u>	<u>(288,957)</u>
Investment loss	-	-	-	(1)	(1)
Total non-operating loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>
Net income (loss)	(82,091)	(191,255)	(27,336)	11,724	(288,958)
Less: Return of surplus	-	-	-	-	-
Net current surplus (deficit)	<u>\$ (82,091)</u>	<u>\$ (191,255)</u>	<u>\$ (27,336)</u>	<u>\$ 11,724</u>	<u>\$ (288,958)</u>

See Independent Auditor's Report.

**Diploma Joint Insurance Fund
Cumulative Administrative Expense Analysis
Years Ended June 30, 2022 and 2021**

2022 Fund Year

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
Actuary	\$ 25,267	\$ -	\$ 25,267
Administration	352,132	557	352,689
Auditor	-	19,723	19,723
Claims servicing organization	147,084	33,691	180,775
Legal	-	35,700	35,700
Loss prevention	55,000	55,736	110,736
Risk management	950,484	3,052	953,536
Treasurer	3,744	-	3,744
Non-contracted expenses	13,079	1,921	15,000
DOBI audit	-	5,000	5,000
Website	3,585	415	4,000
Contingency	<u>26,034</u>	<u>3,966</u>	<u>30,000</u>
	<u>\$ 1,576,409</u>	<u>\$ 159,761</u>	<u>\$ 1,736,170</u>

2021 Fund Year

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
Actuary	\$ 24,772	\$ -	\$ 24,772
Administration	331,623	-	331,623
Auditor	19,336	-	19,336
Claims servicing organization	146,302	35,038	181,340
Legal	35,700	-	35,700
Loss prevention	15,957	52,474	68,431
Risk management	852,824	-	852,824
Treasurer	3,672	-	3,672
Non-contracted expenses	14,417	-	14,417
DOBI audit	-	5,000	5,000
Website	2,809	1,191	4,000
Contingency	<u>26,819</u>	<u>3,181</u>	<u>30,000</u>
	<u>\$ 1,474,231</u>	<u>\$ 96,884</u>	<u>\$ 1,571,115</u>

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**Diploma Joint Insurance Fund
Comments and Recommendations
June 30, 2022 and 2021**

None.