

**SCHOOL ALLIANCE INSURANCE FUND**  
**Financial Statements**  
**June 30, 2017 and 2016**  
**With Independent Auditors' Report**

**School Alliance Insurance Fund**  
**June 30, 2017 and 2016**

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**School Alliance Insurance Fund  
Management's Discussion and Analysis  
June 30, 2017 and 2016**

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This section of School Alliance Insurance Fund's (SAIF) annual financial report presents a discussion and analysis of the financial performance of SAIF for the years ended June 30, 2017 and 2016. 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 SAIF as of and for the years ended June 30, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Cash and investments	\$ 40,280,450	\$ 37,454,560
Accrued interest on investments	83,757	69,685
Other receivable	1,237,039	1,027,455
Assessments receivable	19,476	21,984
Prepaid expenses	<u>16,598</u>	<u>5,330</u>
	<u>\$ 41,637,320</u>	<u>\$ 38,579,014</u>
<b>Liabilities and Fund Surplus</b>		
Reserves for unpaid claims	\$ 28,405,647	\$ 26,424,992
Other liabilities	3,104,300	2,691,007
Fund surplus	<u>10,127,373</u>	<u>9,463,015</u>
	<u>\$ 41,637,320</u>	<u>\$ 38,579,014</u>
<b>Revenue and Expenses</b>		
Revenue	\$ 41,923,835	\$ 40,869,276
Investment and other (loss) income	<u>(27,560)</u>	<u>576,079</u>
	41,896,275	41,445,355
Claims expenses	14,265,686	12,681,917
Insurance and reinsurance premiums	18,117,142	17,704,806
Administrative expenses	<u>8,849,089</u>	<u>8,767,007</u>
	<u>41,231,917</u>	<u>39,153,730</u>
Net income	<u>\$ 664,358</u>	<u>\$ 2,291,625</u>

## School Alliance Insurance Fund Management's Discussion and Analysis June 30, 2017 and 2016

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### Overview of the Financial Statements

School Alliance Insurance Fund's (SAIF) 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 and insurance companies, where applicable. The primary purpose of SAIF 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. SAIF operates under the provisions of New Jersey Statutes (N.J.S.A. 18A:18B-1 et. seq.) and has 144 and 146 school districts in the fund as of June 30, 2017 and 2016, respectively. The three basic financial statements presented within the financial statements are as follows:

- Balance Sheet – This statement presents information reflecting SAIF's assets, liabilities and fund surplus. Fund surplus represents the amount of total assets less total liabilities.
- Statement of Revenues, Expenses and Changes in Fund Surplus – This statement reflects the operating revenues and expenses, as well as non-operating revenues during the operating year. Major sources of operating revenue are regular member contributions while major sources of operating expenses are claims paid, increases in case reserves, changes in the incurred but not reported claims, insurance and reinsurance premiums as well as administrative expenses. The change in fund surplus is similar to the net profit or loss for any other insurance company.
- Statement of Cash Flows – This statement presents changes in cash and cash equivalents resulting from operating, investing and financing activities.

### Financial Highlights

- SAIF's increased revenue is due to changes in members' exposures and lines of coverage, loss funding, reinsurance rate changes as well as membership changes.
- Claims' case reserves represent a life to date estimate as to the expected liability for the reported claims and incurred but not reported claims (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 decrease in incurred but not reported claims (IBNR) in 2016/17 is a result of calculations supplied by the Fund's Actuary and the trending of claims.
- The decrease in investment income is due primarily to market changes.
- Fund surplus may be available to the membership pursuant to the Department of Banking and Insurance regulations.
- 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 fund year, the Fund will experience a net increase in membership of 3, for a total of 147 members.

### Contacting the Fund's Management

This financial report is designed to provide the School Alliance 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 School Alliance 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) 275-1155.

## Independent Auditors' Report

Fund Commissioners  
School Alliance Insurance Fund

### Report on the financial statements

We have audited the accompanying financial statements of the School Alliance Insurance Fund ("the Fund") which comprise the balance sheets as of June 30, 2017 and 2016, 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 the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of School Alliance Insurance Fund as of June 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Report on 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial as a whole. The supplementary information on pages 14 - 40 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.



December 4, 2017

**School Alliance Insurance Fund**  
**Balance Sheets**  
**June 30, 2017 and 2016**

	2017	2016
<b>Assets</b>		
Cash and cash equivalents	\$ 16,104,764	\$ 13,224,176
Investments	24,175,686	24,230,384
Accrued interest on investments	83,757	69,685
Other receivable	1,237,039	1,027,455
Assessments receivable	19,476	21,984
Prepaid expenses	16,598	5,330
	<u>\$ 41,637,320</u>	<u>\$ 38,579,014</u>
<b>Liabilities and Fund Surplus</b>		
Liabilities		
Claims		
Case reserves	\$ 20,619,950	\$ 17,721,481
IBNR reserves	7,785,697	8,703,511
Total claims reserves	<u>28,405,647</u>	<u>26,424,992</u>
Other		
Administrative expenses payable	1,880,037	1,859,973
Insurance premium payable	1,123,787	732,681
Prepaid assessments	100,476	98,353
Total liabilities	<u>31,509,947</u>	<u>29,115,999</u>
Fund surplus	<u>10,127,373</u>	<u>9,463,015</u>
	<u>\$ 41,637,320</u>	<u>\$ 38,579,014</u>

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

**School Alliance Insurance Fund**  
**Statements of Revenue, Expenses, and Changes in Fund Surplus**  
**June 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
Revenue		
Underwriting income - participating members	<u>\$ 41,923,835</u>	<u>\$ 40,869,276</u>
Expenses		
Claims		
Paid	12,285,032	12,776,659
Increase (decrease) in case reserves	2,898,468	(747,110)
(Decrease) increase in IBNR reserves	<u>(917,814)</u>	<u>652,368</u>
Claims - net	14,265,686	12,681,917
Insurance and reinsurance premiums	18,117,142	17,704,806
Administrative expenses	<u>8,849,089</u>	<u>8,767,007</u>
Total expenses	<u>41,231,917</u>	<u>39,153,730</u>
Operating income	<u>691,918</u>	<u>1,715,546</u>
Investment income, net	462,665	135,181
Change in fair value of investments	<u>(491,476)</u>	<u>437,023</u>
Investment (loss) income, net	(28,811)	572,204
Other income	1,251	3,875
Total non-operating (loss) income	<u>(27,560)</u>	<u>576,079</u>
Net income	664,358	2,291,625
Fund surplus, beginning of year	<u>9,463,015</u>	<u>7,171,390</u>
Fund surplus, end of year	<u><u>\$ 10,127,373</u></u>	<u><u>\$ 9,463,015</u></u>

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



**School Alliance Insurance Fund**  
**Statements of Cash Flows**  
**June 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>		
Underwriting income - regular contribution received	\$ 41,928,466	\$ 40,967,317
Claims paid	(12,285,032)	(12,776,659)
Excess insurance premium paid	(17,935,620)	(17,903,485)
Administrative expenses paid	(8,840,292)	(8,468,860)
Other income received	1,251	3,875
Net cash provided by operating activities	<u>2,868,773</u>	<u>1,822,188</u>
<b>Cash flows from investing activities</b>		
Sale/maturity of investments	5,439,283	6,952,194
Purchases of investments	(5,821,012)	(6,733,601)
Investment income, net	393,544	300,997
Net cash provided by investing activities	<u>11,815</u>	<u>519,590</u>
Increase in cash and cash equivalents	2,880,588	2,341,778
<b>Cash and cash equivalents</b>		
Beginning of year	13,224,176	10,882,398
End of year	<u>\$ 16,104,764</u>	<u>\$ 13,224,176</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	\$ 691,918	\$ 1,715,546
Adjustments to reconcile operating income to net cash provided by operating activities:		
Increase in other receivable	(209,584)	(621,092)
Decrease (increase) in assessments receivable	2,508	(310)
(Increase) decrease in prepaid expenses	(11,268)	1,870
Increase (decrease) in case and IBNR reserves	1,980,655	(94,742)
Increase in administrative expenses payable	20,064	296,275
Increase in premiums and due to reinsurer payable	391,106	422,413
Increase in prepaid assessments	2,123	98,353
Other income	1,251	3,875
Net cash provided by operating activities	<u>\$ 2,868,773</u>	<u>\$ 1,822,188</u>

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

# School Alliance Insurance Fund

## Notes to Financial Statements

### June 30, 2017 and 2016

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#### 1. ORGANIZATION

The School Alliance 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's membership is comprised of local and regional school districts. The Fund commenced operations on July 1, 1996 with an original membership of 69 districts. There were 144 and 146 member school districts as of June 30, 2017 and 2016, respectively. 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 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 \*
- Property (includes boiler and machinery and automobile physical damage)
- Crime and Fidelity \*
- Environmental Impairment Liability (EIL) \*
- Comprehensive General and Automobile Liability (including employee benefits liability)
- School Leaders Professional Liability (including employment practices liability)
- Excess Liability \*\*\*
- Security Guard Liability \*
- Foreign Travel Liability (including general liability, automobile liability, foreign workers' compensation/employers' liability) \*\*
- Student Accident \*

\*Coverage added fund year 2000/2001. Environmental Impairment Liability was an individual member option until fund year 2002/2003

\*\*Coverage added fund year 2002/2003, individual member option

\*\*\*Coverage offered through the fund for fund year 1998/1999

**School Alliance Insurance Fund**  
**Notes to Financial Statements**  
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The Fund's liability (self-insured retention or SIR) for claims is limited to the following coverages and amounts:

	<u>Fund Year(s)</u>	<u>Loss Type</u>	<u>Per Occurrence SIR</u>	<u>Aggregate SIR</u>
Workers' Compensation	1996/1997	Loss & ALAE	\$100,000	\$3,066,979
	1997/1998	Loss & ALAE	\$100,000	\$3,748,659
	1998/1999	Loss & ALAE	\$100,000	\$3,658,945
	1999/2000	Loss & ALAE	\$100,000	\$3,163,152
	2000/2001	Loss & ALAE	\$100,000	\$3,590,400
	2001/2002	Loss & ALAE	\$250,000	\$4,732,533
	2002/2003 - 2010/2011	Loss & ALAE	\$250,000	None
	2011/2012 - 2016/2017	Loss & ALAE	\$100,000	None
Property & Liability	1996/1997 - 2000/2001	ALAE only	Unlimited	None
Auto Liability	2001/2002	Loss & ALAE	\$50,000	\$121,145
General Liability	2001/2002	Loss & ALAE	\$50,000	\$285,741
Liability	2002/2003 - 2003/2004	Loss & ALAE	\$100,000	\$800,000
	2004/2005	Loss & ALAE	\$100,000	\$1,200,000
Property	2001/2002	ALAE only	Unlimited	None
	2002/2003 - 2003/2004	Loss & ALAE	\$100,000	\$850,000
	2004/2005	Loss & ALAE	\$100,000	\$1,075,000
Property & Liability	2005/2006	Loss & ALAE	\$100,000	\$2,850,000
	2006/2007	Loss & ALAE	\$100,000	\$3,333,256
	2007/2008	Loss & ALAE	\$100,000	\$3,368,480
	2008/2009	Loss & ALAE	\$100,000	\$3,850,000
	2009/2010 - 2010/2011	Loss & ALAE	\$100,000	\$3,500,000
	2011/2012	Loss & ALAE	\$100,000	\$3,550,000
	2012/2013 - 2013/2014	Loss & ALAE	\$100,000	\$3,850,000
	2014/2015	Loss & ALAE	\$100,000	\$3,750,000
	2015/2016	Loss & ALAE	\$100,000	\$3,780,327
2016/2017	Loss & ALAE	\$100,000	\$3,725,000	
SBLL	2000/2001	Loss & ALAE	\$50,000	\$183,333
School Leaders' Liability	2005/2006 - 2009/2010	Loss & ALAE	\$25,000	None
	2010/2011 - 2014/2015	Loss & ALAE	\$35,000 / \$50,000	None
	2015/2016	Loss & ALAE	\$100,000	None
	2016/2017	Loss & ALAE	\$100,000	None

Losses in excess of the above amounts are covered by reinsurance and excess insurance contracts. The payments for claim liabilities for all other lines of coverage are provided by reinsurance and excess insurance contracts.

Effective 2012/13, the fund has an additional per occurrence \$100,000 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Fund are prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units and insurance companies, where applicable. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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. A summary of the significant accounting policies is set forth below.

**Basis of Accounting**

The Fund utilizes the accrual basis of accounting whereby revenue is recorded as earned and expenses reflected as incurred.

**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.

**Investments**

All investments are in government backed fixed maturity instruments and are carried at fair value.

**Revenues**

Budgetary premium revenue contributions from members (school districts) and investment income are recorded on the accrual basis. The assessments of the participating school districts are determined by the actuary and certified by vote of the Fund Commissioners. Revenues are recognized on a daily pro rata basis over the term of the policy. Premiums applicable to the unexpired terms of the policies in force are reported as a liability and classified as unearned premiums at the balance sheet date.

**Assessments Receivable**

Assessments receivable are unsecured and non-interest bearing and are recorded when invoices are issued and are presented in the balance sheets. Payments of assessments receivable are allocated to specific invoices identified on the member's invoice or if unspecified, they are applied "on account" to the member until identification is received from the member. Assessments receivable are written off when they are determined to be uncollectible. As of both June 30, 2017 and 2016, no receivables were written off nor is there a reserve for bad debts.

**Other Receivable**

Other receivables represent amounts due from members deductible billings and from reinsurers.

**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

## School Alliance Insurance Fund

### Notes to Financial Statements

#### June 30, 2017 and 2016

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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 the recoverable amount if known.

#### **Reinsurance**

The Fund purchases a multi-line 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.

#### **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. Actual results could differ from those estimates. Significant estimates included in these financial statements consist of case reserves and incurred but not yet reported ("IBNR") reserves.

#### **Income Taxes**

The Fund is a tax-exempt organization and is not subject to either federal or state taxes under Section 115 of the Internal Revenue Code.

#### **Fair Value of Financial Instruments**

The Fund has adopted the accounting pronouncement relating to fair value measurements, with respect to its financial assets and liabilities only. This pronouncement defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances 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. The standard describes 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.

**School Alliance Insurance Fund**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

**3. CASH AND CASH EQUIVALENTS**

At June 30, cash consisted of the following:

	<b>2017</b>	<b>2016</b>
Checking account	\$ 16,083,424	\$ 13,126,851
Investment account	<u>21,340</u>	<u>97,325</u>
	<u>\$ 16,104,764</u>	<u>\$ 13,224,176</u>

The bank balances of the above accounts were \$16,001,330 and \$13,275,496 as of June 30, 2017 and 2016, respectively.

The bank balances have been deposited in a public depository, which is fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and in excess of \$250,000 is fully collateralized by the bank or institution through the Government Unit Deposit Protection Act (GUDPA).

**4. INVESTMENTS**

At June 30, 2017 and 2016, the Fund invested only in notes backed by the Federal Government and are triple A rated (AAA) by Moody's with various interest rates and maturity dates. The maturity dates range from 3/31/2018 to 4/30/2022 as of June 30, 2017 and from 2/28/2017 to 4/30/2021 as of June 30, 2016. Investments are stated at fair value. All investment activities were conducted through US Bank under an investment service agreement.

	<b>2017</b>	<b>2016</b>
Face value	\$ 24,150,000	\$ 23,815,000
Unamortized premium, net	80,139	31,314
Unrealized gain (loss), net	<u>(54,453)</u>	<u>384,070</u>
Fair value	<u>\$ 24,175,686</u>	<u>\$ 24,230,384</u>

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

	<b>2017</b>	<b>2016</b>
Realized (loss) gain	\$ 42,985	\$ (36,546)
Amortization of premium/discount, net	12,064	(128,760)
Interest income, net	<u>407,616</u>	<u>300,997</u>
Investment income	<u>\$ 462,665</u>	<u>\$ 135,181</u>

**5. FAIR VALUE ACCOUNTING**

**Recurring Fair Value Measurements**

Pursuant to the accounting pronouncement on fair value measurements, the Fund has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The following table summarizes assets (liabilities) which have been accounted for at fair value on a recurring basis as of June 30 along with the basis for the determination of fair value:

	<b>2017</b>			
		<b>Basis for Valuation</b>		
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments-US Treasury Bonds	\$ 24,175,686	--	\$ 24,175,686	--

**School Alliance Insurance Fund**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

2016				
	Total	<u>Basis for Valuation</u>		
		Level 1	Level 2	Level 3
Investments-US Treasury Bonds	\$ 24,230,384	--	\$ 24,230,384	--

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 bonds 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, 2017 and 2016.

**6. 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, 2017 and 2016. 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.

Loss reserves, at June 30, which have been estimated by the Fund's Actuary and Claims Servicing Organization, are as follows:

	2017	2016
Case reserves	\$ 20,619,950	\$ 17,721,481
Reserves for losses incurred but not reported	<u>7,785,697</u>	<u>8,703,511</u>
	<u>\$ 28,405,647</u>	<u>\$ 26,424,992</u>

**School Alliance Insurance Fund**  
**Notes to Financial Statements**  
**June 30, 2017 and 2016**

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The following represents changes in the aggregate reserves for the Fund:

Unpaid claim liabilities, beginning of year	<u>\$ 26,424,992</u>	<u>\$ 26,519,734</u>
Incurred claims:		
Provision for insured events of the current period	13,572,384	13,527,041
Increase (decrease) in provision for insured events of prior years	<u>693,303</u>	<u>(845,124)</u>
Total increase-incurred claims	<u>14,265,687</u>	<u>12,681,917</u>
Payments:		
Payments - net on claims for insured events of the current period	4,437,899	4,570,962
Payments - net on claims for insured events of prior years	<u>7,847,133</u>	<u>8,205,697</u>
Total payments	<u>12,285,032</u>	<u>12,776,659</u>
Unpaid claim liabilities, end of year	<u>\$ 28,405,647</u>	<u>\$ 26,424,992</u>

**7. SUBSEQUENT EVENTS**

The Fund has evaluated subsequent events occurring after the balance sheet date through the date of December 4, 2017 which is the date the financial statements were available to be issued. Based on this evaluation, the Fund has determined that no subsequent events have occurred which require disclosure in the financial statements.



**SUPPLEMENTARY INFORMATION**

**School Alliance Insurance Fund  
Ten Year Claims Development Information  
June 30, 2017**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Underwriting Income - Regular Contributions	\$ 27,833,619	\$ 27,576,429	\$ 29,203,857	\$ 29,052,602	\$ 27,458,723	\$ 31,126,501	\$ 33,869,258	\$ 38,073,207	\$ 40,869,276	\$ 41,923,835
Investment Income	792,898	299,041	286,919	370,666	176,910	56,340	124,438	159,348	141,205	13,029
Other Income	12,152	8,745	3,383	6,771	6,011	8,043	5,426	9,366	3,875	1,252
	<u>28,638,669</u>	<u>27,884,215</u>	<u>29,494,159</u>	<u>29,430,039</u>	<u>27,641,644</u>	<u>31,190,884</u>	<u>33,999,122</u>	<u>38,241,922</u>	<u>41,014,356</u>	<u>41,938,116</u>
Insurance and Reinsurance Premiums	8,574,834	8,643,586	9,122,067	8,978,601	10,095,761	11,826,456	14,218,664	16,037,373	17,704,806	18,337,231
Administrative Expenses	5,578,781	5,758,578	6,022,954	6,364,084	5,985,105	6,609,507	7,179,064	7,996,234	8,805,780	9,071,163
	<u>14,153,615</u>	<u>14,402,164</u>	<u>15,145,021</u>	<u>15,342,685</u>	<u>16,080,866</u>	<u>18,435,963</u>	<u>21,397,729</u>	<u>24,033,607</u>	<u>26,510,587</u>	<u>27,408,394</u>
Estimated Incurred Claims, End of Policy Year	11,848,827	12,390,568	12,236,984	12,820,000	11,584,999	14,689,833	14,721,698	13,850,000	13,527,041	13,572,384
Cumulative Paid Claims as of:										
End of Policy Year	4,263,107	4,663,446	4,603,174	4,221,236	4,355,053	5,510,627	5,694,731	5,182,262	4,570,962	4,437,898
One Year Later	6,990,407	7,581,812	7,941,398	7,029,166	6,849,767	9,312,640	8,470,000	8,074,420	7,915,162	
Two Years Later	8,318,159	8,971,355	9,448,610	8,493,197	8,134,062	10,663,347	10,163,800	9,458,331		
Three Years Later	9,474,762	10,266,042	11,640,783	9,740,475	9,282,665	12,096,622	11,431,986			
Four Years Later	10,229,556	11,722,373	12,838,647	10,534,448	10,065,372	12,774,777				
Five Years Later	10,782,136	12,266,340	13,242,899	10,842,577	10,513,922					
Six Years Later	10,880,725	12,632,044	13,549,560	11,003,238						
Seven Years Later	10,955,678	13,061,454	13,604,613							
Eight Years Later	11,097,411	13,376,995								
Nine Years Later	11,156,852									
Cumulative Incurred Claims as of:										
End of Policy Year	11,848,827	12,390,568	12,236,984	12,820,000	11,584,999	14,689,833	14,721,698	13,850,000	13,527,041	13,572,384
One Year Later	10,646,939	13,456,597	12,972,084	12,815,000	11,701,362	14,900,000	13,890,000	13,412,999	14,193,429	
Two Years Later	11,244,219	13,278,759	13,196,884	12,710,925	11,640,000	14,790,000	14,430,083	13,412,523		
Three Years Later	11,424,063	13,083,322	13,811,884	12,883,461	11,322,000	14,510,145	13,959,918			
Four Years Later	11,424,061	13,847,258	14,430,000	12,366,796	11,184,469	14,419,026				
Five Years Later	11,613,878	14,119,272	14,313,000	11,875,386	11,209,916					
Six Years Later	11,596,259	14,115,271	14,345,067	11,767,122						
Seven Years Later	11,561,260	14,284,155	14,436,246							
Eight Years Later	11,407,405	14,388,542								
Nine Years Later	11,555,310									
Increase (Decrease) in Cumulative Incurred Claims from End of Policy Year	\$ (293,517)	\$ 1,997,974	\$ 2,199,262	\$ (1,052,876)	\$ (375,083)	\$ (270,807)	\$ (761,780)	\$ (437,477)	\$ 666,388	\$ --

**School Alliance Insurance Fund**  
**Schedules of Changes in Claim Liabilities by Line of Coverage**  
**Years Ended June 30, 2017 and 2016**

	2017					
	Total	Workers' Compensation	General Liability	Property & Auto Physical Damage	Auto Liability	School Board Legal Liability
Unpaid claim liabilities, beginning of year	\$ 26,424,992	\$ 17,009,483	\$ 5,146,110	\$ 662,427	\$ 446,282	\$ 3,160,690
Incurring claims:						
Provision for insured events of current year	13,572,384	7,550,000	375,894	3,225,893	123,213	2,297,384
Increase (decrease) in provision for insured events of prior years	693,303	24,506	(1,364,425)	5,828	158,804	1,868,590
Increase (decrease) in incurred claims	14,265,687	7,574,506	(988,531)	3,231,721	282,017	4,165,974
Claim payments:						
Payments, net on claims for insured events of current year	4,437,899	2,693,702	18,852	1,517,562	40,477	167,306
Payments, net on claims for insured events of prior years	7,847,133	4,233,285	1,073,459	649,262	159,361	1,731,766
Total payments	12,285,032	6,926,987	1,092,311	2,166,824	199,838	1,899,072
Unpaid claim liabilities, end of year	\$ 28,405,647	\$ 17,657,002	\$ 3,065,268	\$ 1,727,324	\$ 528,461	\$ 5,427,592

  

	2016					
	Total	Workers' Compensation	General Liability	Property & Auto Physical Damage	Auto Liability	School Board Legal Liability
Unpaid claim liabilities, beginning of year	\$ 26,519,734	\$ 18,670,685	\$ 4,000,585	\$ 1,385,519	\$ 1,193,328	\$ 1,269,617
Incurring claims:						
Provision for insured events of current year	13,527,041	8,275,000	1,496,737	2,025,470	258,119	1,471,715
(Decrease) increase in provision for insured events of prior years	(845,124)	(1,485,840)	1,099,524	(1,201,939)	(486,509)	1,229,640
Increase (decrease) in incurred claims	12,681,917	6,789,160	2,596,261	823,531	(228,390)	2,701,355
Claim payments:						
Payments, net on claims for insured events of current year	4,570,962	2,958,244	59,553	1,368,829	64,945	119,391
Payments, net on claims for insured events of prior years	8,205,697	5,492,118	1,391,183	177,794	453,711	690,891
Total payments	12,776,659	8,450,362	1,450,736	1,546,623	518,656	810,282
Unpaid claim liabilities, end of year	\$ 26,424,992	\$ 17,009,483	\$ 5,146,110	\$ 662,427	\$ 446,282	\$ 3,160,690

See Independent Auditors' Report.

**School Alliance Insurance Fund**  
**Combining Schedule of Changes in Fund Surplus (Deficit)**  
**Fund Years 1997 Through 2017**  
**Year Ended June 30, 2017**

<b>Fund Year</b>	<b>Fund Surplus (Deficit) June 30, 2016</b>	<b>Net Income (Loss)</b>	<b>Less Surplus Returned to Members</b>	<b>Fund Surplus (Deficit) June 30, 2017</b>
1997	\$ 15,787.32	\$ (10.29)	\$ --	\$ 15,777.03
1998	372,519.21	(242.56)	--	372,276.65
1999	335,556.30	(207.27)	--	335,349.03
2000	54,027.28	(34.76)	--	53,992.52
2001	313,191.71	(174.23)	--	313,017.48
2002	29,881.70	(23.06)	--	29,858.64
2003	124,718.89	(69,048.19)	--	55,670.70
2004	407,351.38	4,656.74	--	412,008.12
2005	1,106,743.85	(86,336.72)	--	1,020,407.13
2006	2,025,808.07	(74,229.72)	--	1,951,578.35
2007	2,027,037.47	(107,677.96)	--	1,919,359.51
2008	3,080,059.23	(150,314.92)	--	2,929,744.31
2009	(801,321.42)	(105,169.93)	--	(906,491.35)
2010	4,552.01	(91,660.46)	--	(87,108.45)
2011	2,214,305.75	105,926.32	--	2,320,232.07
2012	378,596.58	(27,735.24)	--	350,861.34
2013	(1,753,180.85)	89,074.31	--	(1,664,106.54)
2014	(1,904,375.29)	545,850.86	--	(1,358,524.43)
2015	545,461.92	250,329.98	--	795,791.90
2016	886,293.48	(575,952.70)	--	310,340.78
2017	--	957,338.42	--	957,338.42
	<u>\$ 9,463,014.59</u>	<u>\$ 664,358.62</u>	<u>\$ --</u>	<u>\$ 10,127,373.21</u>

**School Alliance Insurance Fund  
 Combined Cumulative Operating Results Analysis  
 Fund Years 1997 Through 2017  
 June 30, 2017**

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Revenue	
Underwriting income - regular contributions	<u>\$ 480,548,050.20</u>
Expenses	
Claims	
Paid	172,576,559.17
Increase in case reserves	20,619,949.91
Increase in IBNR reserves	<u>7,785,697.00</u>
Claims - net	200,982,206.08
Insurance and reinsurance premiums	173,505,697.99
Administrative expenses	<u>100,370,758.44</u>
Total expenses	<u>474,858,662.51</u>
Operating income	<u>5,689,387.69</u>
Investment income	9,597,634.22
Other income	<u>219,450.30</u>
Total non-operating income	<u>9,817,084.52</u>
Net income	15,506,472.21
Less: surplus returned to members	<u>(5,379,099.00)</u>
Fund surplus	<u><u>\$ 10,127,373.21</u></u>

See Independent Auditors' Report.

**School Alliance Insurance Fund**  
**1997 Fund Year**  
**Cumulative Operating Results Analysis**  
**June 30, 2017**

	<b>Workers' Compensation</b>	<b>General Liability</b>	<b>Property &amp; Auto Physical Damage</b>	<b>Auto Liability</b>	<b>Boiler Machinery &amp; School Board Legal Liability</b>	<b>Totals</b>
Underwriting Income:						
Regular Contributions	\$ 3,873,672.00	\$ 516,907.10	\$ 677,699.04	\$ 378,206.86	\$ 226,407.00	\$ 5,672,892.00
Expenses:						
Claims:						
Paid	2,818,462.04	158,267.81	10,577.50	58,406.30	--	3,045,713.65
Case Reserves	--	--	--	--	--	--
IBNR Reserves	--	--	--	--	--	--
	2,818,462.04	158,267.81	10,577.50	58,406.30	--	3,045,713.65
Other:						
Insurance and Reinsurance Premiums	614,064.00	321,445.32	392,835.00	228,564.68	192,217.60	1,749,126.60
Administrative	654,894.98	137,772.08	179,552.15	97,859.91	30,189.17	1,100,268.29
	1,268,958.98	459,217.40	572,387.15	326,424.59	222,406.77	2,849,394.89
Total Expenses	4,087,421.02	617,485.21	582,964.65	384,830.89	222,406.77	5,895,108.54
Operating (Loss) Income	(213,749.02)	(100,578.11)	94,734.39	(6,624.03)	4,000.23	(222,216.54)
Investment Income (Loss)	315,853.54	(15,155.05)	59,973.87	16,289.31	3,098.90	380,060.57
Other Income	11,006.40	1,926.12	3,017.59	1,476.69	917.20	18,344.00
Transfers	(84,204.00)	108,931.00	(150,697.00)	(10,640.00)	(8,003.00)	(144,613.00)
Total Non-Operating Income (Loss)	242,655.94	95,702.07	(87,705.54)	7,126.00	(3,986.90)	253,791.57
Net Income (Loss)	28,906.92	(4,876.04)	7,028.85	501.97	13.33	31,575.03
Less: Surplus Returned to Members	(15,798.00)	--	--	--	--	(15,798.00)
Fund Surplus (Deficit)	\$ 13,108.92	\$ (4,876.04)	\$ 7,028.85	\$ 501.97	\$ 13.33	\$ 15,777.03

**School Alliance Insurance Fund**  
**1998 Fund Year**  
**Cumulative Operating Results Analysis**  
**June 30, 2017**

	<b>Workers' Compensation</b>	<b>General Liability</b>	<b>Property &amp; Auto Physical Damage</b>	<b>Auto Liability</b>	<b>Boiler Machinery &amp; School Board Legal Liability</b>	<b>Totals</b>
Underwriting Income:						
Regular Contributions	\$ 4,522,185.00	\$ 745,987.72	\$ 915,285.72	\$ 496,131.56	\$ 332,257.00	\$ 7,011,847.00
Expenses:						
Claims:						
Paid	3,013,797.93	69,777.31	192,452.45	93.00	--	3,276,120.69
Case Reserves	--	--	--	--	--	--
IBNR Reserves	--	--	--	--	--	--
	3,013,797.93	69,777.31	192,452.45	93.00	--	3,276,120.69
Other:						
Insurance and Reinsurance Premiums	614,630.00	450,865.18	503,132.99	294,765.82	279,239.52	2,142,633.51
Administrative	772,316.56	198,545.62	230,349.87	115,235.37	44,746.41	1,361,193.83
	1,386,946.56	649,410.80	733,482.86	410,001.19	323,985.93	3,503,827.34
Total Expenses	4,400,744.49	719,188.11	925,935.31	410,094.19	323,985.93	6,779,948.03
Operating Income (Loss)	121,440.51	26,799.61	(10,649.59)	86,037.37	8,271.07	231,898.97
Investment Income	509,436.71	42,705.04	37,713.82	47,408.87	4,657.24	641,921.68
Other Income	7,014.39	1,257.96	1,522.79	867.40	564.46	11,227.00
Transfers	(167,442.00)	--	--	(4,540.00)	(13,199.00)	(185,181.00)
Total Non-Operating Income (Loss)	349,009.10	43,963.00	39,236.61	43,736.27	(7,977.30)	467,967.68
Net Income	470,449.61	70,762.61	28,587.02	129,773.64	293.77	699,866.65
Less: Surplus Returned to Members	(157,563.00)	(25,000.00)	(25,000.00)	(119,762.00)	(265.00)	(327,590.00)
Fund Surplus	\$ 312,886.61	\$ 45,762.61	\$ 3,587.02	\$ 10,011.64	\$ 28.77	\$ 372,276.65

**School Alliance Insurance Fund**  
**1999 Fund Year**  
**Cumulative Operating Results Analysis**  
**June 30, 2017**

	<b>Workers' Compensation</b>	<b>General Liability</b>	<b>Property*</b>	<b>Auto Liability</b>	<b>School Board Legal Liability</b>	<b>Totals</b>
Underwriting Income:						
Regular Contributions	\$ 4,857,399.00	\$ 978,761.61	\$ 1,284,962.00	\$ 559,214.39	\$ 254,283.00	\$ 7,934,620.00
Expenses:						
Claims:						
Paid	3,127,216.03	434,818.18	74,939.35	44,475.42	--	3,681,448.98
Case Reserves	--	--	--	--	--	--
IBNR Reserves	--	--	--	--	--	--
	3,127,216.03	434,818.18	74,939.35	44,475.42	--	3,681,448.98
Other:						
Insurance and Reinsurance Premiums	642,658.00	582,447.62	756,419.00	372,721.38	221,622.72	2,575,868.72
Administrative	837,954.34	255,860.46	313,687.68	142,174.12	30,513.96	1,580,190.56
	1,480,612.34	838,308.08	1,070,106.68	514,895.50	252,136.68	4,156,059.28
Total Expenses	4,607,828.37	1,273,126.26	1,145,046.03	559,370.92	252,136.68	7,837,508.26
Operating Income (Loss)	249,570.63	(294,364.65)	139,915.97	(156.53)	2,146.32	97,111.74
Investment Income (Loss)	590,884.29	(27,590.27)	92,031.69	13,424.08	1,376.50	670,126.29
Other Income	7,504.00	1,349.38	1,407.00	880.38	586.24	11,727.00
Transfers	(348,609.00)	323,263.00	(200,000.00)	2,519.00	(3,983.00)	(226,810.00)
Total Non-Operating Income (Loss)	249,779.29	297,022.11	(106,561.31)	16,823.46	(2,020.26)	455,043.29
Net Income	499,349.92	2,657.46	33,354.66	16,666.93	126.06	552,155.03
Less: Surplus Returned to Members	(201,394.00)	(2,801.00)	(7,519.00)	(5,000.00)	(92.00)	(216,806.00)
Fund Surplus (Deficit)	\$ 297,955.92	\$ (143.54)	\$ 25,835.66	\$ 11,666.93	\$ 34.06	\$ 335,349.03

\* Property includes Auto Physical Damage and Boiler and Machinery

See Independent Auditors' Report



**School Alliance Insurance Fund**  
**2000 Fund Year**  
**Cumulative Operating Results Analysis**  
**June 30, 2017**

	Workers' Compensation	General Liability	Property *	Auto Liability	School Board Legal Liability	Totals
Underwriting Income:						
Regular Contributions	\$ 4,191,609.00	\$ 1,222,215.27	\$ 1,317,938.00	\$ 716,014.73	\$ 310,336.00	\$ 7,758,113.00
Expenses:						
Claims:						
Paid	3,163,152.00	343,793.45	22,369.52	17,990.81	--	3,547,305.78
Case Reserves	--	--	--	--	--	--
IBNR Reserves	--	--	--	--	--	--
	3,163,152.00	343,793.45	22,369.52	17,990.81	-	3,547,305.78
Other:						
Insurance and Reinsurance Premiums	525,905.00	755,014.00	791,407.00	492,583.00	267,069.44	2,831,978.44
Administrative	763,214.02	275,690.23	337,829.81	169,554.37	37,240.00	1,583,528.43
	1,289,119.02	1,030,704.23	1,129,236.81	662,137.37	304,309.44	4,415,506.87
Total Expenses	4,452,271.02	1,374,497.68	1,151,606.33	680,128.18	304,309.44	7,962,812.65
Operating (Loss) Income	(260,662.02)	(152,282.41)	166,331.67	35,886.55	6,026.56	(204,699.65)
Investment Income	226,683.54	25,477.06	73,240.01	19,582.14	1,784.42	346,767.17
Other Income	5,618.16	1,664.64	1,768.68	936.36	416.16	10,404.00
Transfers	27,331.00	159,100.00	(222,798.00)	(53,900.00)	(8,175.00)	(98,442.00)
Total Non-Operating Income (Loss)	259,632.70	186,241.70	(147,789.31)	(33,381.50)	(5,974.42)	258,729.17
Net (Loss) Income	(1,029.32)	33,959.29	18,542.36	2,505.05	52.14	54,029.52
Less: Surplus Returned to Members	--	--	--	--	(37.00)	(37.00)
Fund (Deficit) Surplus	\$ (1,029.32)	\$ 33,959.29	\$ 18,542.36	\$ 2,505.05	\$ 15.14	\$ 53,992.52

\* Property includes Auto Physical Damage and Boiler and Machinery

See Independent Auditors' Report

**School Alliance Insurance Fund**  
**2001 Fund Year**  
**Cumulative Operating Results Analysis**  
**June 30, 2017**

	Workers' Compensation	General Liability	Property *	Auto Liability	School Board Legal Liability	Group Purchases	Totals
Underwriting Income:							
Regular Contributions	\$ 5,035,265.00	\$ 1,204,485.00	\$ 1,519,900.00	\$ 643,589.00	\$ 630,291.00	\$ 52,433.00	\$ 9,085,963.00
Expenses:							
Claims:							
Paid	3,517,082.73	705,001.27	32,443.92	3,669.50	153,333.00	--	4,411,530.42
Case Reserves	--	--	--	--	--	--	--
IBNR Reserves	--	--	--	--	--	--	--
	3,517,082.73	705,001.27	32,443.92	3,669.50	153,333.00	--	4,411,530.42
Other:							
Insurance and Reinsurance Premiums	843,881.00	790,314.82	977,595.00	440,057.58	255,956.80	39,180.40	3,346,985.60
Administrative	887,150.98	280,745.76	372,160.38	158,752.71	181,295.47	13,223.39	1,893,328.69
	1,731,031.98	1,071,060.58	1,349,755.38	598,810.29	437,252.27	52,403.79	5,240,314.29
Total Expenses	5,248,114.71	1,776,061.85	1,382,199.30	602,479.79	590,585.27	52,403.79	9,651,844.71
Operating (Loss) Income	(212,849.71)	(571,576.85)	137,700.70	41,109.21	39,705.73	29.21	(565,881.71)
Investment Income (Loss)	250,246.80	(30,983.82)	40,155.69	14,625.52	43,923.14	27.86	317,995.19
Other Income	8,741.30	2,154.08	2,908.22	1,161.62	1,139.12	161.66	16,266.00
Transfers	35,341.00	812,351.00	(170,000.00)	(55,000.00)	(41,425.00)	(217.00)	581,050.00
Total Non-Operating Income (Loss)	294,329.10	783,521.26	(126,936.09)	(39,212.86)	3,637.26	(27.48)	915,311.19
Net Income	81,479.39	211,944.41	10,764.61	1,896.35	43,342.99	1.73	349,429.48
Less: Surplus Returned to Members	(4,164.00)	(25,000.00)	(5,000.00)	(1,863.00)	(385.00)	--	(36,412.00)
Fund Surplus	\$ 77,315.39	\$ 186,944.41	\$ 5,764.61	\$ 33.35	\$ 42,957.99	\$ 1.73	\$ 313,017.48

\* Property includes Auto Physical Damage, Boiler and Machinery, Crime and Environmental Impairment Liability

See Independent Auditors' Report.

**School Alliance Insurance Fund**  
**2002 Fund Year**  
**Cumulative Operating Results Analysis**  
**June 30, 2017**

	Workers' Compensation	General Liability	Property *	Auto Liability	School Board Legal Liability	Group Purchases	Totals
Underwriting Income:							
Regular Contributions	\$ 7,380,316.00	\$ 1,609,449.32	\$ 1,907,229.00	\$ 654,399.68	\$ 834,093.00	\$ 152,670.20	\$ 12,538,157.20
Expenses:							
Claims:							
Paid	4,732,533.00	435,741.00	27,403.34	34,300.95	--	--	5,229,978.29
Case Reserves	--	--	--	--	--	--	--
IBNR Reserves	--	--	--	--	--	--	--
	4,732,533.00	435,741.00	27,403.34	34,300.95	--	--	5,229,978.29
Other:							
Insurance and Reinsurance Premiums	1,791,670.00	931,406.02	1,229,062.00	324,351.98	655,372.05	113,929.71	5,045,791.76
Administrative	1,264,257.08	355,406.33	536,449.44	140,839.14	163,428.37	17,673.64	2,478,054.00
	3,055,927.08	1,286,812.35	1,765,511.44	465,191.12	818,800.42	131,603.35	7,523,845.76
Total Expenses	7,788,460.08	1,722,553.35	1,792,914.78	499,492.07	818,800.42	131,603.35	12,753,824.05
Operating (Loss) Income	(408,144.08)	(113,104.03)	114,314.22	154,907.61	15,292.58	21,066.85	(215,666.85)
Investment Income	287,101.11	22,586.43	37,164.40	49,902.85	5,687.83	6,685.81	409,128.43
Other Income	9,778.23	2,017.73	2,793.78	620.84	155.21	341.27	15,707.06
Transfers	121,820.00	85,700.00	(133,806.00)	(52,898.00)	(4,407.00)	(1,633.00)	14,776.00
Total Non-Operating Income (Loss)	418,699.34	110,304.16	(93,847.82)	(2,374.31)	1,436.04	5,394.08	439,611.49
Net Income	10,555.26	(2,799.87)	20,466.40	152,533.30	16,728.62	26,460.93	223,944.64
Less: Surplus Returned to Members	--	--	(16,194.00)	(137,102.00)	(15,623.00)	(25,167.00)	(194,086.00)
Fund Surplus (Deficit)	\$ 10,555.26	\$ (2,799.87)	\$ 4,272.40	\$ 15,431.30	\$ 1,105.62	\$ 1,293.93	\$ 29,858.64

\* Property includes Auto Physical Damage, Boiler and Machinery, Crime and Environmental Impairment Liability

See Independent Auditors' Report.

**School Alliance Insurance Fund**  
**2003 Fund Year**  
**Cumulative Operating Results Analysis**  
**June 30, 2017**

	Workers' Compensation	General Liability	Property *	Auto Liability	School Board Legal Liability	Group Purchases	Totals
Underwriting Income:							
Regular Contributions	\$ 7,111,164.00	\$ 2,397,724.70	\$ 2,472,603.00	\$ 870,496.30	\$ 1,203,685.00	\$ 163,258.00	\$ 14,218,931.00
Expenses:							
Claims:							
Paid	5,396,961.62	719,443.47	772,970.56	67,928.53	--	--	6,957,304.18
Case Reserves	118,111.22	--	--	--	--	--	118,111.22
IBNR Reserves	--	--	--	--	--	--	--
	5,515,072.84	719,443.47	772,970.56	67,928.53	--	--	7,075,415.40
Other:							
Insurance and Reinsurance Premiums	682,359.00	1,082,726.56	777,691.00	387,401.44	966,248.00	134,220.10	4,030,646.10
Administrative	1,250,942.36	581,332.89	553,354.26	247,475.92	235,706.49	21,005.58	2,889,817.50
	1,933,301.36	1,664,059.45	1,331,045.26	634,877.36	1,201,954.49	155,225.68	6,920,463.60
Total Expenses	7,448,374.20	2,383,502.92	2,104,015.82	702,805.89	1,201,954.49	155,225.68	13,995,879.00
Operating (Loss) Income	(337,210.20)	14,221.78	368,587.18	167,690.41	1,730.51	8,032.32	223,052.00
Investment Income	280,357.87	80,968.19	83,064.76	39,501.06	543.62	1,566.20	486,001.70
Other Income	4,203.10	1,375.56	1,299.14	611.36	76.42	76.42	7,642.00
Transfers	4,875.00	(4,817.00)	(29,397.00)	--	--	--	(29,339.00)
Total Non-Operating Income	289,435.97	77,526.75	54,966.90	40,112.42	620.04	1,642.62	464,304.70
Net Income	(47,774.23)	91,748.53	423,554.08	207,802.83	2,360.55	9,674.94	687,356.70
Less: Surplus Returned to Members	--	(80,919.00)	(364,268.00)	(174,662.00)	(2,237.00)	(9,600.00)	(631,686.00)
Fund (Deficit) Surplus	\$ (47,774.23)	\$ 10,829.53	\$ 59,286.08	\$ 33,140.83	\$ 113.55	\$ 74.94	\$ 55,670.70

\* Property includes Auto Physical Damage, Boiler and Machinery, Crime and Environmental Impairment Liability

See Independent Auditors' Report.

**School Alliance Insurance Fund**  
**2004 Fund Year**  
**Cumulative Operating Results Analysis**  
**June 30, 2017**

	Workers' Compensation	General Liability	Property *	Auto Liability	School Board Legal Liability	Group Purchases	Totals
Underwriting Income:							
Regular Contributions	\$ 8,238,238.00	\$ 2,937,164.92	\$ 3,088,546.00	\$ 1,014,509.08	\$ 1,782,909.00	\$ 227,468.00	\$ 17,288,835.00
Expenses:							
Claims:							
Paid	6,338,672.71	685,999.32	850,000.00	114,000.68	--	--	7,988,672.71
Case Reserves	11,805.00	--	--	--	--	--	11,805.00
IBNR Reserves	2,000.00	--	--	--	--	--	2,000.00
	6,352,477.71	685,999.32	850,000.00	114,000.68	--	--	8,002,477.71
Other:							
Insurance and Reinsurance Premiums	889,015.00	1,459,110.51	1,269,936.00	468,825.49	1,373,351.00	186,029.93	5,646,267.93
Administrative	1,425,059.28	626,765.26	798,941.62	270,112.07	375,949.26	26,512.75	3,523,340.24
	2,314,074.28	2,085,875.77	2,068,877.62	738,937.56	1,749,300.26	212,542.68	9,169,608.17
Total Expenses	8,666,551.99	2,771,875.09	2,918,877.62	852,938.24	1,749,300.26	212,542.68	17,172,085.88
Operating (Loss) Income	(428,313.99)	165,289.83	169,668.38	161,570.84	33,608.74	14,925.32	116,749.12
Investment Income	247,087.07	99,981.64	35,357.12	40,316.83	6,688.29	2,829.75	432,260.70
Other Income	8,518.70	2,662.09	3,371.99	1,242.31	1,774.73	177.48	17,747.30
Transfers	550,041.00	(157,848.00)	(117,801.00)	(95,841.00)	(27,534.00)	(8,877.00)	142,140.00
Total Non-Operating Income (Loss)	805,646.77	(55,204.27)	(79,071.89)	(54,281.86)	(19,070.98)	(5,869.77)	592,148.00
Net Income	377,332.78	110,085.56	90,596.49	107,288.98	14,537.76	9,055.55	708,897.12
Less: Surplus Returned to Members	-	(107,152.00)	(82,199.00)	(84,159.00)	(14,366.00)	(9,013.00)	(296,889.00)
Fund Surplus	\$ 377,332.78	\$ 2,933.56	\$ 8,397.49	\$ 23,129.98	\$ 171.76	\$ 42.55	\$ 412,008.12

\* Property includes Auto Physical Damage, Boiler and Machinery, Crime and Environmental Impairment Liability

See Independent Auditors' Report.

**School Alliance Insurance Fund**  
**2005 Fund Year**  
**Cumulative Operating Results Analysis**  
**June 30, 2017**

	Workers' Compensation	General Liability	Property *	Auto Liability	School Board Legal Liability	Group Purchases	Totals
Underwriting Income:							
Regular Contributions	\$ 10,989,811.00	\$ 3,508,934.75	\$ 3,945,540.00	\$ 1,344,474.25	\$ 2,082,821.00	\$ 246,921.00	\$ 22,118,502.00
Expenses:							
Claims:							
Paid	4,928,600.05	1,106,189.25	795,127.05	93,564.71	--	--	6,923,481.06
Case Reserves	346,169.08	--	--	--	--	--	346,169.08
IBNR Reserves	15,000.00	--	--	--	--	--	15,000.00
	5,289,769.13	1,106,189.25	795,127.05	93,564.71	--	--	7,284,650.14
Other:							
Insurance and Reinsurance Premiums	1,518,218.00	1,703,445.50	1,564,106.00	584,190.50	1,582,860.81	205,770.01	7,158,590.82
Administrative	1,920,258.54	769,626.88	939,413.47	333,625.77	434,379.72	33,481.28	4,430,785.66
	3,438,476.54	2,473,072.38	2,503,519.47	917,816.27	2,017,240.53	239,251.29	11,589,376.48
Total Expenses	8,728,245.67	3,579,261.63	3,298,646.52	1,011,380.98	2,017,240.53	239,251.29	18,874,026.62
Operating Income (Loss)	2,261,565.33	(70,326.88)	646,893.48	333,093.27	65,580.47	7,669.71	3,244,475.38
Investment Income	817,817.04	140,375.99	117,144.07	63,492.32	13,896.27	1,343.18	1,154,068.87
Other Income	17,961.37	4,954.86	5,883.91	1,858.07	--	309.67	30,967.88
Transfers	(145,149.00)	169,437.00	(77,870.00)	--	--	--	(53,582.00)
Total Non-Operating Income	690,629.41	314,767.85	45,157.98	65,350.39	13,896.27	1,652.85	1,131,454.75
Net Income	2,952,194.74	244,440.97	692,051.46	398,443.66	79,476.74	9,322.56	4,375,930.13
Less: Surplus Returned to Members	(2,304,847.00)	--	(597,317.00)	(364,815.00)	(79,245.00)	(9,299.00)	(3,355,523.00)
Fund Surplus	\$ 647,347.74	\$ 244,440.97	\$ 94,734.46	\$ 33,628.66	\$ 231.74	\$ 23.56	\$ 1,020,407.13

\* Property includes Auto Physical Damage, Boiler and Machinery, Crime and Environmental Impairment Liability

See Independent Auditors' Report.

School Alliance Insurance Fund  
2006 Fund Year  
Cumulative Operating Results Analysis  
June 30, 2017

	Workers' Compensation	General Liability	Property *	Auto Liability	School Board Legal Liability	Group Purchases	Totals
Underwriting Income:							
Regular Contributions	\$ 11,645,471.00	\$ 3,812,506.50	\$ 4,591,980.00	\$ 1,402,148.50	\$ 2,241,849.00	\$ 69,615.00	\$ 23,763,570.00
Expenses:							
Claims:							
Paid	7,417,388.70	1,318,884.65	1,388,967.10	141,557.80	129,692.50	--	10,396,490.75
Case Reserves	310,866.79	--	--	--	--	--	310,866.79
IBNR Reserves	15,000.00	--	--	--	--	--	15,000.00
	7,743,255.49	1,318,884.65	1,388,967.10	141,557.80	129,692.50	--	10,722,357.54
Other:							
Insurance and Reinsurance Premiums	1,655,671.00	1,809,442.25	1,989,948.00	641,185.75	1,228,096.00	57,597.29	7,381,940.29
Administrative	2,053,697.03	755,992.79	1,227,753.15	308,804.96	450,535.00	8,431.00	4,805,213.93
	3,709,368.03	2,565,435.04	3,217,701.15	949,990.71	1,678,631.00	66,028.29	12,187,154.22
Total Expenses	11,452,623.52	3,884,319.69	4,606,668.25	1,091,548.51	1,808,323.50	66,028.29	22,909,511.76
Operating Income (Loss)	192,847.48	(71,813.19)	(14,688.25)	310,599.99	433,525.50	3,586.71	854,058.24
Investment Income	732,627.02	209,708.33	30,578.17	89,644.31	131,144.64	724.59	1,194,427.06
Other Income	3,608.88	1,031.11	1,620.31	368.25	736.50	--	7,365.05
Transfers	--	--	--	--	--	--	--
Total Non-Operating Income	736,235.90	210,739.44	32,198.48	90,012.56	131,881.14	724.59	1,201,792.11
Net Income	929,083.38	138,926.25	17,510.23	400,612.55	565,406.64	4,311.30	2,055,850.35
Less: Surplus Returned to Members	--	--	--	(100,000.00)	--	(4,272.00)	(104,272.00)
Fund Surplus	\$ 929,083.38	\$ 138,926.25	\$ 17,510.23	\$ 300,612.55	\$ 565,406.64	\$ 39.30	\$ 1,951,578.35

\* Property includes Auto Physical Damage, Boiler and Machinery, Crime and Environmental Impairment Liability

See Independent Auditors' Report.

School Alliance Insurance Fund  
2007 Fund Year  
Cumulative Operating Results Analysis  
June 30, 2017

	Workers' Compensation	General Liability	Property *	Auto Liability	School Board Legal Liability	Group Purchases	Totals
Underwriting Income:							
Regular Contributions	\$ 12,566,638.00	\$ 4,220,267.00	\$ 5,397,003.00	\$ 1,508,768.00	\$ 2,404,020.00	\$ 72,617.00	\$ 26,169,313.00
Expenses:							
Claims:							
Paid	7,901,991.84	1,488,818.32	1,702,683.37	141,754.31	209,491.14	--	11,444,738.98
Case Reserves	331,051.85	--	--	--	--	--	331,051.85
IBNR Reserves	15,000.00	--	--	--	--	--	15,000.00
	8,248,043.69	1,488,818.32	1,702,683.37	141,754.31	209,491.14	--	11,790,790.83
Other:							
Insurance and Reinsurance Premiums	1,785,737.00	2,010,939.50	2,437,417.00	468,042.50	1,291,481.36	62,871.69	8,056,489.05
Administrative	2,284,765.07	920,606.76	1,266,984.09	332,686.68	539,890.52	8,854.00	5,353,787.12
	4,070,502.07	2,931,546.26	3,704,401.09	800,729.18	1,831,371.88	71,725.69	13,410,276.17
Total Expenses	12,318,545.76	4,420,364.58	5,407,084.46	942,483.49	2,040,863.02	71,725.69	25,201,067.00
Operating Income (Loss)	248,092.24	(200,097.58)	(10,081.46)	566,284.51	363,156.98	891.31	968,246.00
Investment Income	731,663.06	141,433.87	56,953.43	113,555.96	99,912.50	563.19	1,144,082.01
Other Income	3,444.95	984.27	1,546.71	351.53	703.04	--	7,030.50
Transfers	--	--	--	--	--	--	--
Total Non-Operating Income	735,108.01	142,418.14	58,500.14	113,907.49	100,615.54	563.19	1,151,112.51
Net Income (Loss)	983,200.25	(57,679.44)	48,418.68	680,192.00	463,772.52	1,454.50	2,119,358.51
Less: Surplus Returned to Members	(99,999.00)	--	--	(100,000.00)	--	--	(199,999.00)
Fund Surplus (Deficit)	\$ 883,201.25	\$ (57,679.44)	\$ 48,418.68	\$ 580,192.00	\$ 463,772.52	\$ 1,454.50	\$ 1,919,359.51

\* Property includes Auto Physical Damage, Boiler and Machinery, Crime and Environmental Impairment Liability



**School Alliance Insurance Fund**  
**2008 Fund Year**  
**Cumulative Operating Results Analysis**  
**June 30, 2017**

	Workers' Compensation	General Liability	Property *	Auto Liability	School Board Legal Liability	Group Purchases	Totals
Underwriting Income:							
Regular Contributions	\$ 13,362,210.00	\$ 4,293,508.25	\$ 6,044,143.00	\$ 1,571,052.75	\$ 2,418,283.00	\$ 144,422.00	\$ 27,833,619.00
Expenses:							
Claims:							
Paid	7,548,942.60	1,279,977.99	1,948,762.07	137,121.85	242,047.13	--	11,156,851.64
Case Reserves	378,458.45	--	--	--	--	--	378,458.45
IBNR Reserves	20,000.00	--	--	--	--	--	20,000.00
	7,947,401.05	1,279,977.99	1,948,762.07	137,121.85	242,047.13	--	11,555,310.09
Other:							
Insurance and Reinsurance Premiums	1,807,898.00	1,862,274.00	2,860,134.00	673,118.00	1,244,924.27	126,485.45	8,574,833.72
Administrative	2,326,683.83	935,034.83	1,475,226.88	344,276.37	479,622.34	17,937.00	5,578,781.25
	4,134,581.83	2,797,308.83	4,335,360.88	1,017,394.37	1,724,546.61	144,422.45	14,153,614.97
Total Expenses	12,081,982.88	4,077,286.82	6,284,122.95	1,154,516.22	1,966,593.74	144,422.45	25,708,925.06
Operating Income (Loss)	1,280,227.12	216,221.43	(239,979.95)	416,536.53	451,689.26	(0.45)	2,124,693.94
Investment Income	535,504.22	122,804.43	13,331.77	57,370.91	63,842.15	44.89	792,898.37
Other Income	5,832.96	1,579.76	3,038.00	607.60	1,093.68	--	12,152.00
Transfers	--	--	--	--	--	--	--
Total Non-Operating Income	541,337.18	124,384.19	16,369.77	57,978.51	64,935.83	44.89	805,050.37
Net Income (Loss)	1,821,564.30	340,605.62	(223,610.18)	474,515.04	516,625.09	44.44	2,929,744.31
Less: Surplus Returned to Members	--	--	--	--	--	--	--
Fund Surplus (Deficit)	\$ 1,821,564.30	\$ 340,605.62	\$ (223,610.18)	\$ 474,515.04	\$ 516,625.09	\$ 44.44	\$ 2,929,744.31

\* Property includes Auto Physical Damage, Boiler and Machinery, Crime and Environmental Impairment Liability

See Independent Auditors' Report.

**School Alliance Insurance Fund**  
**2009 Fund Year**  
**Cumulative Operating Results Analysis**  
**June 30, 2017**

	Workers' Compensation	General Liability	Property *	Auto Liability	School Board Legal Liability	Group Purchases	Totals
Underwriting Income:							
Regular Contributions	\$ 13,907,711.00	\$ 4,014,139.00	\$ 6,051,194.00	\$ 1,428,321.00	\$ 2,007,925.00	\$ 167,139.00	\$ 27,576,429.00
Expenses:							
Claims:							
Paid	9,339,081.64	2,045,421.26	1,585,657.81	119,614.07	287,220.54	--	13,376,995.32
Case Reserves	981,546.74	--	--	--	--	--	981,546.74
IBNR Reserves	30,000.00	--	--	--	--	--	30,000.00
	10,350,628.38	2,045,421.26	1,585,657.81	119,614.07	287,220.54	--	14,388,542.06
Other:							
Insurance and Reinsurance Premiums	2,259,993.00	1,779,490.50	2,921,543.94	525,977.50	1,010,368.00	146,213.29	8,643,586.23
Administrative	2,519,701.85	923,612.92	1,549,523.75	332,419.65	412,391.84	20,928.00	5,758,578.01
	4,779,694.85	2,703,103.42	4,471,067.69	858,397.15	1,422,759.84	167,141.29	14,402,164.24
Total Expenses	15,130,323.23	4,748,524.68	6,056,725.50	978,011.22	1,709,980.38	167,141.29	28,790,706.30
Operating (Loss) Income	(1,222,612.23)	(734,385.68)	(5,531.50)	450,309.78	297,944.62	(2.29)	(1,214,277.30)
Investment Income	174,176.90	44,703.66	7,597.01	35,475.82	36,832.42	255.15	299,040.96
Other Income	2,758.11	746.72	1,436.00	287.20	516.96	3,000.00	8,744.99
Transfers	--	--	--	--	--	--	--
Total Non-Operating Income	176,935.01	45,450.38	9,033.01	35,763.02	37,349.38	3,255.15	307,785.95
Net (Loss) Income	(1,045,677.22)	(688,935.30)	3,501.51	486,072.80	335,294.00	3,252.86	(906,491.35)
Less: Surplus Returned to Members	--	--	--	--	--	--	--
Fund (Deficit) Surplus	\$ (1,045,677.22)	\$ (688,935.30)	\$ 3,501.51	\$ 486,072.80	\$ 335,294.00	\$ 3,252.86	\$ (906,491.35)

\* Property includes Auto Physical Damage, Boiler and Machinery, Crime and Environmental Impairment Liability

See Independent Auditors' Report.

**School Alliance Insurance Fund**  
**2010 Fund Year**  
**Cumulative Operating Results Analysis**  
**June 30, 2017**

	Workers' Compensation	General Liability	Property *	Auto Liability	School Board Legal Liability	Group Purchases	Totals
Underwriting Income:							
Regular Contributions	\$ 14,692,844.00	\$ 4,148,386.25	\$ 6,510,114.00	\$ 1,436,302.75	\$ 2,192,205.00	\$ 224,005.00	\$ 29,203,857.00
Expenses:							
Claims:							
Paid	9,818,731.42	1,142,489.68	2,169,537.71	187,972.61	285,881.99	--	13,604,613.41
Case Reserves	801,632.90	--	--	--	--	--	801,632.90
IBNR Reserves	30,000.00	--	--	--	--	--	30,000.00
	10,650,364.32	1,142,489.68	2,169,537.71	187,972.61	285,881.99	--	14,436,246.31
Other:							
Insurance and Reinsurance Premiums	2,586,429.00	1,282,767.60	3,198,703.42	808,259.40	1,050,122.50	195,784.82	9,122,066.74
Administrative	2,666,313.16	953,932.62	1,635,365.30	337,372.98	401,761.63	28,208.23	6,022,953.92
	5,252,742.16	2,236,700.22	4,834,068.72	1,145,632.38	1,451,884.13	223,993.05	15,145,020.66
Total Expenses	15,903,106.48	3,379,189.90	7,003,606.43	1,333,604.99	1,737,766.12	223,993.05	29,581,266.97
Operating (Loss) Income	(1,210,262.48)	769,196.35	(493,492.43)	102,697.76	454,438.88	11.95	(377,409.97)
Investment Income	157,590.65	80,536.08	2,557.68	10,155.33	35,995.81	83.08	286,918.63
Other Income	1,623.79	439.78	845.72	169.15	304.45	--	3,382.89
Transfers	--	--	--	--	--	--	--
Total Non-Operating Income	159,214.44	80,975.86	3,403.40	10,324.48	36,300.26	83.08	290,301.52
Net (Loss) Income	(1,051,048.04)	850,172.21	(490,089.03)	113,022.24	490,739.14	95.03	(87,108.45)
Less: Surplus Returned to Members	--	--	--	--	--	--	--
Fund (Deficit) Surplus	\$ (1,051,048.04)	\$ 850,172.21	\$ (490,089.03)	\$ 113,022.24	\$ 490,739.14	\$ 95.03	\$ (87,108.45)

\* Property includes Auto Physical Damage, Boiler and Machinery, Crime and Environmental Impairment Liability

See Independent Auditors' Report.

**School Alliance Insurance Fund**  
**2011 Fund Year**  
**Cumulative Operating Results Analysis**  
**June 30, 2017**

	Workers' Compensation	General Liability	Property *	Auto Liability	School Board Legal Liability	Group Purchases	Totals
Underwriting Income:							
Regular Contributions	\$ 14,607,350.00	\$ 3,985,452.00	\$ 6,665,327.00	\$ 1,360,292.00	\$ 2,289,818.00	\$ 144,363.00	\$ 29,052,602.00
Expenses:							
Claims:							
Paid	8,040,568.62	801,574.23	1,575,854.40	129,663.52	455,577.12	--	11,003,237.89
Case Reserves	684,458.19	36,147.95	--	--	--	--	720,606.14
IBNR Reserves	40,000.00	3,278.00	--	--	--	--	43,278.00
	8,765,026.81	841,000.18	1,575,854.40	129,663.52	455,577.12	--	11,767,122.03
Other:							
Insurance and Reinsurance Premiums	2,655,987.50	1,465,831.75	3,030,444.20	680,037.25	1,020,258.00	126,042.17	8,978,600.87
Administrative	2,823,990.32	936,497.83	1,853,507.98	327,992.80	404,878.13	17,217.00	6,364,084.06
	5,479,977.82	2,402,329.58	4,883,952.18	1,008,030.05	1,425,136.13	143,259.17	15,342,684.93
Total Expenses	14,245,004.63	3,243,329.76	6,459,806.58	1,137,693.57	1,880,713.25	143,259.17	27,109,806.96
Operating Income	362,345.37	742,122.24	205,520.42	222,598.43	409,104.75	1,103.83	1,942,795.04
Investment Income	204,028.06	78,388.18	31,002.22	18,299.12	38,849.85	98.22	370,665.65
Other Income (Loss)	4,492.36	1,216.67	(248.88)	467.97	842.26	1.00	6,771.38
Transfers	--	--	--	--	--	--	--
Total Non-Operating Income	208,520.42	79,604.85	30,753.34	18,767.09	39,692.11	99.22	377,437.03
Net Income	570,865.79	821,727.09	236,273.76	241,365.52	448,796.86	1,203.05	2,320,232.07
Less: Surplus Returned to Members	--	--	--	--	--	--	--
Fund Surplus	\$ 570,865.79	\$ 821,727.09	\$ 236,273.76	\$ 241,365.52	\$ 448,796.86	\$ 1,203.05	\$ 2,320,232.07

\* Property includes Auto Physical Damage, Boiler and Machinery, Crime and Environmental Impairment Liability

See Independent Auditors' Report.

School Alliance Insurance Fund  
2012 Fund Year  
Cumulative Operating Results Analysis  
June 30, 2017

	Workers' Compensation	General Liability	Property *	Auto Liability	School Board Legal Liability	Group Purchases	Totals
Underwriting Income:							
Regular Contributions	\$ 13,332,062.00	\$ 3,799,894.00	\$ 6,533,496.00	\$ 1,374,380.00	\$ 2,272,544.00	\$ 146,347.00	\$ 27,458,723.00
Expenses:							
Claims:							
Paid	6,599,250.19	1,121,032.51	1,916,215.93	511,372.39	366,050.96	--	10,513,921.98
Case Reserves	654,614.81	1,091.91	--	287.26	--	--	655,993.98
IBNR Reserves	40,000.00	--	--	--	--	--	40,000.00
	7,293,865.00	1,122,124.42	1,916,215.93	511,659.65	366,050.96	--	11,209,915.96
Other:							
Insurance and Reinsurance Premiums	3,686,029.00	1,322,687.30	2,950,604.32	774,184.44	1,232,861.75	129,494.44	10,095,761.25
Administrative	2,723,222.05	901,340.06	1,619,172.69	327,916.94	394,815.89	18,637.00	5,985,104.63
	6,409,251.05	2,223,927.36	4,569,777.01	1,102,101.38	1,627,677.64	148,131.44	16,080,865.88
Total Expenses	13,703,116.05	3,346,051.78	6,485,992.94	1,613,761.03	1,993,728.60	148,131.44	27,290,781.84
Operating (Loss) Income	(371,054.05)	453,842.22	47,503.06	(239,381.03)	278,815.40	(1,784.44)	167,941.16
Investment Income	88,253.59	48,327.99	14,366.94	6,291.88	19,629.55	40.21	176,910.16
Other Income	2,884.81	781.30	1,502.51	300.50	540.90	--	6,010.02
Transfers	--	--	--	--	--	--	--
Total Non-Operating Income	91,138.40	49,109.29	15,869.45	6,592.38	20,170.45	40.21	182,920.18
Net (Loss) Income	(279,915.65)	502,951.51	63,372.51	(232,788.65)	298,985.85	(1,744.23)	350,861.34
Less: Surplus Returned to Members	--	--	--	--	--	--	--
Fund (Deficit) Surplus	\$ (279,915.65)	\$ 502,951.51	\$ 63,372.51	\$ (232,788.65)	\$ 298,985.85	\$ (1,744.23)	\$ 350,861.34

\* Property includes Auto Physical Damage, Boiler and Machinery, Crime and Environmental Impairment Liability

**School Alliance Insurance Fund**  
**2013 Fund Year**  
**Cumulative Operating Results Analysis**  
**June 30, 2017**

	Workers' Compensation	General Liability	Property *	Auto Liability	School Board Legal Liability	Group Purchases	Totals
Underwriting Income:							
Regular Contributions	\$ 15,471,076.00	\$ 4,031,171.00	\$ 7,444,715.00	\$ 1,491,045.00	\$ 2,532,467.00	\$ 156,027.00	\$ 31,126,501.00
Expenses:							
Claims:							
Paid	9,038,216.25	1,047,998.67	1,962,372.79	172,772.51	553,416.93	--	12,774,777.15
Case Reserves	1,114,284.92	271,167.27	--	--	--	--	1,385,452.19
IBNR Reserves	77,380.00	14,834.00	--	--	166,583.00	--	258,797.00
	10,229,881.17	1,333,999.94	1,962,372.79	172,772.51	719,999.93	--	14,419,026.34
Other:							
Insurance and Reinsurance Premiums	4,211,238.00	1,565,932.70	3,795,404.80	736,202.30	1,381,858.00	135,820.00	11,826,455.80
Administrative	2,982,618.94	955,851.61	1,851,369.01	356,464.87	443,289.65	19,913.00	6,609,507.08
	7,193,856.94	2,521,784.31	5,646,773.81	1,092,667.17	1,825,147.65	155,733.00	18,435,962.88
Total Expenses	17,423,738.11	3,855,784.25	7,609,146.60	1,265,439.68	2,545,147.58	155,733.00	32,854,989.22
Operating (Loss) Income	(1,952,662.11)	175,386.75	(164,431.60)	225,605.32	(12,680.58)	294.00	(1,728,488.22)
Investment Income (Loss)							
Other Income	5,891.65	32,855.79	(1,486.29)	6,955.49	12,033.76	89.78	56,340.18
Transfers	2,539.92	687.90	1,322.88	264.58	476.22	2,750.00	8,041.50
	--	--	--	--	--	--	--
Total Non-Operating Income (Loss)	8,431.57	33,543.69	(163.41)	7,220.07	12,509.98	2,839.78	64,381.68
Net (Loss) Income	(1,944,230.54)	208,930.44	(164,595.01)	232,825.39	(170.60)	3,133.78	(1,664,106.54)
Less: Surplus Returned to Members	--	--	--	--	--	--	--
Fund (Deficit) Surplus	\$ (1,944,230.54)	\$ 208,930.44	\$ (164,595.01)	\$ 232,825.39	\$ (170.60)	\$ 3,133.78	\$ (1,664,106.54)

\* Property includes Auto Physical Damage, Boiler and Machinery, Crime and Environmental Impairment Liability

**School Alliance Insurance Fund**  
**2014 Fund Year**  
**Cumulative Operating Results Analysis**  
**June 30, 2017**

	Workers' Compensation	General Liability	Property *	Auto Liability	School Board Legal Liability	Group Purchases	Totals
Underwriting Income:							
Regular Contributions	\$ 16,116,807.00	\$ 3,925,901.00	\$ 9,148,328.00	\$ 1,469,792.00	\$ 3,078,268.00	\$ 130,162.00	\$ 33,869,258.00
Expenses:							
Claims:							
Paid	8,023,022.13	872,953.29	1,777,918.51	89,167.22	668,925.04	--	11,431,986.19
Case Reserves	1,058,037.11	406,184.55	--	22,047.50	--	--	1,486,269.16
IBNR Reserves	118,941.00	162,810.00	--	8,837.00	751,075.00	--	1,041,663.00
	9,200,000.24	1,441,947.84	1,777,918.51	120,051.72	1,420,000.04	--	13,959,918.35
Other:							
Insurance and Reinsurance Premiums	4,583,495.00	1,493,953.00	5,434,584.30	632,262.00	1,960,771.00	113,599.13	14,218,664.43
Administrative	3,141,761.93	953,109.63	2,153,065.54	378,504.23	536,059.76	16,562.99	7,179,064.08
	7,725,256.93	2,447,062.63	7,587,649.84	1,010,766.23	2,496,830.76	130,162.12	21,397,728.51
Total Expenses	16,925,257.17	3,889,010.47	9,365,568.35	1,130,817.95	3,916,830.80	130,162.12	35,357,646.86
Operating (Loss) Income	(808,450.17)	36,890.53	(217,240.35)	338,974.05	(838,562.80)	(0.12)	(1,488,388.86)
Investment Income	63,150.03	39,866.72	605.71	11,811.13	8,731.10	273.39	124,438.08
Other Income	2,605.61	705.19	1,356.13	271.23	488.19	--	5,426.35
Transfers	--	--	--	--	--	--	--
Total Non-Operating Income	65,755.64	40,571.91	1,961.84	12,082.36	9,219.29	273.39	129,864.43
Net (Loss) Income	(742,694.53)	77,462.44	(215,278.51)	351,056.41	(829,343.51)	273.27	(1,358,524.43)
Less: Surplus Returned to Members	--	--	--	--	--	--	--
Fund (Deficit) Surplus	\$ (742,694.53)	\$ 77,462.44	\$ (215,278.51)	\$ 351,056.41	\$ (829,343.51)	\$ 273.27	\$ (1,358,524.43)

\* Property includes Auto Physical Damage, Boiler and Machinery, Crime and Environmental Impairment Liability

See Independent Auditors' Report.

**School Alliance Insurance Fund**  
**2015 Fund Year**  
**Cumulative Operating Results Analysis**  
**June 30, 2017**

	Workers' Compensation	General Liability	Property *	Auto Liability	School Board Legal Liability	Group Purchases	Totals
Underwriting Income:							
Regular Contributions	\$ 16,547,927.00	\$ 4,899,172.00	\$ 11,343,735.00	\$ 1,825,254.00	\$ 3,434,711.00	\$ 22,408.00	\$ 38,073,207.00
Expenses:							
Claims:							
Paid	6,860,379.14	348,492.16	1,517,213.84	338,103.54	394,141.91	--	9,458,330.59
Case Reserves	2,358,244.99	653,401.93	1,309.10	228,289.30	40,000.00	--	3,281,245.32
IBNR Reserves	381,376.00	93,025.00	186.00	32,502.00	165,858.00	--	672,947.00
	9,600,000.13	1,094,919.09	1,518,708.94	598,894.84	599,999.91	--	13,412,522.91
Other:							
Insurance and Reinsurance Premiums	4,208,888.48	1,482,432.20	6,931,651.55	1,085,984.80	2,308,606.00	19,810.00	16,037,373.03
Administrative	3,300,507.57	1,085,743.16	2,537,173.18	434,392.47	636,285.16	2,132.30	7,996,233.84
	7,509,396.05	2,568,175.36	9,468,824.73	1,520,377.27	2,944,891.16	21,942.30	24,033,606.87
Total Expenses	17,109,396.18	3,663,094.45	10,987,533.67	2,119,272.11	3,544,891.07	21,942.30	37,446,129.78
Operating (Loss) Income	(561,469.18)	1,236,077.55	356,201.33	(294,018.11)	(110,180.07)	465.70	627,077.22
Investment Income	87,097.61	46,895.16	12,151.34	2,991.03	10,209.36	3.86	159,348.36
Other Income (Loss)	4,495.91	1,217.64	2,341.62	468.32	842.99	(0.16)	9,366.32
Transfers	--	--	--	--	--	--	--
Total Non-Operating Income	91,593.52	48,112.80	14,492.96	3,459.35	11,052.35	3.70	168,714.68
Net (Loss) Income	(469,875.66)	1,284,190.35	370,694.29	(290,558.76)	(99,127.72)	469.40	795,791.90
Less: Surplus Returned to Members	--	--	--	--	--	--	--
Fund (Deficit) Surplus	\$ (469,875.66)	\$ 1,284,190.35	\$ 370,694.29	\$ (290,558.76)	\$ (99,127.72)	\$ 469.40	\$ 795,791.90

\* Property includes Auto Physical Damage, Boiler and Machinery, Crime and Environmental Impairment Liability

See Independent Auditors' Report.



School Alliance Insurance Fund  
2016 Fund Year  
Cumulative Operating Results Analysis  
June 30, 2017

	Workers' Compensation	General Liability	Property *	Auto Liability	School Board Legal Liability	Group Purchases	Totals
Underwriting Income:							
Regular Contributions	\$ 17,323,800.00	\$ 4,921,932.00	\$ 12,357,408.00	\$ 1,775,880.00	\$ 4,461,228.00	\$ 29,028.00	\$ 40,869,276.00
Expenses:							
Claims:							
Paid	4,408,275.15	227,920.39	1,887,057.19	84,479.32	1,307,429.74	--	7,915,161.79
Case Reserves	2,759,031.06	795,490.33	13,053.73	114,712.53	736,942.15	--	4,419,229.80
IBNR Reserves	107,694.00	270,794.00	4,444.00	39,050.00	1,437,055.00	--	1,859,037.00
	7,275,000.21	1,294,204.72	1,904,554.92	238,241.85	3,481,426.89	--	14,193,428.59
Other:							
Insurance and Reinsurance Premiums	5,138,078.00	2,131,293.00	7,572,013.10	746,140.00	2,092,440.00	24,842.00	17,704,806.10
Administrative	3,433,185.29	1,153,555.85	2,920,399.28	415,288.93	879,281.54	4,069.60	8,805,780.49
	8,571,263.29	3,284,848.85	10,492,412.38	1,161,428.93	2,971,721.54	28,911.60	26,510,586.59
Total Expenses	15,846,263.50	4,579,053.57	12,396,967.30	1,399,670.78	6,453,148.43	28,911.60	40,704,015.18
Operating Income (Loss)	1,477,536.50	342,878.43	(39,559.30)	376,209.22	(1,991,920.43)	116.40	165,260.82
Investment Income	82,146.94	22,104.44	10,559.06	7,967.06	18,420.15	7.28	141,204.93
Other Income	1,683.84	465.00	1,162.51	155.00	387.50	21.18	3,875.03
Transfers	--	--	--	--	--	--	--
Total Non-Operating Income	83,830.78	22,569.44	11,721.57	8,122.06	18,807.65	28.46	145,079.96
Net Income (Loss)	1,561,367.28	365,447.87	(27,837.73)	384,331.28	(1,973,112.78)	144.86	310,340.78
Less: Surplus Returned to Members	--	--	--	--	--	--	--
Fund Surplus (Deficit)	\$ 1,561,367.28	\$ 365,447.87	\$ (27,837.73)	\$ 384,331.28	\$ (1,973,112.78)	\$ 144.86	\$ 310,340.78

\* Property includes Auto Physical Damage, Boiler and Machinery, Crime and Environmental Impairment Liability

**School Alliance Insurance Fund  
2017 Fund Year  
Cumulative Operating Results Analysis  
June 30, 2017**

	Workers' Compensation	General Liability	Property & Auto Physical Damage *	Auto Liability	School Board Legal Liability	Group Purchases	Totals
Underwriting Income:							
Regular Contributions	\$ 18,558,429.00	\$ 3,888,451.00	\$ 13,229,256.00	\$ 1,716,947.00	\$ 4,416,546.00	\$ 114,206.00	\$ 41,923,835.00
Expenses:							
Claims:							
Paid	2,693,701.94	18,851.67	1,517,561.70	40,477.33	167,305.08	--	4,437,897.72
Case Reserves	3,582,741.69	156,703.68	749,776.29	36,312.25	865,977.38	--	5,391,511.29
IBNR Reserves	1,273,556.00	200,339.00	958,555.00	46,423.00	1,264,102.00	--	3,742,975.00
	7,549,999.63	375,894.35	3,225,892.99	123,212.58	2,297,384.46	--	13,572,384.01
Other:							
Insurance and Reinsurance Premiums	5,713,498.00	1,722,207.00	7,842,655.00	863,664.00	2,093,871.00	101,336.00	18,337,231.00
Administrative	3,587,419.90	957,138.33	3,178,572.78	432,456.53	903,317.90	12,257.39	9,071,162.83
	9,300,917.90	2,679,345.33	11,021,227.78	1,296,120.53	2,997,188.90	113,593.39	27,408,393.83
Total Expenses	16,850,917.53	3,055,239.68	14,247,120.77	1,419,333.11	5,294,573.36	113,593.39	40,980,777.84
Operating Income (Loss)	1,707,511.47	833,211.32	(1,017,864.77)	297,613.89	(878,027.36)	612.61	943,057.16
Investment Income	5,784.96	1,211.73	4,121.14	534.21	1,377.19	--	13,029.23
Other Income	555.66	116.39	395.86	51.31	132.81	--	1,252.03
Transfers	--	--	--	--	--	--	--
Total Non-Operating Income	6,340.62	1,328.12	4,517.00	585.52	1,510.00	--	14,281.26
Net Income (Loss)	1,713,852.09	834,539.44	(1,013,347.77)	298,199.41	(876,517.36)	612.61	957,338.42
Less: Surplus Returned to Members	--	--	--	--	--	--	--
Fund Surplus (Deficit)	\$ 1,713,852.09	\$ 834,539.44	\$ (1,013,347.77)	\$ 298,199.41	\$ (876,517.36)	\$ 612.61	\$ 957,338.42

\* Property includes Crime and Boiler & Machinery.

**School Alliance Insurance Fund  
2016 through 2017 Fund Years  
Administrative Expenses Analysis  
June 30, 2017**

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**2016 Fund Year**

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
Acquisition Costs	\$ 4,454,622.83	\$ --	\$ 4,454,622.83
Actuary	36,838.00	--	36,838.00
Administrator	2,043,268.00	--	2,043,268.00
Attorney	118,488.00	--	118,488.00
Auditor	23,985.00	--	23,985.00
Claims Service	726,954.33	59,105.67	786,060.00
Loss Control	312,478.80	--	312,478.80
Treasurer	5,398.00	--	5,398.00
Contingency	462,500.00	137,500.00	600,000.00
Website Services	10,421.42	19,578.58	30,000.00
Non-Contracted	162,673.86	--	162,673.86
Regional Focus Safety Group	181,968.00	--	181,968.00
MEL Safety Institute	50,000.00	--	50,000.00
	<u>\$ 8,589,596.24</u>	<u>\$ 216,184.25</u>	<u>\$ 8,805,780.49</u>

**2017 Fund Year**

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
Acquisition Costs	\$ 4,497,122.11	\$ --	\$ 4,497,122.11
Actuary	43,875.00	4,060.00	47,935.00
Administrator	1,917,577.75	174,325.25	2,091,903.00
Attorney	100,715.00	20,143.00	120,858.00
Auditor	--	24,465.00	24,465.00
Claims Service	669,800.65	131,980.35	801,781.00
Loss Control	237,637.72	78,611.00	316,248.72
Treasurer	5,047.13	458.87	5,506.00
Contingency	139,570.20	525,429.80	665,000.00
Website Services	9,455.60	20,544.40	30,000.00
Non-Contracted	114,553.13	40,446.87	155,000.00
Regional Focus Safety Group	--	265,344.00	265,344.00
MEL Safety Institute	50,000.00	--	50,000.00
	<u>\$ 7,785,354.29</u>	<u>\$ 1,285,808.54</u>	<u>\$ 9,071,162.83</u>

See Independent Auditors' Report.

**School Alliance Insurance Fund  
Comments and Recommendations  
June 30, 2017 and 2016**

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None