



**REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL
MUNICIPAL JOINT INSURANCE FUND

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ANNUAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

New Jersey Department of Insurance Joint Insurance Fund Code: JIF 15

Joint Insurance Fund Name: Gloucester, Salem, Cumberland Counties
Municipal Joint Insurance Fund

Street Address: _____ Mail Address: 6000 Sagemore Drive

_____ Suite 6203
Marlton, NJ 08053

Primary location of books and records: 6000 Sagemore Drive - Suite 6203, Marlton, NJ 08053

Statement Contact Person: Paul Forlenza Phone No. (856) 446-9135

EXECUTIVE COMMITTEE

Chairperson Michael Razze Robert Diaz
Secretary Karen Sweeney Kevin Clour
Sue Miller Mark L. Gravinese
Carl Bagby

EXECUTIVE COMMITTEE ALTERNATES

Donald Banks Leo Selb
Marjorie Sperry Colette Bachich
Stephanie McCaffrey
Douglas L. Hogate Sr.

State of New Jersey
County of _____

Michael Razze (Chairperson), Karen Sweeney (Secretary), of the Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund being duly sworn, each for themselves deposes and says that they are the above described executive committee members of the said joint insurance fund, and that on the 31st day of December, 2020 all of the herein described assets were the absolute property of the said joint insurance fund, free and clear from any liens or claims thereon, except as herein stated, and that this annual statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to are a full and true statement of all the assets and liabilities and of the condition and affairs of the said joint insurance fund as of the 31st day of December, 2020 and of its income and deductions therefrom for the year ended on that date, according to the best of their information, knowledge and belief respectively.

Chairperson

Secretary

- (a) Is this an original filing X Yes No
- (b) If no,
 - (i) State the amendment number _____
 - (ii) Date filed _____
 - (iii) Number of pages attached _____

Subscribed and sworn to before me the _____ day of _____, 2021

INDEPENDENT AUDITOR'S REPORT

Executive Committee
Gloucester, Salem, Cumberland Counties
Municipal Joint Insurance Fund
6000 Sagemore Drive, Suite 6203
Marlton, New Jersey 08053

Report on the Financial Statements

We have audited the accompanying financial statements of the Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund (the "Fund") as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 respective financial position of the Fund as of December 31, 2020 and 2019 and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information listed in the table of contents 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.

Other Information


Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements and are presented for purposes of additional analysis. The accompanying supplementary schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Executive Committee
Gloucester, Salem, Cumberland Counties
Municipal Joint Insurance Fund

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2021 on our consideration of the Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Fund's internal control over financial reporting and compliance.

Respectfully Submitted,



Bowman & Company LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
June 28, 2021

**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

Executive Committee
Gloucester, Salem, Cumberland Counties
Municipal Joint Insurance Fund
6000 Sagemore Drive, Suite 6203
Marlton, New Jersey 08053

We have audited, in accordance with the 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 in compliance with audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund (the "Fund") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collective comprise the Fund's basic financial statements, and have issued our report thereon dated June 28, 2021.

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) to determine 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.

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

Executive Committee
Gloucester, Salem, Cumberland Counties
Municipal Joint Insurance Fund

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund’s financial statements are free of 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 audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,



Bowman & Company LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
June 28, 2021

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND

Management's Discussion and Analysis - Unaudited

This section of the annual financial report of the Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund (the "Fund") presents a discussion and analysis of the financial performance of the Fund for the years ended December 31, 2020, 2019, and 2018. Please read it in conjunction with the basic financial statements that follow this section.

Overview of Basic Financial Statements

The Fund's basic financial statements are prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises where applicable. The primary purpose of the Fund is to provide property and casualty insurance coverage for municipalities that are members of the Fund. The Fund maintains separate enterprise funds by incurred years and line of coverage. The basic financial statements are presented on an accrual basis of accounting. The three basic financial statements presented are as follows:

Comparative Statements of Net Position – This statement presents information reflecting the Fund's assets, liabilities and reserves, and net position. Net position represents the amount of total assets less total liabilities and reserves.

Comparative Statements of Revenues, Expenses, and Changes in Net Position – This statement reflects the Fund's operating revenues and expenses, as well as non-operating items during the reporting period. The change in net position for an enterprise fund is similar to net profit or loss for any other insurance company.

Comparative Statements of Cash Flows – The comparative statements of cash flows is presented on the direct method of reporting, which reflects cash flows from operating, investing and noncapital activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the year.

Financial Highlights

The following tables summarize the net position and results of operations for the Fund as of and for the years ended December 31, 2020, 2019, and 2018.

| Net Position Summary | <u>12/31/2020</u> | <u>12/31/2019</u> | <u>12/31/2018</u> | <u>2019 to 2020 Change</u> | |
|--|----------------------|----------------------|----------------------|----------------------------|-------------------|
| | | | | <u>Amount</u> | <u>Percentage</u> |
| Assets | | | | | |
| Cash & Cash Equivalents | \$ 20,839,035 | \$ 3,252,328 | \$ 2,586,234 | \$ 17,586,707 | 540.7% |
| Investments | 12,202,618 | 29,931,501 | 29,633,498 | (17,728,883) | -59.2% |
| Other Assets | 1,759,832 | 1,966,783 | 1,960,970 | (206,951) | -10.5% |
| Total Assets | 34,801,485 | 35,150,612 | 34,180,702 | (349,127) | -1.0% |
| Liabilities And Reserves & Net Position | | | | | |
| Liabilities And Reserves | | | | | |
| Loss Reserves | 11,627,479 | 9,016,541 | 9,325,675 | 2,610,938 | 29.0% |
| Other Liabilities | 4,830,215 | 4,533,072 | 3,485,617 | 297,143 | 6.6% |
| Total Liabilities | 16,457,694 | 13,549,613 | 12,811,292 | 2,908,081 | 21.5% |
| Net Position - Unrestricted | \$ 18,343,791 | \$ 21,600,999 | \$ 21,369,410 | \$ (3,257,208) | -15.1% |

| Revenues, Expenses, and Changes in Net Position Summary | <u>12/31/2020</u> | <u>12/31/2019</u> | <u>12/31/2018</u> | <u>2019 to 2020 Change</u> | |
|---|-----------------------|-------------------|---------------------|----------------------------|-------------------|
| | | | | <u>Amount</u> | <u>Percentage</u> |
| Operating Revenue | | | | | |
| Regular Contributions & Other Income | \$ 15,040,788 | \$ 14,733,701 | \$ 14,575,863 | \$ 307,087 | 2.1% |
| Operating Expenses: | | | | | |
| Provision For Claims and Claims | | | | | |
| Adjustment Expenses | 8,359,692 | 5,576,124 | 6,208,428 | 2,783,568 | 49.9% |
| Premium For Excess Insurance | 5,133,737 | 4,985,228 | 4,708,094 | 148,509 | 3.0% |
| Surplus Trigger Assessment | 364,692 | 160,856 | | 203,836 | 126.7% |
| (Over)/Under Funding MEL | | | | | |
| Retro Liability | (94,685) | (174,464) | | 79,779 | 45.7% |
| Professional & Contractual Services | 2,977,401 | 2,907,424 | 2,869,379 | 69,977 | 2.4% |
| Total Operating Expenses | 16,740,837 | 13,455,168 | 13,785,901 | 3,285,669 | 24.4% |
| Operating Income (Loss) | (1,700,049) | 1,278,533 | 789,962 | (2,978,582) | -233.0% |
| Investment Income | 555,567 | 871,700 | 569,554 | (316,133) | -36.3% |
| Change in Investment in Joint Venture | (239,014) | (70,984) | (156,455) | (168,030) | -236.7% |
| Return of Surplus | (1,873,712) | (1,847,660) | (1,542,314) | 26,052 | 1.4% |
| Change In Net Position | \$ (3,257,208) | \$ 231,589 | \$ (339,253) | \$ (3,436,693) | -1483.96% |

Financial Highlights Continued

In 2020, Professional & Contractual Services; which includes, but is not limited to the fees to pay Fund Professionals (Actuary, TPA, Administrator, etc.), Member Benefits (Training, Reimbursement Programs, Conference Attendance Fees, etc.), and other Operating Expenses (Printing, Legal Notices, Record Retention Services, etc.) increased from the prior year by 2.4%. 2020 Budget increases in professional fees averaged 2.00%; however, the Claims Administration was approved for a 4.0% rate increase resulting in a line item increase of 3.93%. The Right to Know Coordinator was approved for a 15.32% increase plus similar increases for the proceeding two years due to a recognition that the costs associated with this service are significantly higher than the rate of compensation to the vendor. Similarly, the Technology Risk Services Director was approved for a 20.73% increase with a similar increase planned for the following year in recognition of a change in the services being provided to the membership. Fund Year 2020 also saw the reallocation of funds from the Contingency line and Police defense costs line item to pay for Police On-Line Training, Cyber On-Line Employee Training, and Technology Risk Management Services. Professional & Contractual Services and Member Benefit costs represented just 17% of the total Fund's budget

An overall 24.4% increase in Operating Expenses over the prior year was driven by a \$2,783,568 increase (49.9%) in Claims and Claims Adjustment Expenses. Also, the Premium for Excess Insurance increased \$148,509 (3.0%), Surplus Trigger Assessment funding for the MEL and RCF Surplus Strengthening program increased \$203,836 (126.7%), and the MEL Retrospective Account increased \$79,779 (45.7%) due to overfunding of the line item. 2020 is the second year of the Residual Claims Fund (RCF) "trigger" (\$177,912) and the first year of the MEL "trigger" (\$186,780). With the transfer of the 2016 Fund Year to the RCF effective December 31, 2020, a surplus trigger was activated that requires all Funds participating in the RCF to commit additional funding to the RCF to bring the percentage of RCF surplus to claims reserve and IBNR to 12.5%. The Fund was charged \$177,912, which is its proportionate share of all RCF Fund Years applied to the total amount of funding required to meet the 12.5% RCF surplus floor. Effective December 31, 2020, a surplus trigger was activated that requires all Funds participating in the MEL to commit additional funding to the MEL to bring the percentage of MEL surplus to claims reserve and IBNR to 12.5%. The Fund was charged \$186,780, which is its proportionate share of all MEL Open Fund Years applied to the total amount of funding required to meet the 12.5% MEL surplus floor

In addition to the RCF trigger noted above, the Fund also posted its \$331,546 obligation to the Residual Claims Fund for the 2016 Fund Year, which is a 37.9% decrease over the 2015 Fund Year obligation. Similarly, the Fund posted \$224,523 for its obligation to the MEL Retrospective program liability resulting from adding the 2020 contractual obligation. Claims liabilities increased 29.0% in case reserves and an additional 6.6% in IBNR resulting in an overall 21.5% increase (\$2,908,081) in Total Liabilities & Reserves. Cash & Cash Equivalents increased over the prior year by \$17,586,707 while investments decreased by \$17,728,883 resulting in a net decrease in assets of approximately \$349,127 (1.0%). As a result, the overall net position of the Fund decreased by approximately \$3,257,208.

Regular Contributions increased by approximately \$307,087 (2.1%) over 2019 inclusive of the addition of Hopewell Township. One member (Harrison Township) qualified for the Fund Retrospective Program. The Retrospective Program identifies those members that are the driving force behind the Loss Funding increases year to year and removes the risk they place on the Fund by placing these Members in a min/max Loss Funding Contract. Their participation in the Program saved the remaining members of the Fund approximately \$19,000. The loss funding allocations by line of coverage are recommended by the Fund Actuary.

For 2020, the MEL Budget increased by 0.4% prior to exposure growth. Inclusive of exposure growth, the Fund recognized an increase in its MEL assessment of \$27,261 or 0.86%. The MEL implemented a Retrospective Program on all members in addition to an experience rating process based on the prior ten years MEL experience for Workers' Compensation (WC) and Liability claims funding. While the Fund has been a net "giver" to the MEL over the prior ten years, unfortunately, the more recent performance has been trending negatively and the Fund's ten year average (66.4%) is above the overall MEL average (60.5%) resulting in a 7.7% experience rating applied to their WC and Liability claims funding Under the Retrospective Program, each Fund was invoiced 85% of WC and

Financial Highlights Continued

Liability claims funding while being contractually bound to a value (100% to 125%) based on the prior ten years MEL experience. Each Fund will be contractually bound to the Retrospective Program for the respective Fund Year for ten (10) years. Again, as the TRICO JIF has a loss ratio above the MEL average loss ratio over the prior ten years, the maximum obligation for Fund Year 2020 under the Retrospective Program is 115%. The Finance Committee opted to fund this line item at 115% of the maximum obligation and transfer any potential liability into the MEL Retrospective Account within the Fund. The Committee opted to fund an additional \$94,685 in recognition of the new potential liability for Sexual Abuse and Molestation (SAM) and Firefighter Cancer Presumption claims.

Effective January 1, 2016, the Fund entered into a contract for EPL/POL Coverage with QBE Insurance. The proposal from QBE was a 1% statewide rate increase for 2020. In recognition that the allocation of the EPL/POL premium across the MEL affiliated Funds was skewed, representatives from each MEL affiliated Fund created a Task Force. The goal of the Task Force was to ensure the EPL/POL premium is allocated in a fair and equitable manner. The Task Force allocated the 1.0% increase for 2020 on a member-by-member basis utilizing exposures multiplied by the applicable rates and five years' experience valued as of June 30, 2019. In older Fund Years, the Fund's performance in this line of coverage has been positive resulting in some member's premium not covering the cost of their exposures. The Fund's five-year average loss ratio (64.5%) in the EPL/POL line of coverage was slightly above what the commercial market considers break even (55%), so the inclusion of exposures in the premium allocation resulted in a premium increase of 6.26% for 2020.

Volunteer, Directors and Officers Liability Coverage remained with QBE at expiring rates. Cyber Liability Coverage (a \$1,532 per member 2020 fee) remained with XL Insurance. The Excess Cyber Liability Coverage (a \$400 per member 2020 fee) remained with Beazley.

In 2020, the Fund authorized a surplus release of \$1,800,000 to its members in September, which was a \$25,000 decrease over a combined release of \$1,625,000 standard release coupled with a \$150,000 assessment credit release that was released in November 2019. It should be noted that the Fund had a surplus of approximately \$16.7 million at December 31, 2020 and continues to take a prudent approach toward surplus distribution in recognition of trends potentially affecting the Fund's overall financial strength balanced with the needs of members' local budgets.

Economic Conditions

Several factors outside the control of the Fund continue to influence its financial condition. Continuing a trend from prior years, the Fund continues to experience a decrease in the overall number of workers compensation claims; however, the severity (cost) of the claims continues to increase. Factors driving the increase include an increase in health care inflation and indemnity costs coupled with an aging workforce. In addition, the Fund continues to deal with a petitioner friendly court vicinage, an ever-expanding definition of compensability, and a continued increase in the number of claim "re-openers" being filed by previously injured employees.

Other factors impacting the Fund's financial position in 2020 include the change in State statute that opens the Fund to potential liability for claims of sexual abuse and molestation that occurred more than two years ago. Specifically, the statute opened a two-year window where victims of sexual abuse and molestation could bring a claim against a responsible party for incidents that were previously banned due to an existing two-year statute of limitations and removes the statute of limitations for these types of claims going forward. The change makes public entities, their employees, volunteers, and elected officials potentially liable for these incidents and specifically removes the ability of the Fund to use immunities under Title 59 to defend these claims. Projecting the costs of these potential claims is very difficult and will have an impact on the Fund's financials well into the future.

The second legislative change came from an amendment to the New Jersey Workers Compensation Law that makes certain types of cancers developed by fire fighters compensable. Again, the cancer might have manifested years ago; however, if the fire fighter meets the parameters in the law, the costs associated with their cancer will be

Economic Conditions Continued

compensable under the New Jersey Workers Compensation Law. Again, projecting the costs of these potential claims is very difficult and will have an impact on the Fund's financials well into the future.

An additional factor outside of the Fund's control impacting its financial position is the worldwide insurance market that has become very difficult over the last year. With an increasing number of natural disasters, the impact of global warming, and the increasing costs of building materials, the excess property insurance market has experienced increasing rates, reduced coverage limits, and a demand for more detailed exposure data. The excess liability market has experienced a similar trend due to increasing law enforcement liability claims and the impact of "social inflation. In addition, the workers compensation market is becoming more challenging as a result of the financial impact of the COVID 19 pandemic. Finally, the cyber insurance market has become very difficult due to the increasing number of high profile attacks against large corporations and public infrastructure projects as well as the recognition that these attacks are becoming much more sophisticated and difficult to defend.

After several years of low returns on investments due to market conditions, the Fund recognized a 36.3% decrease in investment income over 2019 due to unrealized loss based on the maturation date of the investments. As a public entity, the Fund is limited in its investment options to US Treasury backed investments.

Contacting the Fund's Management

This financial report is designed to provide the Gloucester, Salem, Cumberland Counties Municipal 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, contact the Executive Director of the Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund office located at 6000 Sagamore Drive, Suite 6203, Marlton, New Jersey 08053 or by phone at (856) 446-9100.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
COMPARATIVE STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| <u>ASSETS</u> | | |
| Cash and Cash Equivalents | \$ 20,839,035 | \$ 3,252,328 |
| Investments | 12,202,618 | 29,931,501 |
| Investment in Joint Ventures | 1,623,411 | 1,862,425 |
| Excess Insurance Receivable | 56,589 | - |
| Accrued Interest Receivable | 55,105 | 103,320 |
| Retro Program | 18,571 | - |
| Prepaid Expenses | 6,156 | 1,038 |
| | <u>34,801,485</u> | <u>35,150,612</u> |
| Total Assets | | |
| <u>LIABILITIES AND RESERVES</u> | | |
| Liabilities: | | |
| Accrued Expenses | 559,888 | 570,017 |
| Contributions Payable | 18,668 | - |
| Due To Residual Claims Fund | 331,546 | 533,884 |
| MEL Retrospective Potential Obligation | 1,788,885 | 1,564,362 |
| Aggregate Excess Loss Fund Contingency | 463,823 | 350,856 |
| Authorized Return of Surplus | 1,302,713 | 1,353,097 |
| Surplus Trigger Assessment Due | 364,692 | 160,856 |
| | <u>4,830,215</u> | <u>4,533,072</u> |
| Total Liabilities | | |
| Reserves: | | |
| Claims: | | |
| Case Reserves | 7,473,948 | 5,440,549 |
| IBNR Reserves | 4,237,664 | 3,575,992 |
| Excess Insurance Recoverable | (84,133) | - |
| | <u>11,627,479</u> | <u>9,016,541</u> |
| Net Reserves | | |
| Total Liabilities and Reserves | <u>16,457,694</u> | <u>13,549,613</u> |
| <u>NET POSITION</u> | | |
| Unrestricted | <u>\$ 18,343,791</u> | <u>\$ 21,600,999</u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| Operating Revenue: | | |
| Regular Contributions | \$ 14,946,067 | \$ 14,657,849 |
| Environmental Fund Dividends | 73,712 | 72,661 |
| Retro Program Income | 18,571 | - |
| Other Income | 2,438 | 3,191 |
| | <hr/> | <hr/> |
| Total Operating Revenue | 15,040,788 | 14,733,701 |
| | <hr/> | <hr/> |
| Operating Expenses: | | |
| Provision for Claims and Claims Adjustment Expenses | 8,359,692 | 5,576,124 |
| Premium for Excess Insurance | 5,133,737 | 4,985,228 |
| Surplus Trigger Assessment | 364,692 | 160,856 |
| (Over)/Under Funding MEL Retro Liability | (94,685) | (174,464) |
| Administrative Expenses: | | |
| Actuary -The Actuarial Advantage | 33,188 | 32,648 |
| Administration - Risk Program Administrators | 739,397 | 719,928 |
| Administrative Consultant - PERMA, Inc. | 46,367 | 44,679 |
| Attorney - DeWeese Law Firm, P.C. | 111,663 | 108,735 |
| Auditor - Bowman & Company LLP | 23,905 | 22,820 |
| Claims Administration | 508,807 | 527,057 |
| Contingency - Various | 8,810 | 21,014 |
| Other Expenses - Various | 41,482 | 55,621 |
| Payroll Auditor - Bowman & Company LLP | 15,474 | 15,170 |
| Property Appraiser - AssetWorks, LLC | 26,032 | 29,960 |
| Risk Management Consultants - Various | 613,539 | 593,353 |
| Safety Director - J.A. Montgomery Risk Control Services | 221,061 | 212,409 |
| Safety Programs / EPL Cyber - Various | 379,275 | 353,946 |
| Technology Risk Services Director - Secure Data Consulting | 87,333 | 50,875 |
| Treasurer - Thomas Tontarski | 14,083 | 13,807 |
| Underwriting Manager - Conner Strong & Buckelew | 11,999 | 11,454 |
| Wellness Program - Various | 94,986 | 93,948 |
| | <hr/> | <hr/> |
| Total Operating Expenses | 16,740,837 | 13,455,168 |
| | <hr/> | <hr/> |
| Operating Income (Loss) | (1,700,049) | 1,278,533 |
| Non-Operating Revenue (Expense): | | |
| Investment Income | 555,567 | 871,700 |
| Change in Investment in Joint Ventures | (239,014) | (70,984) |
| | <hr/> | <hr/> |
| Change in Net Position | (1,383,496) | 2,079,249 |
| Net Position, Beginning | 21,600,999 | 21,369,410 |
| | <hr/> | <hr/> |
| Net Position Before Distributions to Members | 20,217,503 | 23,448,659 |
| Distributions to Members | 1,873,712 | 1,847,660 |
| | <hr/> | <hr/> |
| Net Position, Ending | <u>\$ 18,343,791</u> | <u>\$ 21,600,999</u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

GLoucester, Salem, Cumberland Counties Municipal Joint Insurance Fund
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|---------------------|
| Cash Flows From Operating Activities: | | |
| Receipts from Regular Contributions | \$ 14,964,735 | \$ 14,657,949 |
| Receipts from Environmental Fund | 73,712 | 72,661 |
| Receipts from Other Income | 2,438 | 3,191 |
| Payments for Claim Payments | (6,007,681) | (5,630,311) |
| Payments for Insurance Premiums | (4,975,385) | (4,582,550) |
| Payments to Professionals and Suppliers | <u>(2,992,648)</u> | <u>(2,875,727)</u> |
| Net Cash Provided by Operating Activities | <u>1,065,171</u> | <u>1,645,213</u> |
| Cash Flows From Investing Activities: | | |
| Redemption of Investments | 39,409,000 | 28,743,000 |
| Purchase of Investments | (21,399,444) | (28,642,797) |
| Investment Income | <u>323,110</u> | <u>396,364</u> |
| Net Cash Flows Provided by Investing Activities | <u>18,332,665</u> | <u>496,567</u> |
| Cash Flows Used in Noncapital Financing Activities: | | |
| Distributions to Members | <u>(1,811,129)</u> | <u>(1,475,686)</u> |
| Net Increase in Cash and Cash Equivalents | 17,586,707 | 666,094 |
| Cash and Cash Equivalents - Beginning | <u>3,252,328</u> | <u>2,586,234</u> |
| Cash and Cash Equivalents - Ending | <u>\$ 20,839,035</u> | <u>\$ 3,252,328</u> |
| Reconciliation of Operating Income (Loss) to | | |
| Cash Flows From Operating Activities: | | |
| Operating Income (Loss) | \$ (1,700,049) | \$ 1,278,533 |
| Adjustments to Reconcile Operating Income (Loss) to | | |
| Net Cash Provided by Operating Activities: | | |
| Changes in Assets and Liabilities: | | |
| Contributions Receivable | - | 100 |
| Excess Insurance Receivable | (56,589) | - |
| Retro Program | (18,571) | - |
| Prepaid Expenses | (5,118) | 233 |
| Accrued Expenses | (10,129) | 31,464 |
| Accrued Insurance | - | (500) |
| MEL Retrospective Potential Obligation | 224,523 | 228,714 |
| Contributions Payable | 18,668 | - |
| Due to Residual Claims Fund | (202,338) | 254,947 |
| Surplus Trigger Assessment Due | 203,836 | 160,856 |
| Claims Reserves | <u>2,610,938</u> | <u>(309,134)</u> |
| Net Cash Flows Provided by Operating Activities | <u>\$ 1,065,171</u> | <u>\$ 1,645,213</u> |
| Supplemental Disclosure - Noncash Activity: | | |
| Change in Unrealized Gains (Losses) on Investments included in | | |
| Investment Income | <u>\$ 112,339</u> | <u>\$ 186,270</u> |
| Change in Investment in Joint Ventures | <u>\$ (239,014)</u> | <u>\$ (70,984)</u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 1: ORGANIZATION AND DESCRIPTION OF THE FUND

On January 1, 1991, the Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund (the "Fund") was formed in accordance with P.L. 1983, C.372, entitled "An Act Concerning Joint Insurance Funds for Local Units of Government", and supplementing Chapter 10 of Title 40A and N.J.S.A. 11:15-3 of the New Jersey Statutes. The Fund is operated in accordance with regulations of the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey for the purpose of securing significant savings in insurance cost as well as providing stability in coverage.

The Executive Committee of the Fund may approve subsequent membership by a majority vote or may terminate any member by a majority vote, after proper notice has been given. New memberships are effective upon approval by the Commissioners of Banking and Insurance and the Department of Community Affairs. Early terminations require prior approval by the Commissioner of Insurance. The members of the Fund must also be members of the Municipal Excess Liability Joint Insurance Fund ("MEL").

During the year ended December 31, 2020, members of the Fund included: Alloway Township, Carney's Point Township, Clayton Borough, Deptford Township, East Greenwich Township, Elk Township, Elsinboro Township, Fairfield Township, Franklin Township, Glassboro Borough, Greenwich Township, Harrison Township, Hopewell Township, Logan Township, Lower Alloways Creek Township, Mannington Township, Mantua Township, Monroe Township, Oldmans Township, Paulsboro Borough, Pennsville Township, Penns Grove Borough, Pilesgrove Township, Pitman Borough, Quinton Township, Shiloh Borough, South Harrison Township, Swedesboro Borough, Upper Pittsgrove Township, Vineland City, Washington Township, Wenonah Borough, West Deptford Township, Westville Borough, Woodbury City, Woodbury Heights Borough, Woodstown Borough and Woolwich Township.

All members' contributions to the Fund, including a reserve for contingencies, are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The Fund offers the following coverage to its members:

- Workers' Compensation including Employers' Liability ("WC")*
- General Liability other than motor vehicles ("GL")*
- Property damage other than motor vehicles ("PR")*
- Automobile Liability and damage ("AL")*
- Public Employees Blanket Bond

*The City of Vineland self- insures the first \$200,000 of all WC, GL and AL claims. The Fund insures the next \$100,000 of all WC, GL and AL claims. The City of Vineland insures the first \$250,000 of all PR claims. The Fund shares no risk with the City of Vineland for any PR claims.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant policies followed by the Fund in the preparation of the accompanying financial statements:

Component Unit

In evaluating how to define the Fund for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended. Blended component units, although legally separate entities, are in substance part of the primary entity's operations. Each discretely presented component unit would be or is reported in a separate column in the financial statements to emphasize that it is legally separate from the primary entity.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the primary entity.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the primary entity is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary entity could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Fund has no component units and is not includable in any other reporting entity.

Basis of Presentation

The financial statements of the Fund have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Accounting (Cont'd)

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Member Assessments are recognized as revenue at the time of assessment.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the comparative statements of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments, which may be purchased by New Jersey municipal units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Additionally, the Fund has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investments

The Fund generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The Fund categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investment Income Allocation

Interest accruals, interest payments on cash instruments, net of investment management fees, and unrealized gains and losses on the fair value of investments are allocated every month based upon each line of coverage's share of opening cash and investment balances.

Annual Contributions

Annual contributions are based on loss funds as determined by the Fund's actuary and are received in two installments. Total contributions are recognized as earned revenue evenly over the fiscal contract period or period of risk, if different. All past due contributions bear interest at the rate established annually by the Executive Committee.

Supplemental Contributions

The Executive Committee shall by majority vote levy upon the participating municipalities additional assessments wherever needed or so ordered by the Commissioner of Banking and Insurance to supplement the Fund's claim, loss retention or administrative accounts, after consideration of anticipated investment income, to assure the payment of the Fund's obligations. Supplemental contributions to cover a deficit are recognized as revenue upon approval whether or not actually received.

Retrospective Assessment Program

Beginning in Fund Year 2011, the Finance Committee opted to introduce a Retrospective Assessment Program that identifies those members that are the driving force behind the Loss Funding increases year to year and remove the risk they place on the Fund by capping these members in a min/max contract.

Each year the Fund performs an analysis of the each member's performance over the prior three and six year periods to determine those members that are having the greatest negative impact on the Fund's surplus position. The actuary re-prices the premiums for these members as if they were stand-alone members in the Fund. The Fund can then reduce the amount of the Loss Funding Budget by the difference between the member's loss funding assessment and the Actuary's loss funding assessment or a percentage amount as determined by the Finance Committee. Each remaining member of the Fund is then slotted into their appropriate assessment increase/decrease category based upon their performance.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Retrospective Assessment Program (Cont'd)

Those members in the Retrospective Assessment Program are then given an increase equal to the increase in the loss funding budget had they remained in the original loss funding formula.

The Program is designed to enable members with losses in excess of budget to spread potentially large increases in loss funding over a number of years easing a potential burden on their local budget and providing them time to address claims and loss issues. The program provides a financial incentive to improve performance. Members of the Fund who have succeeded in maintaining losses at or below budget levels benefit in that they are no longer supplementing poor performing members.

Unpaid Claims Liabilities

The Fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) 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. Adjustments to claims liabilities are reflected in reserves and cumulative expenses in the periods being reported upon.

A. **Reported Claims Case Reserves**

Case reserves include estimated unpaid claims cost for both future payments of losses and related allocated claim adjustment expenses as reported by the service agent, Qual-Lynx, Inc.

B. **Claims Incurred But Not Reported (IBNR) Reserve**

In order to recognize claims incurred but not reported, a reserve is calculated by the Fund's actuary, The Actuarial Advantage Inc.

Case and IBNR Reserves represent the estimated liability on expected future development on claims already reported to the Fund plus claims incurred but not yet reported and unknown loss events that are expected to become claims. The liabilities for claims and related adjustment expenses are evaluated using Fund and industry data, case basis evaluations and other statistical analyses, and represent estimates of the ultimate net cost of all losses incurred through December 31, 2020. These liabilities are subject to variability between estimated ultimate losses determined as described and the actual experience as it emerges, including the impact of future changes in claim severity, frequency, and other factors.

Management believes that the liabilities for unpaid claims above are adequate. The estimates are reviewed periodically and as adjustments to these liabilities become necessary, such adjustments are reflected in cumulative operations.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Excess Coverage

Coverage in excess of the Fund's self-insured retention limits is provided through the Fund's membership in the Municipal Excess Liability Joint Insurance Fund as described in Note 6.

Fund Transfers

All fund transfers are recognized at the time actual transfers take place. Inter-year fund transfers may be conducted by the fund at any time. Inter-year fund transfers require prior approval of the Department of Banking and Insurance and may be conducted only where each member participates in each and every loss retention fund account during that fund year.

The Commissioner of the Department of Banking and Insurance shall waive the full participation requirement provided the Fund demonstrates to the Department that it maintains records of each members pro rata share of each claim or loss retention fund account, and that the transfer shall be made so that any potential dividend shall not be reduced for a member that did not participate in the account receiving the transfer.

The Fund may seek approval from the Commissioner to make inter-year fund transfers at any time from a claims or loss retention trust account from any year, which has been completed for at least twenty-four months. The inter-year fund transfer may be in any amount subject to the limitation that after the transfer, the remaining net current surplus must equal or exceed the surplus retention requirement outlined in N.J.A.C. 11:15-4.21.

The membership for each year involving inter-year transfers must be identical between years. The Commissioner of the Department of Banking and Insurance shall waive the identical membership requirement provided the fund demonstrates to the Department that it maintains records of each members pro rata share of each claim or loss retention fund account, and that the transfer shall be made so that any potential dividend shall not be reduced for a member that did not participate in the year receiving the transfer.

Subrogation

Subrogation and all other recoverable claim amounts, excluding excess insurance, are recognized upon receipt of cash only.

Return of Surplus/Dividends

Refunds (dividends) are recognized upon authorization of the Executive Committee. Any moneys for a Fund year in excess of the amount necessary to fund all obligations for that year as certified by the Fund's actuary may be declared to be refundable by the Fund no less than twenty- four months after the end of the year.

The initial and any subsequent refund for any year from a Claim or Loss Retention Account is subject to the limitation that after the refund, the remaining net current surplus must exceed thirty-five percent of unpaid claims for that year. In later years, the Fund can seek annual approval for payment of refunds from a Claim or Loss Retention Account remaining from any year, which has been completed for at least thirty-six months or longer and may include such refund payments with initial refund payments from the preceding year.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Return of Surplus/Dividends (Cont'd)

A full and final refund is not allowed until all case reserves and IBNR reserves are closed.

Administrative Expenses

Administrative expenses are comprised mainly of compensation for services rendered by servicing organizations and appointed officials pursuant to written fee guidelines submitted and approved by a majority of the Commissioners/Executive Committee. In instances where invoices have not been submitted for specific periods, the maximum allowable contract amount has been accrued.

Net Position

In accordance with the provisions of the Governmental Accounting Standards Board Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", the Fund has classified its net position as unrestricted. This component of net position consists of net positions that do not meet the definition of "restricted" or "net investment in capital assets" and includes net position that may be allocated for specific purposes by the Board.

Income Taxes

The Fund is exempt from income taxes under Section 115 of the Internal Revenue Code.

Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues derived from member contributions. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and on investments in debt securities and positive changes in the Fund's investment in joint ventures.

Operating expenses include expenses associated with the fund operations, including claims expense, insurance and administrative expenses. Non-operating expenses include negative changes in the Fund's investment in joint ventures.

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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3: CASH AND CASH EQUIVALENTS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Fund's deposits might not be recovered. Although the Fund does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 3: CASH AND CASH EQUIVALENTS (CONT'D)

Custodial Credit Risk (Cont'd)

the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Fund in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Fund relative to the happening of a future condition. If the Fund had any such funds, they would be shown as Uninsured and Uncollateralized.

Of the Fund's bank balance of \$21,112,581 as of December 31, 2020, \$252,176 was insured while \$20,860,405 was collateralized under GUDPA.

Of the Fund's bank balance of \$3,462,450 as of December 31, 2019, \$253,110 was insured while \$3,209,340 was collateralized under GUDPA.

Note 4: INVESTMENTS

Custodial Credit Risk

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 or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fund, and are held by either the counterparty or the counterparty's trust department or agent but not in the Fund's name. All of the Fund's investments in United States Treasury Notes and United States Treasury Bills of \$12,202,618 and 29,931,501 as of December 31, 2020 and 2019, respectively, were held by either the counterparty or counterparty's trust department or agent, but not in the Fund's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits the investments that the Fund may purchase such as Treasury securities in order to limit the exposure of governmental units to credit risk. The Fund has no investment policy that would further limit its investment choices.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 4: INVESTMENTS (CONT'D)

Concentration of Credit Risk

The Fund does not place a limit on the amount that may be invested in any one issuer. All of the Fund's investments are in debt obligations.

As of December 31, 2020 and 2019, the Fund had the following investments and maturities:

Fair Value Measurements of Investments

The Fund categorizes its fair value disclosures within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

| <u>Investment</u> | <u>Interest Rate</u> | <u>Maturities</u> | <u>Credit Rating</u> | <u>Market Value</u> | |
|-------------------|----------------------|-------------------|----------------------|----------------------|----------------------|
| | | | | <u>2020</u> | <u>2019</u> |
| US Treasury Bill | 1.490% | 01/14/20 | AAA | \$ - | \$ 9,989,228 |
| US Treasury Bill | 1.940% | 03/26/20 | AAA | - | 1,493,326 |
| US Treasury Note | 1.375% | 01/31/20 | AAA | - | 1,508,668 |
| US Treasury Note | 1.375% | 05/31/20 | AAA | - | 1,248,537 |
| US Treasury Note | 1.625% | 07/31/20 | AAA | - | 2,389,904 |
| US Treasury Note | 1.625% | 11/30/20 | AAA | - | 1,249,713 |
| US Treasury Note | 2.250% | 02/15/21 | AAA | 2,385,712 | 2,395,994 |
| US Treasury Note | 1.375% | 05/31/21 | AAA | 1,256,450 | 1,246,187 |
| US Treasury Note | 1.125% | 08/31/21 | AAA | 2,527,068 | 2,490,698 |
| US Treasury Note | 1.125% | 09/30/21 | AAA | 1,019,630 | 1,003,853 |
| US Treasury Note | 1.750% | 11/30/21 | AAA | 1,217,724 | 1,203,708 |
| US Treasury Note | 1.500% | 01/31/22 | AAA | 1,268,550 | 1,248,150 |
| US Treasury Note | 1.625% | 08/15/22 | AAA | 1,249,646 | 1,221,147 |
| US Treasury Note | 1.375% | 10/15/22 | AAA | 1,277,838 | 1,242,388 |
| | | | | <u>\$ 12,202,618</u> | <u>\$ 29,931,501</u> |

The Fund has the following recurring fair value measurements as of December 31, 2020 and 2019:

United States Treasury Notes and United States Treasury Bills of \$12,202,618 and \$29,931,501 are valued using quoted market prices for identical assets (Level 1 inputs).

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 5: CHANGES IN UNPAID CLAIMS LIABILITIES

As discussed in Note 2, the Fund establishes a liability for both reported and unreported insured events, which includes estimates of future payments of losses and related allocated claim adjustment expenses.

The following represents changes in those aggregate undiscounted reported and unreported liabilities for the years ended December 31, 2020 and 2019 and for all open Fund years net of excess insurance recoveries:

| | <u>2020</u> | <u>2019</u> |
|---|-----------------------------|----------------------------|
| Total unpaid claim and claim adjustment expenses all fund years - Beginning | <u>\$ 9,550,425</u> | <u>\$ 9,604,612</u> |
| Incurred claims and claims adjustment expenses: | | |
| Provision for insured events of current fund year | 6,933,359 | 6,777,752 |
| Changes in provision for insured events of prior fund years | <u>1,426,333</u> | <u>(1,201,628)</u> |
| Total incurred claims and claims adjustment expenses all fund years | <u>8,359,692</u> | <u>5,576,124</u> |
| Payments (Net of Recoveries): | | |
| Claims and claim adjustments expenses: | | |
| Attributable to insured events of current fund year | 2,021,457 | 2,567,895 |
| Attributable to insured events of prior fund years | <u>3,929,635</u> | <u>3,062,416</u> |
| Total payments all fund years | <u>5,951,092</u> | <u>5,630,311</u> |
| Total unpaid claim and claim adjustment expenses all fund years - Ending | <u><u>\$ 11,959,025</u></u> | <u><u>\$ 9,550,425</u></u> |
| Analysis Of Balance: | | |
| Due to Residual Claims Fund | \$ 331,546 | \$ 533,884 |
| Net Reserves | <u>11,627,479</u> | <u>9,016,541</u> |
| | <u><u>\$ 11,959,025</u></u> | <u><u>\$ 9,550,425</u></u> |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 6: MEMBERSHIP IN JOINT INSURANCE FUNDS

Municipal Excess Liability Residual Claims Fund

The Fund is currently a member of the Municipal Excess Liability Residual Claims Fund (the "Residual Fund"). The Residual Fund is a risk-sharing public entity risk pool that is a self-administered group of joint insurance funds established for the purpose of assuming and discharging the liabilities associated with loss reserves of participating members. The transfer of loss reserves to the Residual Fund results in the closing of fund years and the unencumbering of the retained earnings related to the closed fund years. Each member appoints an official to represent their respective joint insurance fund for the purpose of creating a governing body from which officers for the Residual Fund are elected.

As a member of the Residual Fund, the Fund could be subject to supplemental assessments in the event of deficiencies. If the assets of the Residual Fund were to be exhausted, members would become jointly and severely liable for the Residual Fund's liabilities.

The Residual Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment relates to the total assessment of the membership for that fund year. In accordance Statement No. 10 of the Government Accounting Standards Board, these distributions are used to reduce the amount recorded for the Fund's membership assessment in the year in which the distribution was declared.

Municipal Excess Liability Joint Insurance Fund

The Fund is currently a member of the Municipal Excess Liability Joint Insurance Fund (the "MEL"). The MEL is a risk-sharing public entity risk pool that is a self-administered group of joint insurance funds established for the purpose of providing excess insurance coverage to participating members. Each member appoints an official to represent their respective joint insurance fund for the purpose of creating a governing body from which officers for the MEL are elected.

As a member of the MEL, the Fund could be subject to supplemental assessments in the event of deficiencies. If the assets of the MEL were to be exhausted, members would become jointly and severely liable for the MEL's liabilities.

The MEL can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment relates to the total assessment of the membership for that fund year.

New Jersey Municipal Environmental Risk Management Fund

Effective January 1, 2005, the Fund became a member of the New Jersey Municipal Environmental Risk Management Fund (the "Environmental Fund"). The Environmental Fund provides its members with various environmental related coverage. The Environmental Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of joint insurance funds established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Environmental Fund are elected.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 6: MEMBERSHIP IN JOINT INSURANCE FUNDS (CONT'D)

New Jersey Municipal Environmental Risk Management Fund (Cont'd)

As a member of the Environmental Fund, the Fund could be subject to supplemental assessments in the event of deficiencies. If the assets of the Environmental Fund were to be exhausted, members would become responsible for their respective shares of the Environmental Fund's liabilities.

The Environmental Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Equity Interest

As of December 31, 2020 and 2019, the Fund's share of net position in the Residual Fund, the MEL and the Environmental Fund is as follows:

| | <u>2020</u> | <u>2019</u> |
|--------------------|---------------------|---------------------|
| Residual Fund | \$ 185,128 | \$ 200,657 |
| MEL | 53,403 | 524,840 |
| Environmental Fund | <u>1,384,880</u> | <u>1,136,928</u> |
| | <u>\$ 1,623,411</u> | <u>\$ 1,862,425</u> |

Selected Financial Information

Selected summarized financial information for the Residual Fund, the MEL and the Environmental Fund as of December 31, 2020 is as follows:

| | <u>Residual Fund</u> | <u>MEL</u> | <u>Environmental Fund</u> |
|--------------------------|--------------------------|------------------------|-------------------------------|
| Total Assets | <u>\$ 113,821,785</u> | <u>\$ 85,601,144</u> | <u>\$ 34,453,325</u> |
| Total Liabilities | <u>\$ 101,181,048</u> | <u>\$ 69,349,487</u> | <u>\$ 12,275,343</u> |
| Net Position | <u>\$ 12,640,737</u> | <u>\$ 16,251,657</u> | <u>\$ 22,177,982</u> |
| Total Revenue | <u>\$ 28,628,559</u> | <u>\$ 52,502,391</u> | <u>\$ 4,765,059</u> |
| Total Expenses | <u>\$ 27,440,450</u> | <u>\$ 62,523,370</u> | <u>\$ 905,589</u> |
| Change in Net Position | <u>\$ 530,539</u> | <u>\$ (10,020,979)</u> | <u>\$ 1,359,470</u> |
| Distributions to Members | <u>\$ 657,570</u> | <u>\$ -</u> | <u>\$ 2,500,000</u> |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 6: MEMBERSHIP IN JOINT INSURANCE FUNDS (CONT'D)

Selected Financial Information (Cont'd)

Selected summarized financial information for the Residual Fund, the MEL and the Environmental Fund as of December 31, 2019 is as follows:

| | <u>Residual Fund</u> | <u>MEL</u> | <u>Environmental Fund</u> |
|--------------------------|--------------------------|-----------------------|-------------------------------|
| Total Assets | <u>\$ 102,863,955</u> | <u>\$ 80,294,462</u> | <u>\$ 33,215,865</u> |
| Total Liabilities | <u>\$ 90,753,757</u> | <u>\$ 54,021,826</u> | <u>\$ 12,397,353</u> |
| Net Position | <u>\$ 12,110,198</u> | <u>\$ 26,272,636</u> | <u>\$ 20,818,512</u> |
| Total Revenue | <u>\$ 29,006,573</u> | <u>\$ 49,733,294</u> | <u>\$ 5,177,954</u> |
| Total Expenses | <u>\$ 27,358,705</u> | <u>\$ 51,222,164</u> | <u>\$ 2,479,087</u> |
| Change in Net Position | <u>\$ 1,001,868</u> | <u>\$ (1,488,870)</u> | <u>\$ 698,867</u> |
| Distributions to Members | <u>\$ 646,000</u> | <u>\$ -</u> | <u>\$ 2,000,000</u> |

Financial statements for the Municipal Excess Liability Residual Claims Fund, the Municipal Excess Liability Joint Insurance Fund and the New Jersey Municipal Environmental Risk Management Fund are available at the office of the Fund's Executive Director:

PERMA
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054
(201) 881-7632

Note 7: SURPLUS DISTRIBTUION

During 2020, the Executive Committee approved a surplus distribution for \$1,873,712, representing \$1,800,000 paid from the closed fund year's account and a pass through of \$73,712 in E-JIF dividends to the aggregate excess loss contingency fund.

During 2019, the Executive Committee approved a surplus distribution for \$1,847,661, representing \$1,775,000 paid from the closed fund year's account and a pass through of \$72,661 in E-JIF dividends to the aggregate excess loss contingency fund.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 8: AGGREGATE EXCESS LOSS CONTINGENCY FUND

As permitted by the Fund's By-Laws, Fund members have the option to take their portion of the surplus distribution as a deposit in the Fund's Aggregate Excess Loss Contingency Fund ("AELCF"). The Fund members earn monthly interest on a rate based on the percentage of the total AELCF balance to the average cash and investments balance.

As of December 31, 2020, the Aggregate Excess Loss Contingency Fund was allocated as follows:

| | <u>Beginning Balance</u> | <u>Contributions / (Withdraws)</u> | <u>Accrued Interest</u> | <u>Ending Balance</u> |
|---------------------------|------------------------------|--|-----------------------------|---------------------------|
| Alloway Township | \$ 1,661 | \$ 703 | \$ 20 | \$ 2,384 |
| Carneys Point Township | 4,606 | 1,945 | 56 | 6,608 |
| Clayton Borough | 4,279 | 1,807 | 52 | 6,138 |
| Deptford Township | 16,039 | 6,773 | 197 | 23,009 |
| East Greenwich Township | 3,254 | 1,374 | 40 | 4,668 |
| Elk Township | 2,106 | 889 | 26 | 3,021 |
| Fairfield Township | 3,767 | 1,590 | 46 | 5,403 |
| Franklin Township | 9,269 | 3,914 | 114 | 13,297 |
| Glassboro Borough | 11,429 | 4,825 | 140 | 16,394 |
| Greenwich Township | 2,928 | 1,235 | 36 | 4,199 |
| Harrison Township | 5,266 | 2,224 | 65 | 7,555 |
| Logan Township | 3,616 | 1,526 | 44 | 5,186 |
| Mannington Township | - | 16,786 | - | 16,786 |
| Mantua Township | 8,521 | 3,598 | 104 | 12,223 |
| Monroe Township | 17,359 | 7,330 | 213 | 24,902 |
| Oldmans Township | 1,078 | 456 | 13 | 1,547 |
| Paulsboro Borough | 3,692 | 1,559 | 45 | 5,296 |
| Penns Grove Borough | 2,929 | 1,236 | 36 | 4,201 |
| Pennsville Township | 7,908 | 3,339 | 97 | 11,344 |
| Pilesgrove | 17,606 | 993 | 29 | 18,627 |
| Pitman Borough | 5,592 | 2,361 | 69 | 8,021 |
| Pittsgrove | 50,863 | 18,540 | 1,238 | 70,641 |
| Quinton Township | 1,671 | 931 | 20 | 2,623 |
| Shiloh Borough | 319 | 135 | 4 | 458 |
| South Harrison Township | 1,465 | 596 | 18 | 2,079 |
| Stowe Creek | 17,846 | 1,632 | 65 | 19,543 |
| Swedesboro Borough | 1,231 | 519 | 15 | 1,765 |
| Upper Pittsgrove Township | 3,676 | (720) | 25 | 2,982 |
| Washington Twp | 104,279 | 13,521 | 1,398 | 119,198 |
| Wenonah Borough | 1,388 | 586 | 17 | 1,991 |
| Westville Borough | 2,696 | 1,138 | 33 | 3,867 |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 8: AGGREGATE EXCESS LOSS CONTINGENCY FUND (CONT'D)

| | <u>Beginning Balance</u> | <u>Contributions / (Withdraws)</u> | <u>Accrued Interest</u> | <u>Ending Balance</u> |
|--------------------------|------------------------------|--|-----------------------------|---------------------------|
| Woodbury Heights Borough | \$ 1,793 | \$ 756 | \$ 22 | \$ 2,571 |
| Woodstown Borough | 1,879 | 793 | 23 | 2,695 |
| Woolwich Township | 1,818 | 767 | 22 | 2,607 |
| | <u>\$ 350,856</u> | <u>\$ 108,266</u> | <u>\$ 4,701</u> | <u>\$ 463,823</u> |

As of December 31, 2019, the Aggregate Excess Loss Contingency Fund was allocated as follows:

| | <u>Beginning Balance</u> | <u>Contributions / (Withdraws)</u> | <u>Accrued Interest</u> | <u>Ending Balance</u> |
|-------------------------|------------------------------|--|-----------------------------|---------------------------|
| Alloway Township | \$ 927 | \$ 691 | \$ 43 | \$ 1,661 |
| Carneys Point Township | 2,571 | 1,917 | 118 | 4,606 |
| Clayton Borough | 2,388 | 1,781 | 110 | 4,279 |
| Deptford Township | 8,950 | 6,677 | 412 | 16,039 |
| East Greenwich Township | 1,817 | 1,354 | 83 | 3,254 |
| Elk Township | 1,176 | 876 | 54 | 2,106 |
| Fairfield Township | 2,102 | 1,568 | 97 | 3,767 |
| Franklin Township | 5,172 | 3,859 | 238 | 9,269 |
| Glassboro Borough | 6,378 | 4,757 | 294 | 11,429 |
| Greenwich Township | 1,635 | 1,218 | 75 | 2,928 |
| Harrison Township | 2,939 | 2,192 | 135 | 5,266 |
| Logan Township | 2,018 | 1,505 | 93 | 3,616 |
| Mantua Township | 4,756 | 3,546 | 219 | 8,521 |
| Monroe Township | 9,687 | 7,226 | 446 | 17,359 |
| Oldmans Township | 602 | 448 | 28 | 1,078 |
| Paulsboro Borough | 2,061 | 1,536 | 95 | 3,692 |
| Penns Grove Borough | 1,635 | 1,219 | 75 | 2,929 |
| Pennsville Township | 4,413 | 3,292 | 203 | 7,908 |
| Pilesgrove | 16,566 | 979 | 61 | 17,606 |
| Pitman Borough | 3,120 | 2,328 | 144 | 5,592 |
| Pittsgrove | 48,508 | 2,218 | 137 | 50,863 |
| Quinton Township | 933 | 695 | 43 | 1,671 |
| Shiloh Borough | 178 | 133 | 8 | 319 |
| South Harrison Township | 825 | 603 | 37 | 1,465 |
| Stow Creek | 17,468 | 356 | 22 | 17,846 |
| Swedesboro Borough | 687 | 512 | 32 | 1,231 |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 8: AGGREGATE EXCESS LOSS CONTINGENCY FUND (CONT'D)

| | <u>Beginning Balance</u> | <u>Contributions / (Withdraws)</u> | <u>Accrued Interest</u> | <u>Ending Balance</u> |
|---------------------------|------------------------------|--|-----------------------------|---------------------------|
| Upper Pittsgrove Township | \$ 2,758 | \$ 865 | \$ 53 | \$ 3,676 |
| Washington Twp | 91,801 | 11,753 | 725 | 104,279 |
| Wenonah Borough | 774 | 578 | 36 | 1,388 |
| Westville Borough | 1,505 | 1,122 | 69 | 2,696 |
| Woodbury City | 24,296 | 2,571 | 159 | 27,026 |
| Woodbury Heights Borough | 1,000 | 747 | 46 | 1,793 |
| Woodstown Borough | 1,049 | 782 | 48 | 1,879 |
| Woolwich Township | 1,015 | 756 | 47 | 1,818 |
| | <u>\$ 273,710</u> | <u>\$ 72,660</u> | <u>\$ 4,486</u> | <u>\$ 350,856</u> |

Note 9: RELATED PARTY TRANSACTIONS

As disclosed in Note 6, the Fund is a member of the Municipal Excess Liability Residual Claims Fund, the New Jersey Municipal Environmental Risk Management Fund and Municipal Excess Liability Joint Insurance Fund and has an ownership interest in those funds.

Excess insurance premiums paid to the MEL were \$3,215,476 and \$3,162,962 for the years ended December 31, 2020 and 2019, respectively. As disclosed in Note 11, the Fund was also assessed a surplus trigger assessment during 2020.

Excess insurance premiums paid to the Environmental Fund were \$388,040 and \$391,594 for the years ended December 31, 2020 and 2019, respectively.

During 2020 and 2019, the Fund was assessed \$331,546 and \$533,884, respectively, for the transfer of fund year 2016 and 2015 liabilities to the Residual Fund. As disclosed in Note 11, the Fund was also assessed a surplus trigger assessment during 2020 and 2019.

Note 10: MEL JIF RETROSPECTIVE PROGRAM

As disclosed in notes 6 and 9, the Fund is a member of the Municipal Excess Liability Joint Insurance Fund and has adopted a retrospective rating premium approach to implement experience rated assessments for liability and workers' compensation coverages. The MEL billed 85% of the experience rated assessment in the first year and, should a member joint insurance fund exceed that amount, an additional assessment would be calculated based on each member joint insurance fund's retrospective rating modification. The retrospective rating modification is an experience rated factor and any additional assessments would be capped at 100%, 115% or 125% of that factor. Over a ten-year period (120 months), if a member joint insurance fund's liability and workers' compensation loss funds stay within the 85% threshold, there would not be an additional assessment.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 10: MEL JIF RETROSPECTIVE PROGRAM (CONT'D)

As of December 31, 2020 and 2019, the Fund was obligated to pay the MEL up to 100% in workers' compensation and liability loss funding. The Fund's initial payment of Fund Year excess premiums was 85% and the potential obligation due to the MEL was 15% of the Fund's remaining excess loss funding for workers' compensation and liability claims.

As December 31, 2020 and 2019, The Fund's potential obligation due to the MEL was:

| Fund Year | Maximum Obligation | Initial Payment | (Over)/Under Funding | Transfer To MEL | Potential Obligation 2020 | 2019 |
|--------------|-----------------------|--------------------|-------------------------|--------------------|------------------------------|--------------------|
| 2020 | \$3,120,791 | \$ 3,215,476 | \$ (94,685) | \$ 319,208 | \$ 224,523 | \$ - |
| 2019 | \$2,999,737 | \$ 3,162,962 | (163,225) | 403,178 | 239,953 | 239,953 |
| 2018 | \$2,980,280 | \$ 2,991,519 | (11,239) | 329,417 | 318,178 | 318,178 |
| 2017 | \$3,444,547 | \$ 3,444,547 | - | 502,075 | 502,075 | 502,075 |
| 2016 | \$3,325,930 | \$ 3,325,930 | - | 504,156 | 504,156 | 504,156 |
| | | | <u>\$ (269,149)</u> | <u>\$2,058,034</u> | <u>\$1,788,885</u> | <u>\$1,564,362</u> |

Note 11: SURPLUS TRIGGER ASSESSMENT DUE

The Board of Fund Commissioners of the Municipal Excess Liability Residual Claims Fund and Municipal Excess Liability Joint Insurance Fund passed resolutions to amend their plans of risk management. After the end of the year before the Residual Fund and MEL have finalized their year end accounting, their Commissioners shall levy an additional supplementary assessment so that their statutory surplus for all fund years combined is no less than 12.5 percent of unpaid claims including IBNR. A supplementary assessment payable over 10 years becomes automatic if the statutory surplus falls below a trigger number thus guaranteeing that the MEL and Residual Fund will have the resources to pay claims. For the years ended December 31, 2020 and 2019, supplemental assessments were due to the Residual Fund and MEL as follows:

| | <u>2020</u> | <u>2019</u> |
|---------------|-------------------|-------------------|
| Residual Fund | \$ 177,912 | \$ 160,856 |
| MEL | <u>186,780</u> | <u>-</u> |
| | <u>\$ 364,692</u> | <u>\$ 160,856</u> |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO SUPPLEMENTARY INFORMATION

Note 12: SUBSEQUENT EVENTS

While there are many issues that are increasing claims cost for New Jersey public entities, management is confident that the MEL and its affiliated JIFs are in an exceptionally strong position because of decades of conservative financial practices. Management continues to evaluate the impact of the COVID 19 pandemic on workers' compensation and has established a special COVID litigation reserve of \$5.5 million. Workers' compensation claims are also expected to increase because of recent changes in the public employee pension plans that will reduce the plans' contribution in total disability claims. Fortunately, MEL members are experiencing a lower rate of other employee accidents because of improved safety programs. Liability claims are increasing because of the recent change in the statute of limitations for sexual molestation lawsuits and the reluctance of the NJ Court System to grant summary judgements when Title 59 immunities should apply. Management also expects a sharp increase in excess and reinsurance premiums, especially for property insurance and cyber liability insurance. To mitigate these increases, the MEL is planning a rate adjustment beginning 2022.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
REQUIRED SUPPLEMENTARY INFORMATION

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
RECONCILIATION OF CLAIMS LIABILITIES BY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Property</u> | <u>General Liability</u> | <u>Automobile</u> | <u>Workers' Compensation</u> | <u>Total</u> |
|--|-----------------|------------------------------|-------------------|----------------------------------|---------------|
| Total unpaid claim and claim adjustment expenses - Beginning | \$ 267,735 | \$ 3,259,401 | \$ 761,985 | \$ 5,261,304 | \$ 9,550,425 |
| Incurred claims and claims adjustment expenses: | | | | | |
| Provision for insured events of current fund year | 1,141,887 | 1,229,468 | 664,202 | 3,897,802 | 6,933,359 |
| Changes in provision for insured events of prior fund years | (147,835) | 436,796 | 341,943 | 795,429 | 1,426,333 |
| Total incurred claims and claims adjustment expenses all fund years | 994,052 | 1,666,264 | 1,006,145 | 4,693,231 | 8,359,692 |
| Payments (Net of Recoveries): | | | | | |
| Claims and claims adjustment expenses: | | | | | |
| Attributable to insured events of current fund year | 617,592 | 20,754 | 39,901 | 1,343,210 | 2,021,457 |
| Attributable to insured events of prior fund years | 92,791 | 1,451,263 | 88,597 | 2,296,984 | 3,929,635 |
| Total payments all fund years | 710,383 | 1,472,017 | 128,498 | 3,640,194 | 5,951,092 |
| Total unpaid claim and claim adjustment expenses - Ending | \$ 551,404 | \$ 3,453,648 | \$ 1,639,632 | \$ 6,314,341 | \$ 11,959,025 |
| Analysis Of Balance: | | | | | |
| Due to Residual Claims Fund | | | | \$ 331,546 | |
| Net Reserves | | | | | 11,627,479 |
| | | | | \$ 11,959,025 | |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
TEN -YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF DECEMBER 31, 2020

| | Fund Year Ending December 31 | | | | | | | | | |
|---|------------------------------|---------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|
| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Net Earned Required Contribution and Investment Revenue: | | | | | | | | | | |
| Earned | \$ 12,754,715 | \$ 13,016,958 | \$ 14,245,765 | \$ 14,354,583 | \$ 14,165,699 | \$ 14,179,296 | \$ 13,966,884 | \$ 14,794,296 | \$ 14,847,986 | \$ 15,013,601 |
| Ceded | 3,077,969 | 3,177,398 | 4,196,443 | 4,293,056 | 4,362,461 | 4,848,036 | 5,029,121 | 4,707,348 | 4,985,975 | 5,133,737 |
| | 9,676,746 | 9,839,560 | 10,049,322 | 10,061,527 | 9,803,238 | 9,331,260 | 8,937,763 | 10,086,948 | 9,862,011 | 9,879,864 |
| Unallocated Expenses | 2,079,074 | 2,152,819 | 2,274,112 | 2,292,959 | 2,401,076 | 2,465,946 | 2,472,980 | 2,790,652 | 2,977,016 | 3,103,189 |
| Estimated Claims and Expenses, End of Policy Year: | | | | | | | | | | |
| Incurred | 6,554,233 | 5,435,499 | 5,945,002 | 6,185,001 | 6,364,997 | 6,166,999 | 5,902,745 | 5,772,802 | 6,777,752 | 7,074,081 |
| Ceded | 99,312 | | | | | | | | | 140,722 |
| Net Incurred | 6,454,921 | 5,435,499 | 5,945,002 | 6,185,001 | 6,364,997 | 6,166,999 | 5,902,745 | 5,772,802 | 6,777,752 | 6,933,359 |
| Paid (Cumulative) as of: | | | | | | | | | | |
| End of Policy Year | 1,671,012 | 1,365,269 | 1,492,401 | 1,805,954 | 1,905,969 | 1,721,942 | 2,029,192 | 1,810,102 | 2,567,895 | 2,021,457 |
| One Year Later | 3,208,147 | 2,132,566 | 2,465,391 | 2,782,773 | 3,214,983 | 2,636,370 | 3,596,729 | 3,175,557 | 3,944,742 | |
| Two Years Later | 3,826,235 | 2,466,979 | 3,002,875 | 3,302,066 | 3,499,382 | 3,296,261 | 4,316,109 | 4,285,846 | | |
| Three Years Later | 4,732,419 | 3,587,631 | 3,623,226 | 3,857,161 | 4,122,816 | 3,710,849 | 5,138,564 | | | |
| Four Years Later (Closed to the RCF) (A) | 5,187,460 | 3,893,960 | 3,824,568 | 4,634,836 | 4,406,860 | 3,856,563 | | | | |
| Reestimated Ceded Claims and Expenses | 1,129,829 | 747,080 | 670,338 | 275,265 | 533,884 | 331,546 | - | - | - | - |
| Reestimated Incurred Claims and Expenses: | | | | | | | | | | |
| End of Policy Year | 6,454,921 | 5,435,499 | 5,945,002 | 6,185,001 | 6,364,997 | 6,166,999 | 5,902,745 | 5,772,802 | 6,777,752 | 6,933,359 |
| One Year Later | 6,480,094 | 4,660,001 | 5,065,417 | 4,908,001 | 5,505,928 | 5,183,091 | 6,088,655 | 5,548,721 | 7,842,145 | |
| Two Years Later | 5,928,831 | 4,651,765 | 4,625,706 | 4,551,268 | 4,787,501 | 4,800,756 | 6,161,862 | 6,353,321 | | |
| Three Years Later | 5,869,738 | 4,683,767 | 4,462,807 | 4,703,256 | 5,487,570 | 4,298,365 | 5,832,423 | | | |
| Four Years Later (Closed to the RCF) (A) | 6,054,737 | 4,629,079 | 4,494,906 | 4,634,836 | 4,940,744 | 4,188,108 | | | | |
| Increase (Decrease) in Estimated Incurred Claims and Expenses from End of Policy Year | \$ (400,184) | \$ (806,420) | \$ (1,450,096) | \$ (1,550,165) | \$ (1,424,253) | \$ (1,978,891) | \$ (70,322) | \$ 580,519 | \$ 1,064,393 | \$ - |

(A) After four years, the Fund cedes remaining incurred claims to the Residual Claims Fund (RCF).

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
SUPPLEMENTARY INFORMATION

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
HISTORICAL BALANCE SHEET--STATUTORY BASIS
AS OF DECEMBER 31, 2020

ASSETS

| | | |
|-----------------------------|-------------------|---------------|
| Cash and Cash Equivalents | \$ 20,839,035 | |
| Investments | <u>12,202,618</u> | |
| Total Cash and Investments | | \$ 33,041,653 |
| Receivables: | | |
| Interest | 55,105 | |
| Excess Insurance Receivable | 56,589 | |
| Retro Program | <u>18,571</u> | |
| Total Receivables | | 130,265 |
| Prepaid Expenses | | <u>6,156</u> |
| Total Assets | | \$ 33,178,074 |

LIABILITIES

| | | |
|---|------------------|----------------------|
| Claims: | | |
| Case Reserves | 7,473,948 | |
| IBNR Reserve | 4,237,664 | |
| Less: Excess Insurance Recoverable | <u>(84,133)</u> | |
| Total Claims | | 11,627,479 |
| Accrued Expenses: | | |
| Operating | <u>559,888</u> | |
| Total Accrued Expenses | | 559,888 |
| Other Liabilities: | | |
| Other Payables | | |
| MEL Retrospective Potential Obligation | 1,788,885 | |
| Contributions Payable | 18,668 | |
| Due to Residual Claims Fund | 331,546 | |
| Residual Claims Fund Surplus Trigger Assessment | 177,912 | |
| MEL Claims Fund Surplus Trigger Assessment | 186,780 | |
| Aggregate Excess Loss Fund Contingency | 449,700 | |
| Aggregate Excess Loss Fund Contingency | | |
| Accrued Interest | 14,123 | |
| Authorized Return of Surplus | <u>1,302,713</u> | |
| Total Other Liabilities | | <u>4,270,327</u> |
| Total Liabilities | | <u>16,457,694</u> |
| Net Statutory Surplus | | <u>\$ 16,720,380</u> |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF HISTORICAL OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 1991 (DATE OF INCEPTION) TO DECEMBER 31, 2020

| | | |
|---|-------------------|----------------------|
| Underwriting Income: | | |
| Regular Contributions | \$ 255,387,786 | |
| Supplemental Contributions | 400,000 | |
| Environmental Dividends | 262,252 | |
| Residual Claims Fund Dividends | 147,817 | |
| Municipal Excess Liability Fund Dividends | 654,904 | |
| Retro Program | 42,526 | |
| Other Income | <u>94,426</u> | |
| Total Underwriting Income | | \$ 256,989,711 |
| Incurred Liabilities: | | |
| Claims: | | |
| Paid (Net of Recoveries) | 86,099,098 | |
| Case Reserves | 7,473,948 | |
| IBNR Reserves | 4,237,664 | |
| Residual Claims Fund Premiums | <u>14,455,333</u> | |
| Subtotal | | \$ 112,266,043 |
| Less Excess Insurance: | | |
| Received | 211,230 | |
| Receivable | 56,589 | |
| Recoverable | <u>84,133</u> | |
| Subtotal | | <u>351,952</u> |
| Total Limited Incurred Claims | | 111,914,091 |
| Expenses: | | |
| Excess Insurance Premiums | 71,065,128 | |
| Operating | <u>47,296,379</u> | |
| Total Expenses | | <u>118,361,507</u> |
| Total Incurred Liabilities | | <u>230,275,598</u> |
| Underwriting Surplus | | 26,714,113 |
| Investment Income | | 10,523,024 |
| Surplus Trigger Assessment: | | |
| Paid: | | |
| Residual Claims Fund | <u>(160,856)</u> | |
| Total Paid Surplus Trigger Assessment | | (160,856) |
| Unpaid: | | |
| Residual Claims Fund | (177,912) | |
| MEL | <u>(186,780)</u> | |
| Total Unpaid Surplus Trigger Assessment | | <u>(364,692)</u> |
| Total Surplus Trigger Assessment | | (525,548) |
| Over/(Under) Funding MEL Retro Liability | | <u>269,149</u> |
| Gross Statutory Surplus | | 36,980,738 |
| Return of Surplus: | | |
| Paid | 18,493,822 | |
| Aggregate Excess Loss Fund Contingency | 449,700 | |
| Aggregate Excess Loss Fund Contingency | | |
| Accrued Interest | 14,123 | |
| Authorized and Unpaid | <u>1,302,713</u> | |
| Total Return of Surplus | | <u>20,260,358</u> |
| Net Statutory Surplus | | <u>\$ 16,720,380</u> |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO SUPPLEMENTARY INFORMATION

Note 1: RELATIONSHIP WITH BASIC FINANCIAL STATEMENTS

The information in the Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund (the "Fund")'s basic financial statements, Exhibits A-1 through A-3, differs from the accompanying Supplementary Information required by the Division of Banking and Insurance. The Supplementary Information does not reflect the Fund's Investments in Joint Ventures as follows:

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| Total Assets - Comparative Statements of Net Position | \$ 34,801,485 | \$ 35,150,612 |
| Less Investment in Joint Ventures | <u>1,623,411</u> | <u>1,862,425</u> |
| Total Assets - Statutory Basis | <u>\$ 33,178,074</u> | <u>\$ 33,288,187</u> |
| Net Position - Comparative Statements of Net Position | \$ 18,343,791 | \$ 21,600,999 |
| Less Investment in Joint Ventures | <u>1,623,411</u> | <u>1,862,425</u> |
| Net Statutory Surplus | <u>\$ 16,720,380</u> | <u>\$ 19,738,574</u> |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2020 OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2020 TO DECEMBER 31, 2020

| | | | |
|--|----|------------------|-------------------------|
| Underwriting Income: | | | |
| Regular Contributions | \$ | 14,946,067 | |
| Retro Program | | <u>18,571</u> | |
| Total Underwriting Income | \$ | | 14,964,638 |
| Incurred Liabilities: | | | |
| Claims: | | | |
| Paid (Net of Recoveries) | | 2,021,457 | |
| Case Reserves | | 2,127,409 | |
| IBNR Reserves | | <u>2,925,215</u> | |
| Subtotal | \$ | | 7,074,081 |
| Less Excess Insurance: | | | |
| Received | | - | |
| Receivable | | 56,589 | |
| Recoverable | | <u>84,133</u> | |
| Subtotal | | | <u>140,722</u> |
| Total Limited Incurred Claims | | | 6,933,359 |
| Expenses: | | | |
| Excess Insurance Premiums | | 5,133,737 | |
| Operating | | <u>3,103,189</u> | |
| Total Expenses | | | <u>8,236,926</u> |
| Total Incurred Liabilities | | | <u>15,170,285</u> |
| Underwriting Deficit | | | (205,647) |
| Investment Income | | | 48,963 |
| Intrafund Transfers To MEL Retro Contingency Fund: | | | |
| Regular Contributions | | | (319,208) |
| Excess Insurance Premiums | | | <u>319,208</u> |
| Gross Statutory Deficit | | | (156,684) |
| Return of Surplus: | | | |
| Paid | | | |
| Authorized and Unpaid | | <u>-</u> | |
| Total Return of Surplus | | | <u>-</u> |
| Net Statutory Deficit | \$ | | <u><u>(156,684)</u></u> |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2019 OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2020

| | | | |
|--|-----------|------------------|---------------------|
| Underwriting Income: | | | |
| Regular Contributions | \$ | 14,657,849 | |
| Other Income | | <u>747</u> | |
| Total Underwriting Income | | | \$ 14,658,596 |
| Incurred Liabilities: | | | |
| Claims: | | | |
| Paid (Net of Recoveries) | 3,944,742 | | |
| Case Reserves | 3,017,507 | | |
| IBNR Reserves | | <u>879,896</u> | |
| Subtotal | | | \$ 7,842,145 |
| Less Excess Insurance: | | | |
| Received | - | | |
| Receivable | - | | |
| Recoverable | | <u>-</u> | |
| Subtotal | | | <u>-</u> |
| Total Limited Incurred Claims | | | 7,842,145 |
| Expenses: | | | |
| Excess Insurance Premiums | 4,985,975 | | |
| Operating | | <u>2,977,016</u> | |
| Total Expenses | | | <u>7,962,991</u> |
| Total Incurred Liabilities | | | <u>15,805,136</u> |
| Underwriting Deficit | | | (1,146,540) |
| Investment Income | | | 189,390 |
| Intrafund Transfers To MEL Retro Contingency Fund: | | | |
| Regular Contributions | | | (403,178) |
| Excess Insurance Premiums | | | <u>403,178</u> |
| Gross Statutory Deficit | | | (957,150) |
| Return of Surplus: | | | |
| Paid | | | |
| Authorized and Unpaid | | <u>-</u> | |
| Total Return of Surplus | | | <u>-</u> |
| Net Statutory Deficit | | | <u>\$ (957,150)</u> |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2018 OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2020

| | | | |
|--|----------------------|------------------|--------------------------|
| Underwriting Income: | | | |
| Regular Contributions | <u>\$ 14,504,371</u> | | |
| Total Underwriting Income | | | \$ 14,504,371 |
| Incurred Liabilities: | | | |
| Claims: | | | |
| Paid (Net of Recoveries) | 4,285,846 | | |
| Case Reserves | 1,674,684 | | |
| IBNR Reserves | <u>392,791</u> | | |
| Subtotal | | \$ 6,353,321 | |
| Less Excess Insurance: | | | |
| Received | - | | |
| Receivable | - | | |
| Recoverable | <u>-</u> | | |
| Subtotal | | <u>-</u> | |
| Total Limited Incurred Claims | | 6,353,321 | |
| Expenses: | | | |
| Excess Insurance Premiums | 4,707,348 | | |
| Operating | <u>2,790,652</u> | | |
| Total Expenses | | <u>7,498,000</u> | |
| Total Incurred Liabilities | | | <u>13,851,321</u> |
| Underwriting Surplus | | | 653,050 |
| Investment Income | | | 289,925 |
| Intrafund Transfers To MEL Retro Contingency Fund: | | | |
| Regular Contributions | | | (329,417) |
| Excess Insurance Premiums | | | <u>329,417</u> |
| Gross Statutory Surplus | | | 942,975 |
| Return of Surplus: | | | |
| Paid | | - | |
| Authorized and Unpaid | | <u>-</u> | |
| Total Return of Surplus | | | <u>-</u> |
| Net Statutory Surplus | | | <u><u>\$ 942,975</u></u> |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2017 OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2020

| | | | |
|--|----------------------|------------------|--------------------------|
| Underwriting Income: | | | |
| Regular Contributions | <u>\$ 13,803,634</u> | | |
| Total Underwriting Income | | | \$ 13,803,634 |
| Incurred Liabilities: | | | |
| Claims: | | | |
| Paid (Net of Recoveries) | 5,138,564 | | |
| Case Reserves | 654,097 | | |
| IBNR Reserves | <u>39,762</u> | | |
| Subtotal | | \$ 5,832,423 | |
| Less Excess Insurance: | | | |
| Received | - | | |
| Receivable | - | | |
| Recoverable | <u>-</u> | | |
| Subtotal | | <u>-</u> | |
| Total Limited Incurred Claims | | 5,832,423 | |
| Expenses: | | | |
| Excess Insurance Premiums | 5,029,121 | | |
| Operating | <u>2,472,980</u> | | |
| Total Expenses | | <u>7,502,101</u> | |
| Total Incurred Liabilities | | | <u>13,334,524</u> |
| Underwriting Surplus | | | 469,110 |
| Investment Income | | | 163,520 |
| Intrafund Transfers To MEL Retro Contingency Fund: | | | |
| Regular Contributions | | | (502,075) |
| Excess Insurance Premiums | | | <u>502,075</u> |
| Gross Statutory Surplus | | | 632,630 |
| Return of Surplus: | | | |
| Paid | | - | |
| Authorized and Unpaid | | <u>-</u> | |
| Total Return of Surplus | | | <u>-</u> |
| Net Statutory Surplus | | | <u><u>\$ 632,630</u></u> |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2016 OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2020

| | | | |
|--|----------------------|------------------|--------------------|
| Underwriting Income: | | | |
| Regular Contributions | <u>\$ 13,965,861</u> | | |
| Total Underwriting Income | | | \$ 13,965,861 |
| Incurred Liabilities: | | | |
| Claims: | | | |
| Paid (Net of Recoveries) | 3,856,562 | | |
| Residual Claims Fund Premium | <u>331,546</u> | | |
| Subtotal | | \$ 4,188,108 | |
| Less Excess Insurance: | | | |
| Received | - | | |
| Receivable | - | | |
| Recoverable | <u>-</u> | | |
| Subtotal | | <u>-</u> | |
| Total Limited Incurred Claims | | 4,188,108 | |
| Expenses: | | | |
| Excess Insurance Premiums | 4,848,036 | | |
| Operating | <u>2,465,946</u> | | |
| Total Expenses | | <u>7,313,982</u> | |
| Total Incurred Liabilities | | | <u>11,502,090</u> |
| Underwriting Surplus | | | 2,463,771 |
| Investment Income | | | 213,435 |
| Surplus Trigger Assessment: | | | |
| Unpaid: | | | |
| Residual Claims Fund | <u>(177,912)</u> | | |
| Total Unpaid Surplus Trigger Assessment | | <u>(177,912)</u> | |
| Total Surplus Trigger Assessment | | | (177,912) |
| Intrafund Transfers To MEL Retro Contingency Fund: | | | |
| Regular Contributions | | | (504,156) |
| Excess Insurance Premiums | | | 504,156 |
| Surplus Transfer to Closed Fund Year | | | <u>(2,499,294)</u> |
| Gross Statutory Surplus | | | - |
| Return of Surplus: | | | |
| Paid | - | | |
| Authorized and Unpaid | <u>-</u> | | |
| Total Return of Surplus | | | <u>-</u> |
| Net Statutory Surplus | | | <u>\$ -</u> |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF MEL JIF RETROSPECTIVE CONTINGENCY FUND
OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2020

| | | |
|--|---------------------|--------------------------|
| Investment Income | | \$ 78,769 |
| Surplus Trigger Assessment: | | |
| Unpaid: | | |
| MEL | <u>\$ (186,780)</u> | |
| Total Unpaid Surplus Trigger Assessment | <u>\$ (186,780)</u> | |
| Total Surplus Trigger Assessment | | (186,780) |
| Over/(Under) Funding MEL Retro Liability | | 269,149 |
| Intrafund Transfers | | |
| Regular Contributions | | 1,788,885 |
| Excess Insurance Premiums | | <u>(1,788,885)</u> |
| Gross Statutory Surplus | | <u>161,138</u> |
| Net Statutory Surplus | | <u><u>\$ 161,138</u></u> |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF CLOSED FUND YEARS
OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 1991 (DATE OF INCEPTION) TO DECEMBER 31, 2020

| | | |
|---|-------------------|------------------------|
| Underwriting Income: | | |
| Regular Contributions | \$ 183,510,004 | |
| Supplemental Contributions | 400,000 | |
| Residual Claims Fund Dividends | 147,817 | |
| Municipal Excess Liability Fund Dividends | 654,904 | |
| Enviromental Dividends | 262,252 | |
| Retro Program | 23,955 | |
| Other Income | <u>93,679</u> | |
| Total Underwriting Income | | \$ 185,092,611 |
| Incurred Liabilities: | | |
| Paid (Net of Recoveries) | 66,851,927 | |
| Case Reserves | 251 | |
| Residual Claims Fund Premiums | <u>14,123,787</u> | |
| Subtotal | | \$ 80,975,965 |
| Less Excess Insurance: | | |
| Received | 211,230 | |
| Receivable | - | |
| Recoverable | <u>-</u> | |
| | | <u>211,230</u> |
| Total Limited Incurred Claims | | 80,764,735 |
| Expenses: | | |
| Excess Insurance Premiums | 46,360,911 | |
| Operating | <u>33,486,596</u> | |
| Total Expenses | | <u>79,847,507</u> |
| Total Incurred Liabilities | | <u>160,612,242</u> |
| Underwriting Surplus | | 24,480,369 |
| Investment Income | | 9,539,022 |
| Surplus Trigger Assessment: | | |
| Paid: | | |
| Residual Claims Fund | <u>(160,856)</u> | |
| Total Paid Surplus Trigger Assessment | | <u>(160,856)</u> |
| Total Surplus Trigger Assessment | | (160,856) |
| Surplus Transfer From 2016 Fund Year | | <u>2,499,294</u> |
| Gross Statutory Surplus | | 36,357,829 |
| Return of Surplus: | | |
| Paid | 18,493,822 | |
| Aggregate Excess Loss Fund Contingency | 449,700 | |
| Aggregate Excess Loss Fund Contingency | | |
| Accrued Interest | 14,123 | |
| Authorized and Unpaid | <u>1,302,713</u> | |
| Total Return of Surplus | | <u>20,260,358</u> |
| Net Statutory Surplus | | <u>\$ 16,097,471</u> |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2020 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2020 TO DECEMBER 31, 2020

| | <u>Coverage's and Other Accounts</u> | | | | | | | | Public Officials & Employment Practices | Expense & Contingency | Total |
|---|--------------------------------------|------------------------------|-------------------|----------------------------------|-------------------|-----------------------------|----------------------|--------------|---|--------------------------|---------------|
| | <u>Property</u> | <u>General Liability</u> | <u>Automobile</u> | <u>Workers' Compensation</u> | <u>Deductible</u> | <u>Loss Contingency</u> | <u>Environmental</u> | <u>MEL</u> | | | |
| Underwriting Income: | | | | | | | | | | | |
| Regular Contributions | \$ 697,632 | \$ 1,008,615 | \$ 321,106 | \$ 3,455,901 | \$ 967,632 | \$ 142,751 | \$ 388,040 | \$ 3,215,476 | \$ 1,530,006 | \$ 3,218,908 | \$ 14,946,067 |
| Retro Program | | | | | 18,571 | | | | | | 18,571 |
| | 697,632 | 1,008,615 | 321,106 | 3,455,901 | 986,203 | 142,751 | 388,040 | 3,215,476 | 1,530,006 | 3,218,908 | 14,964,638 |
| Incurred Liabilities: | | | | | | | | | | | |
| Claims | 1,141,887 | 1,229,468 | 664,202 | 3,897,802 | | | | | | | 6,933,359 |
| Expenses | | | | | | | 388,040 | 3,215,476 | 1,530,221 | 3,103,189 | 8,236,926 |
| Total Liabilities | 1,141,887 | 1,229,468 | 664,202 | 3,897,802 | - | - | 388,040 | 3,215,476 | 1,530,221 | 3,103,189 | 15,170,285 |
| Underwriting Surplus (Deficit) | (444,255) | (220,853) | (343,096) | (441,901) | 986,203 | 142,751 | - | - | (215.00) | 115,719 | (205,647) |
| Adjustments: | | | | | | | | | | | |
| Investment Income | 2,254 | 5,204 | 1,626 | 15,982 | 5,054 | 744 | | 6,882 | 1,191 | 10,026 | 48,963 |
| Intrafund Transfers | | | | | | | | | | | - |
| Intrafund Transfers To MEL Retro Contingency Fund: | | | | | | | | | | | |
| Regular Contributions | | | | | | | | (319,208) | | | (319,208) |
| Excess Insurance Premiums | | | | | | | | 319,208 | | | 319,208 |
| Total Adjustments | 2,254 | 5,204 | 1,626 | 15,982 | 5,054 | 744.00 | - | 6,882 | 1,191 | 10,026 | 48,963 |
| Gross Statutory Surplus (Deficit) | (442,001) | (215,649) | (341,470) | (425,919) | 991,257 | 143,495 | - | 6,882 | 976 | 125,745 | (156,684) |
| Return of Surplus | | | | | | | | | | | - |
| Net Statutory Surplus (Deficit) | \$ (442,001) | \$ (215,649) | \$ (341,470) | \$ (425,919) | \$ 991,257 | \$ 143,495 | \$ - | \$ 6,882 | \$ 976 | \$ 125,745 | \$ (156,684) |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2019 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2020

| | <u>Coverage's and Other Accounts</u> | | | | | | | | Public Officials & Employment Practices | Expense & Contingency | Total |
|---|--------------------------------------|------------------------------|---------------------|----------------------------------|-------------------|-----------------------------|----------------------|------------------|---|--------------------------|---------------------|
| | <u>Property</u> | <u>General Liability</u> | <u>Automobile</u> | <u>Workers' Compensation</u> | <u>Deductible</u> | <u>Loss Contingency</u> | <u>Environmental</u> | <u>MEL</u> | | | |
| Underwriting Income: | | | | | | | | | | | |
| Regular Contributions | \$ 674,041 | \$ 1,026,237 | \$ 348,053 | \$ 3,467,887 | \$ 976,322 | \$ 100,000 | \$ 391,592 | \$ 3,162,962 | \$ 1,431,419 | \$ 3,079,336 | \$ 14,657,849 |
| Other Income | | | | | | | | | | 747 | 747 |
| | <u>674,041</u> | <u>1,026,237</u> | <u>348,053</u> | <u>3,467,887</u> | <u>976,322</u> | <u>100,000</u> | <u>391,592</u> | <u>3,162,962</u> | <u>1,431,419</u> | <u>3,080,083</u> | <u>14,658,596</u> |
| Incurred Liabilities: | | | | | | | | | | | |
| Claims | 1,302,951 | 1,027,522 | 779,924 | 4,731,748 | | | | | | | 7,842,145 |
| Expenses | | | | | | | 391,594 | 3,162,962 | 1,431,419 | 2,977,016 | 7,962,991 |
| Total Liabilities | <u>1,302,951</u> | <u>1,027,522</u> | <u>779,924</u> | <u>4,731,748</u> | <u>-</u> | <u>-</u> | <u>391,594</u> | <u>3,162,962</u> | <u>1,431,419</u> | <u>2,977,016</u> | <u>15,805,136</u> |
| Underwriting Surplus (Deficit) | <u>(628,910)</u> | <u>(1,285)</u> | <u>(431,871)</u> | <u>(1,263,861)</u> | <u>976,322</u> | <u>100,000</u> | <u>(2)</u> | <u>-</u> | <u>-</u> | <u>103,067</u> | <u>(1,146,540)</u> |
| Adjustments: | | | | | | | | | | | |
| Investment Income | 1,462 | 29,389 | 9,001 | 64,633 | 29,175 | 233 | 175 | 17,874 | 577 | 36,871 | 189,390 |
| Intrafund Transfers | 750,000 | | | | (750,000) | | | | | | - |
| Intrafund Transfers To MEL Retro Contingency Fund: | | | | | | | | | | | |
| Regular Contributions | | | | | | | | (403,178) | | | (403,178) |
| Excess Insurance Premiums | | | | | | | | 403,178 | | | 403,178 |
| Total Adjustments | <u>751,462</u> | <u>29,389</u> | <u>9,001</u> | <u>64,633</u> | <u>(720,825)</u> | <u>233.00</u> | <u>175</u> | <u>17,874</u> | <u>577</u> | <u>36,871</u> | <u>189,390</u> |
| Gross Statutory Surplus (Deficit) | <u>122,552</u> | <u>28,104</u> | <u>(422,870)</u> | <u>(1,199,228)</u> | <u>255,497</u> | <u>100,233</u> | <u>173</u> | <u>17,874</u> | <u>577</u> | <u>139,938</u> | <u>(957,150)</u> |
| Return of Surplus | | | | | | | | | | | - |
| Net Statutory Surplus (Deficit) | <u>\$ 122,552</u> | <u>\$ 28,104</u> | <u>\$ (422,870)</u> | <u>\$ (1,199,228)</u> | <u>\$ 255,497</u> | <u>\$ 100,233</u> | <u>\$ 173</u> | <u>\$ 17,874</u> | <u>\$ 577</u> | <u>\$ 139,938</u> | <u>\$ (957,150)</u> |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2018 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2020

| | <u>Coverage's and Other Accounts</u> | | | | | | | | Public Officials & Employment Practices | Expense & Contingency | Total |
|---|--------------------------------------|------------------------------|-------------------|----------------------------------|-------------------|-----------------------------|----------------------|--------------|---|--------------------------|---------------|
| | <u>Property</u> | <u>General Liability</u> | <u>Automobile</u> | <u>Workers' Compensation</u> | <u>Deductible</u> | <u>Loss Contingency</u> | <u>Environmental</u> | <u>MEL</u> | | | |
| Underwriting Income: | | | | | | | | | | | |
| Regular Contributions | \$ 661,419 | \$ 1,056,650 | \$ 343,966 | \$ 3,470,487 | \$ 976,829 | \$ 193,697 | \$ 396,364 | \$ 2,992,432 | \$ 1,383,076 | \$ 3,029,451 | \$ 14,504,371 |
| Incurred Liabilities: | | | | | | | | | | | |
| Claims | 846,137 | 2,135,858 | 188,496 | 3,182,830 | | | | | | | 6,353,321 |
| Expenses | | | | | | | 395,303 | 2,991,522 | 1,320,523 | 2,790,652 | 7,498,000 |
| Total Liabilities | 846,137 | 2,135,858 | 188,496 | 3,182,830 | - | - | 395,303 | 2,991,522 | 1,320,523 | 2,790,652 | 13,851,321 |
| Underwriting Surplus (Deficit) | (184,718) | (1,079,208) | 155,470 | 287,657 | 976,829 | 193,697 | 1,061 | 910 | 62,553 | 238,799 | 653,050 |
| Adjustments: | | | | | | | | | | | |
| Investment Income | 3,325 | 44,321 | 16,574 | 117,382 | 47,512 | 452 | 237 | 14,177 | 3,111 | 42,834 | 289,925 |
| Intrafund Transfers | 290,000 | | | | (290,000) | | | | | | - |
| Intrafund Transfers To MEL Retro Contingency Fund: | | | | | | | | | | | |
| Regular Contributions | | | | | | | | (329,417) | | | (329,417) |
| Excess Insurance Premiums | | | | | | | | 329,417 | | | 329,417 |
| Total Adjustments | 293,325 | 44,321 | 16,574 | 117,382 | (242,488) | 452.00 | 237 | 14,177 | 3,111 | 42,834 | 289,925 |
| Gross Statutory Surplus (Deficit) | 108,607 | (1,034,887) | 172,044 | 405,039 | 734,341 | 194,149 | 1,298 | 15,087 | 65,664 | 281,633 | 942,975 |
| Return of Surplus | | | | | | | | | | | - |
| Net Statutory Surplus (Deficit) | \$ 108,607 | \$ (1,034,887) | \$ 172,044 | \$ 405,039 | \$ 734,341 | \$ 194,149 | \$ 1,298 | \$ 15,087 | \$ 65,664 | \$ 281,633 | \$ 942,975 |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2017 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2020

| | <u>Coverage's and Other Accounts</u> | | | | | | | <u>Public Officials & Employment Practices</u> | <u>Expense & Contingency</u> | <u>Total</u> |
|---|--------------------------------------|------------------------------|-------------------|----------------------------------|-------------------|---------------------|--------------|--|--------------------------------------|---------------|
| | <u>Property</u> | <u>General Liability</u> | <u>Automobile</u> | <u>Workers' Compensation</u> | <u>Deductible</u> | <u>Enviromental</u> | <u>MEL</u> | | | |
| Underwriting Income: | | | | | | | | | | |
| Regular Contributions | \$ 617,954 | \$ 1,131,771 | \$ 288,167 | \$ 3,141,778 | \$ 912,486 | \$ 391,969 | \$ 3,464,392 | \$ 1,192,574 | \$ 2,662,543 | \$ 13,803,634 |
| Incurred Liabilities: | | | | | | | | | | |
| Claims | 506,776 | 738,402 | 333,344 | 4,253,901 | | | | | | 5,832,423 |
| Expenses | | | | | | 391,969 | 3,444,547 | 1,192,605 | 2,472,980 | 7,502,101 |
| Total Liabilities | 506,776 | 738,402 | 333,344 | 4,253,901 | - | 391,969 | 3,444,547 | 1,192,605 | 2,472,980 | 13,334,524 |
| Underwriting Surplus (Deficit) | 111,178 | 393,369 | (45,177) | (1,112,123) | 912,486 | - | 19,845 | (31) | 189,563 | 469,110 |
| Adjustments: | | | | | | | | | | |
| Investment Income (Loss) | 7,372 | 61,513 | 12,638 | 27,863 | 39,009 | 12 | (451) | 35 | 15,529 | 163,520 |
| Intrafund Transfers | | | | 900,000 | (900,000) | | | | | - |
| Intrafund Transfers To MEL Retro Contingency Fund: | | | | | | | | | | |
| Regular Contributions | | | | | | | (502,075) | | | (502,075) |
| Excess Insurance Premiums | | | | | | | 502,075 | | | 502,075 |
| Total Adjustments | 7,372 | 61,513 | 12,638 | 927,863 | (860,991) | 12 | (451) | 35 | 15,529 | 163,520 |
| Gross Statutory Surplus (Deficit) | 118,550 | 454,882 | (32,539) | (184,260) | 51,495 | 12 | 19,394 | 4 | 205,092 | 632,630 |
| Return of Surplus | | | | | | | | | | - |
| Net Statutory Surplus (Deficit) | \$ 118,550 | \$ 454,882 | \$ (32,539) | \$ (184,260) | \$ 51,495 | \$ 12 | \$ 19,394 | \$ 4 | \$ 205,092 | \$ 632,630 |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2016 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2020

| | <u>Coverage's and Other Accounts</u> | | | | | | | Public Officials & Employment Practices | Expense & Contingency | Total |
|----------------------------------|--------------------------------------|------------------------------|-------------------|----------------------------------|-------------------|---------------------|--------------|---|--------------------------|---------------|
| | <u>Property</u> | <u>General Liability</u> | <u>Automobile</u> | <u>Workers' Compensation</u> | <u>Deductible</u> | <u>Enviromental</u> | <u>MEL</u> | | | |
| Underwriting Income: | | | | | | | | | | |
| Regular Contributions | \$ 624,078 | \$ 1,301,705 | \$ 238,658 | \$ 3,341,350 | \$ 972,497 | \$ 388,288 | \$ 3,298,432 | \$ 1,133,820 | \$ 2,667,033 | \$ 13,965,861 |
| Incurred Liabilities: | | | | | | | | | | |
| Claims | 598,195 | 624,624 | 117,143 | 2,848,146 | | | | | | 4,188,108 |
| Expenses | | | | | 26,791 | 388,288 | 3,299,139 | 1,133,818 | 2,465,946 | 7,313,982 |
| Total Liabilities | 598,195 | 624,624 | 117,143 | 2,848,146 | 26,791 | 388,288 | 3,299,139 | 1,133,818 | 2,465,946 | 11,502,090 |
| Underwriting Surplus (Deficit) | 25,883 | 677,081 | 121,515 | 493,204 | 945,706 | - | (707) | 2 | 201,087 | 2,463,771 |
| Adjustments: | | | | | | | | | | |
| Investment Income (Loss) | 2,815 | 67,268 | 9,764 | 61,509 | 62,271 | 1 | (1,824) | | 11,631 | 213,435 |
| Residual Claims Fund | | | | | | | | | | |
| Surplus Trigger Assessment | | | | | | | | | (177,912) | (177,912) |
| Intrafund Transfers | 35,000 | | | | (40,000) | | 5,000 | | | - |
| Intrafund Transfers To MEL Retro | | | | | | | | | | |
| Contingency Fund: | | | | | | | | | | |
| Regular Contributions | | | | | (26,791) | | (477,365) | | | (504,156) |
| Excess Insurance Premiums | | | | | 26,791 | | 477,365 | | | 504,156 |
| (Surplus) Transfer to | | | | | | | | | | |
| Closed Fund Year | (63,698) | (744,349) | (131,279) | (554,713) | (967,977) | (1) | (2,469) | (2) | (34,806) | (2,499,294) |
| Total Adjustments | (25,883) | (677,081) | (121,515) | (493,204) | (945,706) | | 707 | (2.00) | (201,087) | (2,463,771) |
| Gross Statutory Surplus | - | - | - | - | - | - | - | - | - | - |
| Return of Surplus | | | | | | | | | | |
| Net Statutory Surplus | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2020 CLAIMS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2020 TO DECEMBER 31, 2020

| | <u>Coverages</u> | | | | |
|---------------------------------|---------------------|------------------------------|-------------------|----------------------------------|---------------------|
| | <u>Property</u> | <u>General Liability</u> | <u>Automobile</u> | <u>Workers' Compensation</u> | <u>Total</u> |
| Paid Claims (Net of Recoveries) | \$ 617,592 | \$ 20,754 | \$ 39,901 | \$ 1,343,210 | \$ 2,021,457 |
| Case Reserves | 523,295 | 272,015 | 346,629 | 985,470 | 2,127,409 |
| IBNR Reserves | 1,000 | 936,699 | 277,672 | 1,709,844 | 2,925,215 |
| Subtotal | <u>1,141,887</u> | <u>1,229,468</u> | <u>664,202</u> | <u>4,038,524</u> | <u>7,074,081</u> |
| Excess Insurance | | | | | |
| Received | | | | | - |
| Receivable | | | | 56,589 | 56,589 |
| Recoverable | | | | 84,133 | 84,133 |
| Subtotal | <u>-</u> | <u>-</u> | <u>-</u> | <u>140,722</u> | <u>140,722</u> |
| Limited Incurred Claims | <u>\$ 1,141,887</u> | <u>\$ 1,229,468</u> | <u>\$ 664,202</u> | <u>\$ 3,897,802</u> | <u>\$ 6,933,359</u> |
| Number of Claims | <u>153</u> | <u>154</u> | <u>65</u> | <u>317</u> | <u>689</u> |
| Cost per Claim | <u>\$ 7,463</u> | <u>\$ 7,984</u> | <u>\$ 10,218</u> | <u>\$ 12,296</u> | <u>\$ 10,063</u> |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2019 CLAIMS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2020

| | <u>Coverages</u> | | | | |
|---------------------------------|---------------------|------------------------------|-------------------|----------------------------------|---------------------|
| | <u>Property</u> | <u>General Liability</u> | <u>Automobile</u> | <u>Workers' Compensation</u> | <u>Total</u> |
| Paid Claims (Net of Recoveries) | \$ 1,281,783 | \$ 68,866 | \$ 62,018 | \$ 2,532,075 | \$ 3,944,742 |
| Case Reserves | 21,168 | 286,585 | 556,876 | 2,152,878 | 3,017,507 |
| IBNR Reserves | - | 672,071 | 161,030 | 46,795 | 879,896 |
| Subtotal | <u>1,302,951</u> | <u>1,027,522</u> | <u>779,924</u> | <u>4,731,748</u> | <u>7,842,145</u> |
| Excess Insurance | | | | | |
| Received | | | | | - |
| Receivable | | | | | - |
| Recoverable | | | | | - |
| Subtotal | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Limited Incurred Claims | <u>\$ 1,302,951</u> | <u>\$ 1,027,522</u> | <u>\$ 779,924</u> | <u>\$ 4,731,748</u> | <u>\$ 7,842,145</u> |
| Number of Claims | <u>153</u> | <u>223</u> | <u>75</u> | <u>288</u> | <u>739</u> |
| Cost per Claim | <u>\$ 8,516</u> | <u>\$ 4,608</u> | <u>\$ 10,399</u> | <u>\$ 16,430</u> | <u>\$ 10,612</u> |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2018 CLAIMS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2020

| | <u>Coverages</u> | | | | |
|---------------------------------|-------------------|------------------------------|-------------------|----------------------------------|---------------------|
| | <u>Property</u> | <u>General Liability</u> | <u>Automobile</u> | <u>Workers' Compensation</u> | <u>Total</u> |
| Paid Claims (Net of Recoveries) | \$ 843,349 | \$ 1,091,902 | \$ 69,993 | \$ 2,280,602 | \$ 4,285,846 |
| Case Reserves | 2,788 | 711,207 | 58,461 | 902,228 | 1,674,684 |
| IBNR Reserves | - | 332,749 | 60,042 | - | 392,791 |
| Subtotal | <u>846,137</u> | <u>2,135,858</u> | <u>188,496</u> | <u>3,182,830</u> | <u>6,353,321</u> |
| Excess Insurance | | | | | |
| Received | | | | | - |
| Receivable | | | | | - |
| Recoverable | | | | | - |
| Subtotal | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Limited Incurred Claims | <u>\$ 846,137</u> | <u>\$ 2,135,858</u> | <u>\$ 188,496</u> | <u>\$ 3,182,830</u> | <u>\$ 6,353,321</u> |
| Number of Claims | <u>159</u> | <u>221</u> | <u>75</u> | <u>271</u> | <u>726</u> |
| Cost per Claim | <u>\$ 5,322</u> | <u>\$ 9,665</u> | <u>\$ 2,513</u> | <u>\$ 11,745</u> | <u>\$ 8,751</u> |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2017 CLAIMS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2020

| | <u>Coverages</u> | | | | |
|---------------------------------|-------------------|------------------------------|-------------------|----------------------------------|---------------------|
| | <u>Property</u> | <u>General Liability</u> | <u>Automobile</u> | <u>Workers' Compensation</u> | <u>Total</u> |
| Paid Claims (Net of Recoveries) | \$ 505,312 | \$ 613,145 | \$ 156,122 | \$ 3,863,985 | \$ 5,138,564 |
| Case Reserves | 1,464 | 116,033 | 146,684 | 389,916 | 654,097 |
| IBNR Reserves | | 9,224 | 30,538 | | 39,762 |
| Subtotal | <u>506,776</u> | <u>738,402</u> | <u>333,344</u> | <u>4,253,901</u> | <u>5,832,423</u> |
| Excess Insurance | | | | | |
| Received | | | | | - |
| Receivable | | | | | - |
| Recoverable | | | | | - |
| Subtotal | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Limited Incurred Claims | <u>\$ 506,776</u> | <u>\$ 738,402</u> | <u>\$ 333,344</u> | <u>\$ 4,253,901</u> | <u>\$ 5,832,423</u> |
| Number of Claims | <u>141</u> | <u>257</u> | <u>105</u> | <u>290</u> | <u>793</u> |
| Cost per Claim | <u>\$ 3,594</u> | <u>\$ 2,873</u> | <u>\$ 3,175</u> | <u>\$ 14,669</u> | <u>\$ 7,355</u> |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2020 EXPENSE ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2020 TO DECEMBER 31, 2020

| | <u>Paid</u> | <u>Accrued</u> | <u>Total</u> |
|-----------------------------------|--------------|----------------|--------------|
| Excess Insurance: | | | |
| Environmental | \$ 388,040 | | \$ 388,040 |
| MEL | 2,861,060 | | 2,861,060 |
| MEL Retro Program | | \$ 319,208 | 319,208 |
| POL/EPL | 1,530,221 | | 1,530,221 |
| Elected Official Credits | 35,208 | | 35,208 |
| | <hr/> | | |
| Subtotal Excess Insurance | 4,814,529 | 319,208 | 5,133,737 |
| <hr/> | | | |
| Operating Expenses: | | | |
| Actuary | 32,878 | 310 | 33,188 |
| Administration | 739,397 | | 739,397 |
| Administrative Consultant | 46,367 | | 46,367 |
| Annual Planning Retreat | 1,511 | | 1,511 |
| Attorney | 111,663 | | 111,663 |
| Auditor | | 23,905 | 23,905 |
| Claims Administration | 496,344 | 116,277 | 612,621 |
| Claims Auditor | | 8,730 | 8,730 |
| Contingency | 6,310 | | 6,310 |
| EPL/Cyber: | | | |
| Cyber On-Line Employee Training | 7,439 | | 7,439 |
| EPL/Cyber Incentive Program | 46,118 | 24,008 | 70,126 |
| Technology Risk Mangement Service | 4,012 | 8,081 | 12,093 |
| Exposure Database Mgmt System | | | |
| Fidelity Bond - Professionals | 2,219 | | 2,219 |
| JIF Website | 5,017 | | 5,017 |
| Legal Notices | 2,787 | 425 | 3,212 |
| Meeting Expense | 80 | | 80 |
| Office Supplies | 2,344 | | 2,344 |
| Other Expenses | 127 | | 127 |
| Payroll Auditor | 15,474 | | 15,474 |
| Performance Bond | 343 | | 343 |
| Postage/Copies/Fax | 1,784 | 453 | 2,237 |
| PRIMA/AGRIP Conference | 893 | | 893 |
| Printing | 3,501 | 4,722 | 8,223 |
| Property Appraiser | 26,032 | | 26,032 |
| Record Retention Service | 1,313 | | 1,313 |
| Recording Secretary | 5,158 | | 5,158 |
| Risk Management Consultants | 613,539 | | 613,539 |
| Safety Director | 221,061 | | 221,061 |
| Safety Programs: | | | |
| Optional Safety Budget | 56,356 | 32,189 | 88,545 |
| Safety Incentive Program | 6,335 | 160,392 | 166,727 |
| Training | | | |
| Police-Online Training | 20,000 | | 20,000 |
| Right To Know | | 44,783 | 44,783 |
| Training | 6,204 | | 6,204 |
| Technology Risk Services Director | 75,240 | | 75,240 |
| Treasurer | 14,083 | | 14,083 |
| Underwriting Manager | 11,999 | | 11,999 |
| Wellness Program | 79,213 | 15,773 | 94,986 |
| | <hr/> | | |
| Subtotal Operating Expenses | 2,663,141 | 440,048 | 3,103,189 |
| <hr/> | | | |
| Total Expenses | \$ 7,477,670 | \$ 759,256 | \$ 8,236,926 |
| <hr/> | | | |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2019 EXPENSE ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2020

| | <u>Paid</u> | <u>Accrued</u> | <u>Total</u> |
|-----------------------------------|--------------|----------------|--------------|
| Excess Insurance: | | | |
| Environmental | \$ 391,594 | | \$ 391,594 |
| MEL | 2,726,937 | | 2,726,937 |
| MEL Retro Program | | \$ 403,178 | 403,178 |
| POL/EPL | 1,431,419 | | 1,431,419 |
| Elected Official Credits | 32,847 | | 32,847 |
| | <hr/> | | |
| Subtotal Excess Insurance | 4,582,797 | 403,178 | 4,985,975 |
| <hr/> | | | |
| Operating Expenses: | | | |
| Actuary | 32,648 | | 32,648 |
| Administration | 719,928 | | 719,928 |
| Administrative Consultant | 44,679 | | 44,679 |
| Annual Planning Retreat | 7,917 | | 7,917 |
| Attorney | 108,735 | | 108,735 |
| Auditor | 22,820 | | 22,820 |
| Claims Administration | 485,132 | 102,001 | 587,133 |
| Claims Auditor | | 8,500 | 8,500 |
| Contingency | 9,252 | | 9,252 |
| EPL/Cyber: | | | |
| Cyber On-Line Employee Training | 7,439 | | 7,439 |
| EPL/Cyber Incentive Program | 65,386 | | 65,386 |
| Technology Risk Mangement Service | 12,037 | | 12,037 |
| Exposure Database Mgmt System | | | |
| Fidelity Bond - Professionals | 2,182 | | 2,182 |
| JIF Website | 4,753 | | 4,753 |
| Legal Notices | 1,572 | | 1,572 |
| Meeting Expense | 2,842 | | 2,842 |
| Office Supplies | 2,145 | | 2,145 |
| Other Expenses | 2 | | 2 |
| Payroll Auditor | 15,170 | | 15,170 |
| Performance Bond | 495 | | 495 |
| Postage/Copies/Fax | 3,624 | | 3,624 |
| PRIMA/AGRIP Conference | 5,092 | | 5,092 |
| Printing | 10,089 | | 10,089 |
| Property Appraiser | 29,960 | | 29,960 |
| Record Retention Service | 1,149 | | 1,149 |
| Recording Secretary | 5,158 | | 5,158 |
| Risk Management Consultants | 593,353 | | 593,353 |
| Safety Director | 212,409 | | 212,409 |
| Safety Programs: | | | |
| Optional Safety Budget | 86,951 | | 86,951 |
| Safety Incentive Program | 129,664 | 9,275 | 138,939 |
| Training | | | |
| Police-Online Training | 20,000 | | 20,000 |
| Right To Know | 33,728 | | 33,728 |
| Training | 10,845 | | 10,845 |
| Technology Risk Services Director | 50,875 | | 50,875 |
| Treasurer | 13,807 | | 13,807 |
| Underwriting Manager | 11,454 | | 11,454 |
| Wellness Program | 93,948 | | 93,948 |
| | <hr/> | | |
| Subtotal Operating Expenses | 2,857,240 | 119,776 | 2,977,016 |
| <hr/> | | | |
| Total Expenses | \$ 7,440,037 | \$ 522,954 | \$ 7,962,991 |
| <hr/> | | | |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2018 EXPENSE ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2020

| | <u>Paid</u> | <u>Accrued</u> | <u>Total</u> |
|-------------------------------|--------------|----------------|--------------|
| Excess Insurance: | | | |
| Environmental | \$ 395,303 | | \$ 395,303 |
| MEL | 2,626,485 | | 2,626,485 |
| MEL Retro Program | | \$ 329,417 | 329,417 |
| POL/EPL | 1,320,523 | | 1,320,523 |
| Elected Official Credits | 35,620 | | 35,620 |
| | <hr/> | | |
| Subtotal Excess Insurance | 4,377,931 | 329,417 | 4,707,348 |
| | <hr/> | | |
| Operating Expenses: | | | |
| Actuary | 32,008 | | 32,008 |
| Administration | 705,812 | | 705,812 |
| Administrative Consultant | 43,803 | | 43,803 |
| Annual Planning Retreat | 6,585 | | 6,585 |
| Attorney | 106,603 | | 106,603 |
| Auditor | 22,265 | | 22,265 |
| Claims Administration | 473,710 | | 473,710 |
| Claims Auditor | 7,550 | | 7,550 |
| Contingency | 57,006 | | 57,006 |
| EPL/Cyber: | | | |
| EPL/Cyber Incentive Program | 72,888 | | 72,888 |
| Exposure Database Mgmt System | 10,823 | | 10,823 |
| Fidelity Bond - Professionals | 2,154 | | 2,154 |
| JIF Website | 4,856 | | 4,856 |
| Legal Notices | 2,289 | | 2,289 |
| Meeting Expense | 3,456 | | 3,456 |
| Office Supplies | 1,639 | | 1,639 |
| Other Expenses | 124 | | 124 |
| Payroll Auditor | 14,387 | | 14,387 |
| Performance Bond | 477 | | 477 |
| Postage/Copies/Fax | 2,927 | | 2,927 |
| PRIMA/AGRIP Conference | 6,144 | | 6,144 |
| Printing | 8,056 | | 8,056 |
| Property Appraiser | 40,666 | | 40,666 |
| Record Retention Service | 1,360 | | 1,360 |
| Recording Secretary | 5,158 | | 5,158 |
| Risk Management Consultants | 568,282 | | 568,282 |
| Safety Director | 207,632 | | 207,632 |
| Safety Programs: | | | |
| Optional Safety Budget | 84,605 | | 84,605 |
| Safety Incentive Program | 138,572 | | 138,572 |
| Training | | | |
| Right To Know | 34,706 | | 34,706 |
| Training | 7,818 | | 7,818 |
| Treasurer | 13,536 | | 13,536 |
| Underwriting Manager | 11,229 | | 11,229 |
| Wellness Program | 91,526 | | 91,526 |
| | <hr/> | | |
| Subtotal Operating Expenses | 2,790,652 | - | 2,790,652 |
| | <hr/> | | |
| Total Expenses | \$ 7,168,583 | \$ 329,417 | \$ 7,498,000 |
| | <hr/> | | |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2017 EXPENSE ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2020

| | <u>Paid</u> | <u>Accrued</u> | <u>Total</u> |
|-------------------------------|--------------|----------------|--------------|
| Excess Insurance: | | | |
| Environmental | \$ 391,969 | | \$ 391,969 |
| MEL | 2,910,605 | | 2,910,605 |
| MEL - Retro Program | | \$ 502,075 | 502,075 |
| POL/EPL | 1,192,605 | | 1,192,605 |
| Elected Official Credits | 31,867 | | 31,867 |
| | <hr/> | | |
| Subtotal Excess Insurance | 4,527,046 | 502,075 | 5,029,121 |
| | <hr/> | | |
| Operating Expenses: | | | |
| Actuary | 31,380 | | 31,380 |
| Administration | 641,514 | | 641,514 |
| Administrative Consultant | 42,196 | | 42,196 |
| Annual Planning Retreat | 6,382 | | 6,382 |
| Attorney | 97,391 | | 97,391 |
| Application Fee | 2,022 | | 2,022 |
| Auditor | 21,725 | | 21,725 |
| Claims Administration | 471,362 | | 471,362 |
| Claims Auditor | 7,550 | | 7,550 |
| EPL/Cyber: | | | |
| EPL/Cyber Incentive Program | 15,022 | | 15,022 |
| Exposure Database Mgmt System | 10,303 | | 10,303 |
| Fidelity Bond - Professionals | 1,928 | | 1,928 |
| JIF Website | 3,862 | | 3,862 |
| Legal Notices | 1,189 | | 1,189 |
| Meeting Expense | 6,053 | | 6,053 |
| Office Supplies | 821 | | 821 |
| Other Expenses | 113 | | 113 |
| Payroll Auditor | 11,881 | | 11,881 |
| Performance Bond | 299 | | 299 |
| Postage/Copies/Fax | 3,425 | | 3,425 |
| PRIMA/AGRIP Conference | 4,530 | | 4,530 |
| Printing | 5,668 | | 5,668 |
| Property Appraiser | 36,488 | | 36,488 |
| Record Retention Service | 1,221 | | 1,221 |
| Recording Secretary | 5,057 | | 5,057 |
| Risk Management Consultants | 499,391 | | 499,391 |
| Safety Director | 194,095 | | 194,095 |
| Safety Programs: | | | |
| Optional Safety Budget | 82,980 | | 82,980 |
| Safety Incentive Program | 114,501 | | 114,501 |
| Training | | | |
| Right To Know | 34,601 | | 34,601 |
| Training | 9,500 | | 9,500 |
| Treasurer | 13,271 | | 13,271 |
| Underwriting Manager | 10,711 | | 10,711 |
| Wellness Program | 84,548 | | 84,548 |
| | <hr/> | | |
| Subtotal Operating Expenses | 2,472,980 | - | 2,472,980 |
| | <hr/> | | |
| Total Expenses | \$ 7,000,026 | \$ 502,075 | \$ 7,502,101 |
| | <hr/> | | |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2020 PROGRAM SUMMARY--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2020 TO DECEMBER 31, 2020

| | <u>Coverages</u> | | | |
|-------------------------------|------------------------------------|--------------------------|---------------------------|----------------------------------|
| | <u>Property</u> | <u>General Liability</u> | <u>Automobile</u> | <u>Workers' Compensation</u> |
| Limits | \$ 125,000,000 | \$ 5,000,000 | \$ 5,000,000 | STATUTORY/ \$ 7,000,000 |
| Fund Retention | \$ 100,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 |
| Excess Insurers | MEL | MEL | MEL | MEL |
| Number of Participants | 38 | 38 | 38 | 38 |
| Incurred Liabilities: | | | | |
| Claims (Schedule D) | \$ 1,141,887 | \$ 1,229,468 | \$ 664,202 | \$ 3,897,802 |
| Operating Expenses (1) | 394,817 | 570,814 | 181,726 | 1,955,828 |
| | <u>\$ 1,536,704</u> | <u>\$ 1,800,282</u> | <u>\$ 845,928</u> | <u>\$ 5,853,630</u> |
| Exposure Units | \$ 795,252,074 (Property Value) | 345,230 (Population) | 2,065 (Vehicles) | \$ 144,084,391 (Payroll) |
| Liabilities per Exposure Unit | \$1.93 (Per \$1,000 Value) | \$5.21 (Per Capita) | \$409.65 (Per Vehicle) | \$40.63 (Per \$1,000 Payroll) |

(1) Allocated on the basis of assessments and transfers by coverage.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2019 PROGRAM SUMMARY--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2020

| | <u>Coverages</u> | | | |
|-------------------------------|------------------------------------|--------------------------|---------------------------|----------------------------------|
| | <u>Property</u> | <u>General Liability</u> | <u>Automobile</u> | <u>Workers' Compensation</u> |
| Limits | \$ 125,000,000 | \$ 5,000,000 | \$ 5,000,000 | STATUTORY/ \$ 7,000,000 |
| Fund Retention | \$ 100,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 |
| Excess Insurers | MEL | MEL | MEL | MEL |
| Number of Participants | 37 | 37 | 37 | 37 |
| Incurred Liabilities: | | | | |
| Claims (Schedule D) | \$ 1,302,951 | \$ 1,027,522 | \$ 779,924 | \$ 4,731,748 |
| Operating Expenses (1) | 363,769 | 553,844 | 187,839 | 1,871,564 |
| | <u>\$ 1,666,720</u> | <u>\$ 1,581,366</u> | <u>\$ 967,763</u> | <u>\$ 6,603,312</u> |
| Exposure Units | \$ 742,603,822 (Property Value) | 340,659 (Population) | 2,036 (Vehicles) | \$ 138,817,875 (Payroll) |
| Liabilities per Exposure Unit | \$2.24 (Per \$1,000 Value) | \$4.64 (Per Capita) | \$475.33 (Per Vehicle) | \$47.57 (Per \$1,000 Payroll) |

(1) Allocated on the basis of assessments and transfers by coverage.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2018 PROGRAM SUMMARY--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2020

| | <u>Coverages</u> | | | |
|-------------------------------|---------------------|--------------------------|-------------------|------------------------------|
| | <u>Property</u> | <u>General Liability</u> | <u>Automobile</u> | <u>Workers' Compensation</u> |
| Limits | \$ 125,000,000 | \$ 5,000,000 | \$ 5,000,000 | STATUTORY/ \$ 7,000,000 |
| Fund Retention | \$ 100,000 | \$ 500,000 | \$ 500,000 | \$ 500,000 |
| Excess Insurers | MEL | MEL | MEL | MEL |
| Number of Participants | 37 | 37 | 37 | 37 |
| Incurred Liabilities: | | | | |
| Claims (Schedule D) | \$ 846,137 | \$ 2,135,858 | \$ 188,496 | \$ 3,182,830 |
| Operating Expenses (1) | 333,625 | 532,983 | 173,499 | 1,750,544 |
| | <u>\$ 1,179,762</u> | <u>\$ 2,668,841</u> | <u>\$ 361,995</u> | <u>\$ 4,933,374</u> |
| Exposure Units | \$ 693,366,393 | 340,659 | 2,036 | \$ 135,084,285 |
| | (Property Value) | (Population) | (Vehicles) | (Payroll) |
| Liabilities per Exposure Unit | \$1.70 | \$7.83 | \$177.80 | \$36.52 |
| | (Per \$1,000 Value) | (Per Capita) | (Per Vehicle) | (Per \$1,000 Payroll) |

(1) Allocated on the basis of assessments and transfers by coverage.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2017 PROGRAM SUMMARY--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2020

| | <u>Coverages</u> | | | |
|-------------------------------|------------------------------------|--------------------------|---------------------------|----------------------------------|
| | <u>Property</u> | <u>General Liability</u> | <u>Automobile</u> | <u>Workers' Compensation</u> |
| Limits | \$ 125,000,000 | \$ 5,000,000 | \$ 5,000,000 | STATUTORY/ \$ 7,000,000 |
| Fund Retention | \$ 100,000 | \$ 300,000 | \$ 300,000 | \$ 300,000 |
| Excess Insurers | MEL | MEL | MEL | MEL |
| Number of Participants | 36 | 36 | 36 | 36 |
| Incurred Liabilities: | | | | |
| Claims (Schedule D) | \$ 506,776 | \$ 738,402 | \$ 333,344 | \$ 4,253,901 |
| Operating Expenses (1) | 295,036 | 540,352 | 137,582 | 1,500,009 |
| | <u>\$ 801,812</u> | <u>\$ 1,278,754</u> | <u>\$ 470,926</u> | <u>\$ 5,753,910</u> |
| Exposure Units | \$ 585,304,319 (Property Value) | 318,982 (Population) | 1,855 (Vehicles) | \$ 123,591,395 (Payroll) |
| Liabilities per Exposure Unit | \$1.37 (Per \$1,000 Value) | \$4.01 (Per Capita) | \$253.87 (Per Vehicle) | \$46.56 (Per \$1,000 Payroll) |

(1) Allocated on the basis of assessments and transfers by coverage.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS--STATUTORY BASIS
AS OF DECEMBER 31, 2020

| <u>Description</u> | <u>Amount</u> |
|--|----------------------|
| <u>Cash and Cash Equivalents</u> | |
| Investors Bank: | |
| Administrative Expense Acct | \$ 1,000 |
| Claims Account | 109,533 |
| Operating Account | 20,726,326 |
| M&T Bank: | |
| Commercial Checking | <u>2,176</u> |
| Total Cash and Cash Equivalents | <u>20,839,035</u> |
| <u>Investments</u> | |
| Wilmington Trust - Investment Account | <u>12,202,618</u> |
| Total Cash, Cash Equivalents and Investments per Schedule A - Historical Balance Sheet--Statutory Basis | <u>\$ 33,041,653</u> |
| Total Cash, Cash Equivalents and Investments by Fund Year: | |
| 2020 | \$ 5,179,557 |
| 2019 | 3,054,753 |
| 2018 | 3,005,217 |
| 2017 | 1,324,088 |
| MEL Retro | 2,134,008 |
| Closed Years | <u>18,344,030</u> |
| | <u>\$ 33,041,653</u> |

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF ACCRUED EXPENSES--STATUTORY BASIS
AS OF DECEMBER 31, 2020

| <u>Description</u> | <u>Fund Year</u> | <u>Amount</u> | |
|--|------------------|----------------|-------------------|
| Administrative Expenses: | | | |
| Actuary | 2020 | \$ 310 | |
| Auditor - Bowman & Company LLP | 2020 | 23,905 | |
| Claims Administration- Qual-Lynx | 2020 | 116,277 | |
| Claims Auditor | 2020 | 8,730 | |
| EPL/Cyber Incentive Program | 2020 | 24,008 | |
| Legal Notices | 2020 | 425 | |
| Optional Safety Budget | 2020 | 32,189 | |
| Printing | 2020 | 4,722 | |
| Postage/Copies/Fax | 2020 | 453 | |
| Right to Know | 2020 | 44,783 | |
| Safety Incentive Program | 2020 | 160,392 | |
| Technology Risk Management Service | 2020 | 8,081 | |
| Wellness Program | 2020 | <u>15,773</u> | |
| | | <u>440,048</u> | |
| Total 2020 Fund Year | | | \$ 440,048 |
| Administrative Expenses: | | | |
| Claims Administration- Qual-Lynx | 2019 | 102,001 | |
| Claims Auditor | 2019 | 8,500 | |
| Safety Incentive Program | 2019 | <u>9,275</u> | |
| Total 2019 Fund Year | | | 119,776 |
| Administrative Expenses: | | | |
| Attorney | Closed | | <u>64</u> |
| Total Accrued Expenses per Schedule A - Historical Balance Sheet--Statutory Basis | | | <u>\$ 559,888</u> |

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, and contracts related to the financial statements that are required to be reported in accordance with Government Auditing Standards and in compliance with audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

SCHEDULE OF FINANCIAL STATEMENT FINDINGS

None.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AS PREPARED BY MANAGEMENT

This section identifies the status of prior year audit findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

There were no findings in the prior year.

APPRECIATION

We express our appreciation for the assistance provided to us during our audit.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



James J. Miles, Jr.
Certified Public Accountant