



**REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL
MUNICIPAL JOINT INSURANCE FUND

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ANNUAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

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 Marjorie Sperry
Secretary Karen Sweeney Douglas L. Holgate Sr.
Robert Diaz Leo Selb
Mark L. Gravinese

EXECUTIVE COMMITTEE ALTERNATES

Colette Bachich Kevin Clour
Jeffre Celebre Jane DiBella
Ken Brown
Stephanie McCaffrey

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, 2021 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, 2021 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 _____, 2022

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 Audit of the Financial Statements

Opinion

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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

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, 2021 and 2020, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Cont'd)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

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 is the responsibility of management and, 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.

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

Required Supplementary Information (Cont'd)

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.

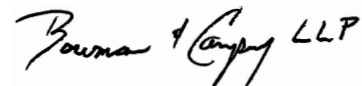
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

Respectfully Submitted,



Bowman & Company LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
June 27, 2022

**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, 2021, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated June 27, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

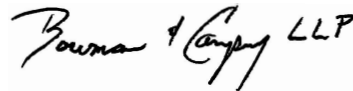
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and 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 27, 2022

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, 2021, 2020, and 2019. 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, 2021, 2020, and 2019.

Net Position Summary	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>2020 to 2021 Change</u>	
				<u>Amount</u>	<u>Percentage</u>
Assets					
Cash and Cash Equivalents	\$ 28,923,697	\$ 20,839,035	\$ 3,252,328	\$ 8,084,662	38.8%
Investments	3,741,881	12,202,618	29,931,501	(8,460,737)	-69.3%
Other Assets	1,616,737	1,759,832	1,966,783	(143,095)	-8.1%
Total Assets	34,282,315	34,801,485	35,150,612	(519,170)	-1.5%
Liabilities And Reserves & Net Position					
Liabilities And Reserves					
Loss Reserves	13,691,876	11,627,479	9,016,541	2,064,397	17.8%
Other Liabilities	3,866,038	4,830,215	4,533,072	(964,177)	-20.0%
Total Liabilities	17,557,914	16,457,694	13,549,613	1,100,220	6.7%
Net Position - Unrestricted	\$ 16,724,401	\$ 18,343,791	\$ 21,600,999	\$ (1,619,390)	-8.8%

Revenues, Expenses, and Changes in Net Position Summary	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>2020 to 2021 Change</u>	
				<u>Amount</u>	<u>Percentage</u>
Operating Revenue					
Regular Contributions & Other Income	\$ 17,337,986	\$ 15,040,788	\$ 14,733,701	\$ 2,297,198	15.3%
Operating Expenses:					
Provision For Claims and Claims					
Adjustment Expenses	7,363,664	8,359,692	5,576,124	(996,028)	-11.9%
Premium For Excess Insurance	5,317,712	5,133,737	4,985,228	183,975	3.6%
Surplus Trigger Assessment	35,524	364,692	160,856	(329,168)	-90.3%
MEL Premium Deferral	843,985	-	-	843,985	100.0%
(Over)/Under Funding MEL					
Retro Liability	-	(94,685)	(174,464)	94,685	100.0%
Professional & Contractual Services	2,975,198	2,977,401	2,907,424	841,782	28.3%
Total Operating Expenses	16,536,083	16,740,837	13,455,168	(204,754)	-1.2%
Operating Income (Loss)	801,903	(1,700,049)	1,278,533	2,501,952	147.2%
Investment Income (Loss)	(57,313)	555,567	871,700	(612,880)	-110.3%
Change in Investment in Joint Venture	(271,971)	(239,014)	(70,984)	(32,957)	-13.8%
Return of Surplus	(2,092,009)	(1,873,712)	(1,847,660)	218,297	11.7%
Change In Net Position	\$ (1,619,390)	\$ (3,257,208)	\$ 231,589	\$ 2,074,412	63.69%

Financial Highlights Continued

Cash and Cash Equivalents increased over the prior year by \$8,084,662 while investments decreased by \$8,460,737 and Other Assets decreased \$143,095 resulting in a net decrease in assets of approximately \$519,170 (1.5%) which is driven by unrealized loss in investments. Other Assets include Investments in Joint Ventures (the JIF's ownership of the MEL, EJIF, and RCF), accrued investment income, subrogation receivable, JIF Retro potential liability due under the TRICO Retrospective Program, Claim Allocation Receivable, and prepaid expenses. The Claim Allocation Receivable is a result of an error in allocating Vineland's claims within their SIR to the TRICO JIF. The TPA is in the process of transferring all claims from TRICO to Vineland resulting in the receivable of \$173,008. As the JIF holds all investments to maturity, any unrealized loss will never be recognized as a realized loss. Claims liabilities increased 17.8% in case reserves with a decrease of 20.0% in IBNR resulting in an overall 6.7% increase (\$1,100,220) in Total Liabilities & Reserves. As a result, the overall net position of the Fund decreased by \$1,619,390. It is notable to highlight the JIF released \$2,000,000 in Surplus in 2021.

Regular Contributions increased by approximately \$2,297,198 over 2020 with one member (Franklin Township) qualifying 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. The loss funding allocations by line of coverage are recommended by the Fund Actuary.

An overall 1.2% decrease in Operating Expenses over the prior year was driven by a 11.9% decrease (\$996,028) in Claims and Claims Adjustment Expenses, a 3.6% increase in premium for Excess Insurance, a 28.3% increase in Professional & Contractual Services (driven by the timing of actual payments and accruals), and the overall impact of restructuring the MEL Surplus Trigger Assessment for the 12/31/21 valuation. As a result of recent changes in State laws and regulations pertaining to SAM, Fire Fighters' Cancer Presumption, WC Pension offset, COVID, and Title 59 Erosion, the MEL had a deficit position of \$15,108,579 as of 12/31/21 prior to the Surplus Trigger Assessment. Based upon the formula outlined in the MEL's Plan of Risk Management, the 12/31/21 Surplus Trigger Assessment would have been \$30 million. In recognition of the extraordinary factors impacting the MEL's financials, the MEL Actuary, and a special Task Force, of which our office is a part, developed the following alternative solutions to protect the MEL's financial stability without negatively impacting the member JIFs. The Task Force determined that collecting the premium deferral for Fund Years 2016-2021 which represents the 15% differential between the 85% of WC/GL loss funding dollars collected during the applicable year to the 100% calculated premium would generate over \$15million. The second method of generating the necessary surplus to the MEL's overall 12/31/21 financial position is to remove the payable to the individual JIFs for 2021 COVID claims as an excess recoverable. During negotiations with the excess carrier, it has been determined that the 2021 COVID claims will **not** be included as the single occurrence originating from the 2021 claim. The communicable disease endorsement included in the 2020 policy was removed for 2021; therefore, all 2021 COVID claims are treated as separate claims within the JIFs' SIR. Removing the recoverable from the MEL's financial statement will generate an additional \$8million in surplus. The Fund Actuary determined that the combined strategy (\$23 million increase in surplus) will result in a surplus position similar to that as the 12/31/20 valuation is sufficient. The 90.3% (\$329,168) decrease in Surplus Trigger Assessment is a result of the MEL utilizing the Premium Deferral (100.0% increase) rather than a Surplus Trigger Assessment coupled with a reimbursed assessment of \$5,668 from the 12/31/20 valuation due to formula errors, and a significant decrease in the RCF Surplus Trigger Assessment. The RCF Surplus Trigger Assessment calculation is driven by a deficit in the 2007 Transfer Year (2003 Loss Year) resulting in a Surplus Trigger Assessment overall of \$1 million compared to a Surplus Trigger Assessment of \$6,286,145 at the 12/31/20 valuation. The Fund Actuary is comfortable with the net surplus of the RCF of \$106,689 at the 12/31/21 valuation. As a result of the changes to the MEL and RCF Surplus Trigger policies, a change has been made to the Plan of Risk Management to allow the Fund Actuary flexibility in regard to the necessary Surplus Trigger Assessment calculations annually to ensure the financial stability of the MEL and RCF.

In 2021, 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

Financial Highlights Continued

Services, etc.) increased from the prior year by 28.3% (\$841,782) as a result of timing for payments made and accruals. Increases in professional fees averaged 2.00%. The Right to Know and Technology Risk Services Director increased 13.88% and 20.00% respectively for a combined increase of approximately \$21,000. Professional & Contractual Services and Member Benefit costs represented just 17% of the total Fund's budget.

The 2021 MEL Budget had no increase (0%) over 2020, prior to exposure growth; however, the JIF budgeted a decrease of \$68,464 (2.13%) which is driven by the removal of the Retrospective Program liability tempered by exposure growth and the hardening of the worldwide excess insurance market. Over the last year, the worldwide insurance market has been hardening due to ongoing natural disasters (i.e., hurricanes & wildfires) as well as the uncertainty arising from the COVID 19 pandemic. In response to the hardening market, the MEL is reviewing its current SIR's and considering alternative risk sharing techniques that would allow the MEL to share risk with its reinsurers.

Effective January 1, 2016, the Fund entered into a contract for EPL/POL Coverage with QBE Insurance. For Fund Year 2021, the JIF EPL/POL insurer QBE issued a 2.2% statewide premium increase. This increase varies JIF by JIF based upon a revised formula for the pricing of JIF members based upon their exposures and loss performance. This revised formula was necessary when it was determined by the MEL that good performing members in poor performing JIFs were paying more premium than necessary while poor performing members in good performing JIFs were not paying enough premium to cover their exposures. 2021 was year 3 of 5 in the phase in process. Some members have experienced significant swings in their premium while the new process is being fully implemented.

Volunteer, Directors and Officers Liability Coverage remained with QBE at expiring rates. However, Cyber Liability Coverage saw a significant premium increase in 2021. In addition, the MEL was required to self-insure a portion of the risk and had to settle for reductions in coverage limits and a statewide shared aggregate.

In 2021, the Fund authorized a surplus release of \$2,000,000 to its members, which was a 11.11% (\$200,000) increase over what was released in 2020. It should be noted that the Fund had a surplus of approximately \$15.4 million at December 31, 2021 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

Continuing a trend from the last year, several factors outside the control of the Fund continue to influence its financial condition. As noted above, the MEL has experienced an unprecedented impact on their financials resulting in the member JIFs having to absorb some \$23 million in claims costs so as to place the MEL in a surplus position. The costs associated with ongoing COVID related costs whether they result from new claims, re-openers, and/or long haulers, the costs of COVID related claims are continuing to impact the Fund. Beyond the impact of COVID claims, the Fund must still budget in anticipation of increasing health care costs and indemnity costs both of which are being impacted by unprecedented inflationary pressures. In addition, municipalities continue to have a great deal of difficulty in hiring new/replacement personnel. While certainly a concern across all employers, it appears to be greatly amplified in the public sector as employees are retiring earlier to collect a guaranteed pension. As a result, public employers are asking existing employees to take on additional responsibilities for which they might not be qualified and reducing their hiring standards which could lead to additional claims in the future. All of these issues are against a backdrop of an ever increasing 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.

The issues described above have been exasperated by acts of the New Jersey Legislature. In regard to COVID, the State enacted legislation creating a presumption that all COVID claims from first responders and essential employees were eligible for workers compensation benefits. This made it very difficult for the Fund to deny any COVID related claims. Another statutory change affecting the Fund's financial position in 2021, opened the Fund

Economic Conditions Continued

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. Thankfully, the Fund has not seen as many claims as was originally anticipated; however, those that have been received have been very expensive to investigate manage and settle.

A third 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 compensable under the New Jersey Workers Compensation Law. While the number of these claims so far has been minimal, it is likely that the number of claims will increase as word of this legislative change spreads in a post pandemic setting.

An additional factor outside of the Fund's control affecting 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, the impact of "social inflation", and the general eroding of Title 59 immunities due to judicial decisions and legislative changes. In addition, the workers compensation market is becoming more challenging as a result of the financial impact of the COVID 19 pandemic and changes to State statute. 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. As a result, the local JIFs and the MEL will likely be taking on more risk to be able to provide coverage to the members going forward.

Finally, this past year saw the Fund join the Joint Cash Management of Investments (JCMI) Program established by the MEL toward the end of 2020. This investment Program allows the Fund to jointly invest their idle cash with other MEL affiliated JIFs to purchase both long and short term municipal debt. The establishment of this Program has created greater liquidity in the municipal debt marketplace thereby driving down the costs of borrowing for municipalities throughout the State. Unfortunately, due to the increase in short term interest rates as dictated by the Federal Reserve Board, those JIFs investing in the JCMI have experienced unrealized losses that have impacted the JIF's financial position. While the losses will never be realized since the JCMI holds all investments to maturity, the current impact of the reporting of the unrealized losses cannot be ignored.

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 Sagemore 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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	28,923,697	20,839,035
Investments	3,741,881	12,202,618
Investment in Joint Ventures	1,351,440	1,623,411
Excess Insurance Receivable	-	56,589
Accrued Interest Receivable	19,017	55,105
Subrogation Receivable	1,500	-
Claim Allocation Receivable	173,008	-
JIF Retro Program	69,543	18,571
Prepaid Expenses	2,229	6,156
	<hr/>	<hr/>
Total Assets	34,282,315	34,801,485
 <u>LIABILITIES AND RESERVES</u>		
Liabilities:		
Accrued Expenses	541,292	559,888
Contributions Payable	-	18,668
Due To Residual Claims Fund	357,332	331,546
MEL Potential Obligation	-	1,788,885
MEL Premium Deferral	843,985	-
Aggregate Excess Loss Fund Contingency	577,549	463,823
Authorized Return of Surplus	1,510,356	1,302,713
Surplus Trigger Assessment Due	35,524	364,692
	<hr/>	<hr/>
Total Liabilities	3,866,038	4,830,215
Reserves:		
Claims:		
Case Reserves	9,275,512	7,473,948
IBNR Reserves	4,600,828	4,237,664
Excess Insurance Recoverable	(184,464)	(84,133)
	<hr/>	<hr/>
Net Reserves	13,691,876	11,627,479
	<hr/>	<hr/>
Total Liabilities and Reserves	17,557,914	16,457,694
 <u>NET POSITION</u>		
Unrestricted	<u>\$ 16,724,401</u>	<u>\$ 18,343,791</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating Revenue:		
Regular Contributions	\$ 15,284,190	\$ 14,946,067
MEL Surplus Transfer	1,910,622	-
Environmental Fund Dividends	92,008	73,712
JIF Retro Program Income	50,972	18,571
Other Income	194	2,438
	<hr/>	<hr/>
Total Operating Revenue	17,337,986	15,040,788
Operating Expenses (Recoveries):		
Provision for Claims and Claims Adjustment Expenses	7,363,664	8,359,692
Premium for Excess Insurance	5,317,712	5,133,737
Surplus Trigger Assessment	35,524	364,692
MEL Premium Deferral	843,985	-
(Over)/Under Funding MEL Retro Liability	-	(94,685)
Administrative Expenses:		
Actuary -The Actuarial Advantage	33,967	33,188
Administration - Risk Program Administrators	754,185	739,397
Administrative Consultant - PERMA, Inc.	46,367	46,367
Attorney - DeWeese Law Firm, P.C.	113,896	111,663
Auditor - Bowman & Company LLP	23,742	23,905
Claims Administration	503,848	508,807
Contingency - Various	3,398	8,810
Other Expenses - Various	19,245	41,482
Payroll Auditor - Bowman & Company LLP	16,202	15,474
Property Appraiser - AssetWorks, LLC	35,304	26,032
Risk Management Consultants - Various	627,315	613,539
Safety Director - J.A. Montgomery Risk Control Services	221,064	221,061
Safety Programs / EPL Cyber - Various	365,391	379,275
Technology Risk Services Director - Secure Data Consulting	90,232	87,333
Treasurer - Thomas Tontarski	14,365	14,083
Underwriting Manager - Conner Strong & Buckelew	11,999	11,999
Wellness Program - Various	94,678	94,986
	<hr/>	<hr/>
Total Operating Expenses	16,536,083	16,740,837
Operating Income (Loss)	801,903	(1,700,049)
Non-Operating Revenue (Expense):		
Investment Income (Loss)	(57,313)	555,567
Change in Investment in Joint Ventures	(271,971)	(239,014)
	<hr/>	<hr/>
Change in Net Position	472,619	(1,383,496)
Net Position, Beginning	<hr/>	<hr/>
	18,343,791	21,600,999
Net Position Before Distributions to Members	18,816,410	20,217,503
Distributions to Members	2,092,009	1,873,712
	<hr/>	<hr/>
Net Position, Ending	<u>\$ 16,724,401</u>	<u>\$ 18,343,791</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Receipts from Regular Contributions	\$ 17,176,144	\$ 14,964,735
Receipts from Environmental Fund	92,008	73,712
Receipts from Other Income	194	2,438
Payments for Claim Payments	(5,218,392)	(6,007,681)
Payments for Insurance Premiums	(7,644,297)	(4,975,385)
Payments to Professionals and Suppliers	<u>(2,989,867)</u>	<u>(2,992,648)</u>
Net Cash Provided by Operating Activities	<u>1,415,790</u>	<u>1,065,171</u>
Cash Flows From Investing Activities:		
Redemption of Investments	8,352,000	39,409,000
Purchase of Investments	-	(21,399,444)
Investment Income	<u>87,512</u>	<u>323,110</u>
Net Cash Flows Provided by Investing Activities	<u>8,439,512</u>	<u>18,332,665</u>
Cash Flows Used in Noncapital Financing Activities:		
Distributions to Members	<u>(1,770,640)</u>	<u>(1,811,129)</u>
Net Increase in Cash and Cash Equivalents	8,084,662	17,586,707
Cash and Cash Equivalents - Beginning	<u>20,839,035</u>	<u>3,252,328</u>
Cash and Cash Equivalents - Ending	<u>\$ 28,923,697</u>	<u>\$ 20,839,035</u>
Reconciliation of Operating Income (Loss) to		
Cash Flows From Operating Activities:		
Operating Income (Loss)	\$ 801,903	\$ (1,700,049)
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
Excess Insurance Receivable	56,589	(56,589)
Subrogation Receivable	(1,500)	-
JIF Retro Program	(50,972)	(18,571)
Prepaid Expenses	3,927	(5,118)
Accrued Expenses	(18,596)	(10,129)
Due from Member	(173,008)	-
MEL Retrospective Potential Obligation	(1,788,885)	224,523
MEL Premium Deferral	843,985	-
Contributions Payable	(18,668)	18,668
Due to Residual Claims Fund	25,786	(202,338)
Surplus Trigger Assessment Due	(329,168)	203,836
Claims Reserves	<u>2,064,397</u>	<u>2,610,938</u>
Net Cash Flows Provided by Operating Activities	<u>\$ 1,415,790</u>	<u>\$ 1,065,171</u>
Supplemental Disclosure - Noncash Activity:		
Change in Unrealized Gains (Losses) on Investments included in		
Investment Income	<u>\$ (166,379)</u>	<u>\$ 112,339</u>
Change in Investment in Joint Ventures	<u>\$ (271,971)</u>	<u>\$ (239,014)</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, 2021, 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 governmental 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, 2021. 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.

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)

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. 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.

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

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 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 \$3,136,706 as of December 31, 2021, \$250,776 was insured while \$2,885,930 was collateralized under GUDPA.

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.

Joint Cash Management and Investment Program

During the year, the Fund participated in the Joint Management and Investment Program (the "JCMI"). The JCMI was formulated under P.L. 2018 Chapter 40 of the New Jersey Statutes, which allowed Joint Insurance Funds to pool their funds and broaden the investments that they are permitted to use. The JCMI is designed to insure the quality of investments in order to minimize risk to the JCMI's participants. The program is administered by the Municipal Excess Liability Joint Insurance Fund (the "MEL"). Deposits with the JCMI are not subject to custodial credit risk as defined above. As of December 31, 2021, the Fund's deposits with the JCMI was \$26,128,582.

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 of \$3,741,881 and 12,202,618 as of December 31, 2021 **and 2020**, 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.

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

Note 4: INVESTMENTS (CONT'D)

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.

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, 2021 **and** 2020, the Fund had the following investments and maturities:

<u>Investment</u>	<u>Interest Rate</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Market Value</u>	
				<u>2021</u>	<u>2020</u>
US Treasury Note	2.250%	02/15/21	AAA	\$ -	\$ 2,385,712
US Treasury Note	1.375%	05/31/21	AAA	-	1,256,450
US Treasury Note	1.125%	08/31/21	AAA	-	2,527,068
US Treasury Note	1.125%	09/30/21	AAA	-	1,019,630
US Treasury Note	1.750%	11/30/21	AAA	-	1,217,724
US Treasury Note	1.500%	01/31/22	AAA	1,251,375	1,268,550
US Treasury Note	1.625%	08/15/22	AAA	1,230,443	1,249,646
US Treasury Note	1.375%	10/15/22	AAA	1,260,063	1,277,838
				\$ 3,741,881	\$ 12,202,618

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.

The Fund has the following recurring fair value measurements as of December 31, 2021 and 2020:

United States Treasury Notes of \$3,741,881 and \$12,202,618 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, 2021 and 2020 and for all open Fund years net of excess insurance recoveries:

	<u>2021</u>	<u>2020</u>
Total unpaid claim and claim adjustment expenses all fund years - Beginning	\$ 11,959,025	\$ 9,550,425
Incurred claims and claims adjustment expenses:		
Provision for insured events of current fund year	7,352,455	6,933,359
Changes in provision for insured events of prior fund years	<u>11,209</u>	<u>1,426,333</u>
Total incurred claims and claims adjustment expenses all fund years	<u>7,363,664</u>	<u>8,359,692</u>
Payments (Net of Recoveries):		
Claims and claim adjustments expenses:		
Attributable to insured events of current fund year	2,197,565	2,021,457
Attributable to insured events of prior fund years	<u>3,119,004</u>	<u>3,929,635</u>
Total payments all fund years	<u>5,316,569</u>	<u>5,951,092</u>
Total unpaid claim and claim adjustment expenses all fund years - Ending	<u>\$ 14,006,120</u>	<u>\$ 11,959,025</u>
Analysis Of Balance:		
Due to Residual Claims Fund	\$ 313,244	\$ 331,546
Net Reserves	<u>13,691,876</u>	<u>11,627,479</u>
	<u>\$ 14,005,120</u>	<u>\$ 11,959,025</u>

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.

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

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

Municipal Excess Liability Residual Claims Fund (Cont'd)

The transfer of loss reserves to the Residual Fund results in the closing of fund years and the unencumbering of the retained net position 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.

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.

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)

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, 2021 and 2020, the Fund's share of net position in the Residual Fund, the MEL and the Environmental Fund is as follows:

	<u>2021</u>	<u>2020</u>
Residual Fund	\$ (173,851)	\$ 185,128
MEL	85,139	53,403
Environmental Fund	<u>1,440,152</u>	<u>1,384,880</u>
	<u>\$ 1,351,440</u>	<u>\$ 1,623,411</u>

Selected Financial Information

Selected summarized financial information for the Residual Fund, the MEL, and the Environmental Fund as of December 31, 2021 is as follows:

	<u>Residual Fund</u>	<u>MEL</u>	<u>Environmental Fund</u>
Total Assets	<u>\$ 121,772,380</u>	<u>\$ 104,490,151</u>	<u>\$ 33,431,539</u>
Total Liabilities	<u>\$ 121,665,691</u>	<u>\$ 89,332,327</u>	<u>\$ 12,768,944</u>
Net Position	<u>\$ 106,689</u>	<u>\$ 15,157,824</u>	<u>\$ 20,662,595</u>
Total Revenue	<u>\$ 23,991,379</u>	<u>\$ 66,909,112</u>	<u>\$ 4,239,301</u>
Total Expenses	<u>\$ 35,854,429</u>	<u>\$ 68,002,943</u>	<u>\$ 2,654,689</u>
Change in Net Position	<u>\$ (12,534,050)</u>	<u>\$ (1,093,831)</u>	<u>\$ (1,515,388)</u>
Distributions to Members	<u>\$ 671,000</u>	<u>\$ -</u>	<u>\$ 3,100,000</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, 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>

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 DISTRIBUTION

During 2021, the Executive Committee approved a surplus distribution for \$2,092,008, representing \$2,000,000 paid from the closed fund year's account and a pass through of \$92,008 in E-JIF dividends to the aggregate excess loss contingency fund.

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.

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, 2021, 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	\$ 2,384	\$ 874	\$ 26	\$ 3,284
Carneys Point Township	6,608	2,418	73	9,099
Clayton Borough	6,138	2,246	68	8,452
Deptford Township	23,009	8,421	255	31,684
East Greenwich Township	4,668	1,708	52	6,428
Elk Township	3,021	1,106	33	4,160
Fairfield Township	5,403	1,977	60	7,440
Franklin Township	13,297	4,866	147	18,310
Glassboro Borough	16,394	6,000	181	22,575
Greenwich Township	4,199	1,536	46	5,782
Harrison Township	7,555	2,765	84	10,404
Logan Township	5,186	1,898	57	7,142
Lower Alloways Creek	-	335	-	335
Mannington Township	16,786	282	0	17,068
Mantua Township	12,223	4,473	135	16,832
Monroe Township	24,902	9,115	275	34,292
Oldmans Township	1,547	565	17	2,129
Paulsboro Borough	5,296	1,938	59	7,292
Penns Grove Borough	4,201	1,537	46	5,785
Pennsville Township	11,344	4,152	125	15,622
Pilesgrove	18,627	1,235	37	19,900
Pitman Borough	8,021	2,936	89	11,046
Pittsgove	70,641	17,459	1,367	89,466
Quinton Township	2,623	1,741	30	4,393
Shiloh Borough	458	168	5	631
South Harrison Township	2,079	760	23	2,862
Stowe Creek	19,543	1,075	82	20,700
Swedesboro Borough	1,765	647	20	2,431
Upper Pittsgrove Township	2,982	1,091	33	4,106
Washington Twp	119,198	14,824	1,384	135,406
Wenonah Borough	1,991	728	22	2,741

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>
Westville Borough	\$ 3,867	\$ 1,416	\$ 43	\$ 5,326
Woodbury City	29,993	3,243	349	33,585
Woodbury Heights Borough	2,571	940	28	3,540
Woodstown Borough	2,695	986	30	3,711
Woolwich Township	2,607	954	29	3,590
	<u>\$ 463,823</u>	<u>\$ 108,415</u>	<u>\$ 5,311</u>	<u>\$ 577,549</u>

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

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>
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
Woodbury City	27,026	2,609	358	29,993
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>

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 \$3,143,667 and \$3,215,476 for the years ended December 31, 2021 and 2020, respectively. As disclosed in Note 11, the Fund was also assessed a surplus trigger assessment during 2021 and 2020.

Excess insurance premiums paid to the Environmental Fund were \$384,067 and \$388,040 for the years ended December 31, 2021 and 2020, respectively.

During 2021 and 2020, the Fund was assessed \$313,745 and \$331,546, respectively, for the transfer of fund year 2017 and 2016 liabilities to the Residual Fund. As disclosed in Note 11, the Fund was also assessed a surplus trigger assessment during 2021 and 2020.

Note 10: MEL JIF SURPLUS FLOOR PROGRAM

MEL JIF Retrospective Contingency Account

As disclosed in notes 6 and 9, the Fund is a member of the Municipal Excess Liability Joint Insurance Fund. The MEL 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.

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

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

MEL JIF Retrospective Contingency Account (Cont'd)

The retrospective rating modification was an experience rated factor and any additional assessments were 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.

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

<u>Fund Year</u>	<u>Maximum Obligation</u>	<u>Initial Payment</u>	<u>(Over)/Under Funding</u>	<u>Transfer To MEL</u>	<u>Potential Obligation</u>
2016	\$3,325,930	\$ 2,821,773	\$ -	\$ 504,156	\$ 504,156
2017	\$3,444,547	\$ 2,942,472	-	502,075	502,075
2018	\$2,980,280	\$ 2,662,102	(11,239)	329,417	318,178
2019	\$2,999,737	\$ 2,759,784	(163,225)	403,178	239,953
2020	\$3,120,791	\$ 2,896,268	(94,685)	319,208	224,523
			<u>\$ (269,149)</u>	<u>\$2,058,034</u>	<u>\$1,788,885</u>

MEL Unencumbered Surplus Account

During the 2022 Fund Budget planning process, the Fund was notified by the NJ MEL that the JIF Retrospective Program and its obligations on the Fund has ended for all years inclusive of 2021. The MEL Unencumbered Surplus Account was created to hold any remaining balances once annual MEL premiums are paid and any existing balances in the MEL Retrospective Program was transferred to the MEL Unencumbered Surplus Account and the MEL Retrospective Contingency Account was closed.

Pursuant to the terms of the MEL Retrospective Program, the Fund paid the MEL JIF \$3,020,936 (inclusive of Elected Officials credits) in the Fund year 2021 which represents 85% of the Funds obligation to the MEL JIF for excess workers' compensation and liability loss funding and excess premiums.

In developing the Fund year 2021 budget, the Fund budgeted an additional \$121,737 more than the Fund's obligation for excess workers' compensation and liability loss funding and excess property premium which was transferred to the MEL Unencumbered Surplus Account. These funds will be available to pay obligations pursuant to the MEL Surplus Floor Program.

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

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

MEL Unencumbered Surplus Account (Cont'd)

As of December 31, 2021, the following was transferred into the MEL Unencumbered Surplus Account:

Fund Year	Transfer
2016	\$ 504,156
2017	502,075
2018	329,417
2019	403,178
2020	319,208
2021	121,737
	<u>\$ 2,179,771</u>

MEL Premium Deferral

From 2016 to 2021, the MEL deferred 15% of the loss fund via their retrospective program to their member JIFs with the understanding that it could call in this deferral if needed. During 2021, the MEL called in the Fund's Premium Deferral in the amount of \$843,985.

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, 2021 and 2020, supplemental assessments were due to the Residual Fund and MEL as follows:

	<u>2021</u>	<u>2020</u>
Residual Fund	\$ 41,192	\$ 177,912
MEL	(5,668)	186,780
	<u>\$ 35,524</u>	<u>\$ 364,692</u>

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

Note 12: SUBSEQUENT EVENTS

COVID-19 Pandemic - While there are many issues that are increasing claims cost for New Jersey public entities, management is confident that the Fund and its affiliated Joint Insurance Funds are in an exceptionally strong position because of years of conservative financial practices. Management continues to evaluate the impact of the COVID-19 pandemic on workers' compensation on the Fund.

Claims Activity - 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, the Fund's 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.

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, 2021

	<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	\$ 551,404	\$ 3,453,648	\$ 1,639,632	\$ 6,314,341	\$ 11,959,025
Incurring claims and claims adjustment expenses:					
Provision for insured events of current fund year	935,955	1,394,911	339,288	4,682,301	7,352,455
Changes in provision for insured events of prior fund years	(277,208)	(50,512)	(178,487)	517,416	11,209
Total incurred claims and claims adjustment expenses all fund years	658,747	1,344,399	160,801	5,199,717	7,363,664
Payments (Net of Recoveries):					
Claims and claims adjustment expenses:					
Attributable to insured events of current fund year	623,945	39,662	37,688	1,496,270	2,197,565
Attributable to insured events of prior fund years	66,686	534,900	90,128	2,428,290	3,120,004
Total payments all fund years	690,631	574,562	127,816	3,924,560	5,317,569
Total unpaid claim and claim adjustment expenses - Ending	\$ 519,520	\$ 4,223,485	\$ 1,672,617	\$ 7,589,498	\$ 14,005,120
Analysis Of Balance:					
Due to Residual Claims Fund				\$ 313,244	
Net Reserves				13,691,876	
				\$ 14,005,120	

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF DECEMBER 31, 2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net Earned Required Contribution and Investment Revenue:										
Earned	\$ 12,933,639	\$ 14,172,538	\$ 14,325,033	\$ 14,155,340	\$ 14,174,116	\$ 13,914,401	\$ 14,791,640	\$ 14,845,834	\$ 15,010,953	\$ 15,310,542
Ceded	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	5,317,711
	9,756,241	9,976,095	10,031,977	9,792,879	9,326,080	8,885,280	10,084,292	9,859,859	9,877,216	9,992,831
Unallocated Expenses	2,152,819	2,274,112	2,292,959	2,401,076	2,465,946	2,472,980	2,790,652	2,867,513	3,060,141	3,127,748
Estimated Claims and Expenses, End of Policy Year:										
Incurred	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	7,352,455
Ceded									140,722	
Net Incurred	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	7,352,455
Paid (Cumulative) as of:										
End of Policy Year	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	2,197,565
One Year Later	2,132,566	2,465,391	2,782,773	3,214,983	2,636,370	3,596,729	3,175,557	3,944,742	3,619,924	
Two Years Later	2,466,979	3,002,875	3,302,066	3,499,382	3,296,261	4,316,109	4,285,846	4,468,660		
Three Years Later	3,587,631	3,623,226	3,857,161	4,122,816	3,710,849	5,138,564	4,860,893			
Four Years Later (Closed to the RCF) (A)	3,893,960	3,824,568	4,634,836	4,406,860	3,856,563	5,327,731				
Reestimated Ceded Claims and Expenses	747,080	670,338	275,265	533,884	331,546	313,244	-	-	184,464	-
Reestimated Incurred Claims and Expenses:										
End of Policy Year	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	7,352,455
One Year Later	4,660,001	5,065,417	4,908,001	5,505,928	5,183,091	6,088,655	5,548,721	7,842,145	7,434,388	
Two Years Later	4,651,765	4,625,706	4,551,268	4,787,501	4,800,756	6,161,862	6,353,321	7,756,820		
Three Years Later	4,683,767	4,462,807	4,703,256	5,487,570	4,298,365	5,832,423	6,294,505			
Four Years Later (Closed to the RCF) (A)	4,629,079	4,494,906	4,634,836	4,940,744	4,188,108	5,327,731				
Increase (Decrease) in Estimated Incurred Claims and Expenses from End of Policy Year	\$ (806,420)	\$ (1,450,096)	\$ (1,550,165)	\$ (1,424,253)	\$ (1,978,891)	\$ (575,014)	\$ 521,703	\$ 979,068	\$ 501,029	\$ -

(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, 2021

ASSETS

Cash and Cash Equivalents	\$ 28,923,697	
Investments	<u>3,741,881</u>	
Total Cash and Investments		\$ 32,665,578
Receivables:		
Interest	19,017	
Subrogation Receivable	1,500	
Claim Allocation Receivable	173,008	
JIF Retro Program	<u>69,543</u>	
Total Receivables		263,068
Prepaid Expenses		<u>2,229</u>
Total Assets		\$ 32,930,875
<u>LIABILITIES</u>		
Claims:		
Case Reserves	9,275,512	
IBNR Reserve	4,600,828	
Less: Excess Insurance Recoverable	<u>(184,464)</u>	
Total Claims		13,691,876
Accrued Expenses:		
Operating	<u>541,292</u>	
Total Accrued Expenses		541,292
Other Liabilities:		
MEL Premium Deferral	843,985	
Contributions Payable		
Due Residual Claims Fund		
Due to Residual Claims Fund	357,332	
Residual Claims Fund Surplus Trigger Assessment	41,192	
MEL Claims Fund Surplus Trigger Assessment	(5,668)	
Aggregate Excess Loss Fund Contingency	558,113	
Aggregate Excess Loss Fund Contingency		
Accrued Interest	19,436	
Authorized Return of Surplus	<u>1,510,356</u>	
Total Other Liabilities		<u>3,324,746</u>
Total Liabilities		<u>17,557,914</u>
Net Statutory Surplus		<u>\$ 15,372,961</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, 2021

Underwriting Income:		
Regular Contributions	\$ 270,671,976	
MEL Surplus Transfer	2,179,771	
Supplemental Contributions	400,000	
Enviromental Dividends	354,260	
Residual Claims Fund Dividends	147,817	
Municipal Excess Liability Fund Dividends	654,904	
JIF Retro Program	93,498	
Other Income	94,620	
Total Underwriting Income		\$ 274,596,846
Incurred Liabilities:		
Claims:		
Paid (Net of Recoveries)	91,029,033	
Case Reserves	9,275,013	
IBNR Reserves	4,600,828	
Residual Claims Fund Premiums	14,768,576	
Subtotal		\$ 119,673,450
Less Excess Insurance:		
Received	211,230	
Receivable	-	
Recoverable	184,464	
Subtotal		395,694
Total Limited Incurred Claims		119,277,756
Expenses:		
Excess Insurance Premiums	76,382,839	
Operating	50,271,576	
Total Expenses		126,654,415
Total Incurred Liabilities		245,932,171
Underwriting Surplus		28,664,675
Investment Income		10,465,709
Surplus Trigger Assessment:		
Paid:		
Residual Claims Fund	338,768	
MEL	186,780	
Total Paid Surplus Trigger Assessment		525,548
Unpaid:		
Residual Claims Fund	41,192	
MEL	(5,668)	
Total Unpaid Surplus Trigger Assessment		35,524
Total Surplus Trigger Assessment		561,072
MEL Premium Deferral		
Paid	-	
Unpaid	843,985	
Total MEL Premium Deferral		843,985
Gross Statutory Surplus		37,725,327
Return of Surplus:		
Paid	20,264,461	
Aggregate Excess Loss Fund Contingency	558,113	
Aggregate Excess Loss Fund Contingency		
Accrued Interest	19,436	
Authorized and Unpaid	1,510,356	
Total Return of Surplus		22,352,366
Net Statutory Surplus		\$ 15,372,961

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>2021</u>	<u>2020</u>
Total Assets - Comparative Statements of Net Position	\$ 34,282,315	\$ 34,801,485
Less Investment in Joint Ventures	<u>1,351,440</u>	<u>1,623,411</u>
Total Assets - Statutory Basis	<u>\$ 32,930,875</u>	<u>\$ 33,178,074</u>
Net Position - Comparative Statements of Net Position	\$ 16,724,401	\$ 18,343,791
Less Investment in Joint Ventures	<u>1,351,440</u>	<u>1,623,411</u>
Net Statutory Surplus	<u>\$ 15,372,961</u>	<u>\$ 16,720,380</u>

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2021 OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2021 TO DECEMBER 31, 2021

Underwriting Income:			
Regular Contributions	\$	15,284,190	
JIF Retro Program		<u>50,972</u>	
Total Underwriting Income			\$ 15,335,162
Incurred Liabilities:			
Claims:			
Paid (Net of Recoveries)	2,197,565		
Case Reserves	2,270,666		
IBNR Reserves	<u>2,884,224</u>		
Subtotal			\$ 7,352,455
Less Excess Insurance:			
Received	-		
Receivable	-		
Recoverable	<u>-</u>		
Subtotal			<u>-</u>
Total Limited Incurred Claims			7,352,455
Expenses:			
Excess Insurance Premiums	5,317,711		
Operating	<u>3,127,748</u>		
Total Expenses			<u>8,445,459</u>
Total Incurred Liabilities			<u>15,797,914</u>
Underwriting Deficit			(462,752)
Investment Loss			<u>(24,623)</u>
Interfund Transfers to MEL Unencumbered Surplus Account:			
Regular Contributions			(121,737)
Excess Insurance Premiums			<u>121,737</u>
Gross Statutory Deficit			(487,375)
Return of Surplus:			
Paid	-		
Authorized and Unpaid	<u>-</u>		
Total Return of Surplus			<u>-</u>
Net Statutory Deficit			<u>\$ (487,375)</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, 2021

Underwriting Income:			
Regular Contributions	\$	14,946,067	
JIF Retro Program		<u>18,571</u>	
Total Underwriting Income	\$		14,964,638
Incurred Liabilities:			
Claims:			
Paid (Net of Recoveries)		3,619,924	
Case Reserves		2,810,177	
IBNR Reserves		<u>1,188,751</u>	
Subtotal	\$	7,618,852	
Less Excess Insurance:			
Received		-	
Receivable		-	
Recoverable		<u>184,464</u>	
Subtotal		<u>184,464</u>	
Total Limited Incurred Claims			7,434,388
Expenses:			
Excess Insurance Premiums		5,133,737	
Operating		<u>3,060,141</u>	
Total Expenses		<u>8,193,878</u>	
Total Incurred Liabilities			<u>15,628,266</u>
Underwriting Deficit			(663,628)
Investment Income			46,315
Interfund Transfers to MEL Unencumbered Surplus Account:			
Regular Contributions			(319,208)
Excess Insurance Premiums			<u>319,208</u>
Gross Statutory Deficit			(617,313)
Return of Surplus:			
Paid			
Authorized and Unpaid		<u>-</u>	
Total Return of Surplus			<u>-</u>
Net Statutory Deficit	\$		<u><u>(617,313)</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, 2021

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)	4,468,660		
Case Reserves	2,819,596		
IBNR Reserves	<u>468,564</u>		
Subtotal			\$ 7,756,820
Less Excess Insurance:			
Received	-		
Receivable	-		
Recoverable	<u>-</u>		
Subtotal			<u>-</u>
Total Limited Incurred Claims			7,756,820
Expenses:			
Excess Insurance Premiums	4,985,975		
Operating	<u>2,867,513</u>		
Total Expenses			<u>7,853,488</u>
Total Incurred Liabilities			<u>15,610,308</u>
Underwriting Deficit			(951,712)
Investment Income			187,238
Interfund Transfers to MEL Unencumbered Surplus Account:			
Regular Contributions			(403,178)
Excess Insurance Premiums			<u>403,178</u>
Gross Statutory Deficit			(764,474)
Return of Surplus:			
Paid			
Authorized and Unpaid			<u>-</u>
Total Return of Surplus			<u>-</u>
Net Statutory Deficit			<u>\$ (764,474)</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, 2021

Underwriting Income:			
Regular Contributions	<u>\$ 14,504,371</u>		
Total Underwriting Income			\$ 14,504,371
Incurred Liabilities:			
Claims:			
Paid (Net of Recoveries)	4,860,893		
Case Reserves	1,374,323		
IBNR Reserves	<u>59,289</u>		
Subtotal		\$ 6,294,505	
Less Excess Insurance:			
Received	-		
Receivable	-		
Recoverable	<u>-</u>		
Subtotal		<u>-</u>	
Total Limited Incurred Claims		6,294,505	
Expenses:			
Excess Insurance Premiums	4,707,348		
Operating	<u>2,790,652</u>		
Total Expenses		<u>7,498,000</u>	
Total Incurred Liabilities			<u>13,792,505</u>
Underwriting Surplus			711,866
Investment Income			287,269
Interfund Transfers to MEL Unencumbered Surplus Account:			
Regular Contributions			(329,417)
Excess Insurance Premiums			<u>329,417</u>
Gross Statutory Surplus			999,135
Return of Surplus:			
Paid		-	
Authorized and Unpaid		<u>-</u>	
Total Return of Surplus			<u>-</u>
Net Statutory Surplus			<u><u>\$ 999,135</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, 2021

Underwriting Income:			
Regular Contributions	<u>\$ 13,803,634</u>		
Total Underwriting Income			\$ 13,803,634
Incurred Liabilities:			
Claims:			
Paid (Net of Recoveries)	5,263,142		
Residual Claims Fund Premiums	<u>313,244</u>		
Subtotal		\$ 5,576,386	
Less Excess Insurance:			
Received	-		
Receivable	-		
Recoverable	<u>-</u>		
Subtotal		<u>-</u>	
Total Limited Incurred Claims		5,576,386	
Expenses:			
Excess Insurance Premiums	5,029,121		
Operating	<u>2,472,980</u>		
Total Expenses		<u>7,502,101</u>	
Total Incurred Liabilities			<u>13,078,487</u>
Underwriting Surplus			725,147
Investment Income			164,856
Surplus Trigger Assessment			
Unpaid:			
Residual Claims Fund	<u>41,192</u>		
Total Unpaid Surplus Trigger Assessment		<u>41,192</u>	
Total Surplus Trigger Assessment			41,192
Interfund Transfers to MEL Unencumbered Surplus Account:			
Regular Contributions			(502,075)
Excess Insurance Premiums			502,075
Surplus Transfer to Closed Fund Year			<u>(848,811)</u>
Gross Statutory Surplus			-
Return of Surplus:			
Paid	-		
Authorized and Unpaid	<u>-</u>		
Total Return of Surplus			<u>-</u>
Net Statutory Surplus			<u><u>\$ -</u></u>

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF MEL UNEMCUMBERED SURPLUS ACCOUNT
OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2021 TO DECEMBER 31, 2021

Underwriting Income			
MEL Surplus Transfer	\$	2,179,771	
		<u> </u>	
Total Underwriting Income			\$ 2,179,771
Expenses:			
Surplus Trigger Assessment:			
Paid	\$	186,780	
Unpaid		<u>(5,668)</u>	
Total Surplus Trigger Assessment			<u>\$ 181,112</u>
MEL Premium Deferral			
Paid		-	
Unpaid		<u>843,985</u>	
Total MEL Premium Deferral			<u>843,985</u>
Total Expenses			<u>1,025,097</u>
Underwriting Surplus			1,154,674
Investment Income			<u>76,756</u>
Net Statutory Surplus			<u>\$ 1,231,430</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, 2021

Underwriting Income:		
Regular Contributions	\$ 197,475,865	
Supplemental Contributions	400,000	
Residual Claims Fund Dividends	147,817	
Municipal Excess Liability Fund Dividends	654,904	
Enviromental Dividends	354,260	
JIF Retro Program	23,955	
Other Income	<u>93,873</u>	
 Total Underwriting Income		 \$ 199,150,674
Incurred Liabilities:		
Paid (Net of Recoveries)	70,618,849	
Case Reserves	251	
Residual Claims Fund Premiums	<u>14,455,332</u>	
 Subtotal		 \$ 85,074,432
Less Excess Insurance:		
Received	211,230	
Receivable	-	
Recoverable	<u>-</u>	
		<u>211,230</u>
 Total Limited Incurred Claims		 84,863,202
Expenses:		
Excess Insurance Premiums	51,208,947	
Operating	<u>35,952,542</u>	
 Total Expenses		 <u>87,161,489</u>
 Total Incurred Liabilities		 <u>172,024,691</u>
Underwriting Surplus		27,125,983
Investment Income		9,727,898
Surplus Trigger Assessment:		
Paid:		
Residual Claims Fund	<u>338,768</u>	
 Total Paid Surplus Trigger Assessment		 <u>338,768</u>
 Total Surplus Trigger Assessment		 338,768
Surplus Transfer From 2017 Fund Year		<u>848,811</u>
 Gross Statutory Surplus		 37,363,924
Return of Surplus:		
Paid	20,264,461	
Aggregate Excess Loss Fund Contingency	558,113	
Aggregate Excess Loss Fund Contingency		
Accrued Interest	19,436	
Authorized and Unpaid	<u>1,510,356</u>	
 Total Return of Surplus		 <u>22,352,366</u>
 Net Statutory Surplus		 <u>\$ 15,011,558</u>

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2021 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2021 TO DECEMBER 31, 2021

	Coverage's and Other Accounts										Total																																																																																																																																																																																																												
	Property	General Liability	Automobile	Workers' Compensation	Deductible	Environmental	MEL	Public Officials & Employment Practices	Expense & Contingency																																																																																																																																																																																																														
Underwriting Income:												Regular Contributions	\$ 741,042	\$ 1,033,258	\$ 303,573	\$ 3,602,408	\$ 1,002,402	\$ 384,067	\$ 3,142,673	\$ 1,794,575	\$ 3,280,192	\$ 15,284,190		JIF Retro Program					50,972					50,972		Total Underwriting Income	741,042	1,033,258	303,573	3,602,408	1,053,374	384,067	3,142,673	1,794,575	3,280,192	15,335,162		Incurred Liabilities:												Claims	935,955	1,394,911	339,288	4,682,301		384,067	3,143,667	1,789,977	3,127,748	7,352,455		Expenses										8,445,459		Total Liabilities	935,955	1,394,911	339,288	4,682,301	-	384,067	3,143,667	1,789,977	3,127,748	15,797,914		Underwriting Surplus (Deficit)	(194,913)	(361,653)	(35,715)	(1,079,893)	1,053,374	-	(994)	4,598	152,444	(462,752)		Adjustments:												Investment Income (Loss)	(1,326)	(3,585)	(981)	(9,329)	(3,545)	(17)	(2,169)	47	(3,718)	(24,623)		Intrafund Transfers												Interfund Transfers to MEL Unencumbered Surplus Account:												Regular Contributions							(121,737)			(121,737)		Excess Insurance Premiums							121,737			121,737		Total Adjustments	(1,326)	(3,585)	(981)	(9,329)	(3,545)	(17)	(2,169)	47	(3,718)	(24,623)		Gross Statutory Surplus (Deficit) Return of Surplus	(196,239)	(365,238)	(36,696)	(1,089,222)	1,049,829	(17)	(3,163)	4,645	148,726	(487,375)		Net Statutory Surplus (Deficit)	\$ (196,239)	\$ (365,238)	\$ (36,696)	\$ (1,089,222)	\$ 1,049,829	\$ (17)	\$ (3,163)	\$ 4,645	\$ 148,726	\$ (487,375)	
Regular Contributions	\$ 741,042	\$ 1,033,258	\$ 303,573	\$ 3,602,408	\$ 1,002,402	\$ 384,067	\$ 3,142,673	\$ 1,794,575	\$ 3,280,192	\$ 15,284,190																																																																																																																																																																																																													
JIF Retro Program					50,972					50,972																																																																																																																																																																																																													
Total Underwriting Income	741,042	1,033,258	303,573	3,602,408	1,053,374	384,067	3,142,673	1,794,575	3,280,192	15,335,162																																																																																																																																																																																																													
Incurred Liabilities:												Claims	935,955	1,394,911	339,288	4,682,301		384,067	3,143,667	1,789,977	3,127,748	7,352,455		Expenses										8,445,459		Total Liabilities	935,955	1,394,911	339,288	4,682,301	-	384,067	3,143,667	1,789,977	3,127,748	15,797,914		Underwriting Surplus (Deficit)	(194,913)	(361,653)	(35,715)	(1,079,893)	1,053,374	-	(994)	4,598	152,444	(462,752)		Adjustments:												Investment Income (Loss)	(1,326)	(3,585)	(981)	(9,329)	(3,545)	(17)	(2,169)	47	(3,718)	(24,623)		Intrafund Transfers												Interfund Transfers to MEL Unencumbered Surplus Account:												Regular Contributions							(121,737)			(121,737)		Excess Insurance Premiums							121,737			121,737		Total Adjustments	(1,326)	(3,585)	(981)	(9,329)	(3,545)	(17)	(2,169)	47	(3,718)	(24,623)		Gross Statutory Surplus (Deficit) Return of Surplus	(196,239)	(365,238)	(36,696)	(1,089,222)	1,049,829	(17)	(3,163)	4,645	148,726	(487,375)		Net Statutory Surplus (Deficit)	\$ (196,239)	\$ (365,238)	\$ (36,696)	\$ (1,089,222)	\$ 1,049,829	\$ (17)	\$ (3,163)	\$ 4,645	\$ 148,726	\$ (487,375)																																																	
Claims	935,955	1,394,911	339,288	4,682,301		384,067	3,143,667	1,789,977	3,127,748	7,352,455																																																																																																																																																																																																													
Expenses										8,445,459																																																																																																																																																																																																													
Total Liabilities	935,955	1,394,911	339,288	4,682,301	-	384,067	3,143,667	1,789,977	3,127,748	15,797,914																																																																																																																																																																																																													
Underwriting Surplus (Deficit)	(194,913)	(361,653)	(35,715)	(1,079,893)	1,053,374	-	(994)	4,598	152,444	(462,752)																																																																																																																																																																																																													
Adjustments:												Investment Income (Loss)	(1,326)	(3,585)	(981)	(9,329)	(3,545)	(17)	(2,169)	47	(3,718)	(24,623)		Intrafund Transfers												Interfund Transfers to MEL Unencumbered Surplus Account:												Regular Contributions							(121,737)			(121,737)		Excess Insurance Premiums							121,737			121,737		Total Adjustments	(1,326)	(3,585)	(981)	(9,329)	(3,545)	(17)	(2,169)	47	(3,718)	(24,623)		Gross Statutory Surplus (Deficit) Return of Surplus	(196,239)	(365,238)	(36,696)	(1,089,222)	1,049,829	(17)	(3,163)	4,645	148,726	(487,375)		Net Statutory Surplus (Deficit)	\$ (196,239)	\$ (365,238)	\$ (36,696)	\$ (1,089,222)	\$ 1,049,829	\$ (17)	\$ (3,163)	\$ 4,645	\$ 148,726	\$ (487,375)																																																																																																													
Investment Income (Loss)	(1,326)	(3,585)	(981)	(9,329)	(3,545)	(17)	(2,169)	47	(3,718)	(24,623)																																																																																																																																																																																																													
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Regular Contributions							(121,737)			(121,737)																																																																																																																																																																																																													
Excess Insurance Premiums							121,737			121,737																																																																																																																																																																																																													
Total Adjustments	(1,326)	(3,585)	(981)	(9,329)	(3,545)	(17)	(2,169)	47	(3,718)	(24,623)																																																																																																																																																																																																													
Gross Statutory Surplus (Deficit) Return of Surplus	(196,239)	(365,238)	(36,696)	(1,089,222)	1,049,829	(17)	(3,163)	4,645	148,726	(487,375)																																																																																																																																																																																																													
Net Statutory Surplus (Deficit)	\$ (196,239)	\$ (365,238)	\$ (36,696)	\$ (1,089,222)	\$ 1,049,829	\$ (17)	\$ (3,163)	\$ 4,645	\$ 148,726	\$ (487,375)																																																																																																																																																																																																													

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, 2021

Coverage's and Other Accounts

	<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>	<u>Public Officials & Employment Practices</u>	<u>Expense & Contingency</u>	<u>Total</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
JIF Retro Program					18,571						18,571
Total Underwriting Income	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	905,007	1,283,026	830,077	4,416,278			388,040	3,215,476	1,530,221	3,060,141	7,434,388
Expenses											8,193,878
Total Liabilities	905,007	1,283,026	830,077	4,416,278	-	-	388,040	3,215,476	1,530,221	3,060,141	15,628,266
Underwriting Surplus (Deficit)	(207,375)	(274,411)	(508,971)	(960,377)	986,203	142,751	-	-	(215,00)	158,767	(663,628)
Adjustments:											
Investment Income	2,261	4,373	1,416	16,607	4,066	598		6,795	1,191	9,008	46,315
Intrafund Transfers	150,000				(150,000)						-
Interfund Transfers to MEL Unencumbered											
Surplus Account:											
Regular Contributions								(319,208)			(319,208)
Excess Insurance Premiums								319,208			319,208
Total Adjustments	152,261	4,373	1,416	16,607	(145,934)	598.00	-	6,795	1,191	9,008	46,315
Gross Statutory Surplus (Deficit)	(55,114)	(270,038)	(507,555)	(943,770)	840,269	143,349	-	6,795	976	167,775	(617,313)
Return of Surplus											-
Net Statutory Surplus (Deficit)	\$ (55,114)	\$ (270,038)	\$ (507,555)	\$ (943,770)	\$ 840,269	\$ 143,349	\$ -	\$ 6,795	\$ 976	\$ 167,775	\$ (617,313)

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, 2021

	<u>Coverage's and Other Accounts</u>										<u>Total</u>
	<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>	<u>Public Officials & Employment Practices</u>	<u>Expense & Contingency</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
Total Underwriting Income	674,041	1,026,237	348,053	3,467,887	976,322	100,000	391,592	3,162,962	1,431,419	3,080,083	14,658,596
Incurred Liabilities:											
Claims	1,266,767	1,101,396	598,498	4,790,159			391,594	3,162,962	1,431,419	2,867,513	7,756,820
Expenses											7,853,488
Total Liabilities	1,266,767	1,101,396	598,498	4,790,159	-	-	391,594	3,162,962	1,431,419	2,867,513	15,610,308
Underwriting Surplus (Deficit)	(592,726)	(75,159)	(250,445)	(1,322,272)	976,322	100,000	(2)	-	-	212,570	(951,712)
Adjustments:											
Investment Income	1,248	28,651	8,685	64,436	28,892	122	174	17,855	576	36,599	187,238
Intrafund Transfers	750,000				(750,000)						-
Interfund Transfers to MEL Unencumbered Surplus Account:											
Regular Contributions								(403,178)			(403,178)
Excess Insurance Premiums								403,178			403,178
Total Adjustments	751,248	28,651	8,685	64,436	(721,108)	122,00	174	17,855	576	36,599	187,238
Gross Statutory Surplus (Deficit)	158,522	(46,508)	(241,760)	(1,257,836)	255,214	100,122	172	17,855	576	249,169	(764,474)
Return of Surplus											-
Net Statutory Surplus (Deficit)	\$ 158,522	\$ (46,508)	\$ (241,760)	\$ (1,257,836)	\$ 255,214	\$ 100,122	\$ 172	\$ 17,855	\$ 576	\$ 249,169	\$ (764,474)

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, 2021

	<u>Coverage's and Other Accounts</u>										
	<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>	<u>Public Officials & Employment Practices</u>	<u>Expense & Contingency</u>	<u>Total</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
Total Underwriting Income	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	842,445	2,087,307	148,090	3,216,663			395,303	2,991,522	1,320,523	2,790,652	6,294,505
Expenses	842,445	2,087,307	148,090	3,216,663	-	-	395,303	2,991,522	1,320,523	2,790,652	7,498,000
Total Liabilities	(181,026)	(1,030,657)	195,876	253,824	976,829	193,697	1,061	910	62,553	238,799	711,866
Underwriting Surplus (Deficit)											
Adjustments:											
Investment Income	3,198	44,323	16,286	116,571	46,699	236	235	14,160	3,039	42,522	287,269
Intrafund Transfers	290,000	200,000			(490,000)						-
Interfund Transfers to MEL Unencumbered Surplus Account:											
Regular Contributions								(329,417)			(329,417)
Excess Insurance Premiums								329,417			329,417
Total Adjustments	293,198	244,323	16,286	116,571	(443,301)	236.00	235	14,160	3,039	42,522	287,269
Gross Statutory Surplus (Deficit)	112,172	(786,334)	212,162	370,395	533,528	193,933	1,296	15,070	65,592	281,321	999,135
Return of Surplus											
Net Statutory Surplus (Deficit)	\$ 112,172	\$ (786,334)	\$ 212,162	\$ 370,395	\$ 533,528	\$ 193,933	\$ 1,296	\$ 15,070	\$ 65,592	\$ 281,321	\$ 999,135

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, 2021

Coverage's and Other Accounts

	Property	General Liability	Automobile	Workers' Compensation	Deductible	Environmental	MEL	Public Officials & Employment Practices	Expense & Contingency	Total
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
Total Underwriting Income	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	504,802	656,469	131,161	4,283,954		391,969	3,444,547	1,192,605	2,472,980	5,576,386
Expenses	504,802	656,469	131,161	4,283,954	-	391,969	3,444,547	1,192,605	2,472,980	7,502,101
Total Liabilities	113,152	475,302	157,006	(1,142,176)	912,486	-	19,845	(31)	189,563	725,147
Underwriting Surplus (Deficit)	7,506	62,110	12,798	28,002	39,066	12	(429)	35	15,756	164,856
Adjustments:										
Investment Income (Loss)				900,000	(900,000)					-
Intrafund Transfers										
Residual Claims Fund										
Surplus Trigger Assessment									41,192	41,192
Interfund Transfers to MEL Unencumbered Surplus Account:										
Regular Contributions							(502,075)			(502,075)
Excess Insurance Premiums							502,075			502,075
Surplus Transfer to Closed Fund Year	(120,658)	(537,412)	(169,804)	214,174	(51,552)	(12)	(19,416)	(4)	(164,127)	(848,811)
Total Adjustments	(113,152)	(475,302)	(157,006)	1,142,176	(912,486)	-	(19,845)	31	(189,563)	(725,147)
Gross Statutory Surplus	-	-	-	-	-	-	-	-	-	-
Return of Surplus	-	-	-	-	-	-	-	-	-	-
Net Statutory Surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2021 CLAIMS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2021 TO DECEMBER 31, 2021

	<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)	\$ 623,945	\$ 39,662	\$ 37,688	\$ 1,496,270	\$ 2,197,565
Case Reserves	311,010	485,870	18,788	1,454,998	2,270,666
IBNR Reserves	1,000	869,379	282,812	1,731,033	2,884,224
Subtotal	935,955	1,394,911	339,288	4,682,301	7,352,455
Excess Insurance					
Received					-
Receivable					-
Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ 935,955	\$ 1,394,911	\$ 339,288	\$ 4,682,301	\$ 7,352,455
Number of Claims	120	184	71	311	686
Cost per Claim	\$ 7,800	\$ 7,581	\$ 4,779	\$ 15,056	\$ 10,718

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, 2021

	<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)	\$ 698,357	\$ 76,743	\$ 59,493	\$ 2,785,331	\$ 3,619,924
Case Reserves	206,650	407,027	541,926	1,654,574	2,810,177
IBNR Reserves	-	799,256	228,658	160,837	1,188,751
Subtotal	905,007	1,283,026	830,077	4,600,742	7,618,852
Excess Insurance					
Received					-
Receivable					-
Recoverable				184,464	184,464
Subtotal	-	-	-	184,464	184,464
Limited Incurred Claims	\$ 905,007	\$ 1,283,026	\$ 830,077	\$ 4,416,278	\$ 7,434,388
Number of Claims	162	187	68	333	750
Cost per Claim	\$ 5,586	\$ 6,861	\$ 12,207	\$ 13,262	\$ 9,913

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, 2021

	<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)	\$ 1,266,663	\$ 210,550	\$ 66,806	\$ 2,924,641	\$ 4,468,660
Case Reserves	104	608,605	397,081	1,813,806	2,819,596
IBNR Reserves	-	282,241	134,611	51,712	468,564
Subtotal	<u>1,266,767</u>	<u>1,101,396</u>	<u>598,498</u>	<u>4,790,159</u>	<u>7,756,820</u>
Excess Insurance					
Received					-
Receivable					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Limited Incurred Claims	<u>\$ 1,266,767</u>	<u>\$ 1,101,396</u>	<u>\$ 598,498</u>	<u>\$ 4,790,159</u>	<u>\$ 7,756,820</u>
Number of Claims	<u>153</u>	<u>232</u>	<u>75</u>	<u>291</u>	<u>751</u>
Cost per Claim	<u>\$ 8,280</u>	<u>\$ 4,747</u>	<u>\$ 7,980</u>	<u>\$ 16,461</u>	<u>\$ 10,329</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, 2021

	<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)	\$ 842,443	\$ 1,335,794	\$ 94,215	\$ 2,588,441	\$ 4,860,893
Case Reserves	2	692,234	53,865	628,222	1,374,323
IBNR Reserves	-	59,279	10	-	59,289
Subtotal	<u>842,445</u>	<u>2,087,307</u>	<u>148,090</u>	<u>3,216,663</u>	<u>6,294,505</u>
Excess Insurance					
Received					-
Receivable					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Limited Incurred Claims	<u>\$ 842,445</u>	<u>\$ 2,087,307</u>	<u>\$ 148,090</u>	<u>\$ 3,216,663</u>	<u>\$ 6,294,505</u>
Number of Claims	<u>159</u>	<u>226</u>	<u>75</u>	<u>273</u>	<u>733</u>
Cost per Claim	<u>\$ 5,298</u>	<u>\$ 9,236</u>	<u>\$ 1,975</u>	<u>\$ 11,783</u>	<u>\$ 8,587</u>

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2021 EXPENSE ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2021 TO DECEMBER 31, 2021

	<u>Paid</u>	<u>Accrued</u>	<u>Total</u>
Excess Insurance:			
Environmental	\$ 384,067		\$ 384,067
MEL	2,981,185		2,981,185
MEL Unencumbered Surplus Account	121,737		121,737
POL/EPL	1,789,977		1,789,977
Elected Official Credits	40,745		40,745
Subtotal Excess Insurance	5,317,711	-	5,317,711
Operating Expenses:			
Actuary	33,967		33,967
Administration	754,185		754,185
Administrative Consultant	46,367		46,367
Annual Planning Retreat	4,527		4,527
Attorney	113,896		113,896
Auditor		\$ 23,742	23,742
Claims Administration	505,503	107,517	613,020
Contingency	1,398		1,398
EPL/Cyber:			
Cyber On-Line Employee Training	6,957		6,957
EPL/Cyber Incentive Program	54,449	14,271	68,720
Fidelity Bond - Professionals	2,238		2,238
JIF Website	5,297		5,297
Legal Notices	1,958	93	2,051
Meeting Expense	175	194	369
Office Supplies	496		496
Other Expenses	130		130
Payroll Auditor	16,202		16,202
Performance Bond	349		349
Postage/Copies/Fax	1,612	43	1,655
PRIMA/AGRIP Conference	3,747		3,747
Printing	3,978	4,867	8,845
Property Appraiser	35,304		35,304
Record Retention Service	1,313		1,313
Recording Secretary	5,158		5,158
Risk Management Consultants	627,315		627,315
Safety Director	221,064		221,064
Safety Programs:			
Optional Safety Budget	54,873	31,932	86,805
Safety Incentive Program	918	165,809	166,727
Training			
Police-Online Training	4,334		4,334
Right To Know		50,141	50,141
Training	10,099		10,099
Technology Risk Services Director	90,288		90,288
Treasurer	14,365		14,365
Underwriting Manager	11,999		11,999
Wellness Program	82,162	12,516	94,678
Subtotal Operating Expenses	2,716,623	411,125	3,127,748
Total Expenses	\$ 8,034,334	\$ 411,125	\$ 8,445,459

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, 2021

	<u>Paid</u>	<u>Accrued</u>	<u>Total</u>
Excess Insurance:			
Environmental	\$ 388,040		\$ 388,040
MEL	2,861,060		2,861,060
MEL Unencumbered Surplus Account	319,208		319,208
POL/EPL	1,530,221		1,530,221
Elected Official Credits	35,208		35,208
	<hr/>		
Subtotal Excess Insurance	5,133,737	-	5,133,737
	<hr/>		
Operating Expenses:			
Actuary	33,188		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	502,744	\$ 104,625	607,369
Contingency	6,310		6,310
EPL/Cyber:			
Cyber On-Line Employee Training	7,439		7,439
EPL/Cyber Incentive Program	70,126		70,126
Technology Risk Mangement Service	12,037		12,037
Fidelity Bond - Professionals	2,219		2,219
JIF Website	5,017		5,017
Legal Notices	3,212		3,212
Meeting Expense	80		80
Office Supplies	2,344		2,344
Other Expenses	509		509
Payroll Auditor	15,474		15,474
Performance Bond	343		343
Postage/Copies/Fax	2,237		2,237
PRIMA/AGRIP Conference	893		893
Printing	8,223		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	88,545		88,545
Safety Incentive Program	112,691	25,544	138,235
Training			
Police-Online Training	20,000		20,000
Right To Know	43,883		43,883
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	94,986		94,986
	<hr/>		
Subtotal Operating Expenses	2,929,972	130,169	3,060,141
	<hr/>		
Total Expenses	\$ 8,063,709	\$ 130,169	\$ 8,193,878
	<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, 2021

	<u>Paid</u>	<u>Accrued</u>	<u>Total</u>
Excess Insurance:			
Environmental	\$ 391,594		\$ 391,594
MEL	2,726,937		2,726,937
MEL Unencumbered Surplus Account	403,178		403,178
POL/EPL	1,431,419		1,431,419
Elected Official Credits	32,847		32,847
	<hr/>		
Subtotal Excess Insurance	4,985,975	-	4,985,975
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		485,132
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
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
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	139,939		139,939
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	2,867,513	-	2,867,513
	<hr/>		
Total Expenses	\$ 7,853,488	-	\$ 7,853,488
	<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, 2021

	<u>Paid</u>	<u>Accrued</u>	<u>Total</u>
Excess Insurance:			
Environmental	\$ 395,303		\$ 395,303
MEL	2,626,485		2,626,485
MEL Unencumbered Surplus Account	329,417		329,417
POL/EPL	1,320,523		1,320,523
Elected Official Credits	35,620		35,620
	<hr/>		
Subtotal Excess Insurance	4,707,348	-	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	471,790		471,790
Claims Auditor	7,550		7,550
Contingency	59,006		59,006
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	3,376		3,376
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	\$ 7,498,000	-	\$ 7,498,000
	<hr/>		

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2021 PROGRAM SUMMARY--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2021 TO DECEMBER 31, 2021

	<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)	\$ 935,955	\$ 1,394,911	\$ 339,288	\$ 4,682,301
Operating Expenses (1)	408,238	569,218	167,237	1,984,555
	<u>\$ 1,344,193</u>	<u>\$ 1,964,129</u>	<u>\$ 506,525</u>	<u>\$ 6,666,856</u>
Exposure Units	\$ 805,373,699	345,230	2,015	\$ 148,662,937
	(Property Value)	(Population)	(Vehicles)	(Payroll)
Liabilities per Exposure Unit	\$1.67	\$5.69	\$251.38	\$44.85
	(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 2020 PROGRAM SUMMARY--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2020 TO DECEMBER 31, 2021

	<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)	\$ 905,007	\$ 1,283,026	\$ 830,077	\$ 4,416,278
Operating Expenses (1)	389,340	562,896	179,206	1,928,699
	<u>\$ 1,294,347</u>	<u>\$ 1,845,922</u>	<u>\$ 1,009,283</u>	<u>\$ 6,344,977</u>
Exposure Units	\$ 795,252,074 (Property Value)	345,230 (Population)	2,065 (Vehicles)	\$ 144,084,391 (Payroll)
Liabilities per Exposure Unit	\$1.63 (Per \$1,000 Value)	\$5.35 (Per Capita)	\$488.76 (Per Vehicle)	\$44.04 (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, 2021

	<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)	\$ 1,266,767	\$ 1,101,396	\$ 598,498	\$ 4,790,159
Operating Expenses (1)	350,389	533,472	180,929	1,802,723
	<u>\$ 1,617,156</u>	<u>\$ 1,634,868</u>	<u>\$ 779,427</u>	<u>\$ 6,592,882</u>
Exposure Units	\$ 742,603,822 (Property Value)	340,659 (Population)	2,036 (Vehicles)	\$ 138,817,875 (Payroll)
Liabilities per Exposure Unit	\$2.18 (Per \$1,000 Value)	\$4.80 (Per Capita)	\$382.82 (Per Vehicle)	\$47.49 (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, 2021

	<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)	\$ 842,445	\$ 2,087,307	\$ 148,090	\$ 3,216,663
Operating Expenses (1)	333,625	532,983	173,499	1,750,544
	<u>\$ 1,176,070</u>	<u>\$ 2,620,290</u>	<u>\$ 321,589</u>	<u>\$ 4,967,207</u>
Exposure Units	\$ 693,366,393	340,659	2,036	\$ 135,084,285
	(Property Value)	(Population)	(Vehicles)	(Payroll)
Liabilities per Exposure Unit	\$1.70	\$7.69	\$157.95	\$36.77
	(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
SUPPLEMENTARY INFORMATION
SCHEDULE OF CASH, CASH EQUIVALENTS, AND INVESTMENTS--STATUTORY BASIS
AS OF DECEMBER 31, 2021

<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	2,683,808
BNY Mellon	
Joint Cash Management and Investment Program (JCMI)	26,128,582
M&T Bank:	
Commercial Checking	<u>774</u>
Total Cash and Cash Equivalents	<u>28,923,697</u>
<u>Investments</u>	
Wilmington Trust - Investment Account	<u>3,741,881</u>
Total Cash, Cash Equivalents, and Investments per Schedule A - Historical Balance Sheet--Statutory Basis	<u>\$ 32,665,578</u>
Total Cash, Cash Equivalents, and Investments by Fund Year:	
2021	\$ 5,021,177
2020	3,306,556
2019	2,511,984
2018	2,427,223
MEL Unencumbered Surplus Account	2,068,770
Closed Years	<u>17,329,868</u>
	<u>\$ 32,665,578</u>

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF ACCRUED EXPENSES--STATUTORY BASIS
AS OF DECEMBER 31, 2021

<u>Description</u>	<u>Fund Year</u>	<u>Amount</u>	
Administrative Expenses:			
Auditor - Bowman & Company LLP	2021	\$ 23,742	
Claims Administration - Qual-Lynx	2021	107,517	
EPL/Cyber Incentive Program	2021	14,271	
Legal Notices	2021	93	
Meeting Expense	2021	194	
Optional Safety Budget	2021	31,932	
Printing	2021	4,867	
Postage/Copies/Fax	2021	41	
Right to Know	2021	50,141	
Safety Incentive Program	2021	165,809	
Wellness Program	2021	<u>12,516</u>	
Total 2021 Fund Year			\$ 411,123
Administrative Expenses:			
Claims Administration- Qual-Lynx	2020	104,625	
Safety Incentive Program	2020	<u>25,544</u>	
Total 2020 Fund Year			130,169
Total Accrued Expenses per Schedule A - Historical Balance Sheet--Statutory Basis			<u><u>\$ 541,292</u></u>

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

