



**REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**



GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND

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ANNUAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

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
_____ Marlon, NJ 08053

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

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

EXECUTIVE COMMITTEE

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

EXECUTIVE COMMITTEE ALTERNATES

Jeffre Celebre Jane DiBella
Ken Brown Dan Neu
Stephanie McCaffrey Carolyn King-Sammons
Kevin Clour

State of New Jersey
County of _____

Karen Sweeney (Chairperson), Robert Diaz (Secretary), of the Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund being duly sworn, each for themself 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, 2022 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, 2022 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 _____, 2023

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, 2022 and 2021, 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, 2022 and 2021, 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 26, 2023, 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 26, 2023

**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, 2022, 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 26, 2023.

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 26, 2023

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, 2022, 2021, and 2020. 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, 2022, 2021, and 2020.

Net Position Summary	12/31/2022	12/31/2021	12/31/2020	2021 to 2022 Change	
				Amount	Percentage
Assets					
Cash and Cash Equivalents	\$ 5,322,264	\$ 4,015,115	\$ 20,839,035	\$ 1,307,149	32.6%
Investments	24,224,942	28,650,463	12,202,618	(4,425,521)	-15.4%
Other Assets	1,288,594	1,616,737	1,759,832	(328,143)	-20.3%
Total Assets	30,835,800	34,282,315	34,801,485	(3,446,515)	-10.1%
Liabilities And Reserves & Net Position					
Liabilities And Reserves					
Loss Reserves	13,018,623	13,691,876	11,627,479	(673,253)	-4.9%
Other Liabilities	5,079,075	3,866,038	4,830,215	1,213,037	31.4%
Total Liabilities	18,097,698	17,557,914	16,457,694	539,784	3.1%
Net Position - Unrestricted	\$ 12,738,102	\$ 16,724,401	\$ 18,343,791	\$ (3,986,299)	-23.8%

Revenues, Expenses, and Changes in Net Position Summary	12/31/2022	12/31/2021	12/31/2020	2021 to 2022 Change	
				Amount	Percentage
Operating Revenue					
Regular Contributions & Other Income	\$ 16,517,765	\$ 17,337,986	\$ 15,040,788	\$ (820,221)	-4.7%
Operating Expenses:					
Provision For Claims and Claims					
Adjustment Expenses	5,772,981	7,363,664	8,359,692	(1,590,683)	-21.6%
Premium For Excess Insurance	5,516,757	5,317,712	5,133,737	199,045	3.7%
Residual Claims Fund					
Supplemental Assessment	535,303	41,192	364,692	494,111	1199.5%
MEL Claims Fund					
Supplemental Assessment	891,500	838,317	-	53,183	100.0%
(Over)/Under Funding MEL					
Retro Liability	-	-	(94,685)	-	0.0%
Professional & Contractual Services	3,335,771	2,975,198	2,977,401	413,756	13.9%
Total Operating Expenses	16,052,312	16,536,083	16,740,837	(483,771)	-2.9%
Operating Income (Loss)	465,453	801,903	(1,700,049)	(336,450)	-42.0%
Investment Income (Loss)	(1,841,555)	(57,313)	555,567	(1,784,242)	-3113.2%
Change in Investment in Joint Venture	(331,242)	(271,971)	(239,014)	(59,271)	-21.8%
Return of Surplus	(2,278,955)	(2,092,009)	(1,873,712)	186,946	8.9%
Change In Net Position	\$ (3,986,299)	\$ (1,619,390)	\$ (3,257,208)	\$ (1,993,017)	-123.07%

Financial Highlights Continued

Cash and Cash Equivalents increased over the prior year by \$1,307,149 while investments decreased by \$4,425,521 and Other Assets decreased \$328,143 resulting in a net decrease in assets of approximately \$3,446,515 (10.1%) 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 Retrospective potential liability due under the TRICO Retrospective Program, and prepaid expenses. As the JIF typically holds all investments to maturity, the unrealized loss will not be recognized as a realized loss. The JIF participates in the JCMI (Joint Cash Management Investment Committee) investment portfolio, which is managed by an Asset Manager. Based upon the size of the portfolio and changes in investment rates, investments may be sold prior to maturity and reinvested for a higher yield. Claims liabilities decreased 4.9% in case reserves with an increase of 31.4% in Other Liabilities resulting in an overall 3.1% increase (\$539,784) in Total Liabilities & Reserves. The increase in Other Liabilities is a result of changes in State Regulations and Statutes and the impact on the Fund Actuary's IBNR calculations coupled with additional assessments from both the MEL (\$891,500) and RCF (\$535,303). The additional assessments for both the MEL and RCF will be re-evaluated at the 12/31/23 valuation and each year subsequently and paid out over ten (10) years. As a result, the overall net position of the Fund decreased by \$3,986,299. It is notable to highlight the JIF released \$2,200,000 in Surplus in the Fall of 2021.

Regular Contributions decreased by approximately \$820,221 over 2021 with two members (Harrison Township & Monroe 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. Their participation in the Program saved the remaining members of the Fund approximately \$140,000. The loss funding allocations by line of coverage are recommended by the Fund Actuary. The reduction to Regular Contributions is being driven by the JIF transferring less from the 2022 Fund Year into the Closed MEL Unencumbered Surplus account per Exhibit A-2 of the Audit. 2021 was the first year where the Closed MEL Unencumbered Surplus was allocated as Regular Contributions, which is why 2021 was significantly higher.

An overall 2.9% decrease in Operating Expenses over the prior year was driven by a 21.6% decrease (\$1,590,683) in provisions for claims and claims adjustment, a 3.7% (\$199,045) increase in Premium for Excess Insurance, a 1199.5% increase in RCF Supplemental Assessment, a 100% increase in MEL Supplemental Assessment, and a 13.9% increase in Professional & Contractual Services driven by the timing of actual payments made. 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 approximately \$14,700,000 (inclusive of \$4,171,940 unrealized investment income loss) while the RCF had a deficit position of approximately \$21,300,000 (inclusive of \$7,208,708 unrealized investment income loss) as of 12/31/22, prior to the Supplemental Assessments. The MEL recognized that the prior practice of calculating a Surplus Trigger Assessment based upon a set ratio of surplus to reserves and IBNR would have resulted in significant additional assessments that would result in some MEL affiliated JIFs having overall deficit positions. As an alternative, an evaluation by the MEL and RCF Actuary was completed to determine the appropriate MEL and RCF Surplus positions at 12/31/22, and the resulting supplemental assessment to the MEL and MEL affiliated JIFs. The Fund Actuary recognizes the impact of the MEL's liability to the RCF Supplemental Assessment and does not recognize the impact of unrealized investment income loss in the overall Surplus positions. Because of the changes made to the calculations necessary for the MEL and RCF Supplemental Assessments, the MEL Supplemental Assessment was \$16,000,001 and the RCF Supplemental Assessment was \$14,056,726. Due to the changes in legislation and regulations as noted earlier, the TPA has re-evaluated the Case Reserves resulting in significant increases for both the MEL and the RCF. Similarly, the Fund Actuary recognizes this in the IBNR calculations as well. The MEL Case Reserves and IBNR increased approximately \$16,000,000 and the RCF Case Reserves and IBNR increased approximately \$20,000,000 since 12/31/21. As the deterioration is being driven by significant Case Reserves and IBNR, the MEL and RCF are delaying invoicing of the Supplemental Assessment until 2024 utilizing the 12/31/23 valuations. Again, the overall Supplemental Assessments will be invoiced over ten (10) years beginning with the 12/31/23 valuation and revalued each year thereafter.

Financial Highlights Continued

In 2022, Professional & Contractual Services, which includes, but is not limited to the fees to pay Fund Professionals (Actuary, TPA, Administrator, etc.), Member Benefits (Training, Reimbursement Programs, Conference Attendance Fees, etc.), and other Operating Expenses (Printing, Legal Notices, Record Retention Services, etc.) increased from the prior year by 13.9% (\$413,756) as a result of timing for payments made and accruals. Increases in professional fees averaged 2.00%. Police Risk Services increased \$6,000 (30.00%), Right to Know increased \$7,035 (13.79%), Cyber Risk Services increased \$142,561 (1916.40%), with a reduction to Technology Risk Management Services of \$12,037 (100%) and Contingency \$10,323 (40.77%). Professional & Contractual Services and Member Benefit costs represented just 17.5% of the total Fund's budget.

The 2022 MEL Budget increased 9.9% (\$4,708,510) over 2021 prior to exposure growth, which was driven by the hardening of the worldwide excess insurance market. The MEL elected to fund their Loss Funding Budget at the "low" confidence level compared to the standard "central" confidence level provided by the Fund Actuary. The JIF is budgeting an increase of \$127,621 (4.06%) which is a result of the removal of the Retrospective Program coupled with a positive experience-rating factor, which tempered the impact of exposure growth and the overall MEL rate increases. Over the last 18 months, the worldwide insurance market has been hardening due to ongoing natural disasters (i.e., hurricanes & wildfires), the uncertainty arising from the COVID 19 pandemic, the impact of law enforcement related claims, and the impact of social inflation. In response to the hardening market, the MEL is reviewing its current SIR's and considering other funding mechanisms that would allow the MEL to share risk with its reinsurers. The financial strength of the MEL provides an opportunity for it to protect its members against the ravages of the hardening market.

For Fund Year 2022, the JIF EPL/POL insurer QBE issued a 2% statewide premium increase. This increase varied JIF by JIF based upon a revised formula for the pricing of all members based upon their individual exposures and loss performance. This revised formula was necessary when it was determined 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. 2022 is year 3 of a 5-year phase in process. Some members will see significant swings in their premium until the new process is fully implemented. As a result, the EPL/POL decrease was 4.4% prior to the application of member deductibles, buy downs, and land use premium.

Volunteer, Directors and Officers Liability Coverage remained with QBE at expiring rates.

Cyber Liability Coverage consists of loss funds within the MEL layer, primary coverage with XL Insurance, and excess coverage with Beazley. MEL loss funds increased 70%, primary coverage increased 100%, and excess liability coverage increased 100%.

Effective May 1, 2005, the JIF became a member of the Environmental Risk Management Joint Insurance Fund (E-JIF). The E-JIF provides its members with a defined Environmental Liability coverage package along with strong risk management programs and other member services including educational and training seminars. The E-JIF rate for 2022 is decreasing over 2021 with an overall decrease of \$3,973 (1.02%) over 2021. It is notable to highlight the EJIF released \$3,100,000 in Surplus in the Fall of 2021. The TRICO JIF's share is \$92,008.

In 2021, the Fund authorized a surplus release of \$2,200,000 to its members, which was a 10.00% (\$200,000) increase over what was released in 2021. It should be noted that the Fund had a surplus of approximately \$5.7 million at December 31, 2022 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 budget.

Financial Highlights Continued

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 \$16 million in claims costs via Supplemental Assessment to place the MEL in a surplus position. The costs associated with ongoing COVID related costs whether they result from new claims, reopeners, and/or long haulers, the costs of COVID related claims are continuing to influence 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 that 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. Concerning COVID, the State enacted legislation in 2020 creating a presumption that made all COVID claims from first responders and essential employees eligible for workers compensation benefits. This made it very difficult for the Fund to deny any COVID related claims. The JIF & MEL continue to manage ongoing costs associated with COVID “long haulers” While not a current source of new claims, in 2020, the New Jersey Legislature amended various statutes thereby opening the Fund to potential liability for claims of sexual abuse and molestation that could have occurred many 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. In addition, the Actuary must consider the potential for additional claims from future events due to these legislative changes

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 two years. 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, stricter coverage terms, reduced 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 New Jersey Title 59 immunities due to judicial decisions and legislative changes. In addition, the workers compensation market is becoming more challenging because of the financial impact of the COVID 19 pandemic, the expanding definition of compensability, 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 created a specialty JIF to provide specific coverage and risk management tools to its members effective January 1, 2023.

Financial Highlights Continued

Economic Conditions Continued

Finally, as noted above, the JIF has recognized an unprecedented unrealized loss in its investment portfolio due to the Federal Reserve Board's aggressive increase in short term interest rates to try to combat inflation. While the establishment of, and participation in, the Joint Cash Management & Investment Committee has created greater liquidity in the municipal debt marketplace, thereby driving down the costs of borrowing for municipalities throughout the State, it has had an unintended negative impact on those JIFs participating in the Program.

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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 5,332,572	\$ 4,015,115
Investments	24,224,942	28,650,463
Investment in Joint Ventures	1,020,198	1,351,440
Accrued Interest Receivable	-	19,017
Subrogation Receivable	1,500	1,500
Claim Allocation Receivable	11,587	173,008
JIF Retro Program	50,972	69,543
Prepaid Expenses	194,029	2,229
	<u>30,835,800</u>	<u>34,282,315</u>
 <u>LIABILITIES AND RESERVES</u>		
Liabilities:		
Accrued Expenses	562,054	541,292
Contributions Payable	140	-
Due To Residual Claims Fund	850,692	357,332
Residual Claims Fund Supplemental Assessment	535,303	41,192
MEL Claims Fund Supplemental Assessment	891,500	838,317
Aggregate Excess Loss Fund Contingency	646,333	577,549
Authorized Return of Surplus	1,593,053	1,510,356
	<u>5,079,075</u>	<u>3,866,038</u>
Reserves:		
Claims:		
Case Reserves	8,169,317	9,275,512
IBNR Reserves	5,042,400	4,600,828
Excess Insurance Recoverable	(193,094)	(184,464)
	<u>13,018,623</u>	<u>13,691,876</u>
Net Reserves	<u>13,018,623</u>	<u>13,691,876</u>
Total Liabilities and Reserves	<u>18,097,698</u>	<u>17,557,914</u>
 <u>NET POSITION</u>		
Unrestricted	<u>\$ 12,738,102</u>	<u>\$ 16,724,401</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating Revenue:		
Regular Contributions	\$ 16,137,413	\$ 15,284,190
MEL Surplus Transfer	300,000	1,910,622
Environmental Fund Dividends	78,955	92,008
JIF Retro Program Income	-	50,972
Other Income	1,397	194
	<hr/>	<hr/>
Total Operating Revenue	16,517,765	17,337,986
	<hr/>	<hr/>
Operating Expenses:		
Provision for Claims and Claims Adjustment Expenses	5,772,981	7,363,664
Premium for Excess Insurance	5,516,757	5,317,712
Residual Claims Fund Supplemental Assessment	535,303	41,192
MEL Claims Fund Supplemental Assessment	891,500	838,317
Administrative Expenses:		
Actuary -The Actuarial Advantage	36,626	33,967
Administration - Risk Program Administrators	769,269	754,185
Administrative Consultant - PERMA, Inc.	47,990	46,367
Attorney - DeWeese Law Firm, P.C.	116,174	113,896
Auditor - Bowman & Company LLP	24,217	23,742
Claims Administration	529,835	503,848
Contingency - Various	8,001	3,398
Other Expenses - Various	68,336	19,245
Payroll Auditor - Bowman & Company LLP	16,526	16,202
Property Appraiser - AssetWorks, LLC	42,065	35,304
Risk Management Consultants - Various	732,372	627,315
Safety Director - J.A. Montgomery Risk Control Services	225,485	221,064
Safety Programs / EPL Cyber - Various	507,425	365,391
Technology Risk Services Director - Secure Data Consulting	90,288	90,232
Treasurer - Thomas Tontarski	14,652	14,365
Underwriting Manager - Conner Strong & Buckelew	12,239	11,999
Wellness Program - Various	94,271	94,678
	<hr/>	<hr/>
Total Operating Expenses	16,052,312	16,536,083
	<hr/>	<hr/>
Operating Income	465,453	801,903
Non-Operating Expenses:		
Investment Loss	(1,841,555)	(57,313)
Change in Investment in Joint Ventures	(331,242)	(271,971)
	<hr/>	<hr/>
Change in Net Position	(1,707,344)	472,619
Net Position, Beginning	16,724,401	18,343,791
	<hr/>	<hr/>
Net Position Before Distributions to Members	15,017,057	18,816,410
Distributions to Members	2,278,955	2,092,009
	<hr/>	<hr/>
Net Position, Ending	<u>\$ 12,738,102</u>	<u>\$ 16,724,401</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Receipts from Regular Contributions	\$ 16,437,553	\$ 17,176,144
Receipts from Environmental Fund	78,955	92,008
Receipts from Other Income	1,397	194
Receipts from Retro Program	18,571	-
Payments for Claim Payments	(5,952,874)	(5,218,392)
Payments for Insurance Premiums	(6,234,845)	(7,644,297)
Payments to Professionals and Suppliers	<u>(3,506,809)</u>	<u>(2,989,867)</u>
Net Cash Provided by Operating Activities	<u>841,948</u>	<u>1,415,790</u>
Cash Flows From Investing Activities:		
Redemption of Investments	6,220,000	8,352,000
Purchase of Investments	(4,001,397)	(25,177,799)
Investment Income	<u>384,380</u>	<u>356,729</u>
Net Cash Flows Provided by (Used In) Investing Activities	<u>2,602,983</u>	<u>(16,469,070)</u>
Cash Flows Used in Noncapital Financing Activities:		
Distributions to Members	<u>(2,127,474)</u>	<u>(1,770,640)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,317,457	(16,823,920)
Cash and Cash Equivalents - Beginning	<u>4,015,115</u>	<u>20,839,035</u>
Cash and Cash Equivalents - Ending	<u>\$ 5,332,572</u>	<u>\$ 4,015,115</u>
Reconciliation of Operating Income to		
Cash Flows From Operating Activities:		
Operating Income	\$ 465,453	\$ 801,903
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
Excess Insurance Receivable	-	56,589
Subrogation Receivable	-	(1,500)
Claim Allocation Receivable	161,421	(173,008)
JIF Retro Program	18,571	(50,972)
Prepaid Expenses	(191,800)	3,927
Accrued Expenses	20,762	(18,596)
Contributions Payable	140	(18,668)
MEL Retrospective Potential Obligation	-	(1,788,885)
MEL Claims Fund Supplemental Assessment	53,183	843,985
Due to Residual Claims Fund	493,360	25,786
Residual Claims Fund Supplemental Assessment	494,111	(329,168)
Claims Reserves	<u>(673,253)</u>	<u>2,064,397</u>
Net Cash Flows Provided by Operating Activities	<u>\$ 841,948</u>	<u>\$ 1,415,790</u>
Supplemental Disclosure - Noncash Activity:		
Change in Unrealized Losses on Investments included in		
Investment Income	<u>\$ (2,215,045)</u>	<u>\$ (435,606)</u>
Change in Investment in Joint Ventures	<u>\$ (331,242)</u>	<u>\$ (271,971)</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
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022, 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, 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, Pittsgrove Township, Quinton Township, Shiloh Borough, South Harrison Township, Stowe Creek, 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
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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.

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.

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.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

Retrospective Assessment Program (Cont'd)

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, 2022. 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
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

Excess Coverage

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

Fund Transfers

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

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

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

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

Subrogation

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

Return of Surplus/Dividends

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

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

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

Return of Surplus/Dividends (Cont'd)

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.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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 \$5,789,475 as of December 31, 2022, \$500,000 was insured while \$5,289,475 was collateralized under GUDPA.

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.

Note 4: INVESTMENTS

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fund, and are held by either the counterparty or the counterparty's trust department or agent but not in the Fund's name. All of the Fund's investments in United States Treasury Notes and the Joint Cash Management and Investment Program of \$24,224,942 and \$28,650,463 as of December 31, 2022 and 2021, respectively, were held by either the counterparty or counterparty's trust department or agent, but not in the Fund's name.

Interest Rate Risk

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

Credit Risk

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

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 and joint investment pools.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 4: INVESTMENTS (CONT'D)

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").

As of December 31, 2022 and 2021, the Fund had the following investments and maturities:

<u>Investment</u>	<u>Interest Rate</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Fair Value Hierarchy Level*</u>	<u>Market Value</u>	
					<u>2022</u>	<u>2021</u>
US TREASURY NOTES	1.500%	01/31/22	AAA	Level 1	\$ -	\$ 1,251,375
US TREASURY NOTES	1.625%	08/15/22	AAA	Level 1	-	1,230,443
US TREASURY NOTES	1.375%	10/15/22	AAA	Level 1	-	1,260,063
JOINT CASH MANAGEMENT INVESTMENT PROGRAM	N/A	N/A	AAA	Level 2	24,224,942	24,908,582
					<u>\$ 24,224,942</u>	<u>\$ 28,650,463</u>

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 (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

Level 3 inputs are unobservable inputs for the asset; they should be used only when the relevant Level 1 and Level 2 inputs are unavailable.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 4: INVESTMENTS (CONT'D)

Investment Loss

The following schedule summarizes the net investment loss for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Investment Income	\$ 384,080	\$ 348,142
Less: Investment Expenses	<u>32,277</u>	<u>27,501</u>
Net Investment Earnings	351,803	320,641
Other Adjustments:		
Realized Gain	21,687	57,652
Unrealized Loss	<u>(2,215,045)</u>	<u>(435,606)</u>
Total Investment Loss	<u>\$ (1,841,555)</u>	<u>\$ (57,313)</u>

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, 2022 and 2021 and for all open Fund years net of excess insurance recoveries:

	<u>2022</u>	<u>2021</u>
Total unpaid claim and claim adjustment expenses all fund years - Beginning	<u>\$ 14,005,120</u>	<u>\$ 11,959,025</u>
Incurring claims and claims adjustment expenses:		
Provision for insured events of current fund year	7,113,593	7,352,455
Changes in provision for insured events of prior fund years	<u>(1,340,612)</u>	<u>11,209</u>
Total incurred claims and claims adjustment expenses all fund years	<u>5,772,981</u>	<u>7,363,664</u>

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 5: CHANGES IN UNPAID CLAIMS LIABILITIES

	<u>2022</u>	<u>2021</u>
Payments (Net of Recoveries):		
Claims and claim adjustments expenses:		
Attributable to insured events of current fund year	\$ 1,793,587	\$ 2,197,565
Attributable to insured events of prior fund years	4,115,199	3,120,004
	5,908,786	5,317,569
 Total unpaid claim and claim adjustment expenses all fund years - Ending	 \$ 13,869,315	 \$ 14,005,120
 Analysis Of Balance:		
Due to Residual Claims Fund	\$ 850,692	\$ 313,244
Net Reserves	13,018,623	13,691,876
	\$ 13,869,315	\$ 14,005,120

Note 6: MEMBERSHIP IN JOINT INSURANCE FUNDS

Municipal Excess Liability Residual Claims Fund

The Fund is currently a member of the Municipal Excess Liability Residual Claims Fund (the "Residual Fund"). The Residual Fund is a risk-sharing public entity risk pool that is a self-administered group of joint insurance funds established for the purpose of assuming and discharging the liabilities associated with loss reserves of participating members.

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

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

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.

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, 2022 and 2021, the Fund's share of net position in the Residual Fund, the MEL, and the Environmental Fund is as follows:

	<u>2022</u>	<u>2021</u>
Residual Fund	\$ (158,285)	\$ (173,851)
MEL	(155,393)	85,139
Environmental Fund	<u>1,333,876</u>	<u>1,440,152</u>
	<u>\$ 1,020,198</u>	<u>\$ 1,351,440</u>

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

Selected Financial Information

Selected summarized financial information for the Residual Fund, the MEL, and the Environmental Fund as of December 31, 2022 is as follows:

	<u>Residual</u> <u>Fund</u>	<u>MEL</u>	<u>Environmental</u> <u>Fund</u>
Total Assets	\$ 130,005,896	\$ 105,175,044	\$ 30,786,111
Total Liabilities	\$ 137,214,600	\$ 96,334,014	\$ 14,110,115
Net Position	\$ (7,208,704)	\$ 8,841,030	\$ 16,675,996
Total Revenue	\$ 39,009,899	\$ 73,348,661	\$ 2,651,138
Total Expenses	\$ 46,325,292	\$ 79,665,447	\$ 3,337,737
Change in Net Position	\$ (7,315,393)	\$ (6,316,786)	\$ (3,986,599)
Distributions to Members	\$ 685,000	\$ -	\$ 3,300,000

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

	<u>Residual</u> <u>Fund</u>	<u>MEL</u>	<u>Environmental</u> <u>Fund</u>
Total Assets	\$ 117,451,484	\$ 94,866,419	\$ 33,431,539
Total Liabilities	\$ 117,344,795	\$ 79,708,603	\$ 12,768,944
Net Position	\$ 106,689	\$ 15,157,816	\$ 20,662,595
Total Revenue	\$ 23,320,377	\$ 61,165,435	\$ 4,239,301
Total Expenses	\$ 35,854,430	\$ 62,259,276	\$ 2,654,689
Change in Net Position	\$ (12,534,053)	\$ (1,093,841)	\$ (1,515,388)
Distributions to Members	\$ 671,000	\$ -	\$ 3,100,000

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

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 7: SURPLUS DISTRIBUTION

During 2022, the Executive Committee approved a surplus distribution for \$2,278,955, representing \$2,200,000 paid from the closed fund year's account and a pass through of \$78,955 in E-JIF dividends to the aggregate excess loss contingency fund.

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.

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, 2022, 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	\$ 3,284	\$ 1,566	\$ 43	\$ 4,893
Carneys Point Township	9,099	2,067	119	11,285
Clayton Borough	8,452	1,921	110	10,484
Deptford Township	31,684	7,199	414	39,297
East Greenwich Township	6,428	1,460	84	7,972
Elk Township	4,160	945	54	5,160
Elsinboro Township	-	81	-	81
Fairfield Township	7,440	1,690	97	9,227
Franklin Township	18,310	4,159	239	22,708
Glassboro Borough	22,575	5,128	295	27,998
Greenwich Township	5,782	1,313	76	7,170
Harrison Township	10,404	2,364	136	12,903
Logan Township	7,142	1,622	93	8,857
Lower Alloways Creek	335	497	6	838
Mannington Township	17,068	419	6	17,493
Mantua Township	16,832	3,824	220	20,875
Monroe Township	34,292	7,791	448	42,531
Oldmans Township	2,129	483	28	2,640
Paulsboro Borough	7,292	1,657	95	9,045
Penns Grove Borough	5,785	1,314	76	7,174
Pennsville Township	15,622	3,549	204	19,375
Pilesgrove	19,900	1,055	61	21,015
Pitman Borough	11,046	2,509	144	13,699
Pittsgrove	89,466	(17,029)	1,121	73,559

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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>
Quinton Township	\$ 4,393	\$ 1,066	\$ 66	\$ 5,525
Shiloh Borough	631	143	8	782
South Harrison Township	2,862	650	37	3,549
Stowe Creek	20,700	453	90	21,243
Swedesboro Borough	2,431	552	32	3,015
Upper Pittsgrove Township	4,106	933	54	5,092
Washington Twp	135,406	12,672	1,711	149,789
Wenonah Borough	2,741	625	36	3,402
Westville Borough	5,326	1,210	70	6,605
Woodbury City	33,585	2,773	423	36,781
Woodbury Heights Borough	3,540	804	46	4,390
Woodstown Borough	3,711	1,666	48	5,426
Woolwich Township	3,590	816	47	4,453
	<u>\$ 577,549</u>	<u>\$ 61,947</u>	<u>\$ 6,837</u>	<u>\$ 646,333</u>

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
Lowers Alloways Creek	-	335	-	335
Mannington Township	16,786	282	-	17,068
Mantua Township	12,223	4,473	135	16,832
Monroe Township	24,902	9,115	275	34,292

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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>
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
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>

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 \$3,273,642 and \$3,143,667 for the years ended December 31, 2022 and 2021, respectively. As disclosed in Note 11, the Fund was also assessed a supplemental assessments during 2022 and 2021 and a premium deferral during 2021. As disclosed in note 4, the Fund participated in the Joint Cash Management and Investment Program during 2022 and 2021.

Excess insurance premiums paid to the Environmental Fund were \$387,983 and \$384,067 for the years ended December 31, 2022 and 2021, respectively.

During 2022 and 2021, the Fund was assessed \$849,604 and \$313,745, respectively, for the transfer of fund year 2018 and 2017 liabilities to the Residual Fund. As disclosed in Note 11, the Fund was also assessed a supplemental assessment during 2022 and 2021.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 10: 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 2022 budget, the Fund budgeted an additional \$300,000 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.

As of December 31, 2022, 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
2022	300,000
	<u>\$ 2,479,771</u>

Note 11: SUPPLEMENTAL ASSESSMENTS

The Board of Fund Commissioners of the Municipal Excess Liability Residual Claims Fund (the Residual Fund”) and Municipal Excess Liability Joint Insurance Fund (the “MEL”) 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.

GLOUCESTER, SALEM, CUMBERLAND COUNTIES
MUNICIPAL JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 11: SUPPLEMENTAL ASSESSMENTS (CONT'D)

For the years ended December 31, 2022, supplemental assessments paid and due to the Residual Fund and MEL as follows:

December 31,	MEL		Residual Fund	
	<u>Paid</u>	<u>Unpaid</u>	<u>Paid</u>	<u>Unpaid</u>
2019	\$ -	\$ -	\$ 160,856	\$ -
2020	186,780	-	177,912	-
2021	(5,668)	-	41,192	-
2022	-	891,500	-	535,303
MEL Premium Deferral	843,985	-	-	-
	<u>\$ 1,025,097</u>	<u>\$ 891,500</u>	<u>\$ 379,960</u>	<u>\$ 535,303</u>

For the years ended December 31, 2021, supplemental assessments paid and due to the Residual Fund and MEL as follows:

December 31,	MEL		Residual Fund	
	<u>Paid</u>	<u>Unpaid</u>	<u>Paid</u>	<u>Unpaid</u>
2019	\$ -	\$ -	\$ 160,856	\$ -
2020	186,780	-	177,912	-
2021	-	(5,668)	-	41,192
MEL Premium Deferral	-	843,985	-	-
	<u>\$ 186,780</u>	<u>\$ 838,317</u>	<u>\$ 338,768</u>	<u>\$ 41,192</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 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 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 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 continue to increase because of changes 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
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 12: SUBSEQUENT EVENTS (CONT'D)

Reinsurance – Effective January 1, 2023, the Fund joined the New Jersey Cyber Risk Management Fund (the “Cyber JIF”).

The Municipal Excess Liability Joint Insurance Fund (the “MEL”) expects a sharp increase in excess and reinsurance premiums, especially for property insurance and cyber liability insurance. To mitigate these increases, the MEL is planning a rate adjustment in 2023 for its affiliated Joint Insurance Funds.

Investments – Global financial performance for 2023 continues to be affected by the economy. Factors such as financial conditions, COVID policy, natural gas problems, war in Ukraine, and inflation are expected to weigh on growth. Management continues to monitor the impact of these economic factors on the Fund’s financial performance.

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, 2022

	Property	General Liability	Automobile	Workers' Compensation	Total
Total unpaid claim and claim adjustment expenses - Beginning	\$ 519,520	\$ 4,223,485	\$ 1,672,617	\$ 7,589,498	\$ 14,005,120
Incurrd claims and claims adjustment expenses:					
Provision for insured events of current fund year	1,254,704	1,245,375	381,549	4,231,965	7,113,593
Changes in provision for insured events of prior fund years	(429,496)	(436,101)	(275,484)	(199,531)	(1,340,612)
Total incurred claims and claims adjustment expenses all fund years	825,208	809,274	106,065	4,032,434	5,772,981
Payments (Net of Recoveries):					
Claims and claims adjustment expenses:					
Attributable to insured events of current fund year	762,133	32,042	7,696	991,716	1,793,587
Attributable to insured events of prior fund years	61,662	623,205	652,563	2,777,769	4,115,199
Total payments all fund years	823,795	655,247	660,259	3,769,485	5,908,786
Total unpaid claim and claim adjustment expenses - Ending	\$ 520,933	\$ 4,377,512	\$ 1,118,423	\$ 7,852,447	\$ 13,869,315
Analysis Of Balance:					
Due to Residual Claims Fund				\$ 850,692	
Net Reserves					13,018,623
				\$	\$ 13,869,315

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF DECEMBER 31, 2022

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Net Earned Required Contribution and Investment Revenue:										
Earned	\$ 13,960,337	\$ 14,183,566	\$ 14,084,606	\$ 14,153,047	\$ 13,703,704	\$ 14,670,152	\$ 14,720,608	\$ 14,842,329	\$ 15,105,243	\$ 15,904,914
Ceded	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	5,516,757
	9,763,894	9,890,510	9,722,145	9,305,011	8,674,583	9,962,804	9,734,633	9,708,592	9,787,532	10,388,157
Unallocated Expenses	2,274,112	2,292,959	2,401,076	2,465,946	2,472,980	2,790,653	2,867,515	2,968,696	3,094,386	3,460,976
Estimated Claims and Expenses, End of Policy Year:										
Incurred	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	7,113,593
Ceded								140,722		
Net Incurred	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	7,113,593
Paid (Cumulative) as of:										
End of Policy Year	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	1,793,587
One Year Later	2,465,391	2,782,773	3,214,983	2,636,370	3,596,729	3,175,557	3,944,742	3,619,924	3,728,078	
Two Years Later	3,002,875	3,302,066	3,499,382	3,296,261	4,316,109	4,285,846	4,468,660	4,985,660		
Three Years Later	3,623,226	3,857,161	4,122,816	3,710,849	5,138,564	4,860,893	5,073,105			
Four Years Later (Closed to the RCF) (A)	3,824,568	4,634,836	4,406,860	3,856,563	5,327,731	5,205,422				
Reestimated Ceded Claims and Expenses	670,338	275,265	533,884	331,546	313,244	849,604	-	193,094	-	-
Reestimated Incurred Claims and Expenses:										
End of Policy Year	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	7,113,593
One Year Later	5,065,417	4,908,001	5,505,928	5,183,091	6,088,655	5,548,721	7,842,145	7,434,388	6,826,567	
Two Years Later	4,625,706	4,551,268	4,787,501	4,800,756	6,161,862	6,353,321	7,756,820	6,668,663		
Three Years Later	4,462,807	4,703,256	5,487,570	4,298,365	5,832,423	6,294,505	7,989,477			
Four Years Later (Closed to the RCF) (A)	4,494,906	4,634,836	4,940,744	4,188,108	5,327,731	6,055,026				
Increase (Decrease) in Estimated Incurred Claims and Expenses from End of Policy Year	\$ (1,450,096)	\$ (1,550,165)	\$ (1,424,253)	\$ (1,978,891)	\$ (575,014)	\$ 282,224	\$ 1,211,725	\$ (264,696)	\$ (525,888)	\$ -

(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, 2022

ASSETS

Cash and Cash Equivalents	\$ 5,332,572	
Investments	<u>24,224,942</u>	
Total Cash and Investments		\$ 29,557,514
Receivables:		
Subrogation Receivable	1,500	
Claim Allocation Receivable	11,587	
JIF Retro Program	<u>50,972</u>	
Total Receivables		64,059
Prepaid Expenses		<u>194,029</u>
Total Assets		\$ 29,815,602
 <u>LIABILITIES</u>		
Claims:		
Case Reserves	8,169,317	
IBNR Reserve	5,042,400	
Less: Excess Insurance Recoverable	<u>(193,094)</u>	
Total Claims		13,018,623
Accrued Expenses:		
Operating	<u>562,054</u>	
Total Accrued Expenses		562,054
Other Liabilities:		
Contributions Payable	140	
Due to Residual Claims Fund	850,692	
Residual Claims Fund Supplemental Assessment	535,303	
MEL Claims Fund Supplemental Assessment	891,500	
Aggregate Excess Loss Fund Contingency	622,386	
Aggregate Excess Loss Fund Contingency		
Accrued Interest	23,947	
Authorized Return of Surplus	<u>1,593,053</u>	
Total Other Liabilities		<u>4,517,021</u>
Total Liabilities		<u>18,097,698</u>
Net Statutory Surplus		<u>\$ 11,717,904</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, 2022

Underwriting Income:		
Regular Contributions	\$ 286,809,389	
MEL Surplus Transfer	2,479,771	
Supplemental Contributions	400,000	
Environmental Dividends	433,215	
Residual Claims Fund Dividends	147,817	
Municipal Excess Liability Fund Dividends	654,904	
JIF Retro Program	93,498	
Other Income	<u>96,017</u>	
Total Underwriting Income		\$ 291,114,611
Incurred Liabilities:		
Claims:		
Paid (Net of Recoveries)	96,603,022	
Case Reserves	8,168,815	
IBNR Reserves	5,042,400	
Residual Claims Fund Premiums	<u>15,640,821</u>	
Subtotal		\$ 125,455,058
Less Excess Insurance:		
Received	211,230	
Receivable	-	
Recoverable	<u>193,094</u>	
Subtotal		<u>404,324</u>
Total Limited Incurred Claims		125,050,734
Expenses:		
Excess Insurance Premiums	81,899,596	
Operating	<u>53,607,350</u>	
Total Expenses		<u>135,506,946</u>
Total Incurred Liabilities		<u>260,557,680</u>
Underwriting Surplus		30,556,931
Investment Income		
Cumulative Investment Income		10,839,199
Unrealized Losses - Current Year		<u>(2,215,045)</u>
Total Investment Income		<u>8,624,154</u>
Supplemental Assessment:		
Paid:		
Residual Claims Fund	379,960	
MEL Claims Fund	<u>1,025,097</u>	
Total Paid Supplemental Assessment		<u>1,405,057</u>
Unpaid		
Residual Claims Fund	535,303	
MEL Claims Fund	<u>891,500</u>	
Total Unpaid Supplemental Assessment		<u>1,426,803</u>
Total Supplemental Assessment		<u>2,831,860</u>
Gross Statutory Surplus		36,349,225
Return of Surplus:		
Paid	22,391,935	
Aggregate Excess Loss Fund Contingency	622,386	
Aggregate Excess Loss Fund Contingency		
Accrued Interest	23,947	
Authorized and Unpaid	<u>1,593,053</u>	
Total Return of Surplus		<u>24,631,321</u>
Net Statutory Surplus		<u>\$ 11,717,904</u>

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

Note 1: RELATIONSHIP WITH BASIC FINANCIAL STATEMENTS

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

	<u>2022</u>	<u>2021</u>
Total Assets - Comparative Statements of Net Position	\$ 30,835,800	\$ 34,282,315
Less Investment in Joint Ventures	<u>1,020,198</u>	<u>1,351,440</u>
Total Assets - Statutory Basis	<u>\$ 29,815,602</u>	<u>\$ 32,930,875</u>
Net Position - Comparative Statements of Net Position	\$ 12,738,102	\$ 16,724,401
Less Investment in Joint Ventures	<u>1,020,198</u>	<u>1,351,440</u>
Net Statutory Surplus	<u>\$ 11,717,904</u>	<u>\$ 15,372,961</u>

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2022 OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2022 TO DECEMBER 31, 2022

Underwriting Income:			
Regular Contributions	\$	16,137,413	
Other Income		<u>1,397</u>	
Total Underwriting Income			\$ 16,138,810
Incurred Liabilities:			
Claims:			
Paid (Net of Recoveries)	1,793,587		
Case Reserves	1,896,115		
IBNR Reserves	<u>3,423,891</u>		
Subtotal			\$ 7,113,593
Less Excess Insurance:			
Received	-		
Receivable	-		
Recoverable	<u>-</u>		
Subtotal			<u>-</u>
Total Limited Incurred Claims			7,113,593
Expenses:			
Excess Insurance Premiums	5,516,757		
Operating	<u>3,460,976</u>		
Total Expenses			<u>8,977,733</u>
Total Incurred Liabilities			<u>16,091,326</u>
Underwriting Surplus			47,484
Investment Loss			<u>(233,296)</u>
Intrafund Transfers to MEL Unencumbered Surplus Account:			
Regular Contributions			(300,000)
Excess Insurance Premiums			<u>300,000</u>
Gross Statutory Deficit			(185,812)
Return of Surplus:			
Paid	-		
Authorized and Unpaid	<u>-</u>		
Total Return of Surplus			<u>-</u>
Net Statutory Deficit			<u>\$ (185,812)</u>

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2021 OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2022 TO DECEMBER 31, 2022

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)	3,728,078		
Case Reserves	2,064,489		
IBNR Reserves	<u>1,034,000</u>		
Subtotal			\$ 6,826,567
Less Excess Insurance:			
Received	-		
Receivable	-		
Recoverable	<u>-</u>		
Subtotal			<u>-</u>
Total Limited Incurred Claims			6,826,567
Expenses:			
Excess Insurance Premiums	5,317,711		
Operating	<u>3,094,386</u>		
Total Expenses			<u>8,412,097</u>
Total Incurred Liabilities			<u>15,238,664</u>
Underwriting Surplus			96,498
Investment Loss			<u>(229,919)</u>
Intrafund Transfers to MEL Unencumbered Surplus Account:			
Regular Contributions			(121,737)
Excess Insurance Premiums			<u>121,737</u>
Gross Statutory Deficit			(133,421)
Return of Surplus:			
Paid		-	
Authorized and Unpaid		<u>-</u>	
Total Return of Surplus			<u>-</u>
Net Statutory Deficit			<u>\$ (133,421)</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, 2022

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)		4,985,660	
Case Reserves		1,383,394	
IBNR Reserves		<u>492,703</u>	
Subtotal	\$		6,861,757
Less Excess Insurance:			
Received		-	
Receivable		-	
Recoverable		<u>193,094</u>	
Subtotal			<u>193,094</u>
Total Limited Incurred Claims			6,668,663
Expenses:			
Excess Insurance Premiums		5,133,737	
Operating		<u>2,968,696</u>	
Total Expenses			<u>8,102,433</u>
Total Incurred Liabilities			<u>14,771,096</u>
Underwriting Surplus			193,542
Investment Loss			(122,309)
Intrafund Transfers to MEL Unencumbered Surplus Account:			
Regular Contributions			(319,208)
Excess Insurance Premiums			<u>319,208</u>
Gross Statutory Surplus			71,233
Return of Surplus:			
Paid			
Authorized and Unpaid		<u>-</u>	
Total Return of Surplus			<u>-</u>
Net Statutory Surplus	\$		<u><u>71,233</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, 2022

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)		5,073,105	
Case Reserves		2,824,566	
IBNR Reserves		<u>91,806</u>	
Subtotal	\$		7,989,477
Less Excess Insurance:			
Received		-	
Receivable		-	
Recoverable		<u>-</u>	
Subtotal			<u>-</u>
Total Limited Incurred Claims			7,989,477
Expenses:			
Excess Insurance Premiums		4,985,975	
Operating		<u>2,867,515</u>	
Total Expenses			<u>7,853,490</u>
Total Incurred Liabilities			<u>15,842,967</u>
Underwriting Deficit			(1,184,371)
Investment Income			62,012
Intrafund Transfers to MEL Unencumbered Surplus Account:			
Regular Contributions			(403,178)
Excess Insurance Premiums			<u>403,178</u>
Gross Statutory Deficit			(1,122,359)
Return of Surplus:			
Paid			
Authorized and Unpaid		<u>-</u>	
Total Return of Surplus			<u>-</u>
Net Statutory Deficit	\$		<u><u>(1,122,359)</u></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, 2022

Underwriting Income:			
Regular Contributions	\$ 14,504,371		
Total Underwriting Income			\$ 14,504,371
Incurred Liabilities:			
Claims:			
Paid (Net of Recoveries)	5,205,422		
Residual Claims Fund Premiums	849,604		
Subtotal		\$ 6,055,026	
Less Excess Insurance:			
Received	-		
Receivable	-		
Recoverable	-		
Subtotal		-	
Total Limited Incurred Claims		6,055,026	
Expenses:			
Excess Insurance Premiums	4,707,348		
Operating	2,790,653		
Total Expenses		7,498,001	
Total Incurred Liabilities			13,553,027
Underwriting Surplus			951,344
Investment Income			417,214
Supplemental Assessment:			
Unpaid			
Residual Claims Fund		53,530	
Total Supplemental Assessment			53,530
Intrafund Transfers to MEL Unencumbered Surplus Account:			
Regular Contributions			(329,417)
Excess Insurance Premiums			329,417
Surplus Transfer to Closed Fund Year			(1,315,028)
Gross Statutory Surplus			-
Return of Surplus:			
Paid		-	
Authorized and Unpaid		-	
Total Return of Surplus			-
Net Statutory Surplus			\$ -

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF MEL UNEMCUMBERED SURPLUS ACCOUNT
OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2022 TO DECEMBER 31, 2022

Underwriting Income		
MEL Surplus Transfer	<u>\$ 2,479,771</u>	
Total Underwriting Income		\$ 2,479,771
Expenses:		
Supplemental Assessment:		
Paid	1,025,097	
Unpaid	<u>891,500</u>	
Total Supplemental Assessment		<u>\$ 1,916,597</u>
Total Expenses		<u>1,916,597</u>
Underwriting Surplus		563,174
Investment Loss		<u>(23,147)</u>
Intrafund Transfers		
Regular Contributions		2,479,771
Excess Insurance Premiums		<u>(2,479,771)</u>
Gross Statutory Surplus		<u>540,027</u>
Net Statutory Surplus		<u>\$ 540,027</u>

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF RCF SUPPLEMENTAL ASSESSMENT ACCOUNT - FUTURE FUND YEARS
OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2022 TO DECEMBER 31, 2022

Expenses:

Supplemental Assessment:

Unpaid	<u>\$ 481,773</u>	
Total Supplemental Assessment		<u>\$ 481,773</u>
Total Expenses		<u>\$ 481,773</u>
Underwriting Deficit		(481,773)
Net Statutory Deficit		<u><u>\$ (481,773)</u></u>

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF CLOSED FUND YEARS
OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 1991 (DATE OF INCEPTION) TO DECEMBER 31, 2022

Underwriting Income:		
Regular Contributions	\$ 211,279,499	
Supplemental Contributions	400,000	
Residual Claims Fund Dividends	147,817	
Municipal Excess Liability Fund Dividends	654,904	
Enviromental Dividends	433,215	
JIF Retro Program	23,955	
Other Income	<u>93,873</u>	
Total Underwriting Income		\$ 213,033,263
Incurred Liabilities:		
Paid (Net of Recoveries)	75,817,170	
Case Reserves	251	
Residual Claims Fund Premiums	<u>14,791,217</u>	
Subtotal		\$ 90,608,638
Less Excess Insurance:		
Received	211,230	
Receivable	-	
Recoverable	<u>-</u>	
		<u>211,230</u>
Total Limited Incurred Claims		90,397,408
Expenses:		
Excess Insurance Premiums	56,238,068	
Operating	<u>38,425,124</u>	
Total Expenses		<u>94,663,192</u>
Total Incurred Liabilities		<u>185,060,600</u>
Underwriting Surplus		27,972,663
Investment Income		8,753,599
Supplemental Assessments		
Paid		
Residual Claims Fund	<u>379,960</u>	
Total Supplemental Assessment		<u>379,960</u>
Intrafund Transfers to MEL Unencumbered Surplus Account:		
Regular Contributions		(1,006,231)
Excess Insurance Premiums		1,006,231
Surplus Transfer From 2018 Fund Year		<u>1,315,028</u>
Gross Statutory Surplus		37,661,330
Return of Surplus:		
Paid	22,391,935	
Aggregate Excess Loss Fund Contingency	622,386	
Aggregate Excess Loss Fund Contingency		
Accrued Interest	23,947	
Authorized and Unpaid	<u>1,593,053</u>	
Total Return of Surplus		<u>24,631,321</u>
Net Statutory Surplus		<u>\$ 13,030,009</u>

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2022 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2022 TO DECEMBER 31, 2022

	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	\$ 805,632	\$ 1,111,595	\$ 339,696	\$ 3,747,630	\$ 1,059,628	\$ 387,984	\$ 3,273,643	\$ 1,855,132	\$ 3,556,473	\$ 16,137,413		Other Income									1,397	1,397		Total Underwriting Income	805,632	1,111,595	339,696	3,747,630	1,059,628	387,984	3,273,643	1,855,132	3,557,870	16,138,810		Incurred Liabilities:												Claims	1,254,704	1,245,375	381,549	4,231,965		387,983	3,273,642	1,855,132	3,460,976	7,113,593		Expenses	1,254,704	1,245,375	381,549	4,231,965	-	387,983	3,273,642	1,855,132	3,460,976	8,977,733		Total Liabilities	(449,072)	(133,780)	(41,853)	(484,335)	1,059,628	1	1	-	96,894	47,484		Underwriting Surplus (Deficit)	(12,431)	(24,575)	(7,504)	(77,214)	(23,428)	(23,342)	(23,342)	(1,229)	(63,573)	(233,296)		Adjustments:												Investment Loss												Intrafund Transfers												Intrafund Transfers to MEL Unencumbered Surplus Account:												Regular Contributions										(300,000)		Excess Insurance Premiums										300,000		Interfund Transfers - Other												Total Adjustments	(12,431)	(24,575)	(7,504)	(77,214)	(23,428)	-	(23,342)	(1,229)	(63,573)	(233,296)		Gross Statutory Surplus (Deficit) Return of Surplus	(461,503)	(158,355)	(49,357)	(561,549)	1,036,200	1	(23,341)	(1,229)	33,321	(185,812)		Net Statutory Surplus (Deficit)	\$ (461,503)	\$ (158,355)	\$ (49,357)	\$ (561,549)	\$ 1,036,200	\$ 1	\$ (23,341)	\$ (1,229)	\$ 33,321	\$ (185,812)	
Regular Contributions	\$ 805,632	\$ 1,111,595	\$ 339,696	\$ 3,747,630	\$ 1,059,628	\$ 387,984	\$ 3,273,643	\$ 1,855,132	\$ 3,556,473	\$ 16,137,413																																																																																																																																																																																																																									
Other Income									1,397	1,397																																																																																																																																																																																																																									
Total Underwriting Income	805,632	1,111,595	339,696	3,747,630	1,059,628	387,984	3,273,643	1,855,132	3,557,870	16,138,810																																																																																																																																																																																																																									
Incurred Liabilities:												Claims	1,254,704	1,245,375	381,549	4,231,965		387,983	3,273,642	1,855,132	3,460,976	7,113,593		Expenses	1,254,704	1,245,375	381,549	4,231,965	-	387,983	3,273,642	1,855,132	3,460,976	8,977,733		Total Liabilities	(449,072)	(133,780)	(41,853)	(484,335)	1,059,628	1	1	-	96,894	47,484		Underwriting Surplus (Deficit)	(12,431)	(24,575)	(7,504)	(77,214)	(23,428)	(23,342)	(23,342)	(1,229)	(63,573)	(233,296)		Adjustments:												Investment Loss												Intrafund Transfers												Intrafund Transfers to MEL Unencumbered Surplus Account:												Regular Contributions										(300,000)		Excess Insurance Premiums										300,000		Interfund Transfers - Other												Total Adjustments	(12,431)	(24,575)	(7,504)	(77,214)	(23,428)	-	(23,342)	(1,229)	(63,573)	(233,296)		Gross Statutory Surplus (Deficit) Return of Surplus	(461,503)	(158,355)	(49,357)	(561,549)	1,036,200	1	(23,341)	(1,229)	33,321	(185,812)		Net Statutory Surplus (Deficit)	\$ (461,503)	\$ (158,355)	\$ (49,357)	\$ (561,549)	\$ 1,036,200	\$ 1	\$ (23,341)	\$ (1,229)	\$ 33,321	\$ (185,812)																																																	
Claims	1,254,704	1,245,375	381,549	4,231,965		387,983	3,273,642	1,855,132	3,460,976	7,113,593																																																																																																																																																																																																																									
Expenses	1,254,704	1,245,375	381,549	4,231,965	-	387,983	3,273,642	1,855,132	3,460,976	8,977,733																																																																																																																																																																																																																									
Total Liabilities	(449,072)	(133,780)	(41,853)	(484,335)	1,059,628	1	1	-	96,894	47,484																																																																																																																																																																																																																									
Underwriting Surplus (Deficit)	(12,431)	(24,575)	(7,504)	(77,214)	(23,428)	(23,342)	(23,342)	(1,229)	(63,573)	(233,296)																																																																																																																																																																																																																									
Adjustments:												Investment Loss												Intrafund Transfers												Intrafund Transfers to MEL Unencumbered Surplus Account:												Regular Contributions										(300,000)		Excess Insurance Premiums										300,000		Interfund Transfers - Other												Total Adjustments	(12,431)	(24,575)	(7,504)	(77,214)	(23,428)	-	(23,342)	(1,229)	(63,573)	(233,296)		Gross Statutory Surplus (Deficit) Return of Surplus	(461,503)	(158,355)	(49,357)	(561,549)	1,036,200	1	(23,341)	(1,229)	33,321	(185,812)		Net Statutory Surplus (Deficit)	\$ (461,503)	\$ (158,355)	\$ (49,357)	\$ (561,549)	\$ 1,036,200	\$ 1	\$ (23,341)	\$ (1,229)	\$ 33,321	\$ (185,812)																																																																																																													
Investment Loss																																																																																																																																																																																																																																			
Intrafund Transfers																																																																																																																																																																																																																																			
Intrafund Transfers to MEL Unencumbered Surplus Account:																																																																																																																																																																																																																																			
Regular Contributions										(300,000)																																																																																																																																																																																																																									
Excess Insurance Premiums										300,000																																																																																																																																																																																																																									
Interfund Transfers - Other																																																																																																																																																																																																																																			
Total Adjustments	(12,431)	(24,575)	(7,504)	(77,214)	(23,428)	-	(23,342)	(1,229)	(63,573)	(233,296)																																																																																																																																																																																																																									
Gross Statutory Surplus (Deficit) Return of Surplus	(461,503)	(158,355)	(49,357)	(561,549)	1,036,200	1	(23,341)	(1,229)	33,321	(185,812)																																																																																																																																																																																																																									
Net Statutory Surplus (Deficit)	\$ (461,503)	\$ (158,355)	\$ (49,357)	\$ (561,549)	\$ 1,036,200	\$ 1	\$ (23,341)	\$ (1,229)	\$ 33,321	\$ (185,812)																																																																																																																																																																																																																									

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, 2022

	<u>Coverage's and Other Accounts</u>									
	Property	General Liability	Automobile	Workers' Compensation	Deductible	Environmental	MEL	Public Officials & Employment Practices	Expense & Contingency	Total
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	720,232	1,285,888	137,319	4,683,128		384,067	3,143,667	1,789,977	3,094,386	6,826,567
Expenses	720,232	1,285,888	137,319	4,683,128	-	384,067	3,143,667	1,789,977	3,094,386	8,412,097
Total Liabilities	20,810	(252,630)	166,254	(1,080,720)	1,053,374	-	(994)	4,598	185,806	96,498
Underwriting Surplus (Deficit)	(3,374)	(50,419)	(13,859)	(86,752)	(52,878)	(17)	(3,037)	47	(19,630)	(229,919)
Adjustments:										
Investment Income (Loss)										
Intrafund Transfers										
Intrafund Transfers to MEL Unencumbered										
Surplus Account:										
Regular Contributions							(121,737)			(121,737)
Excess Insurance Premiums							121,737			121,737
Total Adjustments	(3,374)	(50,419)	(13,859)	(86,752)	(52,878)	(17)	(3,037)	47	(19,630)	(229,919)
Gross Statutory Surplus (Deficit)	17,436	(303,049)	152,395	(1,167,472)	1,000,496	(17)	(4,031)	4,645	166,176	(133,421)
Return of Surplus										
Net Statutory Surplus (Deficit)	\$ 17,436	\$ (303,049)	\$ 152,395	\$ (1,167,472)	\$ 1,000,496	\$ (17)	\$ (4,031)	\$ 4,645	\$ 166,176	\$ (133,421)

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, 2022

Coverage's and Other Accounts

	Property	General Liability	Automobile	Workers' Compensation	Deductible	Loss Contingency	Environmental	MEL	Public Officials & Employment Practices	Expense & Contingency	Total
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	704,308	825,744	735,156	4,403,455			388,040	3,215,476	1,530,221	2,968,696	6,668,663
Expenses	704,308	825,744	735,156	4,403,455	-	-	388,040	3,215,476	1,530,221	2,968,696	8,102,433
Total Liabilities	(6,676)	182,871	(414,050)	(947,554)	986,203	142,751	-	-	(215)	250,212	193,542
Underwriting Surplus (Deficit)	(1,367)	(41,067)	(6,344)	1,012	(40,356)	(6,479)		4,343	1,170	(33,221)	(122,309)
Adjustments:	150,000				(150,000)						-
Investment Income (Loss)											
Intrafund Transfers											
Intrafund Transfers to MEL Unencumbered											
Surplus Account:											
Regular Contributions											(319,208)
Excess Insurance Premiums											319,208
Total Adjustments	148,633	(41,067)	(6,344)	1,012	(190,356)	(6,479)	-	4,343	1,170	(33,221)	(122,309)
Gross Statutory Surplus (Deficit)	141,957	141,804	(420,394)	(946,542)	795,847	136,272	-	4,343	955	216,991	71,233
Return of Surplus											-
Net Statutory Surplus (Deficit)	\$ 141,957	\$ 141,804	\$ (420,394)	\$ (946,542)	\$ 795,847	\$ 136,272	\$ -	\$ 4,343	\$ 955	\$ 216,991	\$ 71,233

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, 2022

Coverage's and Other Accounts

	Property	General Liability	Automobile	Workers' Compensation	Deductible	Loss Contingency	Environmental	MEL	Public Officials & Employment Practices	Expense & Contingency	Total
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	1,255,511	1,404,686	617,997	4,711,283			391,594	3,162,962	1,431,419	2,867,515	7,989,477
Expenses											7,853,490
Total Liabilities	1,255,511	1,404,686	617,997	4,711,283	-	-	391,594	3,162,962	1,431,419	2,867,515	15,842,967
Underwriting Surplus (Deficit)	(581,470)	(378,449)	(269,944)	(1,243,396)	976,322	100,000	(2)	-	-	212,568	(1,184,371)
Adjustments:											
Investment Income (Loss)	(7,247)	(13,187)	(5,427)	35,988	15,649	(5,073)	165	16,928	546	23,670	62,012
Intrafund Transfers	750,000				(750,000)						-
Intrafund Transfers to MEL Unencumbered Surplus Account:											
Regular Contributions								(403,178)			(403,178)
Excess Insurance Premiums								403,178			403,178
Total Adjustments	742,753	(13,187)	(5,427)	35,988	(734,351)	(5,073.00)	165	16,928	546	23,670	62,012
Gross Statutory Surplus (Deficit) Return of Surplus	161,283	(391,636)	(275,371)	(1,207,408)	241,971	94,927	163	16,928	546	236,238	(1,122,359)
Net Statutory Surplus (Deficit)	\$ 161,283	\$ (391,636)	\$ (275,371)	\$ (1,207,408)	\$ 241,971	\$ 94,927	\$ 163	\$ 16,928	\$ 546	\$ 236,238	\$ (1,122,359)

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, 2022

	Coverage's and Other Accounts										Total	
	Property	General Liability	Automobile	Workers' Compensation	Deductible	Loss Contingency	Environmental	MEL	RCF	Public Officials & Employment Practices		Expense & Contingency
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	-	3,029,451	14,504,371	
Incurred Liabilities:												
Claims	841,130	1,914,221	149,998	3,149,677			395,303	2,991,522		2,790,653	6,055,026	
Expenses											7,498,001	
Total Liabilities	841,130	1,914,221	149,998	3,149,677	-	-	395,303	2,991,522	-	2,790,653	13,553,027	
Underwriting Surplus (Deficit)	(179,711)	(857,571)	193,968	320,810	976,829	193,697	1,061	910	-	238,798	951,344	
Adjustments:												
Investment Income	8,977	44,323	29,319	165,525	80,101	10,252	302	14,938		6,426	417,214	
Intrafund Transfers	290,000	500,000			(790,000)						-	
RCF Supplemental Assessment									\$ 53,530		53,530	
Intrafund Transfers to MIE Unencumbered Surplus Account:												
Regular Contributions								(329,417)			(329,417)	
Excess Insurance Premiums								329,417			329,417	
Surplus Transfer to Closed Fund Year	(119,266)	313,248	(223,287)	(486,335)	(266,930)	(203,949)	(1,363)	(15,848)	53,530	(295,849)	(1,315,028)	
Total Adjustments	179,711	857,571	(193,968)	(320,810)	(976,829)	(193,697)	(1,061)	(910)	-	(238,798)	(844,284)	
Gross Statutory Surplus Return of Surplus	-	-	-	-	-	-	-	-	-	-	-	
Net Statutory Surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2022 CLAIMS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2022 TO DECEMBER 31, 2022

	<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)	\$ 762,133	\$ 32,042	\$ 7,696	\$ 991,716	\$ 1,793,587
Case Reserves	491,571	128,592	26,135	1,249,817	1,896,115
IBNR Reserves	1,000	1,084,741	347,718	1,990,432	3,423,891
Subtotal	<u>1,254,704</u>	<u>1,245,375</u>	<u>381,549</u>	<u>4,231,965</u>	<u>7,113,593</u>
Excess Insurance					
Received					-
Receivable					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Limited Incurred Claims	<u>\$ 1,254,704</u>	<u>\$ 1,245,375</u>	<u>\$ 381,549</u>	<u>\$ 4,231,965</u>	<u>\$ 7,113,593</u>
Number of Claims	<u>141</u>	<u>153</u>	<u>47</u>	<u>210</u>	<u>551</u>
Cost per Claim	<u>\$ 8,899</u>	<u>\$ 8,140</u>	<u>\$ 8,118</u>	<u>\$ 20,152</u>	<u>\$ 12,910</u>

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, 2022

	<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)	\$ 692,162	\$ 164,717	\$ 56,091	\$ 2,815,108	\$ 3,728,078
Case Reserves	28,070	332,201	22,700	1,681,518	2,064,489
IBNR Reserves	-	788,970	58,528	186,502	1,034,000
Subtotal	720,232	1,285,888	137,319	4,683,128	6,826,567
Excess Insurance					
Received					-
Receivable					-
Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ 720,232	\$ 1,285,888	\$ 137,319	\$ 4,683,128	\$ 6,826,567
Number of Claims	126	221	74	324	745
Cost per Claim	\$ 5,716	\$ 5,818	\$ 1,856	\$ 14,454	\$ 9,163

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, 2022

	<u>Coverages</u>				<u>Total</u>
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	
Paid Claims (Net of Recoveries)	\$ 704,272	\$ 167,866	\$ 585,584	\$ 3,527,938	\$ 4,985,660
Case Reserves	36	372,328	32,953	978,077	1,383,394
IBNR Reserves	-	285,550	116,619	90,534	492,703
Subtotal	<u>704,308</u>	<u>825,744</u>	<u>735,156</u>	<u>4,596,549</u>	<u>6,861,757</u>
Excess Insurance					
Received					-
Receivable					-
Recoverable				193,094	193,094
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>193,094</u>	<u>193,094</u>
Limited Incurred Claims	<u>\$ 704,308</u>	<u>\$ 825,744</u>	<u>\$ 735,156</u>	<u>\$ 4,403,455</u>	<u>\$ 6,668,663</u>
Number of Claims	<u>162</u>	<u>188</u>	<u>71</u>	<u>335</u>	<u>756</u>
Cost per Claim	<u>\$ 4,348</u>	<u>\$ 4,392</u>	<u>\$ 10,354</u>	<u>\$ 13,145</u>	<u>\$ 8,821</u>

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2019 CLAIMS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2022

	<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)	\$ 1,255,507	\$ 463,437	\$ 119,393	\$ 3,234,768	\$ 5,073,105
Case Reserves	4	902,810	496,949	1,424,803	2,824,566
IBNR Reserves	-	38,439	1,655	51,712	91,806
Subtotal	<u>1,255,511</u>	<u>1,404,686</u>	<u>617,997</u>	<u>4,711,283</u>	<u>7,989,477</u>
Excess Insurance					
Received					-
Receivable					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Limited Incurred Claims	<u>\$ 1,255,511</u>	<u>\$ 1,404,686</u>	<u>\$ 617,997</u>	<u>\$ 4,711,283</u>	<u>\$ 7,989,477</u>
Number of Claims	<u>153</u>	<u>235</u>	<u>75</u>	<u>291</u>	<u>754</u>
Cost per Claim	<u>\$ 8,206</u>	<u>\$ 5,977</u>	<u>\$ 8,240</u>	<u>\$ 16,190</u>	<u>\$ 10,596</u>

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2022 EXPENSE ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2022 TO DECEMBER 31, 2022

	<u>Paid</u>	<u>Accrued</u>	<u>Total</u>
Excess Insurance:			
Environmental	\$ 387,983		\$ 387,983
MEL	2,939,892		2,939,892
MEL Unencumbered Surplus Account	300,000		300,000
POL/EPL	1,855,132		1,855,132
Elected Official Credits	33,750		33,750
	<hr/>		
Subtotal Excess Insurance	5,516,757	-	5,516,757
<hr/>			
Operating Expenses:			
Actuary	36,626		36,626
Administration	769,269		769,269
Administrative Consultant	47,990		47,990
Annual Planning Retreat	5,943		5,943
Attorney	116,174		116,174
Auditor		\$ 24,217	24,217
Claims Administration	515,610	118,851	634,461
Claims Auditor		7,680	7,680
Contingency	2,500		2,500
EPL/Cyber:			
EPL/Cyber Incentive Program	50,945	13,743	64,688
Fidelity Bond - Professionals	2,238		2,238
JIF Website	5,461		5,461
Legal Notices	2,019	79	2,098
Meeting Expense	1,673	1,706	3,379
Office Supplies	1,029		1,029
Other Expenses	124		124
Payroll Auditor	16,527		16,527
Performance Bond	793		793
Postage/Copies/Fax	2,383	109	2,492
PRIMA/AGRIP Conference	6,692		6,692
Printing	2,836	6,130	8,966
Property Appraiser	42,065		42,065
Record Retention Service	1,217		1,217
Recording Secretary	5,261		5,261
Risk Management Consultants	732,372		732,372
Safety Director	225,485		225,485
Safety Programs:			
Optional Safety Budget	60,331	26,886	87,217
Safety Incentive Program	2,470	164,257	166,727
Training			
Right To Know		58,035	58,035
Training	1,950		1,950
Treasurer	14,652		14,652
Underwriting Manager	12,239		12,239
Wellness Program	81,952	12,319	94,271
	<hr/>		
Subtotal Operating Expenses	2,936,676	434,012	3,460,976
	<hr/>		
Total Expenses	\$ 8,453,433	\$ 434,012	\$ 8,977,733
	<hr/>		

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, 2022

	<u>Paid</u>	<u>Accrued</u>	<u>Total</u>
Excess Insurance:			
Environmental	\$ 384,067		\$ 384,067
MEL	2,980,185		2,980,185
MEL Unencumbered Surplus Account	121,737		121,737
POL/EPL	1,789,977		1,789,977
Elected Official Credits	41,745		41,745
	<hr/>		
Subtotal Excess Insurance	5,317,711	-	5,317,711
	<hr/>		
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	506,303	\$ 106,717	613,020
Claims Auditor	-	7,680	7,680
Contingency	1,398		1,398
EPL/Cyber:			
Cyber On-Line Employee Training	3,238		3,238
EPL/Cyber Incentive Program	68,720		68,720
Fidelity Bond - Professionals	2,238		2,238
JIF Website	5,297		5,297
Legal Notices	2,051		2,051
Meeting Expense	369		369
Office Supplies	496		496
Other Expenses	130		130
Payroll Auditor	16,202		16,202
Performance Bond	349		349
Postage/Copies/Fax	1,655		1,655
PRIMA/AGRIP Conference	3,747		3,747
Printing	8,845		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	86,805		86,805
Safety Incentive Program	123,439	5,965	129,404
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	94,678		94,678
	<hr/>		
Subtotal Operating Expenses	2,974,024	120,362	3,094,386
	<hr/>		
Total Expenses	\$ 8,291,735	\$ 120,362	\$ 8,412,097
	<hr/>		

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, 2022

	<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		502,744
Claims Auditor		\$ 7,680	7,680
Contingency	11,810		11,810
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	138,235		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	2,961,016	7,680	2,968,696
	<hr/>		
Total Expenses	\$ 8,094,753	\$ 7,680	\$ 8,102,433
	<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, 2022

	<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
	<hr/>		
Operating Expenses:			
Actuary	32,648		32,648
Administration	719,928		719,928
Administrative Consultant	44,679		44,679
Annual Planning Retreat	7,917		7,917
Attorney	108,735		108,735
Auditor	22,820		22,820
Claims Administration	485,132		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	2,867,515	-	2,867,515
	<hr/>		
Total Expenses	\$ 7,853,490	-	\$ 7,853,490
	<hr/>		

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2022 PROGRAM SUMMARY--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2022 TO DECEMBER 31, 2022

	<u>Coverages</u>			
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>
Limits	\$ 125,000,000	\$ 5,000,000	\$ 5,000,000	STATUTORY/ \$ 7,000,000
Fund Retention	\$ 100,000	\$ 500,000	\$ 500,000	\$ 500,000
Excess Insurers	MEL	MEL	MEL	MEL
Number of Participants	38	38	38	38
Incurred Liabilities:				
Claims (Schedule D)	\$ 1,254,704	\$ 1,245,375	\$ 381,549	\$ 4,231,965
Operating Expenses (1)	464,360	640,714	195,798	2,160,104
	<u>\$ 1,719,064</u>	<u>\$ 1,886,089</u>	<u>\$ 577,347</u>	<u>\$ 6,392,069</u>
Exposure Units	\$ 816,360,667	345,230	2,026	\$ 149,256,810
	(Property Value)	(Population)	(Vehicles)	(Payroll)
Liabilities per Exposure Unit	\$2.11	\$5.46	\$284.97	\$42.83
	(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 2021 PROGRAM SUMMARY--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2021 TO DECEMBER 31, 2022

	<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)	\$ 720,232	\$ 1,285,888	\$ 137,319	\$ 4,683,128
Operating Expenses (1)	403,690	562,877	165,374	1,962,445
	<u>\$ 1,123,922</u>	<u>\$ 1,848,765</u>	<u>\$ 302,693</u>	<u>\$ 6,645,573</u>
Exposure Units	\$ 805,373,699	345,230	2,086	\$ 148,662,937
	(Property Value)	(Population)	(Vehicles)	(Payroll)
Liabilities per Exposure Unit	\$1.40	\$5.36	\$145.11	\$44.70
	(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, 2022

	<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)	\$ 704,308	\$ 825,744	\$ 735,156	\$ 4,403,455
Operating Expenses (1)	377,706	546,076	173,850	1,871,064
	<u>\$ 1,082,014</u>	<u>\$ 1,371,820</u>	<u>\$ 909,006</u>	<u>\$ 6,274,519</u>
Exposure Units	\$ 795,252,074	345,230	2,125	\$ 144,084,391
	(Property Value)	(Population)	(Vehicles)	(Payroll)
Liabilities per Exposure Unit	\$1.36	\$3.97	\$427.77	\$43.55
	(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 2019 PROGRAM SUMMARY--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2022

	<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)	\$ 1,255,511	\$ 1,404,686	\$ 617,997	\$ 4,711,283
Operating Expenses (1)	350,389	533,472	180,930	1,802,724
	<u>\$ 1,605,900</u>	<u>\$ 1,938,158</u>	<u>\$ 798,927</u>	<u>\$ 6,514,007</u>
Exposure Units	\$ 742,603,822	340,659	2,109	\$ 138,817,875
	(Property Value)	(Population)	(Vehicles)	(Payroll)
Liabilities per Exposure Unit	\$2.16	\$5.69	\$378.82	\$46.92
	(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, 2022

<u>Description</u>	<u>Amount</u>
<u>Cash and Cash Equivalents</u>	
Investors Bank:	
Administrative Expense Acct	\$ 2,856
Claims Account	99,225
Operating Account	2,714,370
M&T Bank:	
Commercial Checking	<u>2,516,121</u>
Total Cash and Cash Equivalents	<u>5,332,572</u>
<u>Investments</u>	
BNY Mellon	
Joint Cash Management and Investment Program (JCMI)	<u>24,224,942</u>
Total Cash, Cash Equivalents, and Investments per Schedule A - Historical Balance Sheet--Statutory Basis	<u>\$ 29,557,514</u>
Total Cash, Cash Equivalents, and Investments by Fund Year:	
2022	5,373,004
2021	3,032,957
2020	1,761,913
2019	1,783,739
MEL Unencumbered Surplus Account	1,431,527
Closed Years	<u>16,174,374</u>
	<u>\$ 29,557,514</u>

GLOUCESTER, SALEM, CUMBERLAND COUNTIES MUNICIPAL JOINT INSURANCE FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF ACCRUED EXPENSES--STATUTORY BASIS
AS OF DECEMBER 31, 2022

<u>Description</u>	<u>Fund Year</u>	<u>Amount</u>	
Administrative Expenses:			
Auditor - Bowman & Company LLP	2022	\$ 24,217	
Claims Administration - Qual-Lynx	2022	118,851	
Claims Auditor - North Shore Risk Consulting	2022	7,680	
EPL/Cyber Incentive Program	2022	13,743	
Legal Notices	2022	79	
Meeting Expense	2022	1,706	
Optional Safety Budget	2022	26,886	
Printing	2022	6,130	
Postage/Copies/Fax	2022	109	
Right to Know	2022	58,035	
Safety Incentive Program	2022	164,257	
Wellness Program	2022	<u>12,319</u>	
Total 2022 Fund Year			\$ 434,012
Administrative Expenses:			
Claims Administration- Qual-Lynx	2021	106,717	
Claims Auditor - North Shore Risk Consulting	2021	7,680	
Safety Incentive Program	2021	<u>5,965</u>	
Total 2021 Fund Year			120,362
Administrative Expenses:			
Claims Auditor - North Shore Risk Consulting	2020	<u>7,680</u>	
Total 2020 Fund Year			<u>7,680</u>
Total Accrued Expenses per Schedule A - Historical Balance Sheet--Statutory Basis			<u><u>\$ 562,054</u></u>

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to the financial statements for which *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, requires.

SCHEDULE OF FINANCIAL STATEMENT FINDINGS

None.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS 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* 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.

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