

**PUBLIC ENTITY JOINT INSURANCE FUND**

FINANCIAL STATEMENTS AND  
SUPPLEMENTAL DATA

December 31, 2022

# PUBLIC ENTITY JOINT INSURANCE FUND

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

## **PUBLIC ENTITY JOINT INSURANCE FUND**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS – (UNAUDITED)**

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The Public Entity Joint Insurance Fund (the "Fund") is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board ("GASB") Statement No. 14. The Fund is a pooling of the resources of its constituent member local units for the purpose of providing an efficient and cost-effective plan of risk management both through the pooling of risk among its members and the economies of scale in risk transfer methodologies that the size of the Fund permits. Each member local unit appoints one Commissioner to the Fund, and the Commissioners adopt budgets and set annual assessments from the members, approve annual risk management plans and oversee the operations of the Fund. The Fund is not considered a component unit of any of its member local units. In addition, the Fund does not have any component units. The following Management's Discussion and Analysis of the activities and financial performance of the Fund provides an introduction to the financial statements of the Fund as of and for the years ended December 31, 2022 and 2021. Please read the following in conjunction with the Fund's basic financial statements and accompanying notes.

The Management's Discussion and Analysis is an element of the reporting model adopted by the GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999.

#### **FINANCIAL HIGHLIGHTS**

##### **2022**

Cash and investments decreased by \$2,486,845 (73.98%) to \$874,706 in 2022 from \$3,361,551 in 2021 and total assets increased by \$5,921,219 (110.19%) to \$11,294,653 in 2022 from \$5,373,434 in 2021.

Claims reserves increased by \$3,605,740 (28.69%) to \$16,171,837 in 2022 from \$12,566,097 in 2021.

The Fund had a net gain of \$2,313,729 in 2022 versus a net loss of \$3,923,954 in 2021.

##### **2021**

Cash and investments decreased by \$132,191 (3.78%) to \$3,361,551 in 2021 from \$3,493,742 in 2020 and total assets decreased by \$188,364 (3.39%) to \$5,373,434 in 2021 from \$5,561,798 in 2020.

Claims reserves increased by \$3,746,824 (42.48%) to \$12,566,097 in 2021 from \$8,819,273 in 2020.

The Fund had a net loss of \$3,923,954 in 2021 versus \$1,350,489 in 2020.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Fund is a self-supporting entity and follows business-type activities fund reporting. The Fund's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Enterprise fund statements reflect short and long-term financial information about the activities and operations of the Fund. These statements are presented in a manner similar to a private business. See the notes to the financial statements for a summary of the Fund's significant accounting policies.

## PUBLIC ENTITY JOINT INSURANCE FUND

### MANAGEMENT'S DISCUSSION AND ANALYSIS – (UNAUDITED)

#### FINANCIAL ANALYSIS OF THE FUND

##### Financial Position

The following table summarizes the changes in financial position and increase/decrease in net position between December 31, 2022, 2021 and 2020:

	2022	2021	2020	2021-2022 \$ Increase (Decrease)	2021-2022 % Increase (Decrease)
Cash, Cash Equivalents & Investments	\$ 874,706	\$ 3,361,551	\$ 3,493,742	\$ (2,486,845)	(74%)
Assessments Receivable	7,661,462	-	-	7,661,462	100%
Deductible & Co-Insurance Receivables	141,163	53,596	51,978	87,567	163%
Recoverable from Excess Carriers	1,383,338	1,395,750	1,722,460	(12,412)	(1%)
Other Assets	1,233,984	562,537	293,618	671,447	119%
Total Assets	11,294,653	5,373,434	5,561,798	5,921,219	110%
Total Liabilities	16,225,585	12,618,095	8,882,505	3,607,490	29%
Net Position (Deficit)	<u>\$ (4,930,932)</u>	<u>\$ (7,244,661)</u>	<u>\$ (3,320,707)</u>	2,313,729	32%

##### Assets

###### 2022

The Fund's cash flow from operations is invested in an interest-bearing custody account and with the New Jersey Cash Management Fund. The Fund utilizes a nightly sweep for investment purposes with its financial institution. During 2022 and 2021, the Fund also invested its available funds in U.S. Treasury Securities and U.S. Government Agency Securities.

The Fund recorded receivables in the amount of \$1,524,501 that consisted of \$141,163 of balances due from its members representing the members' deductible and co-insurance amounts on its Employment Practices Liability claims. The unbilled deductibles and co-insurance will be billed as the claims are closed. Additionally, recoverables from excess carriers represent amounts from claims that exceed retention levels in accordance with the Fund's excess insurance program. The balance of \$1,383,338 as of December 31, 2022, reflects amounts due from excess carriers under the Employment Practices Liability aggregate stop loss program during the 2015, 2016, 2017 and 2020 Fund years of \$834,151 and excess insurance for all other lines of business during the 2015 through 2021 Fund years of \$549,187.

In 2022, the Fund authorized supplemental assessments to members based on fund years 2014 through 2020 due to their deficit status, to be received over a five-year installment plan. Retrospective loss experience rating plan assessments were also authorized to certain members. At December 31, 2022, assessments receivable were \$7,661,462.

Other assets include accrued interest, prepaid expense, and a receivable from a related party. The increase in total assets from 2022 primarily resulted from the supplemental and retrospective assessments authorized and increase in prepaid expense, offset by decreases in cash and cash equivalents and investments.

###### 2021

The Fund's cash flow from operations is invested in an interest-bearing custody account and with the New Jersey Cash Management Fund. The Fund utilizes a nightly sweep for investment purposes with its financial institution. During 2021 and 2020, the Fund also invested its available funds in U.S. Treasury Securities and U.S. Government Agency Securities.

## PUBLIC ENTITY JOINT INSURANCE FUND

### MANAGEMENT'S DISCUSSION AND ANALYSIS – (UNAUDITED)

#### FINANCIAL ANALYSIS OF THE FUND (CONTINUED)

##### Assets (Continued)

###### 2021 (Continued)

The Fund recorded receivables in the amount of \$1,449,346 that consisted of \$53,596 of balances due from its members representing the members' deductible and co-insurance amounts on its Employment Practices Liability claims. The unbilled deductibles and co-insurance will be billed as the claims are closed. Additionally, recoverables from excess carriers represent amounts from claims that exceed retention levels in accordance with the Fund's excess insurance program. The balance of \$1,395,750 as of December 31, 2021, reflects amounts due from excess carriers under the Employment Practices Liability aggregate stop loss program during the 2016 and 2017 Fund years of \$935,532 and excess insurance for all other lines of business during the 2015 through 2021 Fund years of \$460,218.

Other assets include accrued interest and prepaid expense. The decrease in total assets from 2020 primarily resulted from a decrease in recoverable from excess carriers, offset by an increase in prepaid expense.

##### Liabilities

The liability for unpaid losses and loss adjustment expenses reported in the financial statements includes case basis estimates of reported claims plus supplemental amounts for potential development of known claims and amounts for claims incurred but not yet reported. The ultimate liability for these claims has been calculated based upon loss projections utilizing certain assumptions and industry data. Management believes that its aggregate liability for unpaid losses and loss adjustment expenses at year end represents its best estimate, based upon the available data, of the amount necessary to cover the ultimate cost of losses; however, because of the limited population of insured risks, limited historical data and the nature of the coverage provided, it is not presently possible to determine whether actual loss experience will conform to the assumptions used in determining the estimated amounts for such liability at the statement of net position date. Accordingly, the ultimate liability could be in excess of or less than the amount indicated in the financial statements. As adjustments to these estimates become necessary, such adjustments are reflected in current operations.

Expenses payable represents the liability for expenses incurred at year end but not paid as of the statement of net position date.

##### **Results of Operations**

The following table summarizes the changes in results of operations between fiscal years 2022, 2021 and 2020:

	2022	2021	2020	2021-2022 \$ Increase (Decrease)	2021-2022 % Increase (Decrease)
Revenues	\$ 17,537,389	\$8,396,395	\$7,968,318	\$ 9,140,994	109%
Claims	(7,142,077)	(6,136,443)	(3,872,754)	(1,005,634)	(16%)
Expenses	(8,088,309)	(6,184,302)	(5,519,282)	(1,904,007)	(31%)
Operating gain (loss)	2,307,003	(3,924,350)	(1,423,718)	6,231,353	159%
Net Investment income	6,726	396	73,229	6,330	1,598%
Changes in net position	\$ 2,313,729	\$ (3,923,954)	\$ (1,350,489)	6,237,683	159%

## PUBLIC ENTITY JOINT INSURANCE FUND

### MANAGEMENT'S DISCUSSION AND ANALYSIS – (UNAUDITED)

#### FINANCIAL ANALYSIS OF THE FUND (CONTINUED)

##### Results of Operations (Continued)

Revenues consist of Fund member contributions. The changes in revenues and expenses were in line with budgets adopted for the year as required by the New Jersey Department of Banking and Insurance and the Department of Community Affairs, State of New Jersey.

##### Cash Flow and Liquidity

The following table summarizes the changes in cash flow and liquidity for the fiscal years ended December 31, 2022, 2021 and 2020:

	2022	2021	2020
Cash Flows from Operating Activities			
Cash Contributions Received from Participants and Other Sources	\$ 9,574,114	\$ 8,290,089	\$ 5,937,450
Cash Payments for Goods and Services	(2,334,752)	(2,029,964)	(2,042,884)
Cash Payments for Risk Transfer Premiums	(5,751,807)	(4,165,572)	(3,470,180)
Cash Payments for Costs of Claims	(3,979,403)	(2,235,515)	(1,564,906)
Net Cash from Operating Activities	(2,491,848)	(140,962)	(1,140,520)
Cash Flows from Investing Activities			
Redemption of Investments	1,907,547	550,970	1,073,689
Investment Income	5,003	8,772	79,958
Net Cash from Investing Activities	1,912,550	559,741	1,153,647
Net Change in Cash and Cash Equivalents	(579,298)	418,779	13,127
Cash and Cash Equivalents, Beginning of Year	707,230	288,451	275,324
Cash and Cash Equivalents, End of Year	\$ 127,932	\$ 707,230	\$ 288,451

In order to provide for an increase in the yield on investments while managing credit risk, in 2022 and 2021 the Fund continued investing in U.S. Treasury and U.S. Government Agency Securities.

The remaining amount of cash and cash equivalents held by the Fund is kept in a Governmental Unit Deposit Protection Act ("GUDPA") approved account which enables the Fund to maintain optimum liquidity. When cash is channeled into securities, the Fund's investment strategy is to invest in those assets whose maturities are similar to the actuarial expected payout of the related losses and loss adjustment expenses. The Fund has sufficient cash resources to meet its statement of net position liabilities as they become due.

##### DEBT ADMINISTRATION

The Fund has no debt as of the date of this report.

##### CONTACTING THE FUND'S MANAGEMENT

This financial report is designed to provide its constituent members and their residents and taxpayers, and the Fund's customers, investors and creditors, with a general overview of the Fund's finances and to demonstrate the Fund's accountability for the money it receives. If you have questions about this report or need additional information, please contact Jonathan Hall, Executive Director, Public Entity Joint Insurance Fund, NIP Group, Inc., 900 Route 9 North, Suite 503, Woodbridge, NJ 07095.



## **INDEPENDENT AUDITORS' REPORT**

## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Chairperson  
and Board of Fund Commissioners of the  
Public Entity Joint Insurance Fund  
Woodbridge, New Jersey 07095

### **Report on the Audits of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Public Entity Joint Insurance Fund (the "Fund"), as of and for the years ended December 31, 2022 and 2021, and the related notes to financial statements, which comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above, except for the effects of any potential adjustments pertaining to the unaudited Incurred But Not Reported ("IBNR") reserve balance as described in the Basis for Qualified Opinion paragraph, present fairly, in all material respects, the financial position of the Fund as of December 31, 2022 and 2021, and the changes in financial position and cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Qualified Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements prescribed by the State of New Jersey, Departments of Community Affairs ("DCA") and Banking and Insurance ("DOBI"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits 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 opinion.

As permitted by the DCA and DOBI, audit procedures were not extended to the underlying actuarial assumptions for IBNR reserve amounts, as these assumptions are prepared by the Fund's actuary.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### ***Auditors' Responsibilities for the Audits 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and audit requirements prescribed by the DCA and DOBI, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and audit requirements prescribed by the DCA and DOBI, 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and ten year claims development information, as 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### ***Other Supplementary Information***

Management is responsible for the supplemental schedules included in the financial statements. The supplemental schedules, as listed in the table of contents, do not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other supplementary information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other supplementary information and consider whether a material inconsistency exists between the other supplementary information and the basic financial statements, or the other supplementary information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other supplementary information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 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.

*Mercadieu, P.C.*

*Certified Public Accountants*

June 28, 2023

## **BASIC FINANCIAL STATEMENTS**

## PUBLIC ENTITY JOINT INSURANCE FUND

### STATEMENTS OF NET POSITION

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash & Cash Equivalents	\$ 127,932	\$ 707,230
Investments	746,774	2,654,321
Recoverables Recorded not Billed	1,524,501	1,449,346
Assessments Receivable	7,661,462	-
Accrued Interest	4,977	3,254
Prepaid Expense	1,204,723	534,709
Other Assets	24,284	24,574
	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 11,294,653</u>	<u>\$ 5,373,434</u>
 <u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Claims:		
Case Reserves	\$ 7,810,643	\$ 6,613,095
IBNR Reserves	7,141,264	5,176,137
Claims Payable	1,219,930	776,865
Expenses:		
Accrued Expenses	53,748	51,998
	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>16,225,585</u>	<u>12,618,095</u>
	 <u>                    </u>	 <u>                    </u>
Net Position (Deficit)	<u>\$ (4,930,932)</u>	<u>\$ (7,244,661)</u>

## PUBLIC ENTITY JOINT INSURANCE FUND

### STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b><u>REVENUES</u></b>		
Assessments - Participating Members	\$ 9,706,350	\$ 8,396,395
Special Assessments	<u>7,831,039</u>	<u>-</u>
Total Revenues	<u>17,537,389</u>	<u>8,396,395</u>
<b><u>EXPENSES</u></b>		
Provision for Claims and Claim Adjustment Expense - Net	7,142,077	6,136,443
Excess Insurance Premiums	5,751,807	4,165,572
Administrative Expenses	<u>2,336,502</u>	<u>2,018,730</u>
Total Expenses	<u>15,230,386</u>	<u>12,320,745</u>
Operating Income (Loss)	2,307,003	(3,924,350)
Non-Operating Income:		
Net Investment Income	<u>6,726</u>	<u>396</u>
Total Non-Operating Income	<u>6,726</u>	<u>396</u>
Changes in Net Position	2,313,729	(3,923,954)
Net Position - Beginning of Year	<u>(7,244,661)</u>	<u>(3,320,707)</u>
Net Position - End of Year	<u>\$ (4,930,932)</u>	<u>\$ (7,244,661)</u>

## PUBLIC ENTITY JOINT INSURANCE FUND

### STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Cash Contributions Received from Participants and Other Sources	\$ 9,574,114	\$ 8,290,089
Cash Payments for Goods and Services	(2,334,752)	(2,029,964)
Cash Payments for Risk Transfer Premiums	(5,751,807)	(4,165,572)
Cash Payments for Costs of Claims	(3,979,403)	(2,235,515)
Net Cash from Operating Activities	<u>(2,491,848)</u>	<u>(140,962)</u>
Cash Flows from Investing Activities		
Redemption of Investments	1,907,547	550,970
Investment Income	5,003	8,772
Net Cash from Investing Activities	<u>1,912,550</u>	<u>559,741</u>
Net Change in Cash and Cash Equivalents	(579,298)	418,779
Cash and Cash Equivalents, Beginning of Year	707,230	288,451
Cash and Cash Equivalents, End of Year	<u>\$ 127,932</u>	<u>\$ 707,230</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:		
Operating Income (Loss)	\$ 2,307,003	\$ (3,924,350)
Adjustment to Reconcile Operating Loss to Net Cash from Operating Activities:		
Change in Assets and Liabilities:		
Receivables & Prepaids	(8,406,341)	47,798
Claim Reserves	3,605,740	3,746,824
Accrued Expenses	1,750	(11,234)
Net Cash from Operating Activities	<u>\$ (2,491,848)</u>	<u>\$ (140,962)</u>



## **NOTES TO FINANCIAL STATEMENTS**

## PUBLIC ENTITY JOINT INSURANCE FUND

### NOTES TO FINANCIAL STATEMENTS

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#### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Description of the Fund

The Public Entity Joint Insurance Fund (the "Fund") was established, effective January 1, 2014, in accordance with P.L. 1983, c.372 of the State of New Jersey, entitled "An Act Concerning Joint Insurance Funds for Local Units of Government", codified as N.J.S.A. 40A:10-1 et seq. The Department of Banking and Insurance ("DOBI") and the Department of Community Affairs ("DCA") of the State of New Jersey have been designated by statute as oversight agencies for joint insurance funds and have issued regulations governing the operations of these funds. The Fund provides for a pooling of the participants' insurable risks and the associated resources available to manage these risks. The Fund operates in accordance with its bylaws and its Plan of Risk Management and Annual Budget.

Participating entities generally must remain in the Fund for a minimum of three (3) years unless terminated by a majority vote of the Fund Commissioners or a two-thirds vote of the Executive Committee for nonpayment of assessments or continued noncompliance after written notice to comply with the bylaws or other obligations. The Fund has eight members in total for 2022 and 2021.

Member contributions to the Fund for claim payments are based on the actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to ensure the payment of the Fund's obligations.

The Fund's administration is provided by an executive director/administrator. Fees paid to the administrative consultants encompass the administrative duties that are performed at the administrative consultant's office. Accordingly, the Fund does not maintain any fixed assets or incur payroll expense.

The following primary coverages are offered by the Fund to its members:

- a) Workers' Compensation
- b) General Liability
- c) Property Damage/APD
- d) Auto Liability
- e) Employment Practices Liability/Public Officials Liability

##### Reporting Entity

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

## **PUBLIC ENTITY JOINT INSURANCE FUND**

### **NOTES TO FINANCIAL STATEMENTS**

---

#### **A.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Basis of Presentation and Accounting**

The financial statements of the Fund have been prepared in accordance with accounting principles generally accepted in the United States of America. The Fund's financial statements are presented as those of an enterprise fund. The focus of an enterprise fund is a measurement of economic resources, that is, the determination of change in net position, financial position and cash flows.

Enterprise funds are used to account for activities that are operated in a manner similar to private business enterprises.

The Fund uses the accrual basis of accounting, whereby income is recorded as earned and expenses are recognized as incurred.

##### **Income Taxes**

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

##### **Assessments**

The gross claim fund assessment is determined by the actuary and, when combined with expense and excess premium projections, constitutes the Fund's budget. Assessments for participating municipalities are determined by underwriting criteria established by the Executive Committee.

##### **Unpaid Claims Liabilities**

The Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of excess insurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claim 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 charged or credited to expense in the periods in which they are made. Beginning in fiscal year 2021, the Fund discounts estimated claim liabilities as described in Note H. The recorded value of discounted estimated claim liabilities is subject to interest rate risk as the discount rate is based on management's estimate of potential investment portfolio performance.

In accordance with practices prescribed or permitted by the DCA and DOBI, the independent auditors' procedures were not extended to the underlying actuarial assumptions for Incurred But Not Reported (IBNR) reserve amounts since they are prepared by the Fund's actuary.

## PUBLIC ENTITY JOINT INSURANCE FUND

### NOTES TO FINANCIAL STATEMENTS

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#### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **Recoverables from Excess Carriers**

The Fund uses excess insurance agreements to reduce its exposure to large losses on certain types of insured events. Excess insurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Fund as direct insurer of the risks reinsured. The Fund does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers.

##### **Recoverables Recorded not Billed**

During the years ended December 31, 2022 and 2021, the Fund has recorded as accounts receivable recoverables due from members for claims expenses paid by the Fund based upon levels of self-retention. The Fund will bill these receivables to the members when the claim status is 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 to and approved by a majority of the Commissioners.

##### **Claims Case Reserves**

Case reserves include estimated unpaid claim costs for claimants and allocated claims adjustment expenses as reported by the service agent.

##### **Claims Incurred But Not Reported (IBNR) Reserves**

In order to recognize claims incurred but not reported, a reserve is calculated by the Fund's actuary within an acceptable range from the estimated outstanding reserve.

IBNR reserves include:

- a) Known loss events that are expected to, at a later time, be presented as claims,
- b) Unknown loss events that are expected to become claims, and
- c) Expected future development on claims already reported.

##### **Summary of Risk Management Program**

A summary of the Fund's Risk Management Program is provided in Schedule E, which is included in the Supplemental Schedules section of this report.

##### **Rounding**

Some schedules in the financial statements may have dollar differences due to rounding adjustments.

## PUBLIC ENTITY JOINT INSURANCE FUND

### NOTES TO FINANCIAL STATEMENTS

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#### B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes amounts on deposit, money market accounts, and short-term investments with original maturities of ninety days or less.

Deposits were with contracted depository banks in interest-bearing accounts that were insured under the New Jersey Governmental Unit Deposit Protection Act ("GUDPA"). All such deposits are held in the Fund's name.

GUDPA permits the deposit of public funds in the State of New Jersey Cash Management Fund ("CMF") or in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation ("FDIC") or by any other agencies of the United States that insure deposits. GUDPA requires public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

Each depository participating in the GUDPA system must pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million. The minimum 5% pledge applies to institutions that are categorized as "well capitalized" by federal banking standards. The percentage of the required pledge will increase for institutions that are less than "well capitalized."

No collateral is required for amounts covered by FDIC or National Credit Union Share Insurance Fund ("NCUSIF") insurance. The collateral which may be pledged to support these deposits includes obligations of state and federal governments, insured securities and other collateral approved by the DOBI. When the capital position of the depository deteriorates, or the depository takes an unusually large amount of public deposits, the DOBI requires additional collateral to be pledged.

If a governmental depository fails and the FDIC or NCUSIF insurance does not insure or pay out the full amount of public deposits, the collateral pledged to protect these funds would first be liquidated and paid out. If this amount is insufficient, other institutions holding public funds would be assessed pro rata up to 4% of their uninsured public funds. Although these protections do not constitute a 100% guarantee of the safety of all funds, no governmental unit under GUDPA has ever lost protected deposits.

As of December 31, 2022 and 2021, the carrying value of the Fund's cash and cash equivalents was \$127,932 and \$707,230, respectively. As of December 31, 2022 and 2021, the Fund's bank balances were \$1,199,776 and \$1,431,531, respectively, and were exposed to risk as follows:

	2022	2021
Insured and Collateralized	\$ 310,276	\$ 255,101
Uninsured and Collateralized	889,500	1,176,430
Total	<u>\$ 1,199,776</u>	<u>\$ 1,431,531</u>

## **PUBLIC ENTITY JOINT INSURANCE FUND**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **B.CASH AND CASH EQUIVALENTS (CONTINUED)**

##### **Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the local unit's deposits may not be returned to it. As of December 31, 2022 and 2021, with respect to the Fund's bank balances, \$310,276 and \$255,101, respectively, were covered by federal depository insurance and \$889,500 and \$1,176,430, respectively, were covered by the collateral pool maintained by the banks as required by New Jersey statutes. The Fund adheres to the requirements of the GUDPA statute.

Concentration of Credit Risk – This is the risk associated with the amount of investments the Fund has with any one issuer that exceeds five percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and the CMF are excluded from this requirement. None of the investments held by the Fund are exposed to concentration of credit risk.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Fund does not have an investment policy regarding credit risk, however, the Fund had no investments that were subject to credit risks as of December 31, 2022 and 2021.

Interest Rate Risk – This 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 interest rate fluctuations. However, its practice is to hold investments to maturity.

#### **C.INVESTMENTS**

New Jersey statutes and the cash management plan of the Fund's Board of Commissioners permit the Fund to purchase the following types of investments:

- a. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- b. Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the dates of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- c. Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located; or bonds or other obligations, having a maturity date not exceeding 397 days, approved by the Division of Investment of the Department of Treasury for investment by local units.
- d. Government money market mutual funds.
- e. Repurchase agreements of fully collateralized securities, subject to rules and conditions established by the DCA.
- f. Local government investment pools.
- g. Deposits with the CMF.

## PUBLIC ENTITY JOINT INSURANCE FUND

### NOTES TO FINANCIAL STATEMENTS

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#### C. INVESTMENTS (CONTINUED)

Investments are recorded at market value based on quoted market prices.

Investments at year end are categorized to give an indication of the level of risk assumed by the Fund. The categories are described as follows:

Category A –Insured, registered or securities held by the Fund or its agent in the Fund’s name.

Category B –Uninsured and unregistered with securities held by the counterparty’s trust department or agent in the Fund’s name.

Category C –Uninsured and unregistered with securities held by the counterparty, or its trust department or agent, but not in the Fund’s name.

The Fund’s Level 1 investments at December 31, 2022 and 2021, are categorized as follows:

	Risk Category	Market Value	
		2022	2021
U.S. Treasury Securities	A	\$ 746,774	\$ 2,654,321
		<u>\$ 746,774</u>	<u>\$ 2,654,321</u>

Based upon existing investment policies, the Fund is generally not exposed to interest rate risk as, depending upon market conditions, investments can be held to maturity. Also, investments held are limited to U.S. Treasury or U.S. Government Agency securities, thereby mitigating credit risk and concentration of credit risk, nor are the Fund’s deposits and investments exposed to foreign currency risks.

As of December 31, 2022 and 2021, the Fund had net unrealized investment losses in the amount of \$4,028 and \$7,692, respectively, which represent the difference between investment market value and cost basis. The composition of the net investment income as shown in the statements of revenues, expenses and changes in net position for years ended December 31, 2022 and 2021, are as follows:

	2022	2021
Change in unrealized investment gains/(losses)	\$ 3,664	\$ (17,971)
Realized loss on investments	(18,025)	(11,356)
Interest income	21,087	29,723
	<u>\$ 6,726</u>	<u>\$ 396</u>

#### D. PERMANENT FUND TRANSFERS

Permanent inter-trust fund transfers are made upon the approval of the Commissioners, following prior written notification to the Commissioners of DOBI and the DCA.

Inter-year fund transfers require prior approval of the DCA and DOBI. The fund may seek approval from the Commissioners 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 24 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 calculated according to regulation.

## PUBLIC ENTITY JOINT INSURANCE FUND

### NOTES TO FINANCIAL STATEMENTS

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#### D. PERMANENT FUND TRANSFERS (CONTINUED)

The membership for each fiscal year involving inter-year fund transfers must be identical between fiscal years. This requirement may be waived by the Commissioners provided the fund demonstrates it maintains records of each member's pro rata share of each claim or loss retention account, and that the transfer may be made so that any potential dividend shall not be reduced for a member that did not participate in the year receiving the transfer.

All fund transfers are recognized at the time actual transfers take place. There were no such transfers during 2022 or 2021.

#### E. RETURN OF SURPLUS

Refunds are recognized upon authorization of the Commissioners. Any reserves for a Fund year in excess of the amount necessary to fund all obligations for that fiscal year as certified by the Fund's actuary may be declared to be refundable by the Fund, subject to the effective time periods set forth by regulation. 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 equal or exceed the surplus retention requirement calculated according to regulation. A full and final refund is not allowed until all case reserves and IBNR reserves are closed.

#### F. MINIMUM SURPLUS (NET POSITION) REQUIREMENT

The State of New Jersey has no statutory minimum surplus requirement.

#### G. DEFICIT (NET POSITION)

The Fund will liquidate any deficit in a net position year by transferring from another net position year or by assessing members for additional contributions, in accordance with applicable New Jersey statutes and regulations.

At December 31, 2022 and 2021, the following Fund years' unrestricted net position were in a deficit position:

Fund Year	2022	2021
2014	\$ (142,861)	\$ (136,226)
2015	-	(1,023,717)
2016	138,872	(566,228)
2017	451	(656,778)
2018	(436,508)	(224,109)
2019	(107,691)	(2,174,267)
2020	(1,433,690)	(492,119)
2021	(900,711)	(1,971,223)
2022	(2,048,797)	-

In 2022, the Fund authorized supplemental assessments to all members totaling \$7,244,644 based on fund years 2014 through 2020 due to their deficit status, to be received in accordance with a five-year installment plan. The Fund also authorized retrospective rating plan assessments totaling \$586,375 to certain members who elected a retrospective loss experience ratings plan. At December 31, 2022 and 2021, assessments receivable were \$7,661,462 and \$0, respectively.

Management will continue to monitor each Fund year to minimize further losses and increased deficits and will confer with the DOBI.



## PUBLIC ENTITY JOINT INSURANCE FUND

### NOTES TO FINANCIAL STATEMENTS

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#### H. LOSS RESERVES

The liability for unpaid losses and loss adjustment expenses represents an estimate of the ultimate net cost of all losses and loss adjustment expenses incurred but not yet paid as of December 31, 2022 and 2021. This estimate is based on the estimated ultimate cost of settling the claims considering the historical experience of the Fund, various other industry statistics, including effects of inflation and other societal or economic factors, and the Fund's self-insured retention level.

The estimate of outstanding losses was recorded by the Fund as of December 31, 2022 and 2021, based on an actuarial determined range of estimates.

Actuarial Standard of Practice No. 36 states, "the actuary may determine a range of reasonable estimates that reflects the uncertainties associated with analyzing the reserves due to which the management believes that the liability for unpaid losses is adequate to cover the ultimate cost of reported and unreported claims incurred but not yet paid. However, the ultimate cost may be more or less than the estimated liability." The unpaid losses are stated net of any recoveries from excess-loss insurance. The Fund has created a loss reserve for any reported and potential unreported losses which have taken place but in which the Fund has not received notices or reports of losses. Amounts shown as negative loss reserves, if any, represent payments to the claims servicing agent in excess of claims paid and case reserves on the Fund's loss runs. These amounts, if any, are shown on the statements of net position as accounts receivable.

The Fund also purchases excess insurance policies, which provide coverage to the Fund for claims in excess of \$750,000 for workers' compensation claims, \$500,000 for general liability and automobile liability claims, \$500,000 for employment practices liability claims, and \$500,000 for public officials liability claims. Excess insurance policy coverages vary by member for property and auto physical damage claims.

For the years 2014 and 2015, an "inner corridor endorsement" was put in place for workers' compensation claims with a limit of \$250,000 per claim and \$250,000 in total. For 2016 and subsequent, the limit was increased to \$250,000 per claim and \$500,000 in total.

The Fund established an all lines of business stop loss aggregate for the years 2014 through 2020. The Fund did not establish an all lines of business stop loss aggregate for the years 2021 and 2022.

A contingent liability exists with respect to insurance coverage, which would become an actual liability in the event the insuring company might be unable to meet its obligations to the Fund under existing insurance agreements.

# PUBLIC ENTITY JOINT INSURANCE FUND

## NOTES TO FINANCIAL STATEMENTS

### H.LOSS RESERVES (CONTINUED)

The following table sets forth the case reserves for reported claims and reserves for claims related to IBNR established for each respective fund year at December 31, 2022, which have been estimated by the Fund's management.

	Property Fund	General Liability Fund	Automotive Liability Fund	Workers' Compensation Fund	Aggregate Stop	Corridor Losses	Total
2014 Fund Year:							
Case Reserves	\$ -	\$ 27,811	\$ -	\$ 13,553	\$ -	\$ -	\$ 41,364
Losses Incurred But Not Reported (IBNR)	6,842	63,385	3,842	1,433	-	-	75,502
	<u>\$ 6,842</u>	<u>\$ 91,196</u>	<u>\$ 3,842</u>	<u>\$ 14,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,866</u>
2015 Fund Year:							
Case Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Losses Incurred But Not Reported (IBNR)	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
2016 Fund Year:							
Case Reserves	\$ -	\$ -	\$ 39,993	\$ 70,485	\$ -	\$ -	\$ 110,478
Losses Incurred But Not Reported (IBNR)	14,645	40,238	2,494	46,471	-	-	103,848
	<u>\$ 14,645</u>	<u>\$ 40,238</u>	<u>\$ 42,487</u>	<u>\$ 116,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,326</u>
2017 Fund Year:							
Case Reserves	\$ -	\$ 371,535	\$ 76,120	\$ -	\$ -	\$ -	\$ 447,655
Losses Incurred But Not Reported (IBNR)	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ 371,535</u>	<u>\$ 76,120</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447,655</u>
2018 Fund Year:							
Case Reserves	\$ 897	\$ 696,619	\$ -	\$ 185,553	\$ -	\$ -	\$ 883,069
Losses Incurred But Not Reported (IBNR)	53,215	88,114	2,368	51,900	-	-	195,597
	<u>\$ 54,113</u>	<u>\$ 784,733</u>	<u>\$ 2,368</u>	<u>\$ 237,452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,078,666</u>
2019 Fund Year:							
Case Reserves	\$ 7,466	\$ 1,192,909	\$ 144,578	\$ 341,066	\$ -	\$ -	\$ 1,686,019
Losses Incurred But Not Reported (IBNR)	124,357	205,910	5,534	121,283	-	-	457,084
	<u>\$ 131,823</u>	<u>\$ 1,398,819</u>	<u>\$ 150,112</u>	<u>\$ 462,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,143,103</u>
2020 Fund Year:							
Case Reserves	\$ 1,700	\$ 820,164	\$ 449,162	\$ 812,010	\$ -	\$ -	\$ 2,083,035
Losses Incurred But Not Reported (IBNR)	258,220	427,561	11,492	251,836	-	-	949,109
	<u>\$ 259,920</u>	<u>\$ 1,247,725</u>	<u>\$ 460,654</u>	<u>\$ 1,063,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,032,144</u>
2021 Fund Year:							
Case Reserves	\$ 136,657	\$ 781,231	\$ 41,683	\$ 893,198	\$ -	\$ -	\$ 1,852,769
Losses Incurred But Not Reported (IBNR)	670,530	1,110,262	29,842	653,950	-	-	2,464,584
	<u>\$ 807,188</u>	<u>\$ 1,891,493</u>	<u>\$ 71,525</u>	<u>\$ 1,547,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,317,353</u>
2022 Fund Year:							
Case Reserves	\$ 265,233	\$ 158,626	\$ 202	\$ 282,195	\$ -	\$ -	\$ 706,256
Losses Incurred But Not Reported (IBNR)	787,778	1,304,402	35,061	768,299	-	-	2,895,540
	<u>\$ 1,053,011</u>	<u>\$ 1,463,028</u>	<u>\$ 35,263</u>	<u>\$ 1,050,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,601,796</u>

# PUBLIC ENTITY JOINT INSURANCE FUND

## NOTES TO FINANCIAL STATEMENTS

### H.LOSS RESERVES (CONTINUED)

The following table sets forth the case reserves for reported claims and reserves for claims related to IBNR established for each respective fund year at December 31, 2021, which have been estimated by the Fund's actuary.

	Property Fund	General Liability Fund	Automotive Liability Fund	Workers' Compensation Fund	Aggregate Stop	Corridor Losses	Total
2014 Fund Year:							
Case Reserves	\$ -	\$ 29,738	\$ -	\$ 11,441	\$ -	\$ -	\$ 41,179
Losses Incurred But Not Reported (IBNR)	6,149	56,965	3,821	1,288	-	-	68,223
	<u>\$ 6,149</u>	<u>\$ 86,703</u>	<u>\$ 3,821</u>	<u>\$ 12,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,402</u>
2015 Fund Year:							
Case Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Losses Incurred But Not Reported (IBNR)	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
2016 Fund Year:							
Case Reserves	\$ -	\$ 269,340	\$ 78,138	\$ 262,994	\$ -	\$ -	\$ 610,472
Losses Incurred But Not Reported (IBNR)	12,014	33,011	2,045	38,122	-	-	85,192
	<u>\$ 12,014</u>	<u>\$ 302,351</u>	<u>\$ 80,183</u>	<u>\$ 301,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 695,664</u>
2017 Fund Year:							
Case Reserves	\$ -	\$ 452,576	\$ 76,149	\$ 288,850	\$ -	\$ -	\$ 817,575
Losses Incurred But Not Reported (IBNR)	-	40,426	6,802	25,801	-	-	73,029
	<u>\$ -</u>	<u>\$ 493,002</u>	<u>\$ 82,951</u>	<u>\$ 314,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 890,604</u>
2018 Fund Year:							
Case Reserves	\$ 2,564	\$ 744,170	\$ 107,769	\$ 186,301	\$ -	\$ -	\$ 1,040,804
Losses Incurred But Not Reported (IBNR)	63,858	105,737	2,842	62,280	-	-	234,717
	<u>\$ 66,422</u>	<u>\$ 849,907</u>	<u>\$ 110,611</u>	<u>\$ 248,581</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,275,521</u>
2019 Fund Year:							
Case Reserves	\$ 9,764	\$ 1,560,554	\$ 109,275	\$ 387,446	\$ -	\$ -	\$ 2,067,039
Losses Incurred But Not Reported (IBNR)	218,426	361,670	9,721	213,025	-	-	802,842
	<u>\$ 228,190</u>	<u>\$ 1,922,224</u>	<u>\$ 118,996</u>	<u>\$ 600,471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,869,881</u>
2020 Fund Year:							
Case Reserves	\$ 32,671	\$ 431,014	\$ 75,291	\$ 342,300	\$ -	\$ -	\$ 881,276
Losses Incurred But Not Reported (IBNR)	381,392	631,507	16,974	371,960	-	-	1,401,833
	<u>\$ 414,063</u>	<u>\$ 1,062,521</u>	<u>\$ 92,265</u>	<u>\$ 714,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,283,109</u>
2021 Fund Year:							
Case Reserves	\$ 331,200	\$ 391,339	\$ 916	\$ 431,295	\$ -	\$ -	\$ 1,154,750
Losses Incurred But Not Reported (IBNR)	682,968	1,130,857	30,396	666,080	-	-	2,510,301
	<u>\$ 1,014,168</u>	<u>\$ 1,522,196</u>	<u>\$ 31,312</u>	<u>\$ 1,097,375</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,665,051</u>

## **PUBLIC ENTITY JOINT INSURANCE FUND**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **H. LOSS RESERVES (CONTINUED)**

With regard to the IBNR reserves totaling \$7,141,264 and \$5,176,137 at December 31, 2022 and 2021, respectively, the amounts recorded were determined by the Fund's management, who estimated the IBNR reserves to be approximate to the discounted low estimate of the actuarially estimated IBNR reserves. The discounted actuarial central estimates of approximately \$8,209,829 and \$6,405,159, respectively, were significantly higher than historic IBNR reserves due to different assumptions and methods used (the Fund engaged a new actuary firm beginning in 2021). To account for the inherent uncertainty of the establishment of the IBNR reserves and to normalize any impacts from changes in actuarial methods and assumptions, in 2022 management has begun prorating the recognition of the actuarial central estimate over a three-year period, with the actuarial central estimate being recorded in full as of December 31, 2024.

The undiscounted amounts of the case and IBNR reserves as of December 31, 2022, approximately \$9,165,642 and \$9,906,049, respectively, differ from the carrying values of \$7,810,643, and \$7,141,264, respectively, due to the case and IBNR reserves being discounted at an interest rate of 4.664%, which was estimated by management and is based on the 2-year treasury annual interest rate as of February 23, 2023. The undiscounted amounts of the case and IBNR reserves as of December 31, 2021, approximately \$7,229,300 and \$5,658,448, respectively, differ from the carrying values of \$6,613,095 and \$5,176,137, respectively, due to the case and IBNR reserves being discounted at an interest rate of 2.589%, which was estimated by management and is based on the 2-year treasury annual interest rate as of May 23, 2022.

#### **I. RELATED PARTIES**

The Fund pays underwriting fees, risk management fees, and claims handling fees to an affiliated company of the Fund's administrator. For the years ended December 31, 2022 and 2021, the Fund paid \$1,261,939 and \$1,079,943, respectively, to the Fund's administrator as per the management agreement.

#### **J. CHANGES IN UNPAID CLAIMS AND LIABILITIES**

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

The following represents changes in those aggregate reported case reserves for the Fund during 2022 and 2021, and for all open Fund years, net of excess insurance recoveries.

## PUBLIC ENTITY JOINT INSURANCE FUND

### NOTES TO FINANCIAL STATEMENTS

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#### J. CHANGES IN UNPAID CLAIMS AND LIABILITIES (CONTINUED)

	<u>2022</u>	<u>2021</u>
Total Unpaid Claims and Claims Adjustment Expenses – All Fund Years – Beginning of Year	\$ 6,613,095	\$ 4,939,691
Incurred Claims and Claims Adjustment Expenses:		
Provision for Insured Events – Current Year	1,358,682	1,673,142
Changes in Provision for Insured Events – Prior Years	<u>3,818,269</u>	<u>2,235,777</u>
Total Incurred Claims and Claims Adjustment Expenses - All Fund Years - Subtotal	<u>5,176,951</u>	<u>3,908,919</u>
Subtotal	11,790,046	8,848,610
Payments:		
Claims and Claims Adjustment Expenses	<u>(3,979,403)</u>	<u>(2,235,515)</u>
Total Unpaid Claims and Claims Adjustment Expenses – All Fund Years – End of Year	<u>\$ 7,810,643</u>	<u>\$ 6,613,095</u>

#### K. PENDING LITIGATION

The Fund has not been named in any lawsuits. In addition, there are no matters of pending or threatened litigation involving the Fund.

#### L. PENDING GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT

The GASB has issued Statement No. 100, "*Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62.*" This statement is required to be adopted by the Fund for the year ending December 31, 2024. The Fund has not determined the effect of Statement No. 100 on the financial statements.

#### M. SUBSEQUENT EVENTS

Management has evaluated events subsequent to December 31, 2022 through June 28, 2023, noting no significant subsequent events requiring disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**PUBLIC ENTITY JOINT INSURANCE FUND**

**TEN YEAR CLAIMS DEVELOPMENT INFORMATION (UNAUDITED)**

Exhibit A

	FUND YEAR								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Underwriting Income-Required Contributions	\$ 4,012,909	\$ 5,864,126	\$ 6,347,965	\$ 6,933,139	\$ 7,032,520	\$ 7,310,565	\$ 7,968,318	\$ 8,396,395	\$ 9,706,350
Special Assessments	-	-	-	-	-	-	-	-	7,831,039
Investment Income	484	(698)	27,540	24,411	80,218	34,965	29,260	127	1,007
	<u>4,013,393</u>	<u>5,863,428</u>	<u>6,375,505</u>	<u>6,957,550</u>	<u>7,112,738</u>	<u>7,345,530</u>	<u>7,997,578</u>	<u>8,396,522</u>	<u>17,538,396</u>
Excess Insurance Premiums	1,538,932	2,424,689	2,618,761	2,797,380	3,153,664	3,447,031	3,470,180	4,165,572	5,751,807
Administrative Expenses	1,005,562	1,469,005	1,536,294	1,686,818	1,707,611	1,873,146	2,049,102	2,018,730	2,336,502
	<u>2,544,494</u>	<u>3,893,694</u>	<u>4,155,055</u>	<u>4,484,198</u>	<u>4,861,275</u>	<u>5,320,177</u>	<u>5,519,282</u>	<u>6,184,302</u>	<u>8,088,309</u>
Estimated Incurred Claims-End of Policy Year	<u>829,676</u>	<u>1,092,259</u>	<u>557,645</u>	<u>1,200,295</u>	<u>724,364</u>	<u>1,160,840</u>	<u>1,044,890</u>	<u>1,673,142</u>	<u>1,358,682</u>
Cumulative Paid Claims:									
End of Policy Year	120,933	453,920	282,911	603,954	451,119	612,387	324,473	518,392	652,426
One Year Later	279,794	1,203,432	641,493	1,052,391	562,520	789,274	688,446	769,177	-
Two Years Later	792,022	2,071,257	1,138,092	1,369,505	815,336	1,345,948	1,373,173	-	-
Three Years Later	1,075,705	2,718,748	1,552,764	2,004,315	1,208,540	2,182,163	-	-	-
Four Years Later	1,338,539	2,948,450	2,001,963	2,284,396	1,842,721	-	-	-	-
Five Years Later	1,339,745	3,000,000	2,126,215	2,727,344	-	-	-	-	-
Six Years Later	1,516,276	3,000,000	2,468,939	-	-	-	-	-	-
Seven Years Later	1,515,216	3,000,000	-	-	-	-	-	-	-
Eight Years Later	1,650,613	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-
Cumulative Incurred Claims:									
End of Policy Year	829,676	1,092,259	557,645	1,200,295	724,364	1,160,840	1,044,890	1,673,142	1,358,682
One Year Later	1,461,023	2,449,998	1,281,531	1,835,894	866,861	2,242,940	1,569,722	2,621,946	-
Two Years Later	1,889,715	3,063,653	1,868,622	2,867,016	1,844,863	3,412,987	3,456,208	-	-
Three Years Later	2,083,331	3,000,000	2,308,196	3,175,000	2,249,344	3,868,182	-	-	-
Four Years Later	1,770,991	3,000,000	2,535,035	3,101,971	2,725,790	-	-	-	-
Five Years Later	2,056,406	3,000,000	2,736,687	3,174,999	-	-	-	-	-
Six Years Later	1,548,600	3,000,000	2,579,417	-	-	-	-	-	-
Seven Years Later	1,556,395	3,000,000	-	-	-	-	-	-	-
Eight Years Later	1,691,977	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-
Increase in Cumulative Incurred Claims from End of Policy Year	<u>\$ 862,301</u>	<u>\$ 1,907,741</u>	<u>\$ 2,021,772</u>	<u>\$ 1,974,704</u>	<u>\$ 2,001,426</u>	<u>\$ 2,707,342</u>	<u>\$ 2,411,318</u>	<u>\$ 948,804</u>	<u>\$ -</u>

See independent auditors' report.

**SUPPLEMENTAL SCHEDULES (UNAUDITED)**



**PUBLIC ENTITY JOINT INSURANCE FUND**

**OPERATING RESULTS ANALYSIS – ALL YEARS COMBINED**

Year Ended December 31, 2022

Schedule A

	COVERAGES AND OTHER ACCOUNTS								TOTALS
	PROPERTY	GENERAL LIABILITY	AUTOMOTIVE	WORKERS' COMPENSATION	CORRIDOR LOSSES	AGGREGATE STOP	EXCESS INSURANCE POLICIES	GENERAL AND ADMINISTRATIVE	
1. Underwriting Income:									
Regular Contributions	\$ 2,007,655	\$ 8,427,040	\$ 1,458,732	\$ 7,545,413	\$ -	\$ -	\$ 28,416,669	\$ 15,716,784	\$ 63,572,293
Special Assessments	844,611	3,490,168	562,575	2,933,685	-	-	-	-	7,831,039
	<u>2,852,266</u>	<u>11,917,208</u>	<u>2,021,307</u>	<u>10,479,098</u>	<u>-</u>	<u>-</u>	<u>28,416,669</u>	<u>15,716,784</u>	<u>71,403,332</u>
2. Incurred Liabilities:									
Claims	9,611,059	22,962,281	2,552,549	15,295,971	-	(1,388,249)	-	-	49,033,611
Expenses	-	-	-	-	-	-	29,368,024	15,682,764	45,050,788
Total Liabilities	<u>9,611,059</u>	<u>22,962,281</u>	<u>2,552,549</u>	<u>15,295,971</u>	<u>-</u>	<u>(1,388,249)</u>	<u>29,368,024</u>	<u>15,682,764</u>	<u>94,084,399</u>
3. Underwriting Surplus/(Deficit)	<u>(6,758,793)</u>	<u>(11,045,073)</u>	<u>(531,242)</u>	<u>(4,816,873)</u>	<u>-</u>	<u>1,388,249</u>	<u>(951,355)</u>	<u>34,020</u>	<u>(22,681,067)</u>
4. Adjustments:									
Investment Activity (Realized/Unrealized)	-	-	-	-	-	-	-	334,987	334,987
Recoveries	4,070,827	7,879,387	1,010,776	4,454,158	-	-	-	-	17,415,148
Total Adjustments	<u>4,070,827</u>	<u>7,879,387</u>	<u>1,010,776</u>	<u>4,454,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>334,987</u>	<u>17,750,135</u>
5. Gross Operating Surplus/(Deficit)	<u>(2,687,966)</u>	<u>(3,165,686)</u>	<u>479,534</u>	<u>(362,715)</u>	<u>-</u>	<u>1,388,249</u>	<u>(951,355)</u>	<u>369,007</u>	<u>(4,930,932)</u>
6. Return of Surplus	-	-	-	-	-	-	-	-	-
7. Net Current Position/(Deficit)	<u>\$ (2,687,966)</u>	<u>\$ (3,165,686)</u>	<u>\$ 479,534</u>	<u>\$ (362,715)</u>	<u>\$ -</u>	<u>\$ 1,388,249</u>	<u>\$ (951,355)</u>	<u>\$ 369,007</u>	<u>\$ (4,930,932)</u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

2022 FUND YEAR OPERATING RESULTS ANALYSIS  
Year Ended December 31, 2022

Schedule A-1

	COVERAGES AND OTHER ACCOUNTS						TOTALS
	PROPERTY	GENERAL LIABILITY	AUTOMOTIVE	WORKERS' COMPENSATION	EXCESS INSURANCE POLICIES	GENERAL AND ADMINISTRATIVE	
1. Underwriting Income:							
Regular Contributions	\$ 191,375	\$ 1,110,242	\$ 145,191	\$ 928,287	\$ 4,986,564	\$ 2,344,691	\$ 9,706,350
Special Assessment	47,248	274,102	35,845	229,180	-	-	586,376
	<u>238,623</u>	<u>1,384,345</u>	<u>181,036</u>	<u>1,157,467</u>	<u>4,986,564</u>	<u>2,344,691</u>	<u>10,292,726</u>
2. Incurred Liabilities:							
Claims	1,463,362	1,485,269	36,263	1,272,203	-	-	4,257,097
Expenses	-	-	-	-	5,751,807	2,336,502	8,088,309
Total Liabilities	<u>1,463,362</u>	<u>1,485,269</u>	<u>36,263</u>	<u>1,272,203</u>	<u>5,751,807</u>	<u>2,336,502</u>	<u>12,345,405</u>
3. Underwriting Surplus/(Deficit)	<u>(1,224,739)</u>	<u>(100,925)</u>	<u>144,774</u>	<u>(114,736)</u>	<u>(765,243)</u>	<u>8,189</u>	<u>(2,052,679)</u>
4. Adjustments:							
Investment Activity (Realized/Unrealized)	-	-	-	-	-	1,007	1,007
Recoveries	2,875	-	-	-	-	-	2,875
Total Adjustments	<u>2,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,007</u>	<u>3,882</u>
5. Gross Operating Surplus/(Deficit)	<u>(1,221,864)</u>	<u>(100,925)</u>	<u>144,774</u>	<u>(114,736)</u>	<u>(765,243)</u>	<u>9,197</u>	<u>(2,048,797)</u>
6. Return of Surplus	-	-	-	-	-	-	-
7. Net Current Position/(Deficit)	<u>\$ (1,221,864)</u>	<u>\$ (100,925)</u>	<u>\$ 144,774</u>	<u>\$ (114,736)</u>	<u>\$ (765,243)</u>	<u>\$ 9,197</u>	<u>\$ (2,048,797)</u>
Current Year Claims	\$ 1,463,362	\$ 1,485,269	\$ 36,263	\$ 1,272,203	\$ -	\$ -	\$ 4,257,097
Prior Year Claims	-	-	-	-	-	-	-
Net Change in Claims Liabilities	<u>\$ 1,463,362</u>	<u>\$ 1,485,269</u>	<u>\$ 36,263</u>	<u>\$ 1,272,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,257,097</u>

See independent auditors' report.

**PUBLIC ENTITY JOINT INSURANCE FUND**

2021 FUND YEAR OPERATING RESULTS ANALYSIS  
Year Ended December 31, 2022

Schedule A-2

	COVERAGES AND OTHER ACCOUNTS						TOTALS
	PROPERTY	GENERAL LIABILITY	AUTOMOTIVE	WORKERS' COMPENSATION	EXCESS INSURANCE POLICIES	GENERAL AND ADMINISTRATIVE	
1. Underwriting Income:							
Regular Contributions	\$ 247,058	\$ 1,168,099	\$ 151,252	\$ 877,097	\$ 3,978,873	\$ 1,974,016	\$ 8,396,395
Special Assessment	199,306	942,329	122,018	707,572	-	-	1,971,225
	<u>446,364</u>	<u>2,110,428</u>	<u>273,271</u>	<u>1,584,669</u>	<u>3,978,873</u>	<u>1,974,016</u>	<u>10,367,620</u>
2. Incurred Liabilities:							
Claims	4,831,605	2,050,853	76,217	1,740,526	-	-	8,699,201
Expenses	-	-	-	-	4,165,572	2,018,730	6,184,302
	<u>4,831,605</u>	<u>2,050,853</u>	<u>76,217</u>	<u>1,740,526</u>	<u>4,165,572</u>	<u>2,018,730</u>	<u>14,883,503</u>
3. Underwriting Surplus/(Deficit)	<u>(4,385,241)</u>	<u>59,575</u>	<u>197,054</u>	<u>(155,857)</u>	<u>(186,699)</u>	<u>(44,715)</u>	<u>(4,515,882)</u>
4. Adjustments:							
Investment Activity (Realized/Unrealized)	-	-	-	-	-	2,500	2,500
Recoveries	3,612,671	-	-	-	-	-	3,612,671
	<u>3,612,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>3,615,171</u>
5. Gross Operating Surplus/(Deficit)	<u>(772,570)</u>	<u>59,575</u>	<u>197,054</u>	<u>(155,857)</u>	<u>(186,699)</u>	<u>(42,214)</u>	<u>(900,711)</u>
6. Return of Surplus	-	-	-	-	-	-	-
7. Net Current Position/(Deficit)	<u>\$ (772,570)</u>	<u>\$ 59,575</u>	<u>\$ 197,054</u>	<u>\$ (155,857)</u>	<u>\$ (186,699)</u>	<u>\$ (42,214)</u>	<u>\$ (900,711)</u>
Current Year Claims	\$ 4,831,605	\$ 2,050,853	\$ 76,217	\$ 1,740,526	\$ -	\$ -	\$ 8,699,201
Prior Year Claims	5,065,962	1,599,211	36,004	1,184,073	-	-	7,885,250
Net Change in Claims Liabilities	<u>\$ (234,357)</u>	<u>\$ 451,642</u>	<u>\$ 40,213</u>	<u>\$ 556,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 813,950</u>

See independent auditors' report.

**PUBLIC ENTITY JOINT INSURANCE FUND**

2020 FUND YEAR OPERATING RESULTS ANALYSIS  
Year Ended December 31, 2022

Schedule A-3

	COVERAGES AND OTHER ACCOUNTS						TOTALS
	PROPERTY	GENERAL LIABILITY	AUTOMOTIVE	WORKERS' COMPENSATION	EXCESS INSURANCE POLICIES	GENERAL AND ADMINISTRATIVE	
1. Underwriting Income:							
Regular Contributions	\$ 212,350	\$ 1,478,108	\$ 167,383	\$ 716,995	\$ 3,415,728	\$ 1,977,754	\$ 7,968,318
Special Assessment	40,586	282,505	31,991	137,036	-	-	492,119
	<u>252,936</u>	<u>1,760,613</u>	<u>199,374</u>	<u>854,031</u>	<u>3,415,728</u>	<u>1,977,754</u>	<u>8,460,436</u>
2. Incurred Liabilities:							
Claims	634,552	2,731,380	558,215	3,318,246	-	-	7,242,392
Expenses	-	-	-	-	3,470,188	2,049,102	5,519,290
	<u>634,552</u>	<u>2,731,380</u>	<u>558,215</u>	<u>3,318,246</u>	<u>3,470,188</u>	<u>2,049,102</u>	<u>12,761,683</u>
3. Underwriting Surplus/(Deficit)	<u>(381,616)</u>	<u>(970,767)</u>	<u>(358,840)</u>	<u>(2,464,215)</u>	<u>(54,460)</u>	<u>(71,348)</u>	<u>(4,301,247)</u>
4. Adjustments:							
Investment Activity (Realized/Unrealized)	-	-	-	-	-	30,481	30,481
Recoveries	1,000	823,943	-	2,012,132	-	-	2,837,075
	<u>1,000</u>	<u>823,943</u>	<u>-</u>	<u>2,012,132</u>	<u>-</u>	<u>30,481</u>	<u>2,867,556</u>
5. Gross Operating Surplus/(Deficit)	<u>(380,616)</u>	<u>(146,824)</u>	<u>(358,840)</u>	<u>(452,083)</u>	<u>(54,460)</u>	<u>(40,867)</u>	<u>(1,433,690)</u>
6. Return of Surplus	-	-	-	-	-	-	-
7. Net Current Position/(Deficit)	<u>\$ (380,616)</u>	<u>\$ (146,824)</u>	<u>\$ (358,840)</u>	<u>\$ (452,083)</u>	<u>\$ (54,460)</u>	<u>\$ (40,867)</u>	<u>\$ (1,433,690)</u>
Current Year Claims	\$ 634,552	\$ 2,731,380	\$ 558,215	\$ 3,318,246	\$ -	\$ -	\$ 7,242,392
Prior Year Claims	815,132	1,138,924	112,978	2,278,629	-	-	4,345,662
Net Change in Claims Liabilities	<u>\$ (180,580)</u>	<u>\$ 1,592,456</u>	<u>\$ 445,237</u>	<u>\$ 1,039,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,896,730</u>

See independent auditors' report.

**PUBLIC ENTITY JOINT INSURANCE FUND**

2019 FUND YEAR OPERATING RESULTS ANALYSIS  
Year Ended December 31, 2022

Schedule A-4

	COVERAGES AND OTHER ACCOUNTS						TOTALS
	PROPERTY	GENERAL LIABILITY	AUTOMOTIVE	WORKERS' COMPENSATION	EXCESS INSURANCE POLICIES	GENERAL AND ADMINISTRATIVE	
1. Underwriting Income:							
Regular Contributions	\$ 229,224	\$ 897,639	\$ 156,053	\$ 582,834	\$ 3,641,802	\$ 1,803,014	\$ 7,310,567
Special Assessment	267,128	1,046,071	181,858	679,209	-	-	2,174,266
	<u>496,353</u>	<u>1,943,710</u>	<u>337,911</u>	<u>1,262,043</u>	<u>3,641,802</u>	<u>1,803,014</u>	<u>9,484,832</u>
2. Incurred Liabilities:							
Claims	500,657	3,269,969	152,767	1,988,425	-	-	5,911,817
Expenses	-	-	-	-	3,447,031	1,873,146	5,320,177
	<u>500,657</u>	<u>3,269,969</u>	<u>152,767</u>	<u>1,988,425</u>	<u>3,447,031</u>	<u>1,873,146</u>	<u>11,231,994</u>
3. Underwriting Surplus/(Deficit)	<u>(4,305)</u>	<u>(1,326,258)</u>	<u>185,144</u>	<u>(726,382)</u>	<u>194,771</u>	<u>(70,132)</u>	<u>(1,747,162)</u>
4. Adjustments:							
Investment Activity (Realized/Unrealized)	-	-	-	-	-	52,920	52,920
Recoveries	-	845,000	-	741,551	-	-	1,586,551
	<u>-</u>	<u>845,000</u>	<u>-</u>	<u>741,551</u>	<u>-</u>	<u>52,920</u>	<u>1,639,471</u>
5. Gross Operating Surplus/(Deficit)	<u>(4,305)</u>	<u>(481,258)</u>	<u>185,144</u>	<u>15,169</u>	<u>194,771</u>	<u>(17,212)</u>	<u>(107,691)</u>
6. Return of Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7. Net Current Position/(Deficit)	<u>\$ (4,305)</u>	<u>\$ (481,258)</u>	<u>\$ 185,144</u>	<u>\$ 15,169</u>	<u>\$ 194,771</u>	<u>\$ (17,212)</u>	<u>\$ (107,691)</u>
Current Year Claims	\$ 500,657	\$ 3,269,969	\$ 152,767	\$ 1,988,425	\$ -	\$ -	\$ 5,911,817
Prior Year Claims	614,670	3,252,522	120,496	2,209,996	-	-	6,197,684
	<u>\$ (114,013)</u>	<u>\$ 17,447</u>	<u>\$ 32,271</u>	<u>\$ (221,571)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (285,867)</u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

2018 FUND YEAR OPERATING RESULTS ANALYSIS  
Year Ended December 31, 2022

Schedule A-5

	COVERAGES AND OTHER ACCOUNTS							TOTALS
	PROPERTY	GENERAL LIABILITY	AUTOMOTIVE	WORKERS' COMPENSATION	CORRIDOR LOSSES	EXCESS INSURANCE POLICIES	GENERAL AND ADMINISTRATIVE	
1. Underwriting Income:								
Regular Contributions	\$ 295,049	\$ 903,354	\$ 177,778	\$ 794,517	\$ -	\$ 3,108,490	\$ 1,753,333	\$ 7,032,521
Special Assessment	30,462	93,265	18,354	82,028	-	-	-	224,108
	<u>325,511</u>	<u>996,619</u>	<u>196,132</u>	<u>876,544</u>	<u>-</u>	<u>3,108,490</u>	<u>1,753,333</u>	<u>7,256,629</u>
2. Incurred Liabilities:								
Claims	486,004	2,119,123	538,413	513,355	-	-	-	3,656,895
Expenses	-	-	-	-	-	3,153,664	1,707,610	4,861,274
Total Liabilities	<u>486,004</u>	<u>2,119,123</u>	<u>538,413</u>	<u>513,355</u>	<u>-</u>	<u>3,153,664</u>	<u>1,707,610</u>	<u>8,518,169</u>
3. Underwriting Surplus/(Deficit)	<u>(160,493)</u>	<u>(1,122,505)</u>	<u>(342,281)</u>	<u>363,189</u>	<u>-</u>	<u>(45,174)</u>	<u>45,723</u>	<u>(1,261,541)</u>
4. Adjustments:								
Investment Activity (Realized/Unrealized)	-	-	-	-	-	-	89,524	89,524
Recoveries	1,209	511,816	222,483	-	-	-	-	735,508
Total Adjustments	<u>1,209</u>	<u>511,816</u>	<u>222,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,524</u>	<u>825,032</u>
5. Gross Operating Surplus/(Deficit)	<u>(159,284)</u>	<u>(610,689)</u>	<u>(119,798)</u>	<u>363,189</u>	<u>-</u>	<u>(45,174)</u>	<u>135,247</u>	<u>(436,508)</u>
6. Return of Surplus	-	-	-	-	-	-	-	-
7. Net Current Position/(Deficit)	<u>\$ (159,284)</u>	<u>\$ (610,689)</u>	<u>\$ (119,798)</u>	<u>\$ 363,189</u>	<u>\$ -</u>	<u>\$ (45,174)</u>	<u>\$ 135,247</u>	<u>\$ (436,508)</u>
Current Year Claims	\$ 486,004	\$ 2,119,123	\$ 538,413	\$ 513,355	\$ -	\$ -	\$ -	\$ 3,656,895
Prior Year Claims	498,313	1,873,642	190,099	468,422	-	-	-	3,030,477
Net Change in Claims Liabilities	<u>\$ (12,309)</u>	<u>\$ 245,481</u>	<u>\$ 348,314</u>	<u>\$ 44,933</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 626,419</u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

**2017 FUND YEAR OPERATING RESULTS ANALYSIS**  
**Year Ended December 31, 2022**

Schedule A-6

	COVERAGES AND OTHER ACCOUNTS							TOTALS	
	PROPERTY	GENERAL LIABILITY	AUTOMOTIVE	WORKERS' COMPENSATION	CORRIDOR LOSSES	AGGREGATE STOP	EXCESS INSURANCE POLICIES		GENERAL AND ADMINISTRATIVE
1. Underwriting Income:									
Regular Contributions	\$ 294,925	\$ 1,011,479	\$ 199,017	\$ 947,425	\$ -	\$ -	\$ 2,741,212	\$ 1,739,083	\$ 6,933,141
Special Assessment	78,970	270,835	53,289	253,684	-	-	-	-	656,777
	<u>373,895</u>	<u>1,282,314</u>	<u>252,306</u>	<u>1,201,108</u>	<u>-</u>	<u>-</u>	<u>2,741,212</u>	<u>1,739,083</u>	<u>7,589,918</u>
2. Incurred Liabilities:									
Claims	590,463	2,518,172	95,818	1,544,811	-	(595,241)	-	-	4,154,023
Expenses	-	-	-	-	-	-	2,797,380	1,686,817	4,484,197
Total Liabilities	<u>590,463</u>	<u>2,518,172</u>	<u>95,818</u>	<u>1,544,811</u>	<u>-</u>	<u>(595,241)</u>	<u>2,797,380</u>	<u>1,686,817</u>	<u>8,638,220</u>
3. Underwriting Surplus/(Deficit)	<u>(216,568)</u>	<u>(1,235,858)</u>	<u>156,488</u>	<u>(343,703)</u>	<u>-</u>	<u>595,241</u>	<u>(56,168)</u>	<u>52,266</u>	<u>(1,048,303)</u>
4. Adjustments:									
Investment Activity (Realized/Unrealized)	-	-	-	-	-	-	-	69,729	69,729
Recoveries	152,491	826,533	-	-	-	-	-	-	979,024
Total Adjustments	<u>152,491</u>	<u>826,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,729</u>	<u>1,048,754</u>
5. Gross Operating Surplus/(Deficit)	<u>(64,077)</u>	<u>(409,325)</u>	<u>156,488</u>	<u>(343,703)</u>	<u>-</u>	<u>595,241</u>	<u>(56,168)</u>	<u>121,995</u>	<u>451</u>
6. Return of Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7. Net Current Position/(Deficit)	<u>\$ (64,077)</u>	<u>\$ (409,325)</u>	<u>\$ 156,488</u>	<u>\$ (343,703)</u>	<u>\$ -</u>	<u>\$ 595,241</u>	<u>\$ (56,168)</u>	<u>\$ 121,995</u>	<u>\$ 451</u>
Current Year Claims	\$ 590,463	\$ 2,518,172	\$ 95,818	\$ 1,544,811	\$ -	\$ (595,241)	\$ -	\$ -	\$ 4,154,023
Prior Year Claims	<u>596,213</u>	<u>3,136,296</u>	<u>102,649</u>	<u>1,300,861</u>	<u>194,027</u>	<u>(388,054)</u>	<u>-</u>	<u>-</u>	<u>4,941,991</u>
Net Change in Claims Liabilities	<u>\$ (5,750)</u>	<u>\$ (618,124)</u>	<u>\$ (6,831)</u>	<u>\$ 243,950</u>	<u>\$ (194,027)</u>	<u>\$ (207,187)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (787,968)</u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

2016 FUND YEAR OPERATING RESULTS ANALYSIS  
Year Ended December 31, 2022

Schedule A-7

	COVERAGES AND OTHER ACCOUNTS							TOTALS
	PROPERTY	GENERAL LIABILITY	AUTOMOTIVE	WORKERS' COMPENSATION	CORRIDOR LOSSES	EXCESS INSURANCE POLICIES	GENERAL AND ADMINISTRATIVE	
1. Underwriting Income:								
Regular Contributions	\$ 256,782	\$ 779,037	\$ 156,874	\$ 976,075	\$ -	\$ 2,588,499	\$ 1,590,699	\$ 6,347,966
Special Assessment	67,041	203,393	40,957	254,836	-	-	-	566,227
	<u>323,823</u>	<u>982,430</u>	<u>197,831</u>	<u>1,230,911</u>	<u>-</u>	<u>2,588,499</u>	<u>1,590,699</u>	<u>6,914,193</u>
2. Incurred Liabilities:								
Claims	607,989	4,435,739	938,334	753,432	-	-	-	6,735,495
Expenses	-	-	-	-	-	2,618,761	1,536,294	4,155,055
Total Liabilities	<u>607,989</u>	<u>4,435,739</u>	<u>938,334</u>	<u>753,432</u>	<u>-</u>	<u>2,618,761</u>	<u>1,536,294</u>	<u>10,890,549</u>
3. Underwriting Surplus/(Deficit)	<u>(284,166)</u>	<u>(3,453,310)</u>	<u>(740,503)</u>	<u>477,479</u>	<u>-</u>	<u>(30,262)</u>	<u>54,406</u>	<u>(3,976,356)</u>
4. Adjustments:								
Investment Activity (Realized/Unrealized)	-	-	-	-	-	-	62,999	62,999
Recoveries	300,021	2,963,916	788,293	-	-	-	-	4,052,230
Total Adjustments	<u>300,021</u>	<u>2,963,916</u>	<u>788,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,999</u>	<u>4,115,229</u>
5. Gross Operating Surplus/(Deficit)	<u>15,855</u>	<u>(489,394)</u>	<u>47,790</u>	<u>477,479</u>	<u>-</u>	<u>(30,262)</u>	<u>117,404</u>	<u>138,872</u>
6. Return of Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7. Net Current Position/(Deficit)	<u>\$ 15,855</u>	<u>\$ (489,394)</u>	<u>\$ 47,790</u>	<u>\$ 477,479</u>	<u>\$ -</u>	<u>\$ (30,262)</u>	<u>\$ 117,404</u>	<u>\$ 138,872</u>
Current Year Claims	\$ 607,989	\$ 4,435,739	\$ 938,334	\$ 753,432	\$ -	\$ -	\$ -	\$ 6,735,495
Prior Year Claims	605,358	3,911,425	872,424	667,743	180,995	-	-	6,237,945
Net Change in Claims Liabilities	<u>\$ 2,631</u>	<u>\$ 524,315</u>	<u>\$ 65,910</u>	<u>\$ 85,689</u>	<u>\$ (180,995)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 497,550</u>



**PUBLIC ENTITY JOINT INSURANCE FUND**

2015 FUND YEAR OPERATING RESULTS ANALYSIS  
Year Ended December 31, 2022

Schedule A-8

	COVERAGES AND OTHER ACCOUNTS							TOTALS
	PROPERTY	GENERAL LIABILITY	AUTOMOTIVE	WORKERS' COMPENSATION	AGGREGATE STOP	EXCESS INSURANCE POLICIES	GENERAL AND ADMINISTRATIVE	
1. Underwriting Income:								
Regular Contributions	\$ 206,733	\$ 651,492	\$ 116,103	\$ 1,009,664	\$ -	\$ 2,398,231	\$ 1,481,904	\$ 5,864,127
Special Assessment	106,672	336,162	59,908	520,974	-	-	-	1,023,716
	<u>313,405</u>	<u>987,654</u>	<u>176,011</u>	<u>1,530,638</u>	<u>-</u>	<u>2,398,231</u>	<u>1,481,904</u>	<u>6,887,842</u>
2. Incurred Liabilities:								
Claims	319,173	2,981,984	53,846	4,047,219	(793,008)	-	-	6,609,214
Expenses	-	-	-	-	-	2,424,689	1,469,005	3,893,694
	<u>319,173</u>	<u>2,981,984</u>	<u>53,846</u>	<u>4,047,219</u>	<u>(793,008)</u>	<u>2,424,689</u>	<u>1,469,005</u>	<u>10,502,908</u>
Total Liabilities								
	<u>319,173</u>	<u>2,981,984</u>	<u>53,846</u>	<u>4,047,219</u>	<u>(793,008)</u>	<u>2,424,689</u>	<u>1,469,005</u>	<u>10,502,908</u>
3. Underwriting Surplus/(Deficit)	<u>(5,768)</u>	<u>(1,994,330)</u>	<u>122,165</u>	<u>(2,516,581)</u>	<u>793,008</u>	<u>(26,458)</u>	<u>12,899</u>	<u>(3,615,066)</u>
4. Adjustments:								
Investment Activity (Realized/Unrealized)	-	-	-	-	-	-	5,851	5,851
Recoveries	560	1,908,179	-	1,700,475	-	-	-	3,609,214
	<u>560</u>	<u>1,908,179</u>	<u>-</u>	<u>1,700,475</u>	<u>-</u>	<u>-</u>	<u>5,851</u>	<u>3,615,065</u>
Total Adjustments								
	<u>560</u>	<u>1,908,179</u>	<u>-</u>	<u>1,700,475</u>	<u>-</u>	<u>-</u>	<u>5,851</u>	<u>3,615,065</u>
5. Gross Operating Surplus/(Deficit)	<u>(5,208)</u>	<u>(86,151)</u>	<u>122,165</u>	<u>(816,106)</u>	<u>793,008</u>	<u>(26,458)</u>	<u>18,750</u>	<u>-</u>
6. Return of Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7. Net Current Position/(Deficit)	<u>\$ (5,208)</u>	<u>\$ (86,151)</u>	<u>\$ 122,165</u>	<u>\$ (816,106)</u>	<u>\$ 793,008</u>	<u>\$ (26,458)</u>	<u>\$ 18,750</u>	<u>\$ -</u>
Current Year Claims	\$ 319,173	\$ 2,981,984	\$ 53,846	\$ 4,047,219	\$ (793,008)	\$ -	\$ -	\$ 6,609,214
Prior Year Claims	<u>319,173</u>	<u>2,970,695</u>	<u>53,846</u>	<u>3,994,574</u>	<u>(732,408)</u>	<u>-</u>	<u>-</u>	<u>6,605,880</u>
Net Change in Claims Liabilities	<u>\$ -</u>	<u>\$ 11,289</u>	<u>\$ -</u>	<u>\$ 52,645</u>	<u>\$ (60,600)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,334</u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

2014 FUND YEAR OPERATING RESULTS ANALYSIS  
Year Ended December 31, 2022

Schedule A-9

	COVERAGES AND OTHER ACCOUNTS						TOTALS
	PROPERTY	GENERAL LIABILITY	AUTOMOTIVE	WORKERS' COMPENSATION	EXCESS INSURANCE POLICIES	GENERAL AND ADMINISTRATIVE	
1. Underwriting Income:							
Regular Contributions	\$ 74,158	\$ 427,589	\$ 189,081	\$ 712,521	\$ 1,557,270	\$ 1,052,290	\$ 4,012,909
Special Assessment	7,199	41,507	18,355	69,166	-	-	136,226
	<u>81,357</u>	<u>469,096</u>	<u>207,436</u>	<u>781,687</u>	<u>1,557,270</u>	<u>1,052,290</u>	<u>4,149,135</u>
2. Incurred Liabilities:							
Claims	177,255	1,369,792	102,678	117,754	-	-	1,767,479
Expenses	-	-	-	-	1,538,932	1,005,562	2,544,494
Total Liabilities	<u>177,255</u>	<u>1,369,792</u>	<u>102,678</u>	<u>117,754</u>	<u>1,538,932</u>	<u>1,005,562</u>	<u>4,311,973</u>
3. Underwriting Surplus/(Deficit)	<u>(95,898)</u>	<u>(900,696)</u>	<u>104,757</u>	<u>663,933</u>	<u>18,338</u>	<u>46,728</u>	<u>(162,838)</u>
4. Adjustments:							
Investment Activity (Realized/Unrealized)	-	-	-	-	-	19,977	19,977
Recoveries	-	-	-	-	-	-	-
Total Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,977</u>	<u>19,977</u>
5. Gross Operating Surplus/(Deficit)	<u>(95,898)</u>	<u>(900,696)</u>	<u>104,757</u>	<u>663,933</u>	<u>18,338</u>	<u>66,705</u>	<u>(142,861)</u>
6. Return of Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7. Net Current Position/(Deficit)	<u>\$ (95,898)</u>	<u>\$ (900,696)</u>	<u>\$ 104,757</u>	<u>\$ 663,933</u>	<u>\$ 18,338</u>	<u>\$ 66,705</u>	<u>\$ (142,861)</u>
Current Year Claims	\$ 177,255	\$ 1,369,792	\$ 102,678	\$ 117,754	\$ -	\$ -	\$ 1,767,479
Prior Year Claims	<u>176,562</u>	<u>1,299,049</u>	<u>102,657</u>	<u>46,350</u>	<u>-</u>	<u>-</u>	<u>1,624,618</u>
Net Change in Claims Liabilities	<u>\$ 693</u>	<u>\$ 70,743</u>	<u>\$ 21</u>	<u>\$ 71,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,861</u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

FUND YEAR CLAIMS ANALYSIS – ALL YEARS COMBINED  
 Year Ended December 31, 2022

Schedule B

	<u>PROPERTY</u>	<u>GENERAL LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKERS' COMPENSATION</u>	<u>CORRIDOR LOSSES</u>	<u>AGG STOP LOSSES</u>	<u>TOTALS</u>
Claims Incurred	\$ 7,283,519	\$ 15,673,514	\$ 1,710,180	\$ 10,802,740	\$ -	\$ (1,388,249)	\$ 34,081,704
Case Reserves	411,952	4,048,895	751,736	2,598,060	-	-	7,810,643
IBNR Reserves	1,915,588	3,239,872	90,633	1,895,171	-	-	7,141,264
Subtotal	<u>9,611,059</u>	<u>22,962,281</u>	<u>2,552,549</u>	<u>15,295,971</u>	<u>-</u>	<u>(1,388,249)</u>	<u>49,033,611</u>
Less:							
Recoveries	<u>4,070,827</u>	<u>7,879,387</u>	<u>1,010,776</u>	<u>4,454,157</u>	<u>-</u>	<u>-</u>	<u>17,415,148</u>
Subtotal	<u>4,070,827</u>	<u>7,879,387</u>	<u>1,010,776</u>	<u>4,454,157</u>	<u>-</u>	<u>-</u>	<u>17,415,148</u>
Claims Expense (Net)	<u>\$ 5,540,232</u>	<u>\$ 15,082,894</u>	<u>\$ 1,541,773</u>	<u>\$ 10,841,814</u>	<u>\$ -</u>	<u>\$ (1,388,249)</u>	<u>\$ 31,618,463</u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

2022 FUND YEAR CLAIMS ANALYSIS  
 Year Ended December 31, 2022

Schedule B-1

	<u>PROPERTY</u>	<u>GENERAL LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKERS' COMPENSATION</u>	<u>TOTALS</u>
Claims Incurred	\$ 410,351	\$ 22,241	\$ 1,000	\$ 221,709	\$ 655,301
Case Reserves	265,233	158,626	202	282,195	706,256
IBNR Reserves	<u>787,778</u>	<u>1,304,402</u>	<u>35,061</u>	<u>768,299</u>	<u>2,895,540</u>
Subtotal	<u>1,463,362</u>	<u>1,485,269</u>	<u>36,263</u>	<u>1,272,203</u>	<u>4,257,097</u>
Less:					
Recoveries	<u>2,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,875</u>
Subtotal	<u>2,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,875</u>
Claims Expense (Net)	<u><u>\$ 1,460,487</u></u>	<u><u>\$ 1,485,269</u></u>	<u><u>\$ 36,263</u></u>	<u><u>\$ 1,272,203</u></u>	<u><u>\$ 4,254,222</u></u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

2021 FUND YEAR CLAIMS ANALYSIS  
Year Ended December 31, 2022

Schedule B-2

	<u>PROPERTY</u>	<u>GENERAL LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKERS' COMPENSATION</u>	<u>TOTALS</u>
Claims Incurred	\$ 4,024,417	\$ 159,360	\$ 4,692	\$ 193,378	\$ 4,381,848
Case Reserves	136,657	781,231	41,683	893,198	1,852,769
IBNR Reserves	670,530	1,110,262	29,842	653,950	2,464,584
Subtotal	<u>4,831,605</u>	<u>2,050,853</u>	<u>76,217</u>	<u>1,740,526</u>	<u>8,699,201</u>
Less:					
Recoveries	<u>3,612,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,612,671</u>
Subtotal	<u>3,612,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,612,671</u>
Claims Expense (Net)	<u>\$ 1,218,934</u>	<u>\$ 2,050,853</u>	<u>\$ 76,217</u>	<u>\$ 1,740,526</u>	<u>\$ 5,086,530</u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

2020 FUND YEAR CLAIMS ANALYSIS  
Year Ended December 31, 2022

Schedule B-3

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	<u>PROPERTY</u>	<u>GENERAL LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKERS' COMPENSATION</u>	<u>TOTALS</u>
Claims Incurred	\$ 374,632	\$ 1,483,655	\$ 97,561	\$ 2,254,400	\$ 4,210,248
Case Reserves	1,700	820,164	449,162	812,010	2,083,035
IBNR Reserves	258,220	427,561	11,492	251,836	949,109
	<u>634,552</u>	<u>2,731,380</u>	<u>558,215</u>	<u>3,318,246</u>	<u>7,242,392</u>
Subtotal					
Less:					
Recoveries	1,000	823,943	-	2,012,132	2,837,075
	<u>1,000</u>	<u>823,943</u>	<u>-</u>	<u>2,012,132</u>	<u>2,837,075</u>
Subtotal					
Claims Expense (Net)	<u>\$ 633,552</u>	<u>\$ 1,907,437</u>	<u>\$ 558,215</u>	<u>\$ 1,306,114</u>	<u>\$ 4,405,317</u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

2019 FUND YEAR CLAIMS ANALYSIS  
 Year Ended December 31, 2022

Schedule B-4

	<u>PROPERTY</u>	<u>GENERAL LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKERS' COMPENSATION</u>	<u>TOTALS</u>
Claims Incurred	\$ 368,834	\$ 1,871,149	\$ 2,655	\$ 1,526,076	\$ 3,768,714
Case Reserves	7,466	1,192,909	144,578	341,066	1,686,019
IBNR Reserves	124,357	205,910	5,534	121,283	457,084
Subtotal	<u>500,657</u>	<u>3,269,969</u>	<u>152,767</u>	<u>1,988,425</u>	<u>5,911,817</u>
Less:					
Recoveries	<u>-</u>	<u>845,000</u>	<u>-</u>	<u>741,551</u>	<u>1,586,551</u>
Subtotal	<u>-</u>	<u>845,000</u>	<u>-</u>	<u>741,551</u>	<u>1,586,551</u>
Claims Expense (Net)	<u>\$ 500,657</u>	<u>\$ 2,424,969</u>	<u>\$ 152,767</u>	<u>\$ 1,246,874</u>	<u>\$ 4,325,266</u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

2018 FUND YEAR CLAIMS ANALYSIS  
Year Ended December 31, 2022

Schedule B-5

	<u>PROPERTY</u>	<u>GENERAL LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKERS' COMPENSATION</u>	<u>TOTALS</u>
Claims Incurred	\$ 431,891	\$ 1,334,390	\$ 536,045	\$ 275,903	\$ 2,578,229
Case Reserves	897	696,619	-	185,553	883,069
IBNR Reserves	53,215	88,114	2,368	51,900	195,597
Subtotal	<u>486,004</u>	<u>2,119,123</u>	<u>538,413</u>	<u>513,355</u>	<u>3,656,895</u>
Less:					
Recoveries	1,209	511,816	222,483	-	735,508
Subtotal	<u>1,209</u>	<u>511,816</u>	<u>222,483</u>	<u>-</u>	<u>735,508</u>
Claims Expense (Net)	<u>\$ 484,795</u>	<u>\$ 1,607,307</u>	<u>\$ 315,930</u>	<u>\$ 513,355</u>	<u>\$ 2,921,387</u>



**PUBLIC ENTITY JOINT INSURANCE FUND**

2017 FUND YEAR CLAIMS ANALYSIS  
Year Ended December 31, 2022

Schedule B-6

	<u>PROPERTY</u>	<u>GENERAL LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKERS' COMPENSATION</u>	<u>AGG STOP LOSSES</u>	<u>TOTALS</u>
Claims Incurred	\$ 590,463	\$ 2,146,637	\$ 19,698	\$ 1,544,811	\$ (595,241)	\$ 3,706,368
Case Reserves	-	371,535	76,120	-	-	447,655
IBNR Reserves	-	-	-	-	-	-
Subtotal	<u>590,463</u>	<u>2,518,172</u>	<u>95,818</u>	<u>1,544,811</u>	<u>(595,241)</u>	<u>4,154,023</u>
Less:						
Recoveries	<u>152,491</u>	<u>826,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>979,024</u>
Subtotal	<u>152,491</u>	<u>826,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>979,024</u>
Claims Expense (Net)	<u>\$ 437,972</u>	<u>\$ 1,691,639</u>	<u>\$ 95,818</u>	<u>\$ 1,544,811</u>	<u>\$ (595,241)</u>	<u>\$ 3,174,999</u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

2016 FUND YEAR CLAIMS ANALYSIS  
Year Ended December 31, 2022

Schedule B-7

	<u>PROPERTY</u>	<u>GENERAL LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKERS' COMPENSATION</u>	<u>TOTALS</u>
Claims Incurred	\$ 593,344	\$ 4,395,501	\$ 895,847	\$ 636,477	\$ 6,521,169
Case Reserves	-	-	39,993	70,485	110,478
IBNR Reserves	14,645	40,238	2,494	46,471	103,848
Subtotal	<u>607,989</u>	<u>4,435,739</u>	<u>938,334</u>	<u>753,432</u>	<u>6,735,495</u>
Less:					
Recoveries	<u>300,021</u>	<u>2,963,916</u>	<u>788,293</u>	<u>-</u>	<u>4,052,230</u>
Subtotal	<u>300,021</u>	<u>2,963,916</u>	<u>788,293</u>	<u>-</u>	<u>4,052,230</u>
Claims Expense (Net)	<u>\$ 307,968</u>	<u>\$ 1,471,823</u>	<u>\$ 150,041</u>	<u>\$ 753,432</u>	<u>\$ 2,683,265</u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

2015 FUND YEAR CLAIMS ANALYSIS  
Year Ended December 31, 2022

Schedule B-8

	<u>PROPERTY</u>	<u>GENERAL LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKERS' COMPENSATION</u>	<u>AGG STOP LOSSES</u>	<u>TOTALS</u>
Claims Incurred	\$ 319,173	\$ 2,981,984	\$ 53,846	\$ 4,047,219	\$ (793,008)	\$ 6,609,214
Case Reserves	-	-	-	-	-	-
IBNR Reserves	-	-	-	-	-	-
Subtotal	<u>319,173</u>	<u>2,981,984</u>	<u>53,846</u>	<u>4,047,219</u>	<u>(793,008)</u>	<u>6,609,214</u>
Less:						
Recoveries	<u>560</u>	<u>1,908,179</u>	<u>-</u>	<u>1,700,474</u>	<u>-</u>	<u>3,609,213</u>
Subtotal	<u>560</u>	<u>1,908,179</u>	<u>-</u>	<u>1,700,474</u>	<u>-</u>	<u>3,609,213</u>
Claims Expense (Net)	<u>\$ 318,613</u>	<u>\$ 1,073,805</u>	<u>\$ 53,846</u>	<u>\$ 2,346,744</u>	<u>\$ (793,008)</u>	<u>\$ 3,000,000</u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

2014 FUND YEAR CLAIMS ANALYSIS  
 Year Ended December 31, 2022

Schedule B-9

	<u>PROPERTY</u>	<u>GENERAL LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKERS' COMPENSATION</u>	<u>TOTALS</u>
Claims Incurred	\$ 170,413	\$ 1,278,596	\$ 98,836	\$ 102,768	\$ 1,650,613
Case Reserves	-	27,811	-	13,553	41,364
IBNR Reserves	6,842	63,385	3,842	1,433	75,502
Subtotal	<u>177,255</u>	<u>1,369,792</u>	<u>102,678</u>	<u>117,754</u>	<u>1,767,479</u>
Less:					
Recoveries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Claims Expense (Net)	<u>\$ 177,255</u>	<u>\$ 1,369,792</u>	<u>\$ 102,678</u>	<u>\$ 117,754</u>	<u>\$ 1,767,479</u>

## PUBLIC ENTITY JOINT INSURANCE FUND

2022 FUND YEAR EXPENSE ANALYSIS – REPORT YEAR 2022  
Year Ended December 31, 2022

Schedule C-1

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Excess Insurance Premiums	<u>\$ 5,751,807</u>
Subtotal Excess Insurance	<u>5,751,807</u>
Administrative Expenses:	
Legal	10,355
Treasurer	6,000
Other:	
Auditor	19,000
Administrative Consultant	543,925
Safety Director	45,374
Underwriting Manager	187,571
Non-Contract Professional Services	20,860
Claims Administration	617,040
Actuary	54,275
Risk Management	<u>832,101</u>
Subtotal Administrative Expenses	<u>2,336,502</u>
Total Expenses	<u><u>\$ 8,088,309</u></u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

2021 FUND YEAR EXPENSE ANALYSIS – REPORT YEAR 2021  
Year Ended December 31, 2022

Schedule C-2

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Excess Insurance:	
Excess Insurance Premiums	<u>\$ 4,165,572</u>
Subtotal Excess Insurance	<u>4,165,572</u>
Administrative Expenses:	
Legal	6,705
Treasurer	6,000
Other:	
Auditor	16,670
Administrative Consultant	441,442
Safety Director	54,508
Underwriting Manager	156,638
Non-Contract Professional Services	22,814
Claims Administration	556,962
Actuary	26,400
Risk Management	<u>730,590</u>
Subtotal Administrative Expenses	<u>2,018,730</u>
Total Expenses	<u><u>\$ 6,184,302</u></u>

## PUBLIC ENTITY JOINT INSURANCE FUND

2020 FUND YEAR EXPENSE ANALYSIS – REPORT YEAR 2021  
Year Ended December 31, 2022

Schedule C-3

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Excess Insurance:	
Excess Insurance Premiums	<u>\$ 3,470,188</u>
Subtotal Excess Insurance	<u>3,470,188</u>
Administrative Expenses:	
Legal	12,712
Treasurer	6,000
Other:	
Auditor	16,670
Administrative Consultant	441,896
Safety Director	53,091
Underwriting Manager	153,567
Non-Contract Professional Services	41,255
Claims Administration	539,380
Actuary	8,800
Risk Management	<u>775,732</u>
Subtotal Administrative Expenses	<u>2,049,102</u>
Total Expenses	<u><u>\$ 5,519,290</u></u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

2019 FUND YEAR EXPENSE ANALYSIS – REPORT YEAR 2019  
Year Ended December 31, 2022

Schedule C-4

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Excess Insurance:	
Excess Insurance Premiums	<u>\$ 3,447,031</u>
Subtotal Excess Insurance	<u>3,447,031</u>
Administrative Expenses:	
Legal	17,293
Treasurer	6,000
Other:	
Auditor	17,000
Administrative Consultant	405,422
Safety Director	53,563
Underwriting Manager	140,892
Non-Contract Professional Services	39,428
Claims Administration	505,164
Actuary	22,800
Risk Management	<u>665,584</u>
Subtotal Administrative Expenses	<u>1,873,146</u>
Total Expenses	<u><u>\$ 5,320,177</u></u>

See independent auditors' report.



**PUBLIC ENTITY JOINT INSURANCE FUND**

2018 FUND YEAR EXPENSE ANALYSIS – REPORT YEAR 2018  
Year Ended December 31, 2022

Schedule C-5

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Excess Insurance:	
Excess Insurance Premiums	<u>\$ 3,153,664</u>
Subtotal Excess Insurance	<u>3,153,664</u>
Administrative Expenses:	
Legal	10,956
Treasurer	6,000
Other:	
Auditor	17,000
Administrative Consultant	383,170
Safety Director	39,785
Underwriting Manager	133,159
Non-Contract Professional Services	34,421
Claims Administration	420,958
Actuary	18,600
Risk Management	<u>643,561</u>
Subtotal Administrative Expenses	<u>1,707,610</u>
Total Expenses	<u><u>\$ 4,861,274</u></u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

2017 FUND YEAR EXPENSE ANALYSIS – REPORT YEAR 2017  
Year Ended December 31, 2022

Schedule C-6

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Excess Insurance:	
Excess Insurance Premiums	<u>\$ 2,797,380</u>
Subtotal Excess Insurance	<u>2,797,380</u>
Administrative Expenses:	
Legal	10,524
Treasurer	6,000
Other:	
Auditor	17,000
Administrative Consultant	375,812
Safety Director	31,386
Underwriting Manager	130,601
Non-Contract Professional Services	26,975
Claims Administration	414,054
Actuary	30,000
Risk Management	<u>644,465</u>
Subtotal Administrative Expenses	<u>1,686,817</u>
Total Expenses	<u><u>\$ 4,484,197</u></u>

See independent auditors' report.

**PUBLIC ENTITY JOINT INSURANCE FUND**

2016 FUND YEAR EXPENSE ANALYSIS – REPORT YEAR 2016  
Year Ended December 31, 2022

Schedule C-7

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Excess Insurance:	
Excess Insurance Premiums	<u>\$ 2,618,761</u>
Subtotal Excess Insurance	<u>2,618,761</u>
Administrative Expenses:	
Legal	5,301
Treasurer	5,000
Other:	
Auditor	17,442
Administrative Consultant	343,797
Safety Director	18,991
Underwriting Manager	119,475
Non-Contract Professional Services	29,694
Claims Administration	342,813
Actuary	23,000
Risk Management	<u>630,781</u>
Subtotal Administrative Expenses	<u>1,536,294</u>
Total Expenses	<u><u>\$ 4,155,055</u></u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

2015 FUND YEAR EXPENSE ANALYSIS – REPORT YEAR 2015  
Year Ended December 31, 2022

Schedule C-8

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Excess Insurance:	
Excess Insurance Premiums	<u>\$ 2,424,689</u>
Subtotal Excess Insurance	<u>2,424,689</u>
Administrative Expenses:	
Legal	5,394
Treasurer	5,000
Other:	
Auditor	17,442
Administrative Consultant	321,490
Safety Director	148,415
Underwriting Manager	111,723
Non-Contract Professional Services	27,997
Claims Administration	367,523
Actuary	25,750
Risk Management	<u>438,271</u>
Subtotal Administrative Expenses	<u>1,469,005</u>
Total Expenses	<u><u>\$ 3,893,694</u></u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

2014 FUND YEAR EXPENSE ANALYSIS – REPORT YEAR 2014  
Year Ended December 31, 2022

Schedule C-9

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Excess Insurance:	
Excess Insurance Premiums	<u>\$ 1,538,932</u>
Subtotal Excess Insurance	<u>1,538,932</u>
Administrative Expenses:	
Legal	10,277
Treasurer	5,000
Other:	
Auditor	16,000
Administrative Consultant	224,484
Safety Director	13,484
Underwriting Manager	78,430
Non-Contract Professional Services	11,136
Claims Administration	324,395
Actuary	34,000
Risk Management	<u>288,356</u>
Subtotal Administrative Expenses	<u>1,005,562</u>
Total Expenses	<u><u>\$ 2,544,494</u></u>

## PUBLIC ENTITY JOINT INSURANCE FUND

CUMULATIVE OPERATING RESULTS ANALYSIS  
Year Ended December 31, 2022

Schedule D

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Underwriting Income:	
Regular Contributions	\$ 63,572,293
Special Assessments	7,831,039
Total Underwriting Income	<u>71,403,332</u>
Expenses:	
Claims:	
Paid	16,666,556
Case Reserves	7,810,643
IBNR Reserves	7,141,264
Claims - Net	<u>31,618,463</u>
Excess Insurance Premiums	29,368,024
Administrative	<u>15,682,764</u>
Total Expenses	<u>45,050,788</u>
Operating Loss	(5,265,919)
Investment Activity (Realized/Unrealized)	<u>334,987</u>
Total Non-Operating Income	<u>334,987</u>
Net Loss	<u>(4,930,932)</u>
Cumulative Net Position - December 31, 2022	<u>\$ (4,930,932)</u>

**PUBLIC ENTITY JOINT INSURANCE FUND**

PROGRAM SUMMARY – FUND YEAR 2022  
Year Ended December 31, 2022

Schedule E

Limits	Property	Liability	Automobile	Workers' Compensation	Employment Practices Liability
	\$ 350,000,000	\$ 15,500,000 per occurrence	\$ 15,500,000 per occurrence	Statutory	\$ 15,500,000
<b>Fund Retention</b>					
<b>Specific Aggregate:</b>					
Property	\$ 100,000	\$ 500,000	\$ 500,000	\$ 750,000 *	\$ 500,000
Auto Property	\$ 100,000				
All Lines of Business					
Stop Loss Aggregate	N/A	**			
<b>Number of Participants</b>	8	8	8	8	8

\* Workers' Compensation subject to a \$250,000 specific, \$500,000 in the aggregate Loss Corridor retention

\*\*Excludes WC, Property and APD losses. Only applies to GL, LEL, AL, EPL, POL, and Employee Benefits

Excess Coverage	Insurer	Retention	Limit
Property	Alliant Property Insurance Program	as noted above	\$350,000,000
Auto Phys. Damage	Alliant Property Insurance Program	as noted above	Per Policy Limit (\$350MM)
Casualty	Safety National Casualty Co., Allied World Assurance Company, and Kinsale Insurance Company	as noted above	\$15,500,000
- General Liability			\$15,500,000
- Auto Liability			\$15,500,000
- Public Officials Liab.			\$15,500,000
- Employment Prac.			\$15,500,000
- Law Enforce. Liab.			\$15,500,000
- Employee Ben. Liab.			\$15,500,000
Boiler & Machinery	Alliant Property Insurance Program	\$10,000 plus tiers for larger power and boiler units from \$50,000 through \$350,000	\$100,000,000
Crime & Bonds	Fidelity & Deposit Co. of Maryland	\$10,000	\$1,000,000
XS Work Comp.	Safety National Casualty Co. and Allied World Assurance Company	\$750,000	Statutory
XS Employers Liability	Safety National Casualty Co. and Allied World Assurance Company	\$500,000	\$13,500,000
Disaster Management Services	Lloyd's of London (Brit Syndicate 2987)	\$0	\$20,000,000
Cyber Liability	Alliant Property Insurance Program	\$25,000-\$100,000	\$4,000,000
Non-Owned Aircraft Liability	Global Aerospace, Inc.	\$0	\$5,000,000
Site Pollution Liability	Allied World Assurance Company	\$25,000	\$3,000,000
Hull & Machinery	Atlantic Specialty Insurance Co.	per schedule on file	

**INDEPENDENT AUDITORS' 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**

To the Honorable Chairperson  
and Board of Fund Commissioners of the  
Public Entity Joint Insurance Fund  
Woodbridge, New Jersey 07095

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements as prescribed by the State of New Jersey, Department of Community Affairs (“DCA”), and Department of Banking and Insurance (“DOBI”), the financial statements of the Public Entity Joint Insurance Fund (the “Fund”), as of and for the year ended December 31, 2022, and the related notes to financial statements, which comprise the Fund’s basic financial statements, and have issued our report thereon dated June 28, 2023. The opinion on the Fund’s financial statements was qualified as permitted by the DCA and DOBI, as audit procedures were not extended to the underlying actuarial assumptions for Incurred But Not Reported (IBNR) reserve amounts, as these assumptions are prepared by the Fund’s actuary.

**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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Fund’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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.



**INDEPENDENT AUDITORS' 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 (CONTINUED)**

**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*.

**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 Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mercedien, P.C.*

*Certified Public Accountants*

June 28, 2023

**PUBLIC ENTITY JOINT INSURANCE FUND**

**SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

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None reported.

**PUBLIC ENTITY JOINT INSURANCE FUND**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

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None reported.