

PUBLIC ENTITY JOINT INSURANCE FUND

FINANCIAL STATEMENTS AND
SUPPLEMENTAL DATA

December 31, 2021

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)

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, 2021 and 2020. Please read the following in conjunction with the Fund's basic financial statements and accompanying footnotes.

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

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.

2020

Cash and investments decreased by \$1,060,561 (23.29%) to \$3,493,742 in 2020 from \$4,554,303 in 2019 and total assets increased by \$56,986 (1.04%) to \$5,561,798 in 2020 from \$5,504,812 in 2019.

Claims reserves increased by \$1,401,257 (18.89%) to \$8,819,273 in 2020 from \$7,418,016 in 2019.

The Fund had a net loss of \$1,350,489 in 2020 versus \$428,805 in 2019.

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, 2021, 2020 and 2019:

	2021	2020	2019	2021-2020 \$ Increase (Decrease)	2021-2020 % Increase (Decrease)
Cash, Cash Equivalents & Investments	\$ 3,361,551	\$ 3,493,742	\$ 4,554,303	\$ (132,191)	(4%)
Deductible & Co-Insurance Receivables	53,596	51,978	7,007	1,618	3%
Recoverable from Excess Carriers	1,395,750	1,722,460	869,274	(326,710)	(19%)
Other Assets	562,537	293,618	74,228	268,919	92%
Total Assets	5,373,434	5,561,798	5,504,812	(188,364)	(3%)
Total Liabilities	12,618,095	8,882,505	7,475,030	3,735,590	42%
Net Position	\$ (7,244,661)	\$ (3,320,707)	\$ (1,970,218)	\$ (3,923,954)	(118%)

Assets

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.

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.

2020

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 2020 and 2019, 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 \$1,774,438 that consisted of \$51,978 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 \$1,722,460 as

PUBLIC ENTITY JOINT INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS – (UNAUDITED)

FINANCIAL ANALYSIS OF THE FUND (CONTINUED)

Assets (Continued)

2020 (Continued)

of December 31, 2020, reflects amounts due from excess carriers under the Employment Practices Liability aggregate stop loss program during the 2015 and 2017 Fund years of \$750,940 and excess insurance for all other lines of business during the 2015 through 2019 Fund years of \$971,520.

Other assets include accrued interest and prepaid expense. The increase in total assets from 2019 primarily resulted from an increase in funds held to meet future obligations.

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 2021, 2020 and 2019:

	2021	2020	2019	2021-2020 \$ Increase (Decrease)	2021-2020 % Increase (Decrease)
Revenues	\$ 8,396,395	\$7,968,318	\$7,310,565	\$ 428,077	5%
Claims	(6,136,443)	(3,872,754)	(2,541,876)	(2,263,689)	(58%)
Expenses	(6,184,302)	(5,519,282)	(5,320,177)	(665,020)	(12%)
Operating loss	(3,924,350)	(1,423,718)	(551,488)	(2,500,632)	(176%)
Net Investment income	396	73,229	122,683	(72,833)	(99%)
Changes in net position	<u>\$ (3,923,954)</u>	<u>\$ (1,350,489)</u>	<u>\$ (428,805)</u>	<u>\$ (2,573,465)</u>	(191%)

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.

PUBLIC ENTITY JOINT INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS – (UNAUDITED)

FINANCIAL ANALYSIS OF THE FUND (CONTINUED)

Cash Flow and Liquidity

The following table summarizes the changes in cash flow and liquidity for the fiscal years ended December 31, 2021, 2020 and 2019:

	2021	2020	2019
Cash Flows from Operating Activities			
Cash Contributions Received from Participants and Other Sources	\$ 8,290,091	\$ 5,937,450	\$ 8,356,590
Cash Payments for Goods and Services	(2,029,964)	(2,042,884)	(1,868,421)
Cash Payments for Risk Transfer Premiums	(4,165,572)	(3,470,180)	(3,447,031)
Cash Payments for Costs of Claims	(2,235,517)	(1,564,906)	(2,461,997)
Net Cash from Operating Activities	(140,962)	(1,140,520)	579,141
Cash Flows from Investing Activities			
Redemption/(Purchases) of Investments	550,970	1,073,689	(493,389)
Investment Income	8,772	79,958	121,159
Net Cash from Investing Activities	559,741	1,153,647	(372,230)
Net Change in Cash and Cash Equivalents	418,779	13,127	206,911
Cash and Cash Equivalents, Beginning of Year	288,451	275,324	68,413
Cash and Cash Equivalents, End of Year	<u>\$ 707,230</u>	<u>\$ 288,451</u>	<u>\$ 275,324</u>

In order to provide for an increase in the yield on investments while managing credit risk, in 2021 and 2020 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 the Jonathan Hall, Executive Director, Public Entity Joint Insurance Fund, NIP Group, Inc., 900 Route Nine 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

Opinions

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, 2021 and 2020, 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, 2021 and 2020, 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 Audit of the Financial Statements section of our report. We are required to be independent of the Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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.

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 **DATE**, 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.

Mercedien, P.C.

Certified Public Accountants

DATE

BASIC FINANCIAL STATEMENTS

PUBLIC ENTITY JOINT INSURANCE FUND

STATEMENTS OF NET POSITION

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash & Cash Equivalents	\$ 707,230	\$ 288,451
Investments	2,654,321	3,205,291
Recoverables Recorded not Billed	1,449,346	1,774,438
Accrued Interest	3,254	11,629
Prepaid Expense	534,709	281,989
Other Assets	24,574	-
	<u>5,373,434</u>	<u>5,561,798</u>
Total Assets	<u>\$ 5,373,434</u>	<u>\$ 5,561,798</u>
 <u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Claims:		
Case Reserves	\$ 6,613,095	\$ 4,939,691
IBNR Reserves	5,176,137	2,948,615
Claims Payable	776,865	930,967
Expenses:		
Accrued Expenses	51,998	63,232
	<u>12,618,095</u>	<u>8,882,505</u>
Total Liabilities	<u>12,618,095</u>	<u>8,882,505</u>
Net Position	<u>\$ (7,244,661)</u>	<u>\$ (3,320,707)</u>

PUBLIC ENTITY JOINT INSURANCE FUND

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<u>REVENUES</u>		
Assessments - Participating Members	\$ 8,396,395	\$ 7,968,318
Total Revenues	<u>8,396,395</u>	<u>7,968,318</u>
<u>EXPENSES</u>		
Provision for Claims and Claim Adjustment Expense - Net	6,136,443	3,872,754
Excess Insurance Premiums	4,165,572	3,470,180
Administrative Expenses	<u>2,018,730</u>	<u>2,049,102</u>
Total Expenses	<u>12,320,745</u>	<u>9,392,036</u>
Operating Loss	(3,924,350)	(1,423,718)
Non-Operating Income:		
Net Investment Income	<u>396</u>	<u>73,229</u>
Total Non-Operating Income	<u>396</u>	<u>73,229</u>
Changes in Net Position	(3,923,954)	(1,350,489)
Net Position - Beginning of Year	<u>(3,320,707)</u>	<u>(1,970,218)</u>
Net Position - End of Year	<u>\$ (7,244,661)</u>	<u>\$ (3,320,707)</u>

PUBLIC ENTITY JOINT INSURANCE FUND

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Cash Contributions Received from Participants and Other Sources	\$ 8,290,091	\$ 5,937,450
Cash Payments for Goods and Services	(2,029,964)	(2,042,884)
Cash Payments for Risk Transfer Premiums	(4,165,572)	(3,470,180)
Cash Payments for Costs of Claims	(2,235,517)	(1,564,906)
Net Cash from Operating Activities	<u>(140,962)</u>	<u>(1,140,520)</u>
Cash Flows from Investing Activities		
Redemption/(Purchases) of Investments	550,970	1,073,689
Investment Income	8,772	79,958
Net Cash from Investing Activities	<u>559,741</u>	<u>1,153,647</u>
Net Change in Cash and Cash Equivalents	418,779	13,127
Cash and Cash Equivalents, Beginning of Year	288,451	275,324
Cash and Cash Equivalents, End of Year	<u>\$ 707,230</u>	<u>\$ 288,451</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities:		
Operating Loss	\$ (3,924,350)	\$ (1,423,718)
Adjustment to Reconcile Operating Loss to Net Cash from Operating Activities:		
Change in Assets and Liabilities:		
Receivables & Prepaids	47,798	(1,124,277)
Claim Reserves	3,746,824	1,401,257
Accrued Expenses	(11,234)	6,218
Net Cash from Operating Activities	<u>\$ (140,962)</u>	<u>\$ (1,140,520)</u>

NOTES TO FINANCIAL STATEMENTS

PUBLIC ENTITY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

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 2021 and 2020.

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.

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

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, 2021 and 2020, 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

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, 2021 and 2020, the carrying value of the Fund's cash and cash equivalents was \$707,230 and \$288,451, respectively. As of December 31, 2021 and 2020, the Fund's bank balances were \$1,431,531 and \$775,738, respectively, and were exposed to risk as follows:

	2021	2020
Insured and Collateralized	\$ 255,101	\$ 257,285
Uninsured and Collateralized	1,176,430	518,453
Total	<u>\$ 1,431,531</u>	<u>\$ 775,738</u>

PUBLIC ENTITY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

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, 2021 and 2020, with respect to the Fund's bank balances, \$255,101 and \$257,285 respectively, were covered by federal depository insurance and \$1,176,430 and \$518,453 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, 2021 and 2020.

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

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, 2021 and 2020, are categorized as follows:

	Risk Category	Market Value	
		2021	2020
U.S. Treasury Securities	A	\$ 2,654,321	\$ 3,205,291
		<u>\$ 2,654,321</u>	<u>\$ 3,205,291</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, 2021 and 2020, the Fund had net unrealized investment (losses)/gains in the amount of (\$7,692) and \$10,279, 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, 2021 and 2020 are as follows:

	2021	2020
Change in unrealized investment (losses)/gains	\$ (17,971)	\$ (23,398)
Realized (loss)/gain on investments	(11,356)	16,682
Interest income	29,723	79,945
	<u>\$ 396</u>	<u>\$ 73,229</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

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 2021 or 2020.

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, 2021, the following Fund years' unrestricted net position were in a deficit position:

<u>Fund Year</u>	<u>2021</u>	<u>2020</u>
2014	\$ (136,226)	\$ (67,335)
2015	(1,023,717)	(1,023,717)
2016	(566,228)	(389,836)
2017	(656,779)	(656,649)
2018	(224,109)	-
2019	(2,174,267)	(776,087)
2020	(492,119)	(649,377)
2021	(1,971,223)	-

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

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, 2021 and 2020. 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.

PUBLIC ENTITY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

H. LOSS RESERVES (CONTINUED)

The estimate of outstanding losses was recorded by the Fund as of December 31, 2021 and 2020, 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 year 2021.

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, 2021, 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	\$ -	\$ 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

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, 2020, 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	\$ -	\$ 32,324	\$ -	\$ -	\$ -	\$ -	\$ 32,324
Losses Incurred But Not Reported (IBNR)	-	7,127	-	-	-	-	7,127
	<u>\$ -</u>	<u>\$ 39,451</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,451</u>
2015 Fund Year:							
Case Reserves	\$ 1,000	\$ 90,868	\$ -	\$ 199,937	\$ (291,805)	\$ -	\$ -
Losses Incurred But Not Reported (IBNR)	387	13,498	-	93,215	(107,100)	-	-
	<u>\$ 1,387</u>	<u>\$ 104,366</u>	<u>\$ -</u>	<u>\$ 293,152</u>	<u>\$ (398,905)</u>	<u>\$ -</u>	<u>\$ -</u>
2016 Fund Year:							
Case Reserves	\$ -	\$ 229,339	\$ 119,383	\$ 184,350	\$ -	\$ -	\$ 533,072
Losses Incurred But Not Reported (IBNR)	-	34,861	-	30,299	-	45,347	110,507
	<u>\$ -</u>	<u>\$ 264,200</u>	<u>\$ 119,383</u>	<u>\$ 214,649</u>	<u>\$ -</u>	<u>\$ 45,347</u>	<u>\$ 643,579</u>
2017 Fund Year:							
Case Reserves	\$ -	\$ 600,531	\$ -	\$ 729,044	\$ (158,890)	\$ -	\$ 1,170,685
Losses Incurred But Not Reported (IBNR)	-	58,076	4,809	66,393	(296,048)	166,770	-
	<u>\$ -</u>	<u>\$ 658,607</u>	<u>\$ 4,809</u>	<u>\$ 795,437</u>	<u>\$ (454,938)</u>	<u>\$ 166,770</u>	<u>\$ 1,170,685</u>
2018 Fund Year:							
Case Reserves	\$ 4,262	\$ 729,986	\$ 94,403	\$ 200,876	\$ -	\$ -	\$ 1,029,527
Losses Incurred But Not Reported (IBNR)	4,357	28,062	44,194	96,542	-	-	173,155
	<u>\$ 8,619</u>	<u>\$ 758,048</u>	<u>\$ 138,597</u>	<u>\$ 297,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,202,682</u>
2019 Fund Year:							
Case Reserves	\$ 8,579	\$ 876,510	\$ 92,523	\$ 476,054	\$ -	\$ -	\$ 1,453,666
Losses Incurred But Not Reported (IBNR)	13,049	391,054	3,573	167,367	-	-	575,043
	<u>\$ 21,628</u>	<u>\$ 1,267,564</u>	<u>\$ 96,096</u>	<u>\$ 643,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,028,709</u>
2020 Fund Year:							
Case Reserves	\$ 221,953	\$ 258,660	\$ 48,000	\$ 191,804	\$ -	\$ -	\$ 720,417
Losses Incurred But Not Reported (IBNR)	26,110	1,152,347	183,700	720,626	-	-	2,082,783
	<u>\$ 248,063</u>	<u>\$ 1,411,007</u>	<u>\$ 231,700</u>	<u>\$ 912,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,803,200</u>

With regard to the IBNR reserves totaling \$5,176,137 at December 31, 2021, 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 estimate of approximately \$6,405,159 was 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, management will prorate the recognition of the actuarial central estimate over a three-year period beginning in fiscal year 2022, with the actuarial central estimate being recorded in full as of December 31, 2024.

PUBLIC ENTITY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

H. LOSS RESERVES (CONTINUED)

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. The case and IBNR reserves as of December 31, 2020, were not discounted.

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, 2021 and 2020, the Fund paid \$1,079,943 and \$1,061,412, 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 undiscounted reported case reserves for the Fund during 2021 and 2020, and for all open Fund years, net of excess insurance recoveries.

	2021	2020
Total Unpaid Claims and Claims Adjustment Expenses – All Fund Years – Beginning of Year	\$ 4,939,691	\$ 3,873,948
Incurred Claims and Claims Adjustment Expenses:		
Provision for Insured Events – Current Year	1,673,142	1,044,890
Changes in Provision for Insured Events – Prior Years	<u>2,235,779</u>	<u>1,585,759</u>
Total Incurred Claims and Claims Adjustment Expenses - All Fund Years - Subtotal	<u>3,908,921</u>	<u>2,630,649</u>
Subtotal	8,848,612	6,504,597
Payments:		
Claims and Claims Adjustment Expenses	<u>(2,235,517)</u>	<u>(1,564,906)</u>
Total Unpaid Claims and Claims Adjustment Expenses – All Fund Years – End of Year	<u>\$ 6,613,095</u>	<u>\$ 4,939,691</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.

PUBLIC ENTITY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

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. IMPACT OF CORONAVIRUS PANDEMIC

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus included restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Fund and its members operate.

Due to the impact of New Jersey Governor Murphy's Executive Order No. 107 dated March 21, 2020, mandating statewide stay-at-home practices and closure of all non-essential retail businesses, there has generally been a negative economic impact, however, the impact on the Fund's financial statements and operations was limited in 2020 and 2021. It is reasonably possible revenues, collections on accounts receivables, and related cash flows may be adversely impacted going forward. It is unknown how long these conditions will last and what the complete financial affect will be to the Fund.

N. SUBSEQUENT EVENTS

Management has evaluated events subsequent to December 31, 2021 through **REPORT DATE**, 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
Underwriting Income-Required Contribution	\$ 4,012,909	\$ 5,864,126	\$ 6,347,965	\$ 6,933,139	\$ 7,032,520	\$ 7,310,565	\$ 7,968,318	\$ 8,396,395
Investment Income	484	(698)	27,540	24,411	80,218	34,965	29,260	30,408
	<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>8,426,803</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
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
	<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>
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>
Cumulative Paid Claims:								
End of Policy Year	120,933	453,920	282,911	603,954	451,119	612,387	324,473	518,392
One Year Later	279,794	1,203,432	641,493	1,052,391	562,520	789,274	688,446	-
Two Years Later	792,022	2,071,257	1,138,092	1,369,505	815,336	1,345,948	-	-
Three Years Later	1,075,705	2,718,748	1,552,764	2,004,315	1,208,540	-	-	-
Four Years Later	1,338,539	2,948,450	2,001,963	2,284,397	-	-	-	-
Five Years Later	1,339,745	3,000,000	2,126,215	-	-	-	-	-
Six Years Later	1,516,276	3,000,000	-	-	-	-	-	-
Seven Years Later	1,515,216	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-
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
One Year Later	1,461,023	2,449,998	1,281,531	1,835,894	866,861	2,242,940	1,569,722	-
Two Years Later	1,889,715	3,063,653	1,868,622	2,867,016	1,844,863	3,412,987	-	-
Three Years Later	2,083,331	3,000,000	2,308,196	3,175,000	2,249,344	-	-	-
Four Years Later	1,770,991	3,000,000	2,535,035	3,101,972	-	-	-	-
Five Years Later	2,056,406	3,000,000	2,736,687	-	-	-	-	-
Six Years Later	1,548,600	3,000,000	-	-	-	-	-	-
Seven Years Later	1,556,395	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-
Increase in Cumulative Incurred Claims from End of Policy Year	<u>\$ 726,719</u>	<u>\$ 1,907,741</u>	<u>\$ 2,179,042</u>	<u>\$ 1,901,677</u>	<u>\$ 1,524,980</u>	<u>\$ 2,252,147</u>	<u>\$ 524,832</u>	<u>\$ -</u>

SUPPLEMENTAL SCHEDULES (UNAUDITED)

PUBLIC ENTITY JOINT INSURANCE FUND

OPERATING RESULTS ANALYSIS – ALL YEARS COMBINED

Year Ended December 31, 2021

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	\$ 1,816,279	\$ 7,316,797	\$ 1,313,541	\$ 6,617,125	\$ -	\$ -	\$ 24,595,962	\$ 12,206,242	\$ 53,865,947
2. Incurred Liabilities:									
Claims	8,691,382	19,181,764	1,591,154	12,150,646	375,022	(1,120,462)	-	-	40,869,506
Expenses	-	-	-	-	-	-	23,616,217	13,346,267	36,962,484
Total Liabilities	8,691,382	19,181,764	1,591,154	12,150,646	375,022	(1,120,462)	23,616,217	13,346,267	77,831,990
3. Underwriting Surplus/(Deficit)	(6,875,103)	(11,864,967)	(277,613)	(5,533,521)	(375,022)	1,120,462	979,745	(1,140,025)	(23,966,043)
4. Adjustments:									
Investment Activity (Realized/Unrealized)	-	-	-	-	-	-	-	328,261	328,261
Recoveries	4,157,086	7,293,584	722,013	4,220,437	-	-	-	-	16,393,120
Total Adjustments	4,157,086	7,293,584	722,013	4,220,437	-	-	-	328,261	16,721,382
5. Gross Operating Surplus/(Deficit)	(2,718,017)	(4,571,383)	444,400	(1,313,084)	(375,022)	1,120,462	979,745	(811,763)	(7,244,661)
6. Return of Surplus	-	-	-	-	-	-	-	-	-
7. Net Current Position/(Deficit)	\$ (2,718,017)	\$ (4,571,383)	\$ 444,400	\$ (1,313,084)	\$ (375,022)	\$ 1,120,462	\$ 979,745	\$ (811,763)	\$ (7,244,661)

PUBLIC ENTITY JOINT INSURANCE FUND

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

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	\$ 247,058	\$ 1,168,099	\$ 151,252	\$ 877,097	\$ 5,144,730	\$ 808,159	\$ 8,396,395
2. Incurred Liabilities:							
Claims	5,065,961	1,599,212	36,004	1,184,071	-	-	7,885,248
Expenses	-	-	-	-	4,165,572	2,018,730	6,184,302
Total Liabilities	5,065,961	1,599,212	36,004	1,184,071	4,165,572	2,018,730	14,069,550
3. Underwriting Surplus/(Deficit)	(4,818,903)	(431,113)	115,248	(306,974)	979,158	(1,210,571)	(5,673,155)
4. Adjustments:							
Investment Activity (Realized/Unrealized)	-	-	-	-	-	127	127
Recoveries	3,701,805	-	-	-	-	-	3,701,805
Total Adjustments	3,701,805	-	-	-	-	127	3,701,932
5. Gross Operating Surplus/(Deficit)	(1,117,098)	(431,113)	115,248	(306,974)	979,158	(1,210,444)	(1,971,223)
6. Return of Surplus	-	-	-	-	-	-	-
7. Net Current Position/(Deficit)	\$ (1,117,098)	\$ (431,113)	\$ 115,248	\$ (306,974)	\$ 979,158	\$ (1,210,444)	\$ (1,971,223)
Current Year Claims	\$ 5,065,961	\$ 1,599,212	\$ 36,004	\$ 1,184,071	\$ -	\$ -	\$ 7,885,248
Prior Year Claims	-	-	-	-	-	-	-
Net Change in Claims Liabilities	\$ 5,065,961	\$ 1,599,212	\$ 36,004	\$ 1,184,071	\$ -	\$ -	\$ 7,885,248

PUBLIC ENTITY JOINT INSURANCE FUND

2020 FUND YEAR OPERATING RESULTS ANALYSIS
Year Ended December 31, 2021

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	\$ 212,350	\$ 1,478,108	\$ 167,383	\$ 716,995	\$ 3,415,728	\$ 1,977,754	\$ 7,968,318
2. Incurred Liabilities:							
Claims	815,132	1,138,924	112,978	2,278,629	-	-	4,345,663
Expenses	-	-	-	-	3,470,188	2,049,102	5,519,290
Total Liabilities	815,132	1,138,924	112,978	2,278,629	3,470,188	2,049,102	9,864,953
3. Underwriting Surplus/(Deficit)	(602,782)	339,184	54,405	(1,561,634)	(54,460)	(71,348)	(1,896,635)
4. Adjustments:							
Investment Activity (Realized/Unrealized)	-	-	-	-	-	30,408	30,408
Recoveries	1,000	-	-	1,373,108	-	-	1,374,108
Total Adjustments	1,000	-	-	1,373,108	-	30,408	1,404,516
5. Gross Operating Surplus/(Deficit)	(601,782)	339,184	54,405	(188,526)	(54,460)	(40,940)	(492,119)
6. Return of Surplus	-	-	-	-	-	-	-
7. Net Current Position/(Deficit)	\$ (601,782)	\$ 339,184	\$ 54,405	\$ (188,526)	\$ (54,460)	\$ (40,940)	\$ (492,119)
Current Year Claims	\$ 815,132	\$ 1,138,924	\$ 112,978	\$ 2,278,629	\$ -	\$ -	\$ 4,345,663
Prior Year Claims	791,965	1,423,347	239,533	958,793	-	-	3,413,638
Net Change in Claims Liabilities	\$ 23,167	\$ (284,423)	\$ (126,555)	\$ 1,319,836	\$ -	\$ -	\$ 932,025

PUBLIC ENTITY JOINT INSURANCE FUND

2019 FUND YEAR OPERATING RESULTS ANALYSIS
Year Ended December 31, 2021

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	\$ 229,224	\$ 897,639	\$ 156,053	\$ 582,833	\$ 3,641,802	\$ 1,803,014	\$ 7,310,566
2. Incurred Liabilities:							
Claims	614,670	3,252,522	120,496	2,209,996	-	-	6,197,684
Expenses	-	-	-	-	3,447,031	1,873,146	5,320,177
Total Liabilities	614,670	3,252,522	120,496	2,209,996	3,447,031	1,873,146	11,517,861
3. Underwriting Surplus/(Deficit)	(385,446)	(2,354,883)	35,557	(1,627,163)	194,771	(70,132)	(4,207,295)
4. Adjustments:							
Investment Activity (Realized/Unrealized)	-	-	-	-	-	51,173	51,173
Recoveries	-	835,000	-	1,146,855	-	-	1,981,855
Total Adjustments	-	835,000	-	1,146,855	-	51,173	2,033,028
5. Gross Operating Surplus/(Deficit)	(385,446)	(1,519,883)	35,557	(480,308)	194,771	(18,959)	(2,174,267)
6. Return of Surplus	-	-	-	-	-	-	-
7. Net Current Position/(Deficit)	\$ (385,446)	\$ (1,519,883)	\$ 35,557	\$ (480,308)	\$ 194,771	\$ (18,959)	\$ (2,174,267)
Current Year Claims	\$ 614,670	\$ 3,252,522	\$ 120,496	\$ 2,209,996	\$ -	\$ -	\$ 6,197,684
Prior Year Claims	457,000	1,316,516	97,596	946,871	-	-	2,817,983
Net Change in Claims Liabilities	\$ 157,670	\$ 1,936,006	\$ 22,900	\$ 1,263,125	\$ -	\$ -	\$ 3,379,701

PUBLIC ENTITY JOINT INSURANCE FUND

2018 FUND YEAR OPERATING RESULTS ANALYSIS
Year Ended December 31, 2021

Schedule A-4

	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	\$ 794,516	\$ -	\$ 3,108,490	\$ 1,753,333	\$ 7,032,520
2. Incurred Liabilities:								
Claims	498,313	1,873,642	190,099	468,422	-	-	-	3,030,476
Expenses	-	-	-	-	-	3,153,664	1,707,610	4,861,274
Total Liabilities	498,313	1,873,642	190,099	468,422	-	3,153,664	1,707,610	7,891,750
3. Underwriting Surplus/(Deficit)	(203,264)	(970,288)	(12,321)	326,094	-	(45,174)	45,723	(859,230)
4. Adjustments:								
Investment Activity (Realized/Unrealized)	-	-	-	-	-	-	88,706	88,706
Recoveries	1,209	545,206	-	-	-	-	-	546,415
Total Adjustments	1,209	545,206	-	-	-	-	88,706	635,121
5. Gross Operating Surplus/(Deficit)	(202,055)	(425,082)	(12,321)	326,094	-	(45,174)	134,429	(224,109)
6. Return of Surplus	-	-	-	-	-	-	-	-
7. Net Current Position/(Deficit)	\$ (202,055)	\$ (425,082)	\$ (12,321)	\$ 326,094	\$ -	\$ (45,174)	\$ 134,429	\$ (224,109)
Current Year Claims	\$ 498,313	\$ 1,873,642	\$ 190,099	\$ 468,422	\$ -	\$ -	\$ -	\$ 3,030,476
Prior Year Claims	433,209	1,051,016	151,769	471,599	-	-	-	2,107,593
Net Change in Claims Liabilities	\$ 65,104	\$ 822,626	\$ 38,330	\$ (3,177)	\$ -	\$ -	\$ -	\$ 922,883

PUBLIC ENTITY JOINT INSURANCE FUND

2017 FUND YEAR OPERATING RESULTS ANALYSIS
Year Ended December 31, 2021

Schedule A-5

	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	\$ 947,424	\$ -	\$ -	\$ 2,741,212	\$ 1,739,083	\$ 6,933,140
2. Incurred Liabilities:									
Claims	596,213	3,136,296	102,649	1,300,861	194,027	(388,054)	-	-	4,941,992
Expenses	-	-	-	-	-	-	2,797,380	1,686,817	4,484,197
Total Liabilities	596,213	3,136,296	102,649	1,300,861	194,027	(388,054)	2,797,380	1,686,817	9,426,189
3. Underwriting Surplus/(Deficit)	(301,288)	(2,124,817)	96,368	(353,437)	(194,027)	388,054	(56,168)	52,266	(2,493,049)
4. Adjustments:									
Investment Activity (Realized/Unrealized)	-	-	-	-	-	-	-	69,279	69,279
Recoveries	152,491	1,614,500	-	-	-	-	-	-	1,766,991
Total Adjustments	152,491	1,614,500	-	-	-	-	-	69,279	1,836,270
5. Gross Operating Surplus/(Deficit)	(148,797)	(510,317)	96,368	(353,437)	(194,027)	388,054	(56,168)	121,545	(656,779)
6. Return of Surplus	-	-	-	-	-	-	-	-	-
7. Net Current Position/(Deficit)	\$ (148,797)	\$ (510,317)	\$ 96,368	\$ (353,437)	\$ (194,027)	\$ 388,054	\$ (56,168)	\$ 121,545	\$ (656,779)
Current Year Claims	\$ 596,213	\$ 3,136,296	\$ 102,649	\$ 1,300,861	\$ 194,027	\$ (388,054)	\$ -	\$ -	\$ 4,941,992
Prior Year Claims	579,892	4,046,601	24,507	1,298,930	166,770	(454,938)	-	-	5,661,762
Net Change in Claims Liabilities	\$ 16,321	\$ (910,305)	\$ 78,142	\$ 1,931	\$ 27,257	\$ 66,884	\$ -	\$ -	\$ (719,770)

PUBLIC ENTITY JOINT INSURANCE FUND

2016 FUND YEAR OPERATING RESULTS ANALYSIS
Year Ended December 31, 2021

Schedule A-6

	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
2. Incurred Liabilities:								
Claims	605,358	3,911,424	872,425	667,743	180,995	-	-	6,237,945
Expenses	-	-	-	-	-	2,618,761	1,536,294	4,155,055
Total Liabilities	605,358	3,911,424	872,425	667,743	180,995	2,618,761	1,536,294	10,393,000
3. Underwriting Surplus/(Deficit)	(348,576)	(3,132,387)	(715,551)	308,332	(180,995)	(30,262)	54,405	(4,045,034)
4. Adjustments:								
Investment Activity (Realized/Unrealized)	-	-	-	-	-	-	62,740	62,740
Recoveries	300,021	2,394,032	722,013	-	-	-	-	3,416,066
Total Adjustments	300,021	2,394,032	722,013	-	-	-	62,740	3,478,806
5. Gross Operating Surplus/(Deficit)	(48,555)	(738,355)	6,462	308,332	(180,995)	(30,262)	117,145	(566,228)
6. Return of Surplus	-	-	-	-	-	-	-	-
7. Net Current Position/(Deficit)	\$ (48,555)	\$ (738,355)	\$ 6,462	\$ 308,332	\$ (180,995)	\$ (30,262)	\$ 117,145	\$ (566,228)
Current Year Claims	\$ 605,358	\$ 3,911,424	\$ 872,425	\$ 667,743	\$ 180,995	\$ -	\$ -	\$ 6,237,945
Prior Year Claims	587,344	3,467,826	839,940	719,204	45,347	-	-	5,659,661
Net Change in Claims Liabilities	\$ 18,014	\$ 443,598	\$ 32,485	\$ (51,461)	\$ 135,648	\$ -	\$ -	\$ 578,284

PUBLIC ENTITY JOINT INSURANCE FUND

2015 FUND YEAR OPERATING RESULTS ANALYSIS
Year Ended December 31, 2021

Schedule A-7

	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	\$ 1,481,903	\$ 5,864,126
2. Incurred Liabilities:								
Claims	319,173	2,970,695	53,846	3,994,574	(732,408)	-	-	6,605,880
Expenses	-	-	-	-	-	2,424,689	1,469,005	3,893,694
Total Liabilities	319,173	2,970,695	53,846	3,994,574	(732,408)	2,424,689	1,469,005	10,499,574
3. Underwriting Surplus/(Deficit)	(112,440)	(2,319,203)	62,257	(2,984,910)	732,408	(26,458)	12,898	(4,635,448)
4. Adjustments:								
Investment Activity (Realized/Unrealized)	-	-	-	-	-	-	5,851	5,851
Recoveries	560	1,904,846	-	1,700,474	-	-	-	3,605,880
Total Adjustments	560	1,904,846	-	1,700,474	-	-	5,851	3,611,731
5. Gross Operating Surplus/(Deficit)	(111,880)	(414,357)	62,257	(1,284,436)	732,408	(26,458)	18,749	(1,023,717)
6. Return of Surplus	-	-	-	-	-	-	-	-
7. Net Current Position/(Deficit)	\$ (111,880)	\$ (414,357)	\$ 62,257	\$ (1,284,436)	\$ 732,408	\$ (26,458)	\$ 18,749	\$ (1,023,717)
Current Year Claims	\$ 319,173	\$ 2,970,695	\$ 53,846	\$ 3,994,574	\$ (732,408)	\$ -	\$ -	\$ 6,605,880
Prior Year Claims	319,560	3,074,187	53,846	3,382,762	(797,274)	-	-	6,033,081
Net Change in Claims Liabilities	\$ (387)	\$ (103,492)	\$ -	\$ 611,812	\$ 64,866	\$ -	\$ -	\$ 572,799

PUBLIC ENTITY JOINT INSURANCE FUND

2014 FUND YEAR OPERATING RESULTS ANALYSIS
Year Ended December 31, 2021

Schedule A-8

	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
2. Incurred Liabilities:							
Claims	176,562	1,299,049	102,657	46,350	-	-	1,624,618
Expenses	-	-	-	-	1,538,932	1,005,562	2,544,494
Total Liabilities	176,562	1,299,049	102,657	46,350	1,538,932	1,005,562	4,169,112
3. Underwriting Surplus/(Deficit)	(102,404)	(871,460)	86,424	666,171	18,338	46,728	(156,203)
4. Adjustments:							
Investment Activity (Realized/Unrealized)	-	-	-	-	-	19,977	19,977
Recoveries	-	-	-	-	-	-	-
Total Adjustments	-	-	-	-	-	19,977	19,977
5. Gross Operating Surplus/(Deficit)	(102,404)	(871,460)	86,424	666,171	18,338	66,705	(136,226)
6. Return of Surplus	-	-	-	-	-	-	-
7. Net Current Position/(Deficit)	\$ (102,404)	\$ (871,460)	\$ 86,424	\$ 666,171	\$ 18,338	\$ 66,705	\$ (136,226)
Current Year Claims	\$ 176,562	\$ 1,299,049	\$ 102,657	\$ 46,350	\$ -	\$ -	\$ 1,624,618
Prior Year Claims	171,473	1,251,797	98,836	33,621	-	-	1,555,727
Net Change in Claims Liabilities	\$ 5,089	\$ 47,252	\$ 3,821	\$ 12,729	\$ -	\$ -	\$ 68,891

PUBLIC ENTITY JOINT INSURANCE FUND

FUND YEAR CLAIMS ANALYSIS – ALL YEARS COMBINED

Year Ended December 31, 2021

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	\$ 6,950,376	\$ 12,942,860	\$ 1,071,015	\$ 8,861,463	\$ 375,022	\$ (1,120,462)	\$ 29,080,274
Case Reserves	376,199	3,878,731	447,538	1,910,627	-	-	6,613,095
IBNR Reserves	1,364,807	2,360,173	72,601	1,378,556	-	-	5,176,137
Subtotal	<u>8,691,382</u>	<u>19,181,764</u>	<u>1,591,154</u>	<u>12,150,646</u>	<u>375,022</u>	<u>(1,120,462)</u>	<u>40,869,506</u>
Less:							
Recoveries	<u>4,157,086</u>	<u>7,293,584</u>	<u>722,013</u>	<u>4,220,437</u>	<u>-</u>	<u>-</u>	<u>16,393,120</u>
Subtotal	<u>4,157,086</u>	<u>7,293,584</u>	<u>722,013</u>	<u>4,220,437</u>	<u>-</u>	<u>-</u>	<u>16,393,120</u>
Claims Expense (Net)	<u>\$ 4,534,296</u>	<u>\$ 11,888,180</u>	<u>\$ 869,141</u>	<u>\$ 7,930,209</u>	<u>\$ 375,022</u>	<u>\$ (1,120,462)</u>	<u>\$ 24,476,386</u>

PUBLIC ENTITY JOINT INSURANCE FUND

2021 FUND YEAR CLAIMS ANALYSIS
Year Ended December 31, 2021

Schedule B-1

	<u>PROPERTY</u>	<u>GENERAL LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKERS' COMPENSATION</u>	<u>TOTALS</u>
Claims Incurred	\$ 4,051,793	\$ 77,016	\$ 4,692	\$ 86,696	\$ 4,220,197
Case Reserves	331,200	391,339	916	431,295	1,154,750
IBNR Reserves	682,968	1,130,857	30,396	666,080	2,510,301
	<u>5,065,961</u>	<u>1,599,212</u>	<u>36,004</u>	<u>1,184,071</u>	<u>7,885,248</u>
Less:					
Recoveries	<u>3,701,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,701,805</u>
Subtotal	<u>3,701,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,701,805</u>
Claims Expense (Net)	<u>\$ 1,364,156</u>	<u>\$ 1,599,212</u>	<u>\$ 36,004</u>	<u>\$ 1,184,071</u>	<u>\$ 4,183,443</u>

PUBLIC ENTITY JOINT INSURANCE FUND

2020 FUND YEAR CLAIMS ANALYSIS
Year Ended December 31, 2021

Schedule B-2

	<u>PROPERTY</u>	<u>GENERAL LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKERS' COMPENSATION</u>	<u>TOTALS</u>
Claims Incurred	\$ 401,069	\$ 76,403	\$ 20,713	\$ 1,564,369	\$ 2,062,554
Case Reserves	32,671	431,014	75,291	342,300	881,276
IBNR Reserves	<u>381,392</u>	<u>631,507</u>	<u>16,974</u>	<u>371,960</u>	<u>1,401,833</u>
Subtotal	<u>815,132</u>	<u>1,138,924</u>	<u>112,978</u>	<u>2,278,629</u>	<u>4,345,663</u>
Less:					
Recoveries	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,373,108</u>	<u>1,374,108</u>
Subtotal	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,373,108</u>	<u>1,374,108</u>
Claims Expense (Net)	<u>\$ 814,132</u>	<u>\$ 1,138,924</u>	<u>\$ 112,978</u>	<u>\$ 905,521</u>	<u>\$ 2,971,555</u>

PUBLIC ENTITY JOINT INSURANCE FUND

2019 FUND YEAR CLAIMS ANALYSIS
 Year Ended December 31, 2021

Schedule B-3

	<u>PROPERTY</u>	<u>GENERAL LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKERS' COMPENSATION</u>	<u>TOTALS</u>
Claims Incurred	\$ 386,480	\$ 1,330,298	\$ 1,500	\$ 1,609,525	\$ 3,327,803
Case Reserves	9,764	1,560,554	109,275	387,446	2,067,039
IBNR Reserves	218,426	361,670	9,721	213,025	802,842
Subtotal	<u>614,670</u>	<u>3,252,522</u>	<u>120,496</u>	<u>2,209,996</u>	<u>6,197,684</u>
Less:					
Recoveries	<u>-</u>	<u>835,000</u>	<u>-</u>	<u>1,146,855</u>	<u>1,981,855</u>
Subtotal	<u>-</u>	<u>835,000</u>	<u>-</u>	<u>1,146,855</u>	<u>1,981,855</u>
Claims Expense (Net)	<u>\$ 614,670</u>	<u>\$ 2,417,522</u>	<u>\$ 120,496</u>	<u>\$ 1,063,141</u>	<u>\$ 4,215,829</u>

PUBLIC ENTITY JOINT INSURANCE FUND

2018 FUND YEAR CLAIMS ANALYSIS
Year Ended December 31, 2021

Schedule B-4

	<u>PROPERTY</u>	<u>GENERAL LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKERS' COMPENSATION</u>	<u>TOTALS</u>
Claims Incurred	\$ 431,891	\$ 1,023,735	\$ 79,488	\$ 219,841	\$ 1,754,955
Case Reserves	2,564	744,170	107,769	186,301	1,040,804
IBNR Reserves	63,858	105,737	2,842	62,280	234,717
	<u>498,313</u>	<u>1,873,642</u>	<u>190,099</u>	<u>468,422</u>	<u>3,030,476</u>
Subtotal					
Less:					
Recoveries	1,209	545,206	-	-	546,415
	<u>1,209</u>	<u>545,206</u>	<u>-</u>	<u>-</u>	<u>546,415</u>
Subtotal					
Claims Expense (Net)	<u>\$ 497,104</u>	<u>\$ 1,328,436</u>	<u>\$ 190,099</u>	<u>\$ 468,422</u>	<u>\$ 2,484,061</u>

PUBLIC ENTITY JOINT INSURANCE FUND

2017 FUND YEAR CLAIMS ANALYSIS
Year Ended December 31, 2021

Schedule B-5

	<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	\$ 596,213	\$ 2,643,294	\$ 19,698	\$ 986,210	\$ 194,027	\$ (388,054)	\$ 4,051,388
Case Reserves	-	452,576	76,149	288,850	-	-	817,575
IBNR Reserves	-	40,426	6,802	25,801	-	-	73,029
Subtotal	<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>4,941,992</u>
Less:							
Recoveries	<u>152,491</u>	<u>1,614,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,766,991</u>
Subtotal	<u>152,491</u>	<u>1,614,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,766,991</u>
Claims Expense (Net)	<u>\$ 443,722</u>	<u>\$ 1,521,796</u>	<u>\$ 102,649</u>	<u>\$ 1,300,861</u>	<u>\$ 194,027</u>	<u>\$ (388,054)</u>	<u>\$ 3,175,001</u>

PUBLIC ENTITY JOINT INSURANCE FUND

2016 FUND YEAR CLAIMS ANALYSIS
Year Ended December 31, 2021

Schedule B-6

	<u>PROPERTY</u>	<u>GENERAL LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKERS' COMPENSATION</u>	<u>CORRIDOR LOSSES</u>	<u>TOTALS</u>
Claims Incurred	\$ 593,344	\$ 3,609,073	\$ 792,242	\$ 366,627	180,995	\$ 5,542,281
Case Reserves	-	269,340	78,138	262,994	-	610,472
IBNR Reserves	12,014	33,011	2,045	38,122	-	85,192
Subtotal	<u>605,358</u>	<u>3,911,424</u>	<u>872,425</u>	<u>667,743</u>	<u>180,995</u>	<u>6,237,945</u>
Less:						
Recoveries	<u>300,021</u>	<u>2,394,032</u>	<u>722,013</u>	<u>-</u>	<u>-</u>	<u>3,416,066</u>
Subtotal	<u>300,021</u>	<u>2,394,032</u>	<u>722,013</u>	<u>-</u>	<u>-</u>	<u>3,416,066</u>
Claims Expense (Net)	<u>\$ 305,337</u>	<u>\$ 1,517,392</u>	<u>\$ 150,412</u>	<u>\$ 667,743</u>	<u>\$ 180,995</u>	<u>\$ 2,821,879</u>

PUBLIC ENTITY JOINT INSURANCE FUND

2015 FUND YEAR CLAIMS ANALYSIS
 Year Ended December 31, 2021

Schedule B-7

	<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	\$ 2,970,695	\$ 53,846	\$ 3,994,574	\$ (732,408)	\$ 6,605,880
Case Reserves	-	-	-	-	-	-
IBNR Reserves	-	-	-	-	-	-
Subtotal	<u>319,173</u>	<u>2,970,695</u>	<u>53,846</u>	<u>3,994,574</u>	<u>(732,408)</u>	<u>6,605,880</u>
Less:						
Recoveries	<u>560</u>	<u>1,904,846</u>	<u>-</u>	<u>1,700,474</u>	<u>-</u>	<u>3,605,880</u>
Subtotal	<u>560</u>	<u>1,904,846</u>	<u>-</u>	<u>1,700,474</u>	<u>-</u>	<u>3,605,880</u>
Claims Expense (Net)	<u>\$ 318,613</u>	<u>\$ 1,065,849</u>	<u>\$ 53,846</u>	<u>\$ 2,294,100</u>	<u>\$ (732,408)</u>	<u>\$ 3,000,000</u>

PUBLIC ENTITY JOINT INSURANCE FUND

2014 FUND YEAR CLAIMS ANALYSIS
 Year Ended December 31, 2021

Schedule B-8

	<u>PROPERTY</u>	<u>GENERAL LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKERS' COMPENSATION</u>	<u>TOTALS</u>
Claims Incurred	\$ 170,413	\$ 1,212,346	\$ 98,836	\$ 33,621	\$ 1,515,216
Case Reserves	-	29,738	-	11,441	41,179
IBNR Reserves	6,149	56,965	3,821	1,288	68,223
Subtotal	<u>176,562</u>	<u>1,299,049</u>	<u>102,657</u>	<u>46,350</u>	<u>1,624,618</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>\$ 176,562</u>	<u>\$ 1,299,049</u>	<u>\$ 102,657</u>	<u>\$ 46,350</u>	<u>\$ 1,624,618</u>

PUBLIC ENTITY JOINT INSURANCE FUND

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

Schedule C-1

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 2020
Year Ended December 31, 2021

Schedule C-2

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, 2021

Schedule C-3

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>

PUBLIC ENTITY JOINT INSURANCE FUND

2018 FUND YEAR EXPENSE ANALYSIS – REPORT YEAR 2018
Year Ended December 31, 2021

Schedule C-4

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, 2021

Schedule C-5

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>

PUBLIC ENTITY JOINT INSURANCE FUND

2016 FUND YEAR EXPENSE ANALYSIS – REPORT YEAR 2016
Year Ended December 31, 2021

Schedule C-6

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, 2021

Schedule C-7

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, 2021

Schedule C-8

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, 2021

Schedule D

Underwriting Income:	
Regular Contributions	<u>\$ 53,865,947</u>
Expenses:	
Claims:	
Paid	12,687,153
Case Reserves	6,613,095
IBNR Reserves	<u>5,176,137</u>
Claims - Net	<u>24,476,385</u>
Excess Insurance Premiums	23,616,217
Administrative	<u>13,346,267</u>
Total Expenses	<u>36,962,484</u>
Operating Loss	(7,572,922)
Investment Activity (Realized/Unrealized)	<u>328,261</u>
Total Non-Operating Income	<u>328,261</u>
Net Loss	<u>\$ (7,244,661)</u>
Cumulative Net Position - December 31, 2021	<u><u>\$ (7,244,661)</u></u>

PUBLIC ENTITY JOINT INSURANCE FUND

PROGRAM SUMMARY – FUND YEAR 2021
Year Ended December 31, 2021

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
Fund Retention					
Specific Aggregate:					
Property	\$ 100,000	\$ 500,000	\$ 500,000	\$ 750,000 *	\$ 500,000
Auto Property	\$ 100,000				
All Lines of Business					
Stop Loss Aggregate	N/A	**			
Number of Participants	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	\$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, 2021, and the related notes to financial statements, which comprise the Fund's basic financial statements, and have issued our report thereon dated DATE. 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

DATE

PUBLIC ENTITY JOINT INSURANCE FUND

SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None reported.

PUBLIC ENTITY JOINT INSURANCE FUND

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None reported.