

**Annual
Financial Report**

of the

**Suburban Municipal
Joint Insurance Fund**

For the Years Ended December 31, 2018 and 2017

Prepared By

Suburban Municipal Joint Insurance Fund

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

DECEMBER 31, 2018 AND 2017

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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Suburban Municipal
Joint Insurance Fund
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054-4412

Report on the Financial Statements

We have audited the accompanying financial statements of the Suburban Municipal Joint Insurance Fund (the "Fund"), which comprise the statement of net position as of December 31, 2018 and 2017 and the related statements of revenue, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Qualified Opinion

As permitted by the Departments of Community Affairs and Banking and Insurance, State of New Jersey, we did not extend our audit to the underlying actuarial assumptions for Incurred but Not Reported (IBNR) reserve amounts, since they are prepared by the Fund's actuary.

Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we audited the IBNR reserves, the financial statements referred to above present fairly, in all material respects, the financial position of the Suburban Municipal Joint Insurance Fund as of December 31, 2018 and 2017, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Suburban Municipal Joint Insurance Fund's financial statements. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedules listed above are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 31, 2019 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 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 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 Suburban Municipal Joint Insurance Fund's internal control over financial reporting and compliance.

May 31, 2019

A handwritten signature in cursive script that reads "Suplee, Clooney & Company". The signature is written in black ink and is positioned to the right of the date.



SUPLEE, CLOONEY & COMPANY

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**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Suburban Municipal
Joint Insurance Fund
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054-4412

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Suburban Municipal Joint Insurance Fund (the "Fund") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Suburban Municipal Joint Insurance Fund's financial statements, and have issued our report thereon dated May 31, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Suburban Municipal Joint Insurance Fund's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Suburban Municipal Joint Insurance Fund's internal control.

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

SUPLEE, CLOONEY & COMPANY

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 may exist that have not been identified.

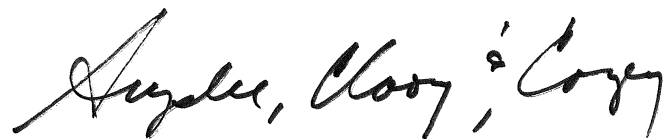
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Suburban Municipal Joint Insurance 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 determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

May 31, 2019

A handwritten signature in black ink that reads "Suplee, Clooney & Company". The signature is written in a cursive, flowing style.

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MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

In this section of the annual report, management of the Suburban Municipal Joint Insurance Fund (the "Fund") presents a narrative discussion and analysis of the Fund's financial activities for the years ended December 31, 2018 and 2017. This section of the report should be read in conjunction with the Fund's audited financial statements and supplementary information for the years ended December 31, 2018 and 2017. The Fund's audited financial statements are presented in conformity with U.S. generally accepted accounting principles.

Audit Assurance

The opinion of our independent auditors, Suplee, Clooney & Company is included in this report.

Financial Highlights

Total assets at year-end total \$8.0 million and liabilities total \$3.4 million. Assessments Receivable comprises \$1.2 million of total assets. Loss Reserves of \$3.2 million comprise the majority of total liabilities.

Cash and Investments of \$5.4 million increased \$516 thousand from the prior year.

Assessment Revenues to participating members are based on actuarial assumptions determined by the Fund's actuary. Operating Revenues total \$5.0 million which is a minimal decrease of \$84 thousand or 1.7% from the prior year. The decrease is due to changes in membership and coverages. Operating Expenses total \$4.5 million which is an increase of \$84 thousand or 1.9% from the prior year. The Fund's provision for claims and claim adjustment expenses increased \$40 thousand or 2.6%. Payments for insurance premiums increased \$31 thousand or 1.6%. The Fund's largest expenditures are provisions for claims and claim adjustment expenses and payments for insurance premiums.

As described in the Notes to the financial statements, the fund accounts for its equity interest in joint insurance funds in which the fund is a member. At December 31, 2018 and 2017 the value of this equity interest was \$1,073,267 and \$1,118,782, respectively. The Fund's interest in joint insurance funds decreased \$46 thousand or 4.1%.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Fund's financial condition and performance.

The financial statements report information about the Fund using full accrual accounting methods. The financial statements include a Statement of Net Position; a Statement of Revenues, Expenses and Changes to Net Position; a Statement of Cash Flows; and notes to the financial statements.

The Statement of Net Position presents the financial position of the Fund on a full accrual historical cost basis. This statement presents information on all of the Fund's assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net position is one indicator of whether the financial position of the Fund is improving or deteriorating. While the Statement of Net Position provides information about the nature and amount of resources and obligations at year-end, the Statement of Revenues, Expenses and Changes in Net Position presents the results of the activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statement of Cash Flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event or when an obligation arises.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Fund's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Summary of Organization and Business

The Suburban Municipal Joint Insurance Fund (the "Fund") was formed on January 1, 1994 in accordance with P.L. 1983, C.372, entitled "An Act Concerning Joint Insurance Funds for Local Units of Government", and the supplementing Chapter 10 of Title 40A of the New Jersey Statutes. The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. The Fund was established for the purpose of providing low cost insurance coverage as well as providing stability in coverage. There are currently ten member municipalities participating in the Fund.

Participating municipalities must remain in the Fund for the full term of membership unless earlier terminated by a majority vote of the Fund Commissioners or a two-thirds vote of the Executive Committee for nonpayment of assessments or continued non-compliance after written notice to comply with the bylaws or other obligations.

All members' contributions to the Fund for claim payments are based on 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 assure the payment of the Fund's obligations.

An executive director/administrator is responsible for the overall administration of the Fund.

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

- a) Workers' Compensation and Employers' Liability
- b) General Liability and Auto Liability
- c) Property Damage
- d) Motor Vehicle
- e) Public Officials' Liability
- f) Environmental
- g) Cyber

The Fund is also a member of the Municipal Excess Liability Joint Insurance Fund which provides excess insurance for each of the coverages noted above, except for Public Officials Liability/Employment Practices Liability coverage which is purchased by the Fund from a commercial carrier. The MEL does provide optional limits in excess of the primary commercial policy for POL/EPL. In addition, the Fund is a member of the New Jersey Environmental Risk Management Fund for environmental coverage. The Fund purchases a commercial policy for Cyber Liability.

Financial Analysis

The following comparative condensed financial statements and other selected information serve as key financial data and indicators for management, monitoring and planning.

	December 31,		Variance		Dec 31,
	<u>2018</u>	<u>2017</u>	<u>Dollars</u>	<u>%</u>	<u>2016</u>
<u>Assets</u>					
Cash and Investments	\$ 5,417,608	\$ 4,901,414	\$ 516,194	10.5%	\$ 4,364,393
Assessments Receivable	1,207,613	1,137,518	70,095	6.2%	1,240,586
Miscellaneous Receivables	276,480	271,148	5,332	2.0%	148,974
Prepaid Expenses and Other Assets	-	9,875	(9,875)	-100.0%	16,672
Investment in Joint Ventures	1,073,267	1,118,782	(45,515)	-4.1%	838,395
Total Assets	<u>\$ 7,974,968</u>	<u>\$ 7,438,737</u>	<u>\$ 536,231</u>	<u>7.2%</u>	<u>\$ 6,609,020</u>
<u>Liabilities</u>					
Accounts and Insurance Payable	\$ 104,314	\$ 93,515	\$ 10,799	11.5%	\$ 332,860
Loss Reserves	3,147,476	3,136,633	10,843	0.3%	3,016,699
Other Liabilities	109,668	51,063	58,605	114.8%	-
Total Liabilities	<u>\$ 3,361,458</u>	<u>\$ 3,281,211</u>	<u>\$ 80,247</u>	<u>2.4%</u>	<u>\$ 3,349,559</u>
<u>Net Position</u>					
Unrestricted	<u>\$ 4,613,510</u>	<u>\$ 4,157,526</u>	<u>\$ 455,984</u>	<u>11.0%</u>	<u>\$ 3,259,461</u>
Total Net Position	<u>\$ 4,613,510</u>	<u>\$ 4,157,526</u>	<u>\$ 455,984</u>	<u>11.0%</u>	<u>\$ 3,259,461</u>
Total Liabilities and Net Position	<u>\$ 7,974,968</u>	<u>\$ 7,438,737</u>	<u>\$ 536,231</u>	<u>7.2%</u>	<u>\$ 6,609,020</u>

Condensed Statement of Revenue, Expenses, and Changes in Net Position

	December 31,		Variance		Dec 31,
	<u>2018</u>	<u>2017</u>	<u>Dollars</u>	<u>%</u>	<u>2016</u>
Operating Revenues	\$ 4,957,967	\$ 5,041,845	\$ (83,878)	-1.7%	\$ 4,866,257
Operating Expenses	<u>4,481,841</u>	<u>4,397,401</u>	<u>84,440</u>	<u>1.9%</u>	<u>4,794,583</u>
Operating Income (Loss)	\$ 476,126	\$ 644,444	\$ (168,318)	-26.1%	\$ 71,674
Non Operating Revenues (Expenses)	146,403	78,247	68,156	87.1%	50,443
Change in Investment in Joint Ventures	<u>(45,515)</u>	<u>280,387</u>	<u>(325,902)</u>	<u>-116.2%</u>	<u>335,364</u>
Change in Net Position	\$ 577,014	\$ 1,003,078	\$ (426,064)	-42.5%	\$ 457,481
Net Position, Beginning of Year	\$ 4,157,526	\$ 3,259,461	\$ 898,065	27.6%	\$ 2,885,508
Fund Equity Distribution	<u>121,030</u>	<u>105,012</u>	<u>16,018</u>	<u>15.3%</u>	<u>83,527</u>
Net Position, End of Year	<u>\$ 4,613,509</u>	<u>\$ 4,157,526</u>	<u>\$ 455,983</u>	<u>11.0%</u>	<u>\$ 3,259,461</u>

Contacting the Fund's Management

Any questions about the Fund's report or if additional information is needed, please contact the Executive Director of the Suburban Municipal Joint Insurance Fund, 9 Campus Drive, Suite 216, Parsippany, New Jersey 07054.

SUBURBAN MUNICIPAL JOINT INSURANCE FUNDSTATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 2,471,682.85	\$ 811,108.33
Investments	2,945,924.95	4,090,305.35
Assessments Receivable	1,207,613.37	1,137,517.59
Retrospective Premium Recoverable	263,152.75	256,901.00
Interest and Dividend Receivable	10,557.82	14,247.34
Aggregate Excess Insurance Recoverable	2,769.01	-
Other Assets	-	9,875.00
Investment in Joint Ventures	1,073,267.00	1,118,782.00
	<u>1,073,267.00</u>	<u>1,118,782.00</u>
<u>Total Assets</u>	<u>\$ 7,974,967.75</u>	<u>\$ 7,438,736.61</u>
<u>Liabilities and Net Position</u>		
Liabilities:		
Accounts Payable	\$ 27,875.79	\$ 32,907.05
Surplus Return Reserve	76,438.00	60,607.78
Loss Reserves	3,147,476.53	3,136,632.66
Other Liabilities	109,667.66	51,063.32
	<u>109,667.66</u>	<u>51,063.32</u>
Total Liabilities	<u>\$ 3,361,457.98</u>	<u>\$ 3,281,210.81</u>
Net Position:		
Unrestricted	<u>\$ 4,613,509.78</u>	<u>\$ 4,157,525.81</u>
Total Net Position	<u>\$ 4,613,509.78</u>	<u>\$ 4,157,525.81</u>
<u>Total Liabilities and Net Position</u>	<u>\$ 7,974,967.75</u>	<u>\$ 7,438,736.61</u>

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

SUBURBAN MUNICIPAL JOINT INSURANCE FUNDSTATEMENTS OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Operating Revenue:</u>		
Assessments - Participating Members	\$ 4,911,266.93	\$ 4,895,093.51
Retrospective Premium	<u>46,700.00</u>	<u>146,751.00</u>
Total Operating Revenue	\$ <u>4,957,966.93</u>	\$ <u>5,041,844.51</u>
<u>Operating Expenses:</u>		
Provision for Claims and Claim Adjustment Expense	\$ 1,592,765.59	\$ 1,552,455.09
Insurance Premiums	1,917,668.35	1,887,134.78
Professional Services	963,939.52	936,190.69
Other Expenses	<u>7,467.40</u>	<u>21,620.61</u>
Total Operating Expenses	\$ <u>4,481,840.86</u>	\$ <u>4,397,401.17</u>
Operating Income (Loss)	\$ 476,126.07	\$ 644,443.34
<u>Non-Operating Revenue:</u>		
Interest Income	137,811.90	90,760.11
Unrealized Gain (Loss) on Investments	8,591.00	(12,513.00)
Net Change in Investment in Joint Ventures	<u>(45,515.00)</u>	<u>280,387.00</u>
Net Income	\$ 577,013.97	\$ 1,003,077.45
Net Position, Beginning of Year	4,157,525.81	3,259,460.82
Distribution to Participating Members	<u>121,030.00</u>	<u>105,012.46</u>
Net Position, End of Year	\$ <u><u>4,613,509.78</u></u>	\$ <u><u>4,157,525.81</u></u>

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

SUBURBAN MUNICIPAL JOINT INSURANCE FUNDCOMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Cash Flows from Operating Activities</u>		
Receipts from Participating Members' Assessments	\$ 4,841,171.15	\$ 4,998,162.48
Receipts for Retrospective Premiums	40,448.25	6,680.00
Payments for Insurance Premiums	(1,917,668.35)	(2,150,157.28)
Payments for Claims and Claims Adjustment Expense	(1,526,086.39)	(1,378,919.95)
Payments for Other Operating Expenses	<u>(966,563.18)</u>	<u>(945,154.31)</u>
<u>Net Cash Provided by Operating Activities</u>	<u>\$ 471,301.48</u>	<u>\$ 530,610.94</u>
<u>Cash Flows from Investing Activities</u>		
Sale (Purchase) of Investment Securities Net	\$ 1,152,971.40	\$ (1,780,289.55)
Investing Income and Other Income	<u>141,501.42</u>	<u>106,118.65</u>
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>\$ 1,294,472.82</u>	<u>\$ (1,674,170.90)</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Distribution to Participating Members	\$ <u>(105,199.78)</u>	\$ <u>(87,196.29)</u>
<u>Net Cash Used by Noncapital Financing Activities</u>	<u>\$ (105,199.78)</u>	<u>\$ (87,196.29)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 1,660,574.52	\$ (1,230,756.25)
Cash and Cash Equivalents - Beginning of Year	<u>811,108.34</u>	<u>2,041,864.59</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,471,682.85</u>	<u>\$ 811,108.34</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 476,126.07	\$ 644,443.34
Changes in Operating Assets and Liabilities:		
(Increase)/Decrease in Assessment Receivable	(70,095.78)	103,068.97
(Increase)/Decrease in Retrospective Premium Recoverable	(6,251.75)	(140,071.00)
(Increase)/Decrease in Aggregate Excess Insurance Recoverable	(2,769.01)	2,538.00
(Increase)/Decrease in Other Assets	9,875.00	6,796.51
Increase/(Decrease) in Accounts Payable	(5,031.26)	5,860.48
Increase/(Decrease) in Excess Insurance Payable	-	(263,022.50)
Increase/(Decrease) in Loss Reserves	10,843.87	119,933.82
Increase/(Decrease) in Other Liabilities	<u>58,604.34</u>	<u>51,063.32</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 471,301.48</u>	<u>\$ 530,610.94</u>

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

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(1) ORGANIZATION AND DESCRIPTION OF THE FUND

The Suburban Municipal Joint Insurance Fund (the "Fund") was formed on January 1, 1994 in accordance with P.L. 1983, C.372, entitled "An Act Concerning Joint Insurance Funds for Local Units of Government", and the supplementing Chapter 10 of Title 40A of the New Jersey Statutes. The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. The Fund was established for the purpose of providing low cost insurance coverage as well as providing stability in coverage. There are currently ten member municipalities participating in the Fund.

Participating municipalities must remain in the Fund for the full term of membership unless earlier terminated by a majority vote of the Fund Commissioners or a two-thirds vote of the Executive Committee for nonpayment of assessments or continued non-compliance after written notice to comply with the bylaws or other obligations.

All members' contributions to the Fund for claim payments are based on 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 assure the payment of the Fund's obligations.

An executive director/administrator is responsible for the overall administration of the Fund.

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

- a) Workers' Compensation and Employers' Liability
- b) General Liability and Auto Liability
- c) Property Damage
- d) Motor Vehicle
- e) Public Officials' Liability/Employment Practices Liability
- f) Environmental
- g) Cyber

The Fund is also a member of the Municipal Excess Liability Joint Insurance Fund which provides excess insurance for each of the coverages noted above, except for Public Officials Liability/Employment Practices Liability coverage which is purchased by the Fund from a commercial carrier. The MEL does provide optional limits in excess of the primary commercial policy for POL/EPL. In addition, the Fund is a member of the New Jersey Environmental Risk Management Fund for environmental coverage. The Fund purchases a commercial policy for Cyber Liability.

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Government Accounting Standards Board publication, defining the “The 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 of oversight 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 the current year. In addition, the Fund is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation, Fund Accounting

The financial statements of the Fund have been prepared in accordance with generally accepted accounting principles applicable to governmental entities. The Fund uses the accrual basis of accounting, whereby income is recorded as earned and expenses are recognized as incurred. The Fund utilizes total economic resources as their measurement focus. The Fund's reports are based on all applicable Government Accounting Standards Board (GASB) pronouncements.

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 premium projections, constitutes the Fund's budget. Assessments for participating municipalities are determined by underwriting criteria established by the Executive Committee.

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The fund does not discount estimated claims liabilities.

In accordance with practices prescribed or permitted by the Departments of Community Affairs and Insurance, State of New Jersey, the accountants' audit 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.

Reinsurance

The Fund uses reinsurance agreements to reduce its exposure to large losses on certain types of insured events. Reinsurance 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.

Prepaid Expenses

Prepaid expenses consist of the unexpired portion of an insurance policy purchased to provide additional insurance coverage for the property fund. In the General and Administrative Fund, prepaid expenses represent the prepaid portion of excess insurance coverage and producer commissions.

Deferred Revenue

Deferred revenue represents the unearned assessments of participating municipalities.

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administrative Expenses

Administrative expenses are comprised mainly of compensation for services rendered by servicing organizations and appointed officials pursuant to written fee guidelines submitted and approved by a majority of the Commissioners.

Claims Case Reserves

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

Claims Incurred But Not Reported (IBNR) Reserve

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

IBNR reserves include:

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

(3) CASH AND CASH EQUIVALENTS

The Fund considers cash in banks and deposits in the New Jersey Cash Management Fund and Short-Term Investments with original maturities of three months or less as cash and cash equivalents.

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(3) CASH AND CASH EQUIVALENTS (CONTINUED)

The Fund had the following cash and cash equivalents at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Checking Accounts	\$ 941,256.71	\$ 494,113.32
Money Market Accounts	1,518,188.19	304,977.97
State of New Jersey Cash Management Fund	<u>12,237.95</u>	<u>12,017.04</u>
<u>TOTAL</u>	<u>\$2,471,682.85</u>	<u>\$ 811,108.33</u>

The carrying amount of Suburban Municipal Joint Insurance Fund cash and cash equivalents at cost at December 31, 2018 and 2017 was \$2,471,682.85 and \$811,108.33, respectively. The bank balances were \$2,613,682.32 and \$1,288,054.25, respectively. Of the bank balance, \$1,000,000.00 and \$500,000.00 was covered by federal depository insurance and \$1,471,682.85 and \$776,037.21 was covered by the collateral pool maintained by the banks as required by New Jersey statutes, respectively. The \$12,237.95 and \$12,017.04 invested in the cash management fund is not covered by federal depository insurance or collateral pool.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Authority does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2018, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk.

(4) INVESTMENTS

New Jersey statutes 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) Government money market mutual funds
- c) Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors
- d) 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

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(4) INVESTMENTS (CONTINUED)

- e) Bonds or other obligations approved by the Division of Investment of the Department of Treasury for investment by local units
- f) Debt obligations of federal agencies or government corporations with maturities not greater than ten (10) years from the date of purchase, excluding mortgage backed obligations, providing that such investments are purchased through the New Jersey Division of Investment and are consistent the Division's own investment guidelines, and providing that the investment a fixed rate of interest not dependent on any index or external factors
- g) Local Government Investment Pools
- h) Repurchase agreements of fully collateralized securities, subject to rules and conditions establish by the N.J. Department of Community Affairs

No investment or deposit shall have a maturity longer than ten (10) years from date of purchase. At any given time, the Fund's investment portfolio shall conform to the following criteria:

- a) Any bonds or other obligations held by the Fund shall have a minimum long-term investment grade underlying credit rating, or equivalent rating provided by a Nationally Recognized Statistical Rating Organization as outlined by the U.S. Securities and Exchange Commission, with the exception of bonds issued pursuant to the Municipal Qualified Bond Act, which may have an underlying credit rating below investment grade so long as the Municipal Qualified Enhanced Rating is investment grade, or equivalent rating provided by NRSO.
- b) A minimum of thirty-five (35) percent of aggregate total par amount of bonds and other obligations shall have a minimum long-term, underlying credit rating of AA-, or equivalent rating by an NRSRO.
- c) The aggregate par amount of bonds or other obligations with a long-term underlying credit rating below A-, or equivalent rating by an NRSRO, shall not exceed thirty (30) percent of the aggregate total par amount of bonds, investments and other obligations held by the Fund.
- d) The aggregate par amount of bonds or other obligations with maturities longer than five (5) years shall not exceed sixty (60) percent of the aggregate total par amount of bonds, investments and other obligations held by the Fund.

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(4) INVESTMENTS (CONTINUED)

Any exception to or deviations from the above criteria must be approved by the New Jersey Division of Local Governmental Services and the New Jersey Division of Investment.

Investments are recorded at fair value. All of the investments are held by the Fund's custodial bank trust department in the Fund's name. Investments at December 31 consisted of the following:

	<u>2018</u>		<u>2017</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
U.S. Treasury Bonds and Notes - Level 1	<u>\$2,945,925</u>	<u>\$2,955,023</u>	<u>\$4,090,305</u>	<u>\$4,102,818</u>

Investment Rate Risk - The Fund has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - New Jersey Statutes limits investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies; government money market mutual funds; the State of New Jersey Cash management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk - The fund places no limit on the amount the Fund may invest in any one issuer.

(5) FAIR VALUE OF FINANCIAL INVESTMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practical to estimate that value:

Cash and Cash Equivalents - The carrying amount approximates fair value because of the short maturity of these instruments.

Investments - The Fund has long term investments in U.S. Treasury Bonds and Notes guaranteed by agencies of the United States, with maturities greater than one year. The fair value of the securities is based on year-end quoted market prices.

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(6) MEMBERSHIP IN JOINT INSURANCE FUNDS (JOINT VENTURES)

Municipal Excess Liability Residual Claim Fund

The Fund is also a member of the Municipal Excess Liability Joint Insurance Fund which provides excess insurance for each of the coverages noted above, except for Public Officials Liability/Employment Practices Liability coverage which is purchased by the Fund from a commercial carrier. The MEL does provide optional limits excess of the primary commercial policy for POLEPL. In addition, the Fund is a member of the New Jersey Environmental Risk Management Fund for environmental coverage. The Fund purchases a commercial policy for Cyber Liability.

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

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

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(6) MEMBERSHIP IN JOINT INSURANCE FUND (JOINT VENTURES) (CONTINUED)

Municipal Excess Liability Residual Claim Fund (Continued)

During 2018, the Residual Fund assumed the obligation for discharging the Fund's liabilities for claims and losses for the year 2014. Loss reserves were assumed in exchange for the Fund's assessment for participation in the Residual Fund.

Selected audited financial information for the Residual Fund as of December 31, 2018 is as follows:

	Municipal Excess Residual Claims Fund (Unaudited)
Total Assets	<u>\$98,479,254.00</u>
Net Position	<u>\$11,108,330.00</u>
Total Revenue	<u>\$21,848,628.00</u>
Total Operating Expenses	<u>\$23,282,972.00</u>
Change in Net Position for the Year Ended December 31, 2018	<u>\$ (850,055.00)</u>
Distribution to Participating Members	<u>\$ 633,000.00</u>

New Jersey Municipal Environmental Risk Management Fund

In 1996, the Fund became a member of the New Jersey Municipal Environmental Risk Management Fund (the "Environmental Fund"). The Environmental Fund provides its members with various environmental related coverages. The Environmental Fund is a risk-sharing public entity risk pool that is both an insured and self administered group of joint insurance funds established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Environmental Fund are elected.

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(6) MEMBERSHIP IN JOINT INSURANCE FUND (JOINT VENTURES) (CONTINUED)

New Jersey Municipal Environmental Risk Management Fund (Continued)

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

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

Selected audited financial information for the Environmental Fund as of December 31, 2018 is as follows:

	New Jersey Risk Management Fund (Audited)
Total Assets	<u>\$ 32,110,186.00</u>
Net Position	<u>\$ 20,119,645.00</u>
Total Revenue	<u>\$ 4,185,900.00</u>
Total Operating Expenses	<u>\$ 3,112,899.00</u>
Change in Net Position for the Year Ended December 31, 2018	<u>\$ 314,108.00</u>
Distribution to Participating Members	<u>\$ 1,250,000.00</u>

Municipal Excess Liability Joint Insurance Fund

The fund is a member of the Municipal Excess Liability Joint Insurance Fund (the "MEL"). The MEL provides its members with excess property, excess workers' compensation and employers' liability, excess liability other than motor vehicles, excess motor vehicles and related coverages. The MEL is an insured and self administered group of joint insurance funds established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes and user fees at a minimum. Each member appoints an official to represent their respective joint insurance fund for the purpose of creating a governing body from which officers for the MEL are elected.

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(6) MEMBERSHIP IN JOINT INSURANCE FUND (JOINT VENTURES) (CONTINUED)

Municipal Excess Liability Joint Insurance Fund (Continued)

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

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

Selected unaudited financial information for the MEL as of December 31, 2018 is as follows:

	<u>Municipal Joint Insurance Fund (Audited)</u>
Total Assets	<u>\$76,511,940.00</u>
Net Position	<u>\$27,761,506.00</u>
Total Revenue	<u>\$44,109,647.00</u>
Total Operating Expenses	<u>\$47,240,374.00</u>
Change in Net Position for the Year Ended December 31, 2018	<u>\$ (3,027,189.00)</u>
Distribution to Participating Members	<u>\$ - 0 -</u>

The Fund records its share of the Net Position of the Funds as Investment in Joint Ventures. The net change in investment value is recorded as Non-Operating Revenue. For the year ended December 31, 2018, the investment in the net position of joint ventures and net change are as follows:

	<u>12/31/2017</u>	<u>Net Change</u>	<u>12/31/2018</u>
Municipal Excess Liability Fund	\$ 443,210	\$ (36,311)	\$ 406,899
Municipal Residual Claims Fund	(86,382)	(11,128)	(97,510)
NJ Municipal Environmental Fund	<u>761,954</u>	<u>1,924</u>	<u>763,878</u>
	<u>\$1,118,782</u>	<u>\$ (45,515)</u>	<u>\$1,073,267</u>

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

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(7) PERMANENT FUND TRANSFERS

Permanent intertrust fund transfers are made upon the expressed approval of the Commissioners, following prior written notification to the Commissioners of Insurance and the Department of Community Affairs.

Interyear fund transfers require prior approval of the Departments of Insurance and Community Affairs. The fund may seek approval from the Commissioner to make interyear fund transfers at any time from a claims or loss retention trust account from any year which has been completed for at least 12 months. The interyear fund transfer may be in any amount subject to the limitation that after the transfer, the remaining net current surplus must exceed 35 percent of unpaid claims for that fiscal year. Claims must be undiscounted, the IBNR reserve must be certified by an actuary and the membership for each fiscal year involving interyear fund transfers must be identical between fiscal years.

All fund transfers are recognized at the time actual transfers take place.

(8) RETURN OF SURPLUS

Return of surplus is recognized upon authorization of the Fund Commissioners with the approval of the Commissioner of Insurance of the Department of Banking and Insurance of the State of New Jersey. Any moneys 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 from any claim fund that has been completed for not less than twenty-four months, provided that the remaining net current surplus in the account from which the refund is made must equal or exceed the surplus retention formula promulgated by the regulations governing joint insurance funds.

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(9) MINIMUM SURPLUS REQUIREMENTS

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

(10) DEFICIT FUND BALANCE

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

(11) 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, 2018. 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 the effects of inflation and other societal or economic factors, and the Fund's self-insured retention level. 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 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 balance sheets as accounts receivable. Loss reserves, at December 31, 2018, which have been estimated by the Fund's Actuary and Servicing Agent, are as follows:

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(11) LOSS RESERVES (CONTINUED)

	<u>PROPERTY FUND</u>	<u>LIABILITY FUND</u>	<u>AUTOMOTIVE LIABILITY FUND</u>	<u>WORKER'S COMPENSATION FUND</u>	<u>TOTAL</u>
2015 Fund Year					
Case Reserves	\$ -	\$ 74,046.47	\$ 223,443.67	\$ 235,027.42	\$ 532,517.56
Losses Incurred But Not Reported (IBNR)	<u>-</u>	<u>5,120.00</u>	<u>11,973.00</u>	<u>61,231.00</u>	<u>78,324.00</u>
	<u>\$ -</u>	<u>\$ 79,166.47</u>	<u>\$ 235,416.67</u>	<u>\$ 296,258.42</u>	<u>\$ 610,841.56</u>
2016 Fund Year					
Case Reserves	\$ -	\$ 95,001.86	\$ 20,183.83	\$ 409,286.49	\$ 524,472.18
Losses Incurred But Not Reported (IBNR)	<u>-</u>	<u>49,132.00</u>	<u>28,948.00</u>	<u>21,597.00</u>	<u>99,677.00</u>
	<u>\$ -</u>	<u>\$ 144,133.86</u>	<u>\$ 49,131.83</u>	<u>\$ 430,883.49</u>	<u>\$ 624,149.18</u>
2017 Fund Year					
Case Reserves	\$ 6,153.04	\$ 89,679.87	\$ -	\$ 157,239.49	\$ 253,072.40
Losses Incurred But Not Reported (IBNR)	<u>-</u>	<u>105,441.00</u>	<u>20,658.00</u>	<u>198,504.00</u>	<u>324,603.00</u>
	<u>\$ 6,153.04</u>	<u>\$ 195,120.87</u>	<u>\$ 20,658.00</u>	<u>\$ 355,743.49</u>	<u>\$ 577,675.40</u>
2018 Fund Year					
Case Reserves	\$ 24,790.00	\$ 148,128.70	\$ 28,244.04	\$ 500,594.65	\$ 701,757.39
Losses Incurred But Not Reported (IBNR)	<u>-</u>	<u>209,467.00</u>	<u>55,989.00</u>	<u>367,597.00</u>	<u>633,053.00</u>
	<u>\$ 24,790.00</u>	<u>\$ 357,595.70</u>	<u>\$ 84,233.04</u>	<u>\$ 868,191.65</u>	<u>\$ 1,334,810.39</u>

The Fund is also a member of the Municipal Excess Liability Joint Insurance Fund which provides excess insurance for each of the coverages noted above.

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.

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(12) CHANGES IN UNPAID CLAIMS LIABILITIES

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

The following represents changes in those aggregate undiscounted reported and unreported liabilities for the Fund during 2018 and 2017 for all open Fund years net of excess insurance recoveries:

	<u>2018</u>	<u>2017</u>
Total unpaid claims and claim adjustment expenses all fund years - beginning of year	\$3,136,632.66	\$3,016,698.84
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fund year	1,915,702.15	1,913,537.62
Changes in provision for insured events of prior fund years	<u>(1,791,513.43)</u>	<u>(1,896,719.28)</u>
Total incurred claims and claim adjustment expenses all Fund years	<u>\$3,260,821.38</u>	<u>\$3,033,517.18</u>
Payments:		
Claims and claim adjustment expenses:		
Attributable to insured events of current fund year	\$ 580,891.76	\$ 519,979.85
Attributable to insured events of prior fund years	<u>(467,546.91)</u>	<u>(623,095.33)</u>
Total payments all fund years	<u>113,344.85</u>	<u>(103,115.48)</u>
Total Unpaid Claims and Claim Adjustment Expenses All Fund Years - End of Year	<u>\$3,147,476.53</u>	<u>\$3,136,632.66</u>

(13) FUND EQUITY DISTRIBUTION PAYABLE

During 2018, the Fund declared a distribution of fund equity of \$121,030. The distribution was approved by the State Department of Insurance. The participating members will either receive payment or they will offset their subsequent year assessments with the respective share of the distribution.

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(14) RETROSPECTIVE PREMIUMS

The Fund adopted a program to accomplish a greater emphasis on individual member loss experience in allocating the cost of claims. The Fund adopted a program known as “Retrospective Premiums”. This assessment allocation allows for members to pay a “minimum assessment”. If a member’s losses exceed the amount budgeted for their claims, the member will be assessed the cost of those claims until reaching its “maximum assessment”. It also allows members to reduce their insurance costs by controlling their losses.

The Fund calculates the additional assessment quarterly beginning 12 months after the fund year’s inception. This calculation includes case reserves and can vary from period to period. The Fund will not bill the member until the final computation of the retrospective premium – which will be done when the Fund transfers that fund year to the Municipal Excess Liability Residual Claims Fund.

Fund years are transferred to the Residual Claims Fund 4 years from the close of the year. Once billed, the member has twelve months to make the payment. The amount calculated for retrospective premiums for 2018 and 2017 was \$46,700 and \$146,751, respectively.

(15) AGGREGATE EXCESS LOSS FUND CONTINGENCY

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

In 2018, the Fund budgeted and assessed each member 100% of the MEL’s layer of projected loss funds. The Fund will expense the liability and workers’ compensation excess coverage premium for the actual amount billed by the MEL and record revenue at the full amount budgeted and billed its members.

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(15) AGGREGATE EXCESS LOSS FUND CONTINGENCY (CONTINUED)

The difference between the assessment billed to the Fund's members and the MEL's premium will be transferred to an Aggregate Excess Loss Fund Contingency within the Fund in January and will earn interest in the same manner as all other fund years. The net position within the Aggregate Excess Loss Fund Contingency of the Fund will be maintained by member in the same manner that the Closed Fund Years' net position is maintained. As future fund years continue to adopt this program, the same process will be followed and the member shares will be maintained on a weighted average of their contributions to the Aggregate Excess Loss Fund Contingency. If the MEL bills the Fund for an additional assessment, and the member does not have enough net position in its portion of the Aggregate Excess Loss Fund Contingency, the Fund could bill the member an additional assessment.

(16) SUBSEQUENT EVENTS

The Suburban Municipal Joint Insurance Fund has evaluated subsequent events occurring after the financial statement date through May 31, 2019, which is the date the financial statements were available to be issued. Based on this evaluation, the Suburban Municipal Joint Insurance Fund has determined that no subsequent events have occurred which require disclosure in the financial statements.

(17) LITIGATION, CLAIMS AND CONTINGENT LIABILITIES

In the opinion of management, claims or lawsuits incidental to the business of the Fund have been adequately provided for in the financial statements.

SUPPLEMENTARY INFORMATION

SUBURBAN MUNICIPAL JOINT INSURANCE FUND
HISTORICAL OPERATING RESULTS ANALYSIS
FUND YEARS CLOSED YEARS - 2015, 2016, 2017 AND 2018

DECEMBER 31, 2018

<u>Underwriting Income:</u>		
Regular Contributions	\$ 95,635,935.67	
Supplemental Contributions	-	
Retrospective Premium	310,281.00	
Other Income	<u>38,756.92</u>	
<u>Total Income</u>		\$ 95,984,973.59
<u>Incurred Liabilities:</u>		
Claims:		
Paid	\$ 33,219,521.63	
Case Reserves	2,011,819.53	
Imprest Account	-	
IBNR Reserve	<u>1,135,657.00</u>	
Subtotal		\$ 36,366,998.16
Less Excess Insurance:		
Received	\$ 1,153,276.08	
Recoverable	-	
Subtotal		<u>1,153,276.08</u>
Limited Incurred Claims		\$ <u>35,213,722.08</u>
Expenses:		
Excess Insurance Premiums	\$ 37,237,139.86	
Administrative	<u>18,396,414.61</u>	
Subtotal		<u>55,633,554.47</u>
<u>Total Incurred Liabilities</u>		<u>90,847,276.55</u>
Underwriting Surplus/(Deficit)		\$ 5,137,697.04
<u>Investment Income (Earned)</u>		<u>3,538,729.52</u>
<u>Gross Operating Surplus/(Deficit)</u>		\$ 8,676,426.56
<u>Return of Surplus:</u>		
Paid	\$ 5,059,745.77	
Authorized and Unpaid	<u>76,438.00</u>	
Subtotal Return of Surplus		<u>5,136,183.77</u>
Net Current Surplus/(Deficit)		\$ <u><u>3,540,242.78</u></u>

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

HISTORICAL BALANCE SHEET

FUND YEARS CLOSED YEARS - 2015, 2016, 2017 AND 2018

DECEMBER 31, 2018

Assets:			
Cash and Cash Equivalents	\$	2,471,682.85	
Investments		<u>2,945,924.95</u>	\$ 5,417,607.80
Receivables:			
Excess Insurance	\$	50.00	
Assessments		1,207,613.37	
Retrospective Premium Recoverable		263,152.75	
Aggregate Excess Insurance Recoverable		2,719.01	
Other		<u>10,557.82</u>	
Total Receivables			1,484,092.95
Other Assets	\$	<u>-</u>	
Total Other Assets			<u>-</u>
<u>Total Assets</u>			\$ 6,901,700.75
Liabilities:			
Claims:			
Case Reserves	\$	2,011,819.53	
Imprest Account Reconciliation Reserve		-	
IBNR Reserve		<u>1,135,657.00</u>	
Subtotal Claims			\$ 3,147,476.53
Expenses (Unpaid):			
Excess Insurance	\$	-	
Administrative		<u>27,875.79</u>	
Subtotal Expenses			27,875.79
Other Liabilities:			
Unearned Contributions	\$		
Authorized Return of Surplus		76,438.00	
Miscellaneous Liabilities		<u>109,667.66</u>	
Subtotal			<u>186,105.66</u>
<u>Total Liabilities</u>			<u>3,361,457.98</u>
Net Current Surplus/(Deficit)	\$		<u><u>3,540,242.78</u></u>

SUBURBAN MUNICIPAL JOINT INSURANCE FUNDOPERATING RESULTS ANALYSISCLOSED YEARSDECEMBER 31, 2018

<u>Underwriting Income:</u>		
Regular Contributions	\$	75,888,208.31
Supplemental Contributions		
Retrospective Premium		62,712.00
Other Income		38,507.53
<u>Total Income</u>		<u>75,989,427.84</u>
<u>Incurred Liabilities:</u>		
Claims:		
Paid	\$	28,935,453.00
Case Reserves		
Imprest Account		
IBNR Reserve		
Subtotal		<u>28,935,453.00</u>
Less Excess Insurance:		
Received	\$	1,145,901.29
Recoverable		
Subtotal		<u>1,145,901.29</u>
Limited Incurred Claims	\$	<u>27,789,551.71</u>
Expenses:		
Excess Insurance Premiums	\$	29,620,437.37
Administrative		14,609,638.74
Subtotal		<u>44,230,076.11</u>
<u>Total Incurred Liabilities</u>		<u>72,019,627.82</u>
Underwriting Surplus/(Deficit)	\$	3,969,800.02
<u>Investment Income (Earned)</u>		<u>3,452,335.43</u>
<u>Gross Operating Surplus/(Deficit)</u>	\$	<u>7,422,135.45</u>
<u>Return of Surplus:</u>		
Paid	\$	5,059,745.77
Authorized and Unpaid		76,438.00
Subtotal Return of Surplus		<u>5,136,183.77</u>
<u>Net Current Surplus/(Deficit)</u>	\$	<u>2,285,951.68</u>

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

OPERATING RESULTS ANALYSIS

MEL EXCESS LOSS FUND CONTINGENCY

DECEMBER 31, 2018

<u>Underwriting Income:</u>			
Regular Contributions	\$	241,186.87	
Supplemental Contributions			
Retrospective Premium			
Other Income			
<u>Total Income</u>			\$ 241,186.87
<u>Incurred Liabilities:</u>			
Claims:			
Paid	\$		
Case Reserves			
Imprest Account			
IBNR Reserve			
Subtotal		\$ -	
Less Excess Insurance:			
Received	\$		
Recoverable			
Subtotal			\$ -
Limited Incurred Claims		\$ -	
Expenses:			
Excess Insurance Premiums	\$		
Administrative			
Subtotal			\$ -
<u>Total Incurred Liabilities</u>			\$ -
Underwriting Surplus/(Deficit)	\$	241,186.87	
<u>Investment Income (Earned)</u>			\$ 4,079.95
<u>Gross Operating Surplus/(Deficit)</u>	\$	245,266.82	
<u>Return of Surplus:</u>			
Paid	\$		
Authorized and Unpaid			
Subtotal Return of Surplus			\$ -
<u>Net Current Surplus/(Deficit)</u>	\$		\$ 245,266.82

SUBURBAN MUNICIPAL JOINT INSURANCE FUNDOPERATING RESULTS ANALYSISFUND YEAR 2015DECEMBER 31, 2018Underwriting Income:

Regular Contributions	\$	4,936,521.21	
Supplemental Contributions		-	
Retrospective Premium		78,074.00	
Other Income		-	
<u>Total Income</u>			\$ 5,014,595.21

Incurred Liabilities:

Claims:

Paid	\$	1,514,211.99	
Case Reserves		532,517.56	
Imprest Account		-	
IBNR Reserve		78,324.00	
Subtotal			\$ 2,125,053.55
Less Excess Insurance:			
Received	\$	-	
Recoverable		-	
Subtotal			-
Limited Incurred Claims			\$ 2,125,053.55

Expenses:

Excess Insurance Premiums	\$	1,946,549.03	
Administrative		911,356.99	
Subtotal			<u>2,857,906.02</u>

<u>Total Incurred Liabilities</u>			<u>4,982,959.57</u>
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Underwriting Surplus/(Deficit)	\$	31,635.64
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<u>Investment Income (Earned)</u>		<u>20,662.12</u>
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<u>Gross Operating Surplus/(Deficit)</u>	\$	52,297.76
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Return of Surplus:

Paid	\$		
Authorized and Unpaid			
Subtotal Return of Surplus			<u>-</u>

<u>Net Current Surplus/(Deficit)</u>	\$	<u>52,297.76</u>
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SUBURBAN MUNICIPAL JOINT INSURANCE FUND

OPERATING RESULTS ANALYSIS

FUND YEAR 2016

'DECEMBER 31, 2018

<u>Underwriting Income:</u>		
Regular Contributions	\$ 4,912,131.35	
Supplemental Contributions	-	
Retrospective Premium	78,256.00	
Other Income	-	
<u>Total Income</u>		\$ 4,990,387.35
<u>Incurred Liabilities:</u>		
Claims:		
Paid	\$ 1,048,033.15	
Case Reserves	524,472.18	
Imprest Account	-	
IBNR Reserve	99,677.00	
Subtotal		\$ 1,672,182.33
Less Excess Insurance:		
Received	\$ -	
Recoverable	-	
Subtotal		-
Limited Incurred Claims		\$ 1,672,182.33
Expenses:		
Excess Insurance Premiums	\$ 1,878,850.34	
Administrative	951,680.38	
Subtotal		2,830,530.72
<u>Total Incurred Liabilities</u>		<u>4,502,713.05</u>
Underwriting Surplus/(Deficit)		\$ 487,674.30
<u>Investment Income (Earned)</u>		<u>26,556.66</u>
<u>Gross Operating Surplus/(Deficit)</u>		\$ 514,230.96
<u>Return of Surplus:</u>		
Paid	\$	
Authorized and Unpaid		
Subtotal Return of Surplus		-
<u>Net Current Surplus/(Deficit)</u>		<u>\$ 514,230.96</u>

SUBURBAN MUNICIPAL JOINT INSURANCE FUNDOPERATING RESULTS ANALYSISFUND YEAR 2017DECEMBER 31, 2018Underwriting Income:

Regular Contributions	\$	4,819,348.75	
Supplemental Contributions		-	
Retrospective Premium		89,183.00	
Other Income		(6,750.00)	
<u>Total Income</u>			\$ 4,901,781.75

Incurred Liabilities:

Claims:

Paid	\$	1,133,556.94	
Case Reserves		253,072.40	
Imprest Account		-	
IBNR Reserve		324,603.00	
Subtotal			\$ 1,711,232.34
Less Excess Insurance:			
Received	\$	-	
Recoverable		-	
Subtotal			-
Limited Incurred Claims			\$ 1,711,232.34

Expenses:

Excess Insurance Premiums	\$	1,873,634.77	
Administrative		954,779.52	
Subtotal			2,828,414.29

<u>Total Incurred Liabilities</u>			<u>4,539,646.63</u>
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Underwriting Surplus/(Deficit)	\$	362,135.12
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<u>Investment Income (Earned)</u>		<u>20,787.76</u>
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<u>Gross Operating Surplus/(Deficit)</u>	\$	382,922.88
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Return of Surplus:

Paid	\$		
Authorized and Unpaid			
Subtotal Return of Surplus			-

<u>Net Current Surplus/(Deficit)</u>	\$	<u>382,922.88</u>
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SUBURBAN MUNICIPAL JOINT INSURANCE FUND

OPERATING RESULTS ANALYSIS

FUND YEAR 2018

DECEMBER 31, 2018

<u>Underwriting Income:</u>		
Regular Contributions	\$ 4,838,539.18	
Supplemental Contributions	-	
Retrospective Premium	2,056.00	
Other Income	6,999.39	
<u>Total Income</u>		\$ 4,847,594.57
<u>Incurred Liabilities:</u>		
Claims:		
Paid	\$ 588,266.55	
Case Reserves	701,757.39	
Imprest Account	-	
IBNR Reserve	633,053.00	
Subtotal		\$ 1,923,076.94
Less Excess Insurance:		
Received	\$ 7,374.79	
Recoverable	-	
Subtotal		7,374.79
Limited Incurred Claims		\$ 1,915,702.15
Expenses:		
Excess Insurance Premiums	\$ 1,917,668.35	
Administrative	968,958.98	
Subtotal		2,886,627.33
<u>Total Incurred Liabilities</u>		<u>4,802,329.48</u>
Underwriting Surplus/(Deficit)		\$ 45,265.09
<u>Investment Income (Earned)</u>		<u>14,307.60</u>
<u>Gross Operating Surplus/(Deficit)</u>		\$ 59,572.69
<u>Return of Surplus:</u>		
Paid	\$	
Authorized and Unpaid		
Subtotal Return of Surplus		-
<u>Net Current Surplus/(Deficit)</u>		<u>\$ 59,572.69</u>

SUBURBAN MUNICIPAL JOINT INSURANCE FUND
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS

FUND YEAR - 2015
DECEMBER 31, 2018

	COVERAGES AND OTHER ACCOUNTS							TOTAL	
	PROPERTY	LIABILITY	AUTOMOTIVE	WORKER'S COMPENSATION INSURANCE	MUNICIPAL EXCESS LIABILITY	ENVIRONMENTAL	POL/EPL		GENERAL AND ADMINISTRATIVE
Underwriting Income									
Regular Contributions (Earned)	\$ 191,959.17	\$ 305,197.41	\$ 67,495.59	\$ 1,436,000.00	\$ 1,366,985.58	\$ 139,141.08	\$ 434,962.24	\$ 994,780.14	\$ 4,936,521.21
Supplemental Contributions									
Retrospective Premium			78,074.00						78,074.00
Other Income (Except Investments)									
Total Income	\$ 191,959.17	\$ 305,197.41	\$ 67,495.59	\$ 1,514,074.00	\$ 1,366,985.58	\$ 139,141.08	\$ 434,962.24	\$ 994,780.14	\$ 5,014,595.21
Incurred Liabilities									
Claims (Limited Incurred)	\$ 201,319.89	\$ 181,796.18	\$ 292,560.66	\$ 1,449,376.82	\$	\$	\$	\$	\$ 2,125,053.55
Expenses	5,459.16	-	-	-	1,366,985.78	139,141.09	434,963.00	911,356.99	2,857,906.02
Total Liabilities	\$ 206,779.05	\$ 181,796.18	\$ 292,560.66	\$ 1,449,376.82	\$ 1,366,985.78	\$ 139,141.09	\$ 434,963.00	\$ 911,356.99	\$ 4,982,959.57
Underwriting Surplus/(Deficit)	\$ (14,819.88)	\$ 123,401.23	\$ (225,065.07)	\$ 64,697.18	\$ (0.20)	\$ (0.01)	\$ (0.76)	\$ 83,423.15	\$ 31,635.64
Adjustments									
Investment Income	\$ 99.77	\$ 5,732.85	\$ 744.04	\$ 9,809.74	\$ 34.40	\$ -	\$ 12.83	\$ 4,228.49	\$ 20,662.12
Transfers									
Total Adjustments	\$ 99.77	\$ 5,732.85	\$ 744.04	\$ 9,809.74	\$ 34.40	\$ -	\$ 12.83	\$ 4,228.49	\$ 20,662.12
Gross Operating Surplus/(Deficit)	\$ (14,720.11)	\$ 129,134.08	\$ (224,321.03)	\$ 74,506.92	\$ 34.20	\$ (0.01)	\$ 12.07	\$ 87,651.64	\$ 52,297.76
Return of Surplus									
Net Current Surplus/(Deficit)	\$ (14,720.11)	\$ 129,134.08	\$ (224,321.03)	\$ 74,506.92	\$ 34.20	\$ (0.01)	\$ 12.07	\$ 87,651.64	\$ 52,297.76

SUBURBAN MUNICIPAL JOINT INSURANCE FUND
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS

FUND YEAR - 2016
DECEMBER 31, 2018

	COVERAGES AND OTHER ACCOUNTS							TOTAL		
	PROPERTY	LIABILITY	AUTOMOTIVE	WORKER'S COMPENSATION INSURANCE	MUNICIPAL EXCESS LIABILITY	ENVIRONMENTAL	POL/EPL		GENERAL AND ADMINISTRATIVE	
Underwriting Income										
Regular Contributions (Earned)	\$ 196,459.16	\$ 306,935.00	\$ 63,367.23	\$ 1,455,000.00	\$ 1,287,847.55	\$ 140,080.61	\$ 445,455.37	\$ 1,016,986.43	\$ 4,912,131.35	
Supplemental Contributions										
Retrospective Premium				78,256.00						78,256.00
Other Income (Except Investments)										
Total Income	\$ 196,459.16	\$ 306,935.00	\$ 63,367.23	\$ 1,533,256.00	\$ 1,287,847.55	\$ 140,080.61	\$ 445,455.37	\$ 1,016,986.43	\$ 4,990,387.35	
Incurring Liabilities										
Claims (Limited Incurred)	\$ 189,098.14	\$ 234,677.74	\$ 103,816.66	\$ 1,144,589.79	\$ 1,287,847.56	\$ 140,080.62	\$ 445,463.00	\$ 951,680.38	\$ 1,672,182.33	
Expenses	5,459.16	-	-	-	-	-	-	-	2,830,530.72	
Total Liabilities	\$ 194,557.30	\$ 234,677.74	\$ 103,816.66	\$ 1,144,589.79	\$ 1,287,847.56	\$ 140,080.62	\$ 445,463.00	\$ 951,680.38	\$ 4,502,713.05	
Underwriting Surplus/(Deficit)	\$ 1,901.86	\$ 72,257.26	\$ (40,449.43)	\$ 388,666.21	\$ (0.01)	\$ (0.01)	\$ (7.63)	\$ 65,306.05	\$ 487,674.30	
Adjustments										
Investment Income	\$ 31.33	\$ 5,292.44	\$ 297.02	\$ 17,360.83	\$ 2.26	\$ -	\$ -	\$ 3,572.78	\$ 26,556.66	
Transfers										
Total Adjustments	\$ 31.33	\$ 5,292.44	\$ 297.02	\$ 17,360.83	\$ 2.26	\$ -	\$ -	\$ 3,572.78	\$ 26,556.66	
Gross Operating Surplus/(Deficit)	\$ 1,933.19	\$ 77,549.70	\$ (40,152.41)	\$ 406,027.04	\$ 2.25	\$ (0.01)	\$ (7.63)	\$ 68,878.83	\$ 514,230.96	
Return of Surplus										
Net Current Surplus/(Deficit)	\$ 1,933.19	\$ 77,549.70	\$ (40,152.41)	\$ 406,027.04	\$ 2.25	\$ (0.01)	\$ (7.63)	\$ 68,878.83	\$ 514,230.96	

SUBURBAN MUNICIPAL JOINT INSURANCE FUND
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS

FUND YEAR - 2017
 DECEMBER 31, 2018

	COVERAGES AND OTHER ACCOUNTS							TOTAL	
	PROPERTY	LIABILITY	AUTOMOTIVE	WORKER'S COMPENSATION INSURANCE	MUNICIPAL EXCESS LIABILITY	ENVIRONMENTAL	POL/EPL		GENERAL AND ADMINISTRATIVE
Underwriting Income									
Regular Contributions (Earned)	\$ 234,351.22	\$ 272,630.00	\$ 52,101.45	\$ 1,301,182.00	\$ 1,272,679.78	\$ 141,408.56	\$ 460,863.95	\$ 1,084,131.79	\$ 4,819,348.75
Supplemental Contributions									
Retrospective Premium				89,183.00	(6,750.00)				89,183.00
Other Income (Except Investments)									(6,750.00)
Total Income	\$ 234,351.22	\$ 272,630.00	\$ 52,101.45	\$ 1,390,365.00	\$ 1,265,929.78	\$ 141,408.56	\$ 460,863.95	\$ 1,084,131.79	\$ 4,901,781.75
Incurring Liabilities									
Claims (Limited Incurred)	\$ 126,368.58	\$ 245,950.39	\$ 38,448.49	\$ 1,300,464.88	\$ 1,265,929.78	\$ 141,408.56	\$ 460,862.00	\$ 954,779.52	\$ 1,711,232.34
Expenses	5,434.43	-	-	-	1,265,929.78	141,408.56	460,862.00	954,779.52	2,828,414.29
Total Liabilities	\$ 131,803.01	\$ 245,950.39	\$ 38,448.49	\$ 1,300,464.88	\$ 1,265,929.78	\$ 141,408.56	\$ 460,862.00	\$ 954,779.52	\$ 4,539,646.63
Underwriting Surplus/(Deficit)	\$ 102,548.21	\$ 26,679.61	\$ 13,652.96	\$ 89,900.12	\$ -	\$ -	\$ 1.95	\$ 129,352.27	\$ 362,135.12
Adjustments									
Investment Income	\$ 2,012.25	\$ 4,095.99	\$ 622.41	\$ 10,810.77	\$ 187.49	\$ 1.22	\$ 4.78	\$ 3,052.85	\$ 20,787.76
Transfers									
Total Adjustments	\$ 2,012.25	\$ 4,095.99	\$ 622.41	\$ 10,810.77	\$ 187.49	\$ 1.22	\$ 4.78	\$ 3,052.85	\$ 20,787.76
Gross Operating Surplus/(Deficit)	\$ 104,560.46	\$ 30,775.60	\$ 14,275.37	\$ 100,710.89	\$ 187.49	\$ 1.22	\$ 6.73	\$ 132,405.12	\$ 382,922.88
Return of Surplus									
Net Current Surplus/(Deficit)	\$ 104,560.46	\$ 30,775.60	\$ 14,275.37	\$ 100,710.89	\$ 187.49	\$ 1.22	\$ 6.73	\$ 132,405.12	\$ 382,922.88

SUBURBAN MUNICIPAL JOINT INSURANCE FUND
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS

FUND YEAR - 2018
DECEMBER 31, 2018

	COVERAGES AND OTHER ACCOUNTS							TOTAL	
	PROPERTY	LIABILITY	AUTOMOTIVE	WORKER'S COMPENSATION INSURANCE	MUNICIPAL EXCESS LIABILITY	ENVIRONMENTAL	POL/EPL		GENERAL AND ADMINISTRATIVE
Underwriting Income									
Regular Contributions (Earned)	\$ 245,965.25	\$ 259,372.12	\$ 74,205.93	\$ 1,270,719.82	\$ 1,276,530.76	\$ 134,805.24	\$ 493,726.86	\$ 1,083,213.20	\$ 4,838,539.18
Supplemental Contributions									2,056.00
Retrospective Premium				2,056.00					6,999.39
Other Income (Except Investments)									
Total Income	\$ 245,965.25	\$ 259,372.12	\$ 74,205.93	\$ 1,272,775.82	\$ 1,283,530.15	\$ 134,805.24	\$ 493,726.86	\$ 1,083,213.20	\$ 4,847,594.57
Incurring Liabilities									
Claims (Limited Incurred)	\$ 165,226.54	\$ 373,131.96	\$ 101,865.56	\$ 1,275,478.09	\$ 1,283,530.76	\$ 134,805.23	\$ 493,727.36	\$ 968,958.98	\$ 1,915,702.15
Expenses	5,605.00	-	-	-	1,283,530.76	-	-	-	2,886,627.33
Total Liabilities	\$ 170,831.54	\$ 373,131.96	\$ 101,865.56	\$ 1,275,478.09	\$ 1,283,530.76	\$ 134,805.23	\$ 493,727.36	\$ 968,958.98	\$ 4,802,329.48
Underwriting Surplus/(Deficit)	\$ 75,133.71	\$ (113,759.84)	\$ (27,659.63)	\$ (2,702.27)	\$ (0.61)	\$ 0.01	\$ (0.50)	\$ 114,254.22	\$ 45,265.09
Adjustments									
Investment Income	\$ 526.98	\$ 2,219.66	\$ 517.78	\$ 8,559.95	\$ 849.45	\$ -	\$ 19.38	\$ 1,614.40	\$ 14,307.60
Transfers									
Total Adjustments	\$ 526.98	\$ 2,219.66	\$ 517.78	\$ 8,559.95	\$ 849.45	\$ -	\$ 19.38	\$ 1,614.40	\$ 14,307.60
Gross Operating Surplus/(Deficit)	\$ 75,660.69	\$ (111,540.18)	\$ (27,141.85)	\$ 5,857.68	\$ 848.84	\$ 0.01	\$ 18.88	\$ 115,868.62	\$ 59,572.69
Return of Surplus									
Net Current Surplus/(Deficit)	\$ 75,660.69	\$ (111,540.18)	\$ (27,141.85)	\$ 5,857.68	\$ 848.84	\$ 0.01	\$ 18.88	\$ 115,868.62	\$ 59,572.69

SCHEDULE E

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

FUND YEAR CLAIMS ANALYSIS

FUND YEAR - 2015

DECEMBER 31, 2018

COVERAGES

	<u>PROPERTY</u>	<u>LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKER'S COMPENSATION INSURANCE</u>	<u>TOTAL</u>
Paid Claims	\$ 201,319.89	\$ 102,629.71	\$ 57,143.99	\$ 1,153,118.40	\$ 1,514,211.99
Case Reserves	-	74,046.47	223,443.67	235,027.42	532,517.56
Imprest Account	-	-	-	-	-
IBNR Reserve	-	5,120.00	11,973.00	61,231.00	78,324.00
<u>Subtotal</u>	<u>\$ 201,319.89</u>	<u>\$ 181,796.18</u>	<u>\$ 292,560.66</u>	<u>\$ 1,449,376.82</u>	<u>\$ 2,125,053.55</u>
Excess Insurance: Received	\$ -	\$ -	\$ -	\$ -	\$ -
Recoverable	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Subtotal</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Incurred Claims</u>	<u>\$ 201,319.89</u>	<u>\$ 181,796.18</u>	<u>\$ 292,560.66</u>	<u>\$ 1,449,376.82</u>	<u>\$ 2,125,053.55</u>
Number of Claims	24	38	19	141	
<u>Cost/Claim</u>	<u>\$ 8,388.33</u>	<u>\$ 4,784.11</u>	<u>\$ 15,397.93</u>	<u>\$ 10,279.27</u>	

SCHEDULE E

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

FUND YEAR CLAIMS ANALYSIS

FUND YEAR - 2016

DECEMBER 31, 2018

COVERAGES

	<u>PROPERTY</u>	<u>LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKER'S COMPENSATION INSURANCE</u>	<u>TOTAL</u>
Paid Claims	\$ 189,098.14	\$ 90,543.88	\$ 54,684.83	\$ 713,706.30	\$ 1,048,033.15
Case Reserves	-	95,001.86	20,183.83	409,286.49	524,472.18
Imprest Account	-	-	-	-	-
IBNR Reserve	-	49,132.00	28,948.00	21,597.00	99,677.00
<u>Subtotal</u>	<u>\$ 189,098.14</u>	<u>\$ 234,677.74</u>	<u>\$ 103,816.66</u>	<u>\$ 1,144,589.79</u>	<u>\$ 1,672,182.33</u>
Excess Insurance: Received	\$ -	\$ -	\$ -	\$ -	\$ -
Recoverable	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Subtotal</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Incurred Claims</u>	<u>\$ 189,098.14</u>	<u>\$ 234,677.74</u>	<u>\$ 103,816.66</u>	<u>\$ 1,144,589.79</u>	<u>\$ 1,672,182.33</u>
Number of Claims	30	47	19	133	
<u>Cost/Claim</u>	<u>\$ 6,303.27</u>	<u>\$ 4,993.14</u>	<u>\$ 5,464.03</u>	<u>\$ 8,605.94</u>	

SCHEDULE E

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

FUND YEAR CLAIMS ANALYSIS

FUND YEAR - 2017

DECEMBER 31, 2018

COVERAGES

	<u>PROPERTY</u>	<u>LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKER'S COMPENSATION INSURANCE</u>	<u>TOTAL</u>
Paid Claims	\$ 120,215.54	\$ 50,829.52	\$ 17,790.49	\$ 944,721.39	\$ 1,133,556.94
Case Reserves	6,153.04	89,679.87	-	157,239.49	253,072.40
Imprest Account	-	-	-	-	-
IBNR Reserve	-	105,441.00	20,658.00	198,504.00	324,603.00
<u>Subtotal</u>	<u>\$ 126,368.58</u>	<u>\$ 245,950.39</u>	<u>\$ 38,448.49</u>	<u>\$ 1,300,464.88</u>	<u>\$ 1,711,232.34</u>
Excess Insurance: Received	\$ -	\$ -	\$ -	\$ -	\$ -
Recoverable	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Subtotal</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Incurred Claims</u>	<u>\$ 126,368.58</u>	<u>\$ 245,950.39</u>	<u>\$ 38,448.49</u>	<u>\$ 1,300,464.88</u>	<u>\$ 1,711,232.34</u>
Number of Claims	21	70	17	118	
<u>Cost/Claim</u>	<u>\$ 6,017.55</u>	<u>\$ 3,513.58</u>	<u>\$ 2,261.68</u>	<u>\$ 11,020.89</u>	

SCHEDULE E

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

FUND YEAR CLAIMS ANALYSIS

FUND YEAR - 2018

DECEMBER 31, 2018

COVERAGES

	<u>PROPERTY</u>	<u>LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKER'S COMPENSATION INSURANCE</u>	<u>TOTAL</u>
Paid Claims	\$ 147,811.33	\$ 15,536.26	\$ 17,632.52	\$ 407,286.44	\$ 588,266.55
Case Reserves	24,790.00	148,128.70	28,244.04	500,594.65	701,757.39
Imprest Account	-	-	-	-	-
IBNR Reserve	-	209,467.00	55,989.00	367,597.00	633,053.00
<u>Subtotal</u>	<u>\$ 172,601.33</u>	<u>\$ 373,131.96</u>	<u>\$ 101,865.56</u>	<u>\$ 1,275,478.09</u>	<u>\$ 1,923,076.94</u>
Excess Insurance: Received	\$ 7,374.79	\$ -	\$ -	\$ -	\$ 7,374.79
Recoverable	<u>7,374.79</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Subtotal</u>	<u>\$ 165,226.54</u>	<u>\$ 373,131.96</u>	<u>\$ 101,865.56</u>	<u>\$ 1,275,478.09</u>	<u>\$ 1,915,702.15</u>
<u>Incurred Claims</u>					
Number of Claims	15	65	25	115	
<u>Cost/Claim</u>	<u>\$ 11,015.10</u>	<u>\$ 5,740.49</u>	<u>\$ 4,074.62</u>	<u>\$ 11,091.11</u>	

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

FUND YEAR EXPENSE ANALYSIS

FUND YEAR 2015

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>BUDGET</u>	<u>EXPENDED</u>	<u>LOSS RESERVES</u>	<u>UNEXPENDED/ (OVEREXPENDED)</u>
Claims:				
Property	\$ 186,500.00	\$ 201,319.89	\$ -	\$ (14,819.89)
General Liability	305,197.00	102,629.71	79,166.47	123,400.82
Auto Liability	67,496.00	57,143.99	235,416.67	(225,064.66)
Worker's Compensation	<u>1,436,000.00</u>	<u>1,153,118.40</u>	<u>296,258.42</u>	<u>(13,376.82)</u>
	<u>\$ 1,995,193.00</u>	<u>\$ 1,514,211.99</u>	<u>\$ 610,841.56</u>	<u>\$ (129,860.55)</u>
Reinsurance:				
MEL	\$ 1,366,986.00	\$ 1,366,985.78		\$ 0.22
Environmental	139,141.00	139,141.09		(0.09)
Crime Bond	5,459.00	5,459.00		-
POL/EPL	<u>434,962.00</u>	<u>434,963.00</u>		<u>(1.00)</u>
	<u>\$ 1,946,548.00</u>	<u>\$ 1,946,548.87</u>		<u>\$ (0.87)</u>
Administrative:				
Claims Adjusting	\$ 196,500.00	\$ 196,500.00		\$ -
Administrator	158,666.00	156,600.00		2,066.00
Attorney	60,031.00	41,055.88		18,975.12
Actuary	29,730.00	29,730.00		-
Auditor	11,965.00	11,964.06		0.94
Treasurer	17,352.00	17,351.40		0.60
Safety	45,989.00	45,989.04		(0.04)
Safety Incentive Program	13,530.00	7,900.00		5,630.00
Safety Institute	22,395.00	22,394.42		0.58
Internal Auditor	7,410.00	7,520.08		(110.08)
Underwriting Manager	70,900.00	70,899.36		0.64
Miscellaneous/Contingency	59,109.00	8,510.58		50,598.42
Property Appraisal	6,261.00	-		6,261.00
Risk Managers	<u>294,942.00</u>	<u>294,942.17</u>		<u>(0.17)</u>
	<u>\$ 994,780.00</u>	<u>\$ 911,356.99</u>		<u>\$ 83,423.01</u>
	<u>\$ 4,936,521.00</u>	<u>\$ 4,372,117.85</u>	<u>\$ 610,841.56</u>	<u>\$ (46,438.41)</u>

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

FUND YEAR EXPENSE ANALYSIS

FUND YEAR 2016

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>BUDGET</u>	<u>EXPENDED</u>	<u>LOSS RESERVES</u>	<u>UNEXPENDED/ (OVEREXPENDED)</u>
Claims:				
Property	\$ 191,000.00	\$ 189,098.14	\$ -	\$ 1,901.86
General Liability	306,935.00	90,543.88	144,133.86	72,257.26
Auto Liability	63,367.00	54,684.83	49,131.83	(40,449.66)
Worker's Compensation	1,455,000.00	713,706.30	430,883.49	310,410.21
	<u>\$ 2,016,302.00</u>	<u>\$ 1,048,033.15</u>	<u>\$ 624,149.18</u>	<u>\$ 344,119.67</u>
Reinsurance:				
MEL	\$ 1,287,848.00	\$ 1,287,847.55		\$ 0.45
Environmental	140,081.00	140,080.62		0.38
Crime Bond	5,459.00	5,459.16		(0.16)
POL/EPL	445,455.00	445,463.00		(8.00)
	<u>\$ 1,878,843.00</u>	<u>\$ 1,878,850.33</u>		<u>\$ (7.33)</u>
Administrative:				
Claims Adjusting	\$ 200,430.00	\$ 200,430.00		\$ -
Administrator	169,140.00	164,860.44		4,279.56
Attorney	61,232.00	62,116.96		(884.96)
Actuary	30,324.00	30,324.60		(0.60)
Auditor	12,204.00	12,203.34		0.66
Treasurer	17,699.00	17,699.04		(0.04)
Safety	46,908.00	46,908.24		(0.24)
Safety Incentive Program	13,801.00	7,500.00		6,301.00
Safety Institute	22,395.00	22,394.60		0.40
Internal Auditor	7,558.00	7,485.30		72.70
Underwriting Manager	72,318.00	72,317.28		0.72
Miscellaneous/Contingency	57,761.00	8,212.98		49,548.02
Property Appraisal	6,386.00	-		6,386.00
Risk Managers	298,830.00	299,227.60		(397.60)
	<u>\$ 1,016,986.00</u>	<u>\$ 951,680.38</u>		<u>\$ 65,305.62</u>
	<u>\$ 4,912,131.00</u>	<u>\$ 3,878,563.86</u>	<u>\$ 624,149.18</u>	<u>\$ 409,417.96</u>

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

FUND YEAR EXPENSE ANALYSIS

FUND YEAR 2017

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>BUDGET</u>	<u>EXPENDED</u>	<u>LOSS RESERVES</u>	<u>UNEXPENDED/ (OVEREXPENDED)</u>
Claims:				
Property	\$ 228,917.00	\$ 120,215.54	\$ 6,153.04	\$ 102,548.42
General Liability	272,630.00	50,829.52	195,120.87	26,679.61
Auto Liability	52,101.00	17,790.49	20,658.00	13,652.51
Worker's Compensation	1,301,182.00	944,721.39	355,743.49	717.12
	<u>\$ 1,854,830.00</u>	<u>\$ 1,133,556.94</u>	<u>\$ 577,675.40</u>	<u>\$ 143,597.66</u>
Reinsurance:				
MEL	\$ 1,272,680.00	\$ 1,265,929.79		\$ 6,750.21
Environmental	141,409.00	141,408.56		0.44
Crime Bond	5,434.00	5,434.43		(0.43)
POL/EPL	460,862.00	460,862.00		-
	<u>\$ 1,880,385.00</u>	<u>\$ 1,873,634.78</u>		<u>\$ 6,750.22</u>
Administrative:				
Claims Adjusting	\$ 220,386.00	\$ 204,438.58		\$ 15,947.42
Administrator	193,026.00	173,181.72		19,844.28
Attorney	67,329.00	37,744.73		29,584.27
Actuary	30,931.00	30,931.06		(0.06)
Auditor	12,449.00	12,500.00		(51.00)
Treasurer	18,053.00	18,053.04		(0.04)
Safety	47,846.00	47,846.40		(0.40)
Safety Incentive Program	14,009.00	9,792.00		4,217.00
Safety Institute	24,933.00	24,933.04		(0.04)
Internal Auditor	7,808.00	7,635.03		172.97
Underwriting Manager	73,764.00	73,763.64		0.36
Miscellaneous/Contingency	74,826.00	21,672.02		53,153.98
Property Appraisal	6,483.00	-		6,483.00
Risk Managers	292,288.00	292,288.26		(0.26)
	<u>\$ 1,084,131.00</u>	<u>\$ 954,779.52</u>		<u>\$ 129,351.48</u>
	<u>\$ 4,819,346.00</u>	<u>\$ 3,961,971.24</u>	<u>\$ 577,675.40</u>	<u>\$ 279,699.36</u>

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

FUND YEAR EXPENSE ANALYSIS

FUND YEAR 2018

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>BUDGET</u>	<u>EXPENDED</u>	<u>LOSS RESERVES</u>	<u>UNEXPENDED/ (OVEREXPENDED)</u>
Claims:				
Property	\$ 240,360.00	\$ 140,436.54	\$ 24,790.00	\$ 75,133.46
General Liability	259,372.00	15,536.26	357,595.70	(113,759.96)
Auto Liability	74,206.00	17,632.52	84,233.04	(27,659.56)
Worker's Compensation	<u>1,270,720.00</u>	<u>407,286.44</u>	<u>868,191.65</u>	<u>(4,758.09)</u>
	<u>\$ 1,844,658.00</u>	<u>\$ 580,891.76</u>	<u>\$ 1,334,810.39</u>	<u>\$ (71,044.15)</u>
Reinsurance:				
MEL	\$ 1,283,530.00	\$ 1,276,531.37		\$ 6,998.63
Environmental	134,805.00	134,805.23		(0.23)
Crime Bond	5,605.00	5,605.00		-
POL/EPL	<u>493,727.00</u>	<u>493,727.36</u>		<u>(0.36)</u>
	<u>\$ 1,917,667.00</u>	<u>\$ 1,910,668.96</u>		<u>\$ 6,998.04</u>
Administrative:				
Claims Adjusting	\$ 208,527.00	\$ 204,438.60		\$ 4,088.40
Administrator	177,698.00	176,645.28		1,052.72
Attorney	63,706.00	49,027.03		14,678.97
Actuary	31,549.00	31,549.00		-
Auditor	12,697.00	12,750.00		(53.00)
Treasurer	18,414.00	18,413.40		0.60
Safety	63,803.00	63,804.00		(1.00)
Safety Incentive Program	13,801.00	2,487.00		11,314.00
Safety Institute	26,228.00	26,228.28		(0.28)
Internal Auditor	7,965.00	7,980.46		(15.46)
Underwriting Manager	75,239.00	75,238.92		0.08
Miscellaneous/Contingency	86,019.00	7,456.24		78,562.76
Property Appraisal	4,983.00	-		4,983.00
Risk Managers	<u>292,582.00</u>	<u>292,940.77</u>		<u>(358.77)</u>
	<u>\$ 1,083,211.00</u>	<u>\$ 968,958.98</u>		<u>\$ 114,252.02</u>
	<u>\$ 4,845,536.00</u>	<u>\$ 3,460,519.70</u>	<u>\$ 1,334,810.39</u>	<u>\$ 50,205.91</u>

SCHEDULE G

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

PROGRAM SUMMARY

FUND YEAR - 2018

DECEMBER 31, 2018

COVERAGES

	<u>PROPERTY</u>	<u>LIABILITY</u>	<u>AUTOMOTIVE</u>	<u>WORKER'S COMPENSATION</u>	<u>PUBLIC OFFICIALS LIABILITY</u>	<u>ENVIRONMENTAL</u>	<u>CYBER</u>
1 <u>Limits</u>	\$ 125,000,000.00 per occurrence	\$ 5,000,000.00 per occurrence	\$ 5,000,000.00 per occurrence	Statutory	\$ 2,000,000.00	\$ 1,000,000.00 3rd party \$ 1,000,000.00 public officials \$ 50,000.00 XL Catlin \$ 3,000,000.00 on-site clean-up \$ 3,000,000.00 on-site aggregate \$ 50,000.00 data breach \$ 8,000,000.00 response & crisis mgmt \$ 8,000,000.00 aggregate limit	\$ 3,000,000.00 1st party coverage \$ 5,000,000.00 3rd party coverage

----- Members elect optional limits * -----

2 <u>Fund Retention Specific Aggregate</u>	\$ 100,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ -0-	\$ 10,000.00	Deductible per member
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3 <u>Excess Insurers</u> (list all insurers and amount insured)	Zurich Insurance \$125,000,000 per occurrence-blanket limit, in excess of \$100,000 self-insured retention.	Municipal Excess Liability Joint Insurance Fund provides \$1,500,000 in excess of \$250,000 for both liability and automotive, and \$1,750,000 in excess of \$250,000 for Worker's Compensation. General Reinsurance Company provides \$3,250,000 in excess of \$1,750,000 for both liability and automotive; Safety National provides Statutory in excess of \$2,000,000 for Worker's Compensation and \$5,000,000 for Employers liability. Munich American offers optional excess liability.	OBE Specialty Ins retains the first \$2,000,000. Genesis offers optional excess limits in increments of \$2,000,000 up to \$8,000,000 in excess of \$2,000,000.	* Each Member of the Suburban Municipal Joint Insurance Fund opts to purchase optional excess liability.
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4 <u>Number of Participants</u>	10	10	10	10	10	10	10
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5 <u>Incurred Liabilities</u>	\$ 165,226.54	\$ 373,131.96	\$ 101,865.56	\$ 1,275,478.09			
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6 <u>Exposure Units</u> Property Value Population Vehicles Payroll	\$ 348,760,840.00	135,050	686	\$ 86,596,676.00	135,050	135,050	884
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7 <u>Liabilities/Unit</u>	\$ 0.0005	\$ 2.7629	\$ 148.4921	\$ 0.0147			
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SUBURBAN MUNICIPAL JOINT INSURANCE FUND
STATE REQUIRED SUPPORTING SCHEDULE-ANNUAL REPORT
ANALYSIS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2018

<u>BANK</u>	<u>AMOUNT</u>
State of New Jersey Cash Management Fund	\$ 12,237.95
TD Bank - Claims Account	-
Investors Bank - Operating Account	993,789.60
Investors Bank - Claims Account	89,466.58
Wilmington Trust - Money Market	1,518,188.19
	<u>\$ 2,613,682.32</u>
Less: Outstanding Checks	141,999.47
Add: Deposit in Transit	-
	<u>\$ 2,471,682.85</u>

ANALYSIS OF INVESTMENTS

DECEMBER 31, 2018

Wilmington Trust - US Treasury Bonds and Notes - Fair Value	\$ <u>2,945,924.95</u>
Wilmington Trust - US Treasury Bonds and Notes - Cost	\$ <u>2,955,023.26</u>

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

STATE REQUIRED SUPPORTING SCHEDULE-ANNUAL REPORT

ANALYSIS OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2018

Assessments Receivable	\$	1,207,613.37
Retrospective Premium Recoverable		263,152.75
Excess Insurance Receivable		2,719.01
Accrued Interest Receivable		<u>10,557.82</u>
	\$	<u><u>1,484,042.95</u></u>

ANALYSIS OF PREPAID EXPENSES

DECEMBER 31, 2018

Administrative Expenses	\$	<u>-</u>
	\$	<u><u>-</u></u>

ANALYSIS OF EXPENSES PAYABLE

DECEMBER 31, 2018

General and Administrative Fund:		
Auditing Services	\$	12,750.00
Actuary		-
Safety Incentive Program		2,487.00
Attorney		7,991.53
Treasurer		1,534.45
Miscellaneous Administrative		<u>3,112.81</u>
	\$	<u><u>27,875.79</u></u>

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

RECONCILIATION OF CLAIMS LIABILITIES BY FUND
FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2018

	<u>PROPERTY</u>	<u>GENERAL LIABILITY</u>	<u>AUTOMOBILE</u>	<u>WORKERS' COMPENSATION</u>	<u>TOTAL</u>
Total Unpaid Claim and Claim Adjustment Expenses - Beginning of Year	\$ 74,661.10	\$ 787,743.20	\$ 394,541.41	\$ 1,879,686.95	\$ 3,136,632.66
Incurring Claims and Claims Adjustment Expenses:					
Provision for Insured Events of Current Fund Year	165,226.54	373,131.96	101,865.56	1,275,478.09	1,915,702.15
Changes in Provision for Insured Events of Prior Fund Years	<u>(269,548.20)</u>	<u>(412,575.94)</u>	<u>(120,678.86)</u>	<u>(988,710.43)</u>	<u>(1,791,513.43)</u>
Total Incurred Claims and Claims Adjustment Expenses all Fund Years	<u>\$ (29,660.56)</u>	<u>\$ 748,299.22</u>	<u>\$ 375,728.11</u>	<u>\$ 2,166,454.61</u>	<u>\$ 3,260,821.38</u>
Payments:					
Claims and Claims Adjustment Expenses:					
Attributable to Insured Events of Current Fund Year	\$ 140,436.54	\$ 15,536.26	\$ 17,632.52	\$ 407,286.44	\$ 580,891.76
Attributable to Insured Events of Prior Fund Years	<u>(201,040.14)</u>	<u>(43,253.94)</u>	<u>(31,343.95)</u>	<u>(191,908.88)</u>	<u>(467,546.91)</u>
Total Payments All Fund Years	<u>\$ (60,603.60)</u>	<u>\$ (27,717.68)</u>	<u>\$ (13,711.43)</u>	<u>\$ 215,377.56</u>	<u>\$ 113,344.85</u>
Total Unpaid Claim and Claim Adjustment Expenses - End of Year	<u>\$ 30,943.04</u>	<u>\$ 776,016.90</u>	<u>\$ 389,439.54</u>	<u>\$ 1,951,077.05</u>	<u>\$ 3,147,476.53</u>

SUBURBAN MUNICIPAL JOINT INSURANCE FUND

COMMENTS AND RECOMMENDATIONS

DECEMBER 31, 2018

NONE

