

***CENTRAL JERSEY JOINT
INSURANCE FUND***

***FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR REPORTS
FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016***

HODULIK & MORRISON, P.A.

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CENTRAL JERSEY JOINT INSURANCE FUND

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PART I

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INDEPENDENT AUDITOR'S REPORT

The Honorable Chairperson and
Board of Commissioners
Central Jersey Joint Insurance Fund
Parsippany, New Jersey

Report on Financial Statements

We have audited the accompanying financial statements of the Central Jersey Joint Insurance Fund, Parsippany, New Jersey (the "Fund") as of December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 opinions 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; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Departments of Community Affairs and Banking and Insurance, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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 risk 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 statement.

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

As permitted by the Departments of Community Affairs and Banking and Insurance, audit procedures were not extended to the underlying actuarial assumptions for Incurred But Not Reported (IBNR) loss reserve amounts, as these assumptions are prepared by the Fund's actuary.

Opinions

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 loss reserves, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Jersey Joint Insurance Fund, Parsippany, New Jersey as of December 31, 2017 and 2016 and the changes in its financial 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 and other required supplementary information, as listed 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 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements the Central Jersey Joint Insurance Fund, Parsippany, New Jersey. The Additional Supplementary Information Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 supplemental data section is fairly stated in all material respects in relation to the basic 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 30, 2018, on our consideration of the Fund's internal control over financial reporting and 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 the internal control over the financial reporting or on compliance. That report is an integral part of an audit performed in accordance Government Auditing Standards in considering the Fund's internal control over financial reporting and compliance.

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HODULIK & MORRISON, P.A.
Certified Public Accountants
Registered Municipal Accountants

Robert S. Morrison

Robert S. Morrison
Certified Public Accountant

Highland Park, New Jersey
May 30, 2018

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

The Honorable Chairperson and
Board of Commissioners
Central Jersey Joint Insurance Fund
Parsippany, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements as prescribed by the Departments of Community Affairs and Banking and Insurance, State of New Jersey, the financial statements of the Central Jersey Joint Insurance Fund, Parsippany, New Jersey (the "Fund") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements and have issued our report thereon dated May 30, 2018. Our report was modified because, as permitted by the Departments of Community Affairs and Banking and Insurance of the State of New Jersey, we were not required to, and we did not, extend our auditing procedures to the underlying assumptions for amounts reported as reserves for losses Incurred But Not Reported (IBNR). The IBNR financial statement amounts were prepared by the Fund's actuary.

Internal Control Over Financial Reporting

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

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 Central Jersey Joint Insurance Fund's financial statements are free of 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 and audit requirements as prescribed by the Departments of Community Affairs and Banking and Insurance, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance, Accordingly, this communication is not suitable for any other purpose.



HODULIK & MORRISON, P.A.
Certified Public Accountants
Public School Accountants



Robert S. Morrison
Certified Public Accountant

Highland Park, New Jersey
May 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

CENTRAL JERSEY JOINT INSURANCE FUND

Management Discussion and Analysis

This section of the annual financial report of the Central Jersey Joint Insurance Fund (the “JIF”) presents a discussion and analysis of the financial performance of the JIF for the year ended December 31, 2017. Please read it in conjunction with the basic financial statements, the notes, and supplementary schedules that follow this section.

Overview of Basic Financial Statements

The JIF’s basic financial statements are prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises where applicable. The primary purpose of the JIF is to provide property and casualty insurance for government entities that are members of the JIF. The JIF maintains separate enterprise funds by incurred years and line of coverage. The basic financial statements are presented on an accrual basis of accounting. The three basic financial statements presented are as follows:

Statement of Net Position – This statement presents information reflecting the Fund’s assets, liabilities, deferred outflows and inflows of resources, and net position. Net position represents the amount of total assets and deferred outflows of resources less total liabilities and deferred inflows of resources.

Statement of Revenue, Expenses, and Changes in Net Position – This statement reflects the Fund’s operating revenues and expenses, as well as non-operating items during the reporting period. The change in net position for an enterprise fund is similar to net profit or loss for any other insurance company.

Statement of Cash Flows – The statement of cash flows is presented on the direct method of reporting, which reflects cash flows from operating and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the fiscal year.

Financial Highlights

The following tables summarize the financial position and results of operations for the JIF as of and for the years ended December 31, 2017 and 2016.

Summary of Statement of Net Position

	2017	2016	Change \$	Change %
Assets				
Cash, Cash Equivalents, Investments, and Interest Receivable	\$ 15,312,406	\$ 12,018,359	\$ 3,294,047	27.4%
Other Accounts Receivable	\$ 3,953,687	\$ 5,222,947	\$ (1,269,260)	-24.3%
Investment in Joint Venture	\$ 3,054,810	\$ 2,698,984	\$ 355,826	13.2%
Total Assets	\$ 22,320,903	\$ 19,940,290	\$ 2,380,614	11.9%
Liabilities and Reserves				
Accounts Payable	\$ 151,925	\$ 108,161	\$ 43,764	40.5%
Participant Refunds Payable	\$ 403,433	\$ 312,101	\$ 91,332	29.3%
Loss Reserves	\$ 11,314,200	\$ 12,175,823	\$ (861,623)	-7.1%
Total Liability and Reserves	\$ 11,869,559	\$ 12,596,086	\$ (726,527)	-5.8%
Net Position (Unrestricted)	\$ 10,451,344	\$ 7,344,204	\$ 3,107,140	42.3%

Summary of Statement of Revenue, Expenditures and Changes in Net Position

	2017	2016	Change \$	Change %
Underwriting Income				
Assessments and Other Income	\$ 13,243,759	\$ 11,964,310	\$ 1,279,449	10.7%
Operating Expenses				
Claims - Net	\$ 2,880,398	\$ 2,244,566	\$ 635,831	28.3%
Excess Insurance Premiums and Administrative Expense	\$ 7,740,755	\$ 8,368,041	\$ (627,286)	-7.5%
Total Operating Expenses	\$ 10,621,152	\$ 10,612,607	\$ 8,545	0.1%
Operating Income/(Loss)	\$ 2,622,607	\$ 1,351,702	\$ 1,270,904	94.0%
Non-Operating Income and (Distributions)				
Investment Income	\$ 128,708	\$ 109,182	\$ 19,525	17.9%
Dividend Income	\$ 108,715	\$ 57,358	\$ 51,357	89.5%
Change in Investment in Joint Venture	\$ 355,826	\$ 1,073,206	\$ (717,380)	-66.8%
Equity Distribution	\$ 108,715	\$ 57,358	\$ 51,357	89.5%
Increase/(Decrease) In Net Position	\$ 3,107,140	\$ 2,534,090	\$ 573,050	22.6%

In 2017, the JIF's total assets increased 11.9% due primarily to a 27.4% increase in the Fund's Cash, Cash Equivalents, Investments & Interest Receivable. Investments in Joint Ventures represents the Fund's share of the Municipal Excess Liability Residual Claims Fund (RCF), the New Jersey Municipal Environmental Joint Insurance Fund (EJIF) and the Municipal Excess Liability Joint Insurance Fund (MEL). This asset increased 13.2% representing an increase in each Fund's equity that has been retained. Total liabilities decreased 5.8% as a result of a decrease in loss reserves of \$861,623 or 7.1%. Overall, the JIF's Unrestricted Net Position increased from \$7,344,204 to \$10,451,344.

Underwriting income increased 10.7% reflecting increased claims projections in the 2017 budget. Net claims increased in 2017 by 28.3%. Insurance premiums, which are the assessments for the Municipal Excess Liability Joint Insurance Fund (MEL), the Municipal Excess Liability Residual Claims Fund (RCF) and the New Jersey Municipal Environmental Risk Management Fund (EJIF), decreased 7.5%.

Interest income increased by 17.9% due to a continuing improvement in the interest rate environment during this reporting period. During 2017 the JIF declared a \$108,715 dividend which is the amount the Fund received as dividend income for the EJIF.

The future financial position of the JIF will be impacted by medical costs trends that impact upon workers' compensation costs. The JIF plans to continue to manage its assets in such a way that it maintains liquidity and safety, while increasing earnings when opportunities arise.

Requests for Information

This financial report is designed to provide a general overview of the JIF's finances for all those who are interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to PERMA, 9 Campus Drive Suite 216, Parsippany, NJ 07054.

FINANCIAL STATEMENTS

CENTRAL JERSEY JOINT INSURANCE FUND

COMPARATIVE STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Cash & Cash Equivalents	\$7,248,520.97	\$7,983,452.33
Investments (At Market)	8,037,352.00	4,020,806.32
Investments in Joint Ventures	3,054,809.94	2,698,984.09
Prepaid Expenses	-	4,666.21
Accounts Receivable:		
Interest	26,533.16	14,100.03
Excess Insurance Recoveries	-	182,522.00
Residual Claims Fund	-	365,290.25
Participants		
Within One Year	1,102,230.97	1,349,670.68
Beyond One Year	2,851,456.38	3,320,797.90
	<hr/>	<hr/>
Total Assets	\$22,320,903.42	\$19,940,289.81
<u>LIABILITIES AND RESERVES</u>		
Liabilities:		
Administrative Expenses Payable	151,925.31	108,161.01
Participant Refunds Payable		
Within One Year	116,465.35	57,408.00
Beyond One Year	286,968.04	254,693.49
	<hr/>	<hr/>
Total Liabilities	555,358.70	420,262.50
Reserves:		
Claims:		
Case Reserves	7,152,032.37	6,824,820.19
IBNR Reserves	4,162,168.00	5,351,003.00
	<hr/>	<hr/>
Net Reserves	11,314,200.37	12,175,823.19
Total Liabilities and Reserves	11,869,559.07	12,596,085.69
<u>NET POSITION</u>		
Unrestricted	<u>\$10,451,344.35</u>	<u>\$7,344,204.12</u>

See accompanying notes to financial statements.

CENTRAL JERSEY JOINT INSURANCE FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Underwriting Income:		
Regular Contributions	\$ 13,169,629.93	\$ 13,077,704.89
Retrospective Assessments	<u>74,129.13</u>	<u>(1,113,395.11)</u>
Total Underwriting Income	13,243,759.06	11,964,309.78
Expenses:		
Claims:		
Paid	3,742,020.44	4,701,058.81
Increase (Decrease) in Case Reserves	327,212.18	(2,255,315.33)
Increase (Decrease) in IBNR Reserves	<u>(1,188,835.00)</u>	<u>(201,177.00)</u>
Claims - Net	2,880,397.62	2,244,566.48
Non Claims Expenses		
Excess Insurance Premiums	5,129,498.66	5,887,464.92
Administrative	<u>2,611,256.18</u>	<u>2,480,576.06</u>
Total Non-Claim Expenses	<u>7,740,754.84</u>	<u>8,368,040.98</u>
Total Expenses	<u>10,621,152.46</u>	<u>10,612,607.46</u>
Operating Income (Loss)	2,622,606.60	1,351,702.32
Non-Operating Income:		
Dividend Income	108,715.00	57,358.00
Investment Income	128,707.78	109,182.33
Change in Investment in Joint Ventures	<u>355,825.85</u>	<u>1,073,205.55</u>
Total Non-Operating Income	<u>593,248.63</u>	<u>1,239,745.88</u>
Change in Net Position	3,215,855.23	2,591,448.20
Net Position - Beginning of Year	<u>7,344,204.12</u>	<u>4,810,113.92</u>
Net Position Before Returns	10,560,059.35	7,401,562.12
Less:		
Surplus Approved for Refund to Participants	<u>108,715.00</u>	<u>57,358.00</u>
Net Position - End of Year	<u>\$ 10,451,344.35</u>	<u>\$ 7,344,204.12</u>

See accompanying notes to financial statements.

CENTRAL JERSEY JOINT INSURANCE FUND

COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Cash Contributions Received from Participants	14,183,087.19	15,247,296.92
Cash Received or (Due) from Excess Insurers	-	179,915.11
Cash Payments to Employees for Services	(17,126.28)	(16,985.12)
Cash Payments to Suppliers and Contractors for Goods and Services	(2,545,699.39)	(2,480,540.17)
Cash Payments for Excess Insurance/Residual Risk Transfer Premiums	(4,764,208.41)	(5,887,464.92)
Cash Payments for Costs of Claims	<u>(3,742,020.44)</u>	<u>(5,613,568.31)</u>
Net Cash Provided (Used) by Operating Activities	<u>3,114,032.67</u>	<u>1,428,653.51</u>
Cash Flows from Non-Capital Financing Activities:		
Cash from Participants Due to RCF	48,000.00	35,000.00
Payments to RCF for "run-in" Claims	(48,000.00)	(35,000.00)
Dividends Received from Excess Insurers	108,715.00	57,358.00
Dividend Payment to Participants	<u>(57,408.00)</u>	<u>(45,623.00)</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>51,307.00</u>	<u>11,735.00</u>
Cash Flows from Investing Activities		
Purchase of Investments	(4,051,611.37)	
Proceeds from Sale of Investments		4,000,000.00
Investment Income	<u>151,340.34</u>	<u>89,526.14</u>
Net Cash Provided by Investing Activities	<u>(3,900,271.03)</u>	<u>4,089,526.14</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(734,931.36)</u>	<u>5,529,914.65</u>
Cash and Cash Equivalents, Beginning	<u>7,983,452.33</u>	<u>2,453,537.68</u>
Cash and Cash Equivalents, Ending	<u><u>7,248,520.97</u></u>	<u><u>7,983,452.33</u></u>

See accompanying notes to financial statements.

CENTRAL JERSEY JOINT INSURANCE FUND

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	2,622,606.60	\$ 1,351,702.32
Adjustments to Reconcile Operating Income to Cash Provided by Oper. Activities:		
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	1,264,593.48	2,303,673.70
(Increase) Decrease in Prepaid Expenses	4,666.21	(4,459.99)
Increase (Decrease) in Prepaid Member Assessments	-	(43,290.91)
Increase (Decrease) in Participant Refunds Payable	40,024.90	266,478.49
Increase (Decrease) in Case Reserves	327,212.18	(2,255,315.33)
Increase (Decrease) in IBNR Reserves	(1,188,835.00)	(201,177.00)
Increase (Decrease) in Administrative Expenses Payable	43,764.30	11,042.23
	<u>3,114,032.67</u>	<u>1,428,653.51</u>
Net Cash Provided (Used) by Operating Activities		
Non-Cash Non-Capital Financing Activities:		
Increase (Decrease) in Participant Dividends Payable	51,307.00	11,735.00
	<u>51,307.00</u>	<u>11,735.00</u>
Total Non-Cash Financing Activities:		
Non-Cash Investing Activities:		
Net Increase (Decrease) in Fair Value of Investments	4,016,545.68	3,968,563.68
Increase (Decrease) in Investment in Joint Ventures	355,825.85	1,073,205.55
Increase (Decrease) in Interest Receivable	12,433.13	(11,947.75)
	<u>4,384,804.66</u>	<u>5,029,821.48</u>
Total Non-Cash Investing Activities:		

See accompanying notes to financial statements.

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Central Jersey Joint Insurance Fund (the “Fund”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Fund’s accounting policies are described below.

A. Reporting Entity

The Fund was established, effective July 1, 1998, pursuant to P.L. 1983, c.372 of the State of New Jersey, codified as N.J.S.A. 40A:10-1. The Fund provides for a pooling of the participants’ insurable risks and the associated resources available to manage these risks. The objective of the Fund is to provide cost effective risk management, based upon sound actuarial principles, to its constituent municipal participants. The Fund operates in accordance with its by-laws and its Plan of Risk Management and Annual Budget. The Departments of Community Affairs and Banking and Insurance of the State of New Jersey have been designated by statute as oversight agencies for joint insurance funds, and are required to review and approve both the creation of such funds and their risk-management plans and annual budgets.

The members of the Central Jersey Joint Insurance Fund are jointly and severally liable for the liabilities of the Fund.

The Fund’s initial participants included the Townships of Woodbridge, Edison and Piscataway, each situated in Middlesex County, New Jersey. During the year ended December 31, 2017, Fund participants also included the Townships of Franklin and Hillsborough, Somerset County, New Jersey (participants since 2000); the Borough of Belmar, Monmouth County, New Jersey (participant since 2003); and the City of South Amboy and the Borough of Sayreville, Middlesex County, New Jersey (participants since 2013). The Fund is a member of the Municipal Excess Liability Joint Insurance Fund (MEL) and the New Jersey Municipal Environmental Risk Management Fund (E-JIF).

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

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, “The Financial Reporting Entity”, as amended by GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units”, and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34 require that an entity that is associated with a primary government be evaluated for a determination of component unit status.

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

A. Reporting Entity (Cont'd.)

Component Units are organizations for which a separate primary government is fiscally accountable or for which the nature and significance of the relationship with the primary government are such that the exclusion of the component unit financial information from the financial statements of the primary government would cause the primary government's financial statements to be incomplete or misleading.

The Fund has determined that it is a separate reporting entity under the criteria set forth in GASB Statements No. 14, 39 and 61. In addition, no other entity is required to be included as a component unit of the Fund under these criteria.

B. Fund Accounting

The accounts of the Fund are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The Fund follows a proprietary fund type basis of accounting and accordingly, the accompanying financial statements are presented as an enterprise fund, using an economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental accounting and financial reporting principles.

Operating revenues consist of contributions from the participant municipalities. These annual assessments are determined by the actuary and certified by vote of the Fund Commissioners. Member assessments are recognized as revenue at the time of assessment.

Operating expenses for claims are recorded based upon the estimates of the ultimate cost of claims, including associated costs, for all reported claims plus the estimated ultimate cost of claims that may have been incurred but not reported (IBNR). IBNR claim reserves are established by the Fund's actuary. Subrogation and other recoverable claim amounts, excluding excess insurance, are recognized upon the receipt of cash. Additional operating expenses include administrative expenses and the costs of reinsurance programs. These expenses are recognized as incurred on the accrual basis of accounting.

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Summary of Risk Management Program

The Fund provides the following coverages to its participants:

1. Workers' Compensation

The Fund covers \$300,000 CSL

The MEL covers excess claims to the following limits:

Workers' Compensation – statutory

Employers' Liability - \$6,700,000 excess of the Fund's \$300,000

USL&H – Included in Workers' Compensation.

Harbor Marine/Jones Act – Included in Employer's Liability.

Incidental Foreign Workers Compensation – Included

Communicable Disease Coverage – Included

2. General Liability

The Fund covers \$300,000 CSL

The MEL covers excess claims to the following limits:

General Liability - \$4,700,000 CSL excess of the Funds' \$300,000. The \$3,250,000 excess of \$1,750,000 layer is subject to a \$3,250,000 per member local unit annual aggregate limit.

Police Professional – Included in MEL excess General Liability limits.

Employee Benefits Liability – Included in MEL excess General Liability limits.

Good Samaritan Liability – Included in MEL excess General Liability limits.

Quasi Municipal Organization Liability. (Non-profit organizations included by a member local unit in the town's insurance program.):

Emergency Service Units & Auxiliaries - Included in MEL excess General Liability limits.

Other - \$4,700,000 CSL excess of the Funds' \$300,000. The \$3,250,000 excess \$1,750,000 layer is included in the MEL's excess General Liability \$3,250,000 excess \$1,750,000 per member local unit aggregate limit.

Garage Keeper Liability- \$1,700,000 CSL excess of the Funds' \$300,000. The \$250,000 layer excess of \$1,750,000 is included in the MEL's General Liability \$3,250,000 excess \$1,750,000 per member local unit annual aggregate limit.

Failure to Supply Liability- \$4,700,000 CSL excess of the Funds' \$300,000. The \$3,250,000 excess of \$1,750,000 layer is included in the MEL's General Liability \$3,250,000 excess \$1,750,000 per member local unit annual aggregate limit.

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Summary of Risk Management Program (Continued)

2. General Liability (Cont'd.)

Riot/Civil Commotion or Mob Action - \$4,700,000 CSL excess of the Funds' \$300,000. The \$3,250,000 excess of \$1,750,000 layer is included in the MEL's General Liability \$3,250,000 excess \$1,750,000 per member local unit annual aggregate limit.

Dams (Class III and IV – Low Hazard) - \$4,700,000 CSL excess of the Fund's \$300,000. The \$3,250,000 excess of \$1,750,000 layer is included in the MEL's General Liability \$3,250,000 excess \$1,750,000 per member local unit annual aggregate limit.

Dams (Class I and II – High Hazard) - \$700,000 CSL excess of the Fund's \$300,000.

Subsidence Property Damage Liability - \$3,450,000 CSL excess of the Fund's 300,000. The \$2,000,000 excess of \$1,750,000 layer is included in the MEL's General Liability and is subject to a \$2,000,000 annual aggregate "all members" annual aggregate limit excess of the \$1,750,000 each occurrence. There is no bodily injury liability sub-limit for subsidence.

Sewer Back Up - \$3,450,000 CSL excess of the Fund's 300,000. The \$2,000,000 excess of \$1,750,000 layer is included in the MEL's General Liability and is subject to a \$2,000,000 annual aggregate "all members" annual aggregate limit excess of the \$1,750,000 each occurrence. There is no bodily injury liability sub-limit for sewer back up.

Disinfecting Agents Release Hazard- \$700,000 CSL excess of the Funds' \$300,000.

Skateboard Facilities - \$4,700,000 CSL excess of the Funds' \$300,000. The \$3,250,000 excess of \$1,750,000 layer is included in the MEL's General Liability \$3,250,000 excess \$1,750,000 per member local unit annual aggregate limit. (Note: Requires Fund approval)

3. Automobile Liability

The Fund covers \$300,000 CSL for bodily injury liability, property damage liability and PIP.

The Fund covers \$15,000/\$30,000/\$5,000 for uninsured/underinsured motorist liability.

The MEL covers Automobile Bodily Injury and Property Damage Liability claims excess of the Fund's \$300,000 CSL limit in the MEL's excess General Liability limit, except that auto liability claims which penetrate the excess of \$1,700,000 layer are not subject to the aggregation limitation.

The JIF provides PIP limits of \$250,000.

The MEL does not provide excess PIP or Uninsured/Underinsured Motorists Coverage.

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Summary of Risk Management Program (Continued)

4. Non-Owned Aircraft

The MEL covers \$5,000,000 CSL for Bodily Injury and Property Damage Liability, and \$5,000 medical expense for each passenger.

5. Public Official Liability (POL)

The CJJIF, 100% commercially insured through QBE North America, covers \$2,000,000 in the aggregate on a claims made basis per member municipality for each Fund Year, subject to a deductible and coinsurance as outlined below. There is a combined POL/EPL \$2,000,000 per member local unit annual aggregate.

\$20,000 deductible per occurrence. Except that \$75,000 deductible per occurrence applies for member local units with unfavorable loss experience.

20% coinsurance of the first \$250,000 of the loss.

Note: Member local units that qualify based upon certain criteria have options to purchase a lower deductible and coinsurance contribution. New members with adverse loss experience may be subject to higher deductible and coinsurance as provided by QBE North America.

6. Employment Practices Liability (EPL)

The CJJIF, 100% commercially insured through QBE North America, covers \$2,000,000 in the aggregate on a claims made basis per member municipality for each Fund Year, subject to a deductible and coinsurance as outlined below. There is a combined POL/EPL \$2,000,000 per member annual aggregate.

For member local units with approved EPL Loss Control/Risk Management Programs:

\$20,000 deductible per occurrence. Except that \$75,000 deductible per occurrence applies for member local units with unfavorable loss experience.

20% coinsurance of the first \$250,000 of the loss.

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Summary of Risk Management Program (Continued)

6. Employment Practices Liability (EPL) (Cont'd.)

For member local units without approved EPL Loss Control/Risk Management Programs:

\$100,000 deductible per occurrence, except that \$150,000 deductible per occurrence applies for member local units with unfavorable loss experience.

20% coinsurance (no cap) 1st \$2 million of loss (not imposed against optional limits).

Note: Member local units that qualify based upon certain criteria have options to purchase a lower deductible and coinsurance contribution. New members with adverse loss experience may be subject to higher deductible and coinsurance as provided by QBE North America.

7. Optional Directors and Officers Liability (D & O) – Fire Company & Emergency Service Units

The CJJIF, 100% commercially insured with QBE North America, provides optional \$1,000,000 or \$2,000,000 annual aggregate limits for Fire Companies or Emergency Service Units, subject to optional deductibles of \$1,000, \$2,000 or \$5,000.

8. Property (effective 12:01 A.M. December 31, 2016)

The Fund covers \$100,000 per occurrence (Property & Time Element combined) less applicable member deductibles:

Flood for locations wholly or partially within 100 yr. Flood Zone
Boiler & Machinery
Named Storm (Flood & Wind)

The MEL retains and provides Excess Property Coverage at limits of \$400,000 excess \$100,000 per occurrence except for the following:

Flood for locations wholly or partially within 100 yr. Flood Zone
Boiler & Machinery
Named Storm (Flood & Wind)

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Summary of Risk Management Program (Continued)

8. Property (Cont'd.)

The MEL serves as the lead agency for the purchase of additional excess property coverage at the following MEL statewide limits and sub-limits:

Policy Limit - \$125,000,000/occurrence for Property Damage and Time Element combined.

Earth Movement - \$100,000,000 annual aggregate

Flood - \$100,000,000 annual aggregate (includes storm surge)

Named Storm – Included

Extra Expense - \$10,000,000

Tenant Relocation - \$750,000

Leasehold Interest - \$15,000,000

Loss of Rents - \$15,000,000

Wind Turbine - \$1,000,000 per occurrence

Power Generating Utilities - Excluded

Computer Systems Damage - \$2,500,000

Contingent Time Element – Excluded

Debris Removal - \$25,000,000

Fine Arts - \$2,500,000

Fire Department Service Charge - \$250,000

Land and Water Contamination Cleanup, Removal and Disposal - \$250,000 annual aggregate

Land Improvements – Excluded

Miscellaneous Personal Property, Outdoor Property - \$10,000,000

Miscellaneous Unnamed Locations - \$10,000,000

Off Premises Service Interruption - \$10,000,000 (Excluding utilities)

Asbestos Removal - \$50,000

Transit - \$1,000,000

Valuable Papers & Records - \$10,000,000

New Construction and Additions - \$25,000,000

Soft Costs - \$5,000,000

Watercraft - \$1,000,000 (Property Damage only)

Vehicles - \$15,000,000

Bridges and Dams - \$10,000,000

Piers, Wharfs, Docks, Boardwalks and Bulkheads - \$10,000,000

Transmission and Distribution Lines - \$10,000,000 (within a 1 mile radius of an insured location for overhead lines & 5 mile radius for underground lines)

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Summary of Risk Management Program (Continued)

8. Property (Cont'd.)

Clogging/Blocking of Pipes - \$1,000,000
Equipment Breakdown - Included
 Ammonia Contamination - \$5,000,000
 Spoilage - \$5,000,000
Earth Movement – Zones 1 and 2 – Excluded
Flood Per Occurrence - locations wholly or partially within 100 yr. Flood Zone (SFHA) and Pumping Stations - \$2,500,000
Flood Per Occurrence – Outside Building or Structure - \$1,000,000
Flood – Buildings on Pilings, SFHA Zones V, VE and V1-30 – Excluded
Named Storm – Zones 1 and 2 – Excluded
Extended Period of Liability – 365 days
Newly Acquired Property – 90 days
Earth Movement – 168 hours
Named Storm – 120 hours
Terrorism/TRIA - Included

Standard Member JIF Deductibles for MEL Excess Insurance Coverages:

\$500,000	Per Occurrence (Property Damage & Time Element)
\$50,000	Equipment Breakdown (Property Damage)
\$50,000	Equipment Breakdown (Time Element)
\$500,000	Flood, SFHA – Buildings
\$500,000	Flood, SFHA – Time Element
\$500,000	Flood, SFHA – Contents
\$250,000	Flood, SFHA – Housing Authority/Non-Profit Buildings
\$100,000	Flood, SFHA – Housing Authority/Non-Profit Contents
\$100,000	Flood, SFHA – Housing Authority/Non-Profit Time Element
\$500,000	Pumping Stations, Lift Stations, Wet Wells, Pistol Ranges, Vehicles and Mobile Equipment, and all property located outside building or structure but not defined as Outdoor Property (Property Damage)
\$500,000	Pumping Stations, Lift Stations, Wet Wells, Pistol Ranges, Vehicles and Mobile Equipment, and all property located outside building or structure but not defined as Outdoor Property (Time Element)
1%	Named Storm: Covered property in Atlantic, Ocean, Monmouth and Burlington Counties East of the Garden State Parkway and all Covered Property in Cape May County (Property Damage)

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Summary of Risk Management Program (Continued)

8. Property (Cont'd.)

Standard Member JIF Deductibles for MEL Excess Insurance Coverages (cont'd.):

1%	Named Storm: Covered property in Atlantic, Ocean, Monmouth and Burlington Counties East of the Garden State Parkway and all Covered Property in Cape May County (Time Element)
\$500,000	Named Storm – Minimum, Per Location (Property Damage and Time Element) Covered property in Atlantic, Ocean, Monmouth and Burlington Counties East of the Garden State Parkway and all Covered Property in Cape May County (Time Element)
\$1,000,000	Named Storm – Maximum, Per Location (Property Damage and Time Element) Covered property in Atlantic, Ocean, Monmouth and Burlington Counties East of the Garden State Parkway and all Covered Property in Cape May County (Time Element)

Other Special Provisions of MEL Excess Insurance Coverages:

- The policy insures direct physical loss or damage caused by a Covered Cause of Loss at the Cape May Convention Center
- The policy insures direct physical loss or damage caused by a Covered Cause of Loss at the Ocean City Music Pier
- Bridges and dams attached to an insured location, and the relating equipment, are covered, except for Flood, Earthquake and Named Storm.
- Piers, Wharfs, Docks, Bulkheads and Boardwalks - All are covered, including any crossovers, floating docks and the buildings/structures thereon against the perils of fire, lightning, explosion, smoke, windstorm, hail, riot, civil commotion, aircraft, vehicles, vandalism, sprinkler leakage, sinkhole collapse, volcanic action, watercraft and malicious intent.
- Utilities - The following are covered:
 - Transmission and distribution lines situated beyond 1 mile radius of insured location for above ground transmission.
 - Transmission and distribution lines situated beyond 5-mile radius of insured location for below ground transmission.
- Outdoor Property means Covered Property not at an Insured Location and:
 - Outside a permanent building, or not wholly enclosed by walls and a roof; or
 - Inside a moveable container located outside a permanent building

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Summary of Risk Management Program (Continued)

8. Property (Cont'd.)

Other Special Provisions of MEL Excess Insurance Coverages (cont'd.):

- Retaining Structures:
 - are only covered if attached to a scheduled location.
 - are covered for all perils covered by the policy
- Underground Piping Exclusions:
 - Underground piping beyond a 1,000-foot radius of a pump station, process plant, metering pit, well or similar operational location, which is owned, leased, used, occupied or intended for use by the member entity;
 - Underground Storage Tanks and associated systems including piping;
 - Underground electric, data, voice, digital, fiber optic or similar cable beyond a 1000-foot radius of an insured location owned by a member entity; and
 - Underground gas pipelines
- Vacant Buildings:
 - A Vacant Building is defined as a building containing nothing; being without contents or occupants.
 - Except as noted below, the JIF will provide "Named Perils" coverage on an "Actual Cash Value" basis for any vacant building.
 - The Underwriting Manager may provide "Replacement Cost" valuation with "All-Risk" coverage for any vacant building after the completion of a satisfactory inspection by the Underwriting Manager's office and/or the insurers to verify building condition, security of the building, and status of utilities.
- Historic Property:
 - An Historic Property is defined as any property appearing in the local register of Historic Places, National Historic Landmarks Program, or National Register of Historic Places.
 - Cost to replace, repair or restore using the same materials, workmanship and architectural features and details that existed before such loss provided they are available. If any materials or workmanship needed to replace, repair or restore a building or structure are not available, the cost to use materials and/or workmanship that will permit the replacement, repair or restoration of the building to a condition that most closely resembles the condition which existed immediately before the loss occurred will be utilized.

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Summary of Risk Management Program (Continued)

8. Property (Cont'd.)

Other Special Provisions of MEL Excess Insurance Coverages (cont'd.):

• Historic Property (cont'd.):

- If there is an ordinance or law in effect at the time of loss that regulates zoning, land use or construction of an historic building (such as a Historic Preservation Act or other similar regulation), if that ordinance or law affects the repair or rebuilding of the historic building, and if you:
 - o Repair or rebuild the building or structure as soon as reasonably possible, then you will receive Replacement Cost valuation on the damaged and undamaged portions of the building, the cost to demolish and clear the site of the undamaged portion of the building, and the increased cost to repair or rebuild the building to the same general size in accordance with the minimum standards of such ordinance or law;
 - o Do not repair, rebuild or replace the building or structure, then you will receive Actual Cash Value valuation on the damaged and undamaged portions of the building, plus the cost to demolish and clear the site of the undamaged portion of the building.
- With respect to properties that qualify for "National Historic Landmark" status, the Insured shall have the sole discretion as to the means by which said property shall be repaired, rebuilt or replaced, but not to exceed the costs which would have been incurred in order to comply with "National Historic Landmark" status requirements.

9. Blanket Crime

The JIF provides a limit for \$50,000 less the member entity deductible of \$2,500. Coverage includes Public Employee Dishonesty, Forgery and Alteration, Theft, Disappearance and Destruction, Robbery and Safe Burglary, and Computer Fraud with Funds Transfer. The MEL provides its member JIFs' excess public employees bond coverage limits of \$1,000,000 less the member JIF retention of \$50,000 for Public Employee Dishonesty

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Summary of Risk Management Program (Continued)

10. Excess Public Officials Crime Coverage

The MEL provides excess employee dishonesty and faithful performance coverage (statutory positions only) for those employed positions which are required by law to be individually bonded and where they have not applied and have not been approved for coverage under the MELJIF Statutory Position Program at a limit of \$1,000,000 less a member local unit's deductible, which is the higher of: (i) the amount said persons are required by Law to be individually bonded, whether or not such individual Bond is in place or (ii) the amount of the individual Bond in place.

Each member local unit that has not applied for coverage under the MELJIF Statutory Position Bond is required to continue to purchase via the commercial market individual bonds providing primary coverage up to "at least the minimum limit required by law" for those employed positions required by law to be individually bonded.

11. Crime Statutory Position Bond

The MEL provides employee dishonesty and faithful performance coverage for those employed positions which are required by law to be individually bonded and where they have applied and been approved for coverage at a limit of \$1,000,000 per occurrence per position less a member local unit's deductible of \$1,000.

12. Optional Excess Liability

The MEL offers Optional Excess General Liability, including Police Professional Liability, Employee Benefits Liability, Quasi Municipal Organization Liability (Emergency Service Units and Auxiliaries only), and Automobile Liability (not including PIP or Underinsured/Uninsured Motorist Coverage) as follows:

- a. \$2 million CSL and per member local unit annual aggregate excess of \$5 million
- b. \$5 million CSL and per member local unit annual aggregate excess of \$5 million
- c. \$5 million CSL and per member local unit annual aggregate excess of \$10 million
- d. \$10 million CSL and per member local unit annual aggregate excess of \$10 million

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Summary of Risk Management Program (Continued)

13. Optional Excess POL/EPL

The MEL offers optional excess POL/EPL coverage as follows:

- a. \$1 million CSL and per member local unit annual aggregate excess of \$ million
- b. \$2 million CSL and per member local unit annual aggregate excess of \$2 million
- c. \$3 million CSL and per member local unit annual aggregate excess of \$2 million
- d. \$4 million CSL and per member local unit annual aggregate excess of \$2 million
- e. \$4 million CSL and per member local unit annual aggregate excess of \$6 million

14. Environmental Impairment Liability

The limits of liability as established in the E-JIF's Plan of Risk Management and coverage documents.

15. Cyber Liability

The JIF, 100% commercially insured with XL Insurance, provides Third Party coverage including Media Communication, Network Security Liability and Private Liability and First Party coverage including Extortion Threat, Crisis Management Expenses and Private Notification Costs. The basic coverage provides the JIF limits of liability of \$5,000,000each/\$8,000,000 policy aggregate. The limits are JIF wide and shared amongst member local units of the JIF. There is a \$1,500,000 sublimit each for 1) Privacy Notification Costs, 2) Regulatory Fines/Claims Expenses for Privacy Liability, 3) Extortion Damages for Extortion Threat and 4) Crisis Management Expenses. There is a \$25,000 policy deductible. In addition to the base coverage there is also an option at limits of \$5,000,000each/\$8,000,000 policy aggregate at a \$25,000 deductible. This optional coverage provides a \$2,000,000 sub-limit each for 1) Privacy Notification Costs, 2) Regulatory Fines/Claims Expenses for Privacy Liability, 3) Extortion Damages for Extortion Threat and 4) Crisis Management Expenses. A 3rd option is available at limits of \$5,000,000each/\$8,000,000 policy aggregate at a \$25,000 deductible. This optional coverage provides a \$3,000,000 sub-limit each for 1) Privacy Notification Costs, 2) Regulatory Fines/Claims Expenses for Privacy Liability, 3) Extortion Damages for Extortion Threat and 4) Crisis Management Expenses.

16. Optional Individual Self-Insured Retentions - None

17. Risk Retention Amounts for the Fund

- a. Workers' Compensation (all coverages) - \$300,000 CSL
- b. General Liability (all coverages) - \$300,000 CSL
- c. Employment Practices Liability – none, 100% commercially insured
- d. Non-Owned Aircraft - none

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Summary of Risk Management Program (Continued)

17. Risk Retention Amounts for the Fund (cont'd.)

- e. Automobile Liability
 - PD & BI - \$300,000 CSL
 - Underinsured/Uninsured - \$15,000/\$30,000 CSL
 - PIP - \$250,000 CSL
- f. Public Officials Liability – none, 100% commercially insured
- g. Optional Directors and Officials Liability – none, 100% commercially insured
- h. Property - \$100,000 per occurrence less member deductibles
- i. JIF Blanket Crime - \$50,000 less member deductible
- j. Optional Excess Liability – none provided by MEL
- k. Environmental Impairment Liability – none, other than the risk of E-JIF assessment.
- l. Residual Claims Liability – none, other than the risk of RCF assessment.
- m. MEL Crime – none provided by MEL
- n. Optional Excess POL/EPL – none provided by MEL
- o. Cyber Liability - none, 100% commercially insured.

NOTE 2: DEPOSITS AND INVESTMENTS

Reporting Criteria

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, money market funds and short term investments with original maturities of three months or less.

Investments with maturities of one year or less when purchased are stated at cost. All other investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. The Fund classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

The Fund adopts a cash management and investment policy plan annually which identifies authorized depositories and provides for a list of investments that may be purchased by the Fund.

Deposits

Of the bank balance at December 31, 2017 and 2016, \$250,000 was covered by federal depository insurance and the balance was fully collateralized by the bank under the provisions of the Government Unit Deposit Protection Act (GUDPA). Analysis of the deposits balance at December 31, 2016 and 2017 is as follows:

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 2: DEPOSITS AND INVESTMENTS (CONT'D.)

<u>2016</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Operating Account (Demand)	7,980,805.54	\$8,066,396.69
Claims Account (Demand)	<u>2,646.79</u>	<u>206,346.81</u>
Deposits - Dec. 31	<u>\$7,983,452.33</u>	<u>\$8,272,743.50</u>
<u>2017</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Operating Account (Demand)	7,235,986.81	\$7,248,020.06
Claims Account (Demand)	<u>3,775.63</u>	<u>272,068.46</u>
Deposits - Dec. 31	<u>\$7,239,792.44</u>	<u>\$7,520,088.52</u>

Investments

The Fund invests idle funds to maximize interest income while preserving principal by minimizing the market risks of investment activity. The Fund invests in government securities with the intention of holding such investments until their maturities. The Fund's investing activities are managed under the custody of the Fund Treasurer. Investing is performed in accordance with state statutes and the Fund's approved cash and investments management plan. Investments are reported at fair value. Any differences between the purchase price and the fair value of investment securities (unrealized gains or losses) are recognized as a component of investment income for financial reporting purposes.

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

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

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

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

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 2: DEPOSITS AND INVESTMENTS (CONT'D.)

Analysis of the Fund's investments, including certain cash equivalents, at December 31, 2016 and 2017 are as follows:

<u>2016</u>					
<u>Security</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Fair Value/ Carrying Value</u>	<u>Cost</u>	<u>Risk Category</u>
Wilmington US Gov't Money Mkt. Fund (Ticker AKGXX) \$4,000,000 Fed Nat Mtg Assn	Various	Various	23,806.32	23,806.32	A
	9/8/15	9/17/18	<u>3,997,000.00</u>	<u>4,000,000.00</u>	A
Total Investments			<u>\$ 4,020,806.32</u>	<u>\$4,023,806.32</u>	

<u>2017</u>					
<u>Security</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Fair Value/ Carrying Value</u>	<u>Cost</u>	<u>Risk Category</u>
Wilmington US Gov't Money Mkt. Fund (Ticker AKGXX)	Various	Various	8,758.53	8,758.53	A
\$400,000 UST Bills	7/5/17	6/21/18	395,320.00	395,320.00	A
\$400,000 UST Notes	7/5/17	12/15/18	397,908.00	399,390.63	A
\$400,000 UST Notes	7/5/17	3/15/19	395,984.00	397,453.13	A
\$400,000 UST Notes	7/5/17	6/30/19	396,452.00	398,796.88	A
\$400,000 UST Notes	7/5/17	12/15/19	396,064.00	399,015.63	A
\$100,000 UST Notes	12/28/17	12/15/19	99,016.00	98,988.28	A
\$400,000 UST Notes	7/5/17	3/31/20	393,172.00	395,718.75	A
\$400,000 UST Notes	7/5/17	6/15/20	395,968.00	399,171.88	A
\$400,000 UST Notes	7/5/17	9/30/20	393,908.00	396,734.38	A
\$400,000 UST Notes	7/5/17	11/30/20	395,984.00	399,421.88	A
\$400,000 UST Notes	7/5/17	1/31/21	392,376.00	395,406.25	A
\$4,000,000 Fed Nat Mtg Assn	9/8/15	9/17/18	<u>3,985,200.00</u>	<u>4,000,000.00</u>	A
Total Investments			<u>\$ 8,046,110.53</u>	<u>\$8,084,176.22</u>	

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 2: DEPOSITS AND INVESTMENTS (CONT'D.)

Fair Value Measurements – Generally accepted accounting principles establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority (Level 1) to unadjusted quoted prices for identical assets in active markets that the Fund has access to. The Fund's holdings of United States Treasury obligations and Government Sponsored Enterprise obligations were valued at December 31, 2017 and 2016 utilizing quoted market prices for identical assets (Level 1 inputs).

NOTE 3: CURRENT DEFICITS IN NET ASSETS

At December 31, 2016, excluding the value of investments in joint ventures of \$2,624,182.95, the Fund had net assets of \$4,645,220.03. This amount consisted of \$197,232.00 held in an Aggregate Excess Loss Fund Contingency Reserve and Net Fund Year Surpluses of \$962,413.56 for Closed Fund Years 1998 through 2012, \$561,116.18 for Fund Year 2013, \$686,953.24 for Fund Year 2014, \$1,610,507.5 for Fund Year 2015 and \$626,998.10 for Fund Year 2016. The components of each open Fund Year are as follows:

	<u>December 31, 2016 Net Assets (Deficit)</u>	
	<u>FY2013</u>	<u>FY2014</u>
Workers' Compensation Loss Fund	\$736,840.58	\$1,031,784.63
General Liability Loss Fund	(87,694.37)	(573,718.06)
Auto Liability Loss Fund	(319,220.16)	41,168.14
Property Loss Fund	113,818.30	65,664.57
Reinsurance Fund	1,860.11	50,671.87
Admin. Expense Fund	<u>115,511.72</u>	<u>71,382.09</u>
Net Current Surplus	<u>\$561,116.18</u>	<u>\$686,953.24</u>

	<u>December 31, 2016 Net Surplus (Deficit)</u>	
	<u>FY 2015</u>	<u>FY 2016</u>
Workers' Compensation Loss Fund	\$981,049.69	\$884,268.85
General Liability Loss Fund	412,472.71	(248,849.52)
Auto Liability Loss Fund	64,292.00	(128,445.73)
Property Loss Fund	44,449.08	104,947.59
Reinsurance Fund	54,266.87	44,046.16
Admin. Expense Fund	<u>53,976.70</u>	<u>(28,969.25)</u>
Net Current Surplus	<u>\$1,610,507.05</u>	<u>\$626,998.10</u>

At December 31, 2017, excluding the value of investments in joint ventures of \$3,054,809.94 the Fund had net assets of \$7,396,534.41. This amount consisted of \$369,319.11 held in an Aggregate Excess Loss Fund Contingency Reserve and Net Fund Year Surpluses (Deficits) of \$1,706,135.77 for Closed Fund Years 1998 through 2013, \$1,011,702.40 for Fund Year 2014, \$2,238,933.45 for Fund Year 2015, \$1,762,276.27 for

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 3: CURRENT DEFICITS IN NET ASSETS (CONT'D.)

Fund Year 2016 and \$308,167.41 for Fund Year 2017. The components of each open Fund Year are as follows:

	<u>December 31, 2017 Net Assets (Deficit)</u>	
	<u>FY2014</u>	<u>FY2015</u>
Workers' Compensation Loss Fund	\$1,252,380.52	\$1,286,952.68
General Liability Loss Fund	(603,963.22)	573,117.75
Auto Liability Loss Fund	124,751.12	199,599.50
Property Loss Fund	107,582.57	60,307.52
Reinsurance Fund	50,635.97	54,243.19
Admin. Expense Fund	<u>80,315.44</u>	<u>64,712.81</u>
Net Current Surplus	<u>\$1,011,702.40</u>	<u>\$2,238,933.45</u>

	<u>December 31, 2017 Net Surplus (Deficit)</u>	
	<u>FY 2016</u>	<u>FY 2017</u>
Workers' Compensation Loss Fund	\$1,751,933.82	\$ 299,028.00
General Liability Loss Fund	135,740.40	157,277.64
Auto Liability Loss Fund	(321,008.42)	49,472.50
Property Loss Fund	168,571.90	(215,059.16)
Reinsurance Fund	44,006.60	4,518.14
Admin. Expense Fund	<u>(16,968.03)</u>	<u>12,930.29</u>
Net Current Surplus	<u>\$1,762,276.271</u>	<u>\$ 308,167.41</u>

The Fund is permitted to make transfers to cover deficits in any line of coverage or expense fund. Additionally, the Fund's by-laws allow for the levying of supplemental assessments upon its participants if needed or so ordered by the Commissioner of Insurance. In addition, commencing with the Fund's 2011 fund year, the budget and member assessment setting process has provided for the calculation of retrospective assessments, on a member by member basis, at any point where actuarially estimated ultimate claims losses will exceed the loss ranges used to establish the initial annual contributions. Retrospective assessments are limited to actuarially determined levels established in the budget building process.

Closed Year surpluses and deficits are tracked by the Fund by coverage year, line and participant. At December 31, 2017 and 2016, there were no cumulative deficits for the 1998 through 2012 closed years.

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 4: SUPPLEMENTAL ASSESSMENTS FOR FUND YEARS 2007, 2008, 2009, 2010 AND 2011

I. Supplemental Assessments Levied For Cumulative Deficits as of December 31, 2010:

In response to adverse claims experience which had resulted in cumulative deficits for Fund Years 2007, 2008 and 2009, a Supplemental Assessment and Financial Plan (“Plan”) was prepared to fund these accumulated deficits, as of December 31, 2010. The Fund Commissioners adopted the Supplemental Assessment and Financial Plan on April 20, 2011 after second reading and a public hearing thereon. Significant aspects of this Plan include:

A. Deficits funded by supplemental assessments were as follows:

<u>Fund Year</u>	<u>December 31, 2010 Deficit Before Supp. Assmt.</u>	<u>Supplemental Assessment</u>	<u>Reported Fund Year Balance (Deficit)</u>
2007	\$(1,174,277.17)	\$1,174,278.00	\$0.83
2008	(1,929,077.76)	1,929,078.00	0.24
2009	<u>(666,231.62)</u>	<u>666,231.00</u>	<u>(0.62)</u>
Totals	<u>\$3,769,586.55</u>	<u>\$3,769,587.00</u>	<u>\$0.45</u>

B. Installment Payments – Supplemental Assessments are due and payable to the Central Jersey Joint Insurance Fund in ten (10) equal installments, commencing in Fund Year 2012. The full amount of the Supplemental Assessment is due prior to membership termination if such termination is initiated by the Member. Additionally, Members have the option of applying all or a portion of any Closed Year balances or “shares” to offset the portion of the supplemental assessment due at that time.

C. Additional Modifications to the Plan – The Plan may be modified by the Fund based upon subsequently updated actuarial projections of claims and IBNR reserves.

II. Supplemental Assessments Levied For Cumulative Deficits as of December 31, 2011 and Adjustments to Supplemental Assessments levied in Prior Periods:

In response to adverse claims experience which had resulted in a cumulative deficit for Fund Year 2010, a Supplemental Assessment and Financial Plan (“Plan”) was prepared to fund this accumulated deficit, as of December 31, 2011. The Fund Commissioners adopted the Supplemental Assessment and Financial Plan on April 18, 2012 after second reading and a public hearing thereon. Significant aspects of this Plan include:

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 4: SUPPLEMENTAL ASSESSMENTS FOR FUND YEARS 2007, 2008, 2009, 2010 AND 2011 (CONT'D.)

A. Deficits funded by supplemental assessments were as follows:

<u>Fund Year</u>	December 31, 2011 <u>Deficit Before Supp. Assmt.</u>	<u>Supplemental Assessment</u>	Reported Fund Year Balance <u>(Deficit)</u>
2010	\$(952,802.08)	\$952,802.00	\$(0.08)

B. Reductions to previously adopted supplemental assessments to reflect subsequent favorable operating variances were as follows:

<u>Fund Year</u>	December 31, 2011 <u>Supplemental Assmt. Before Reduction</u>	<u>Reduction To Supplemental Assessment</u>	<u>Revised Year End Supp. Assmt. Balance</u>
2008	\$1,929,078.00	\$97,380.00	\$1,831,698.00
2009	\$666,231.00	\$124,652.00	\$541,579.00

C. Installment Payments – Supplemental Assessments are due and payable to the Central Jersey Joint Insurance Fund in ten (10) equal installments, commencing in Fund Year 2013. The full amount of the Supplemental Assessment is due prior to membership termination if such termination is initiated by the Member. Additionally, Members have the option of applying all or a portion of any Closed Year balances or “shares” to offset the portion of the supplemental assessment due at that time.

D. Additional Modifications to the Plan – The Plan may be modified by the Fund based upon subsequently updated actuarial projections of claims and IBNR reserves.

III. Supplemental Assessments Levied For Cumulative Deficits as of December 31, 2012 and Adjustments to Supplemental Assessments levied in Prior Periods:

In response to adverse claims experience which had resulted in cumulative deficits for Fund Years 2009, 2010, and 2011, a Supplemental Assessment and Financial Plan (“Plan”) was prepared to fund this accumulated deficit, as of December 31, 2012. The Fund Commissioners adopted the Supplemental Assessment and Financial Plan on May 15, 2013 after second reading and a public hearing thereon. Significant aspects of this Plan include:

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 4: SUPPLEMENTAL ASSESSMENTS FOR FUND YEARS 2007, 2008, 2009, 2010 AND 2011 (CONT'D.)

A. Deficits funded by supplemental assessments were as follows:

<u>Fund Year</u>	December 31, 2012 <u>Deficit Before Supp. Assmt.</u>	<u>Supplemental Assessment</u>	Reported Fund Year Balance <u>(Deficit)</u>
2009	\$(402,901.88)	\$402,901.00	\$(0.88)
2010	(364,785.56)	364,786.00	0.44
2011	<u>(582,075.32)</u>	<u>582,075.00</u>	<u>(0.32)</u>
Totals	<u>\$(1,349,762.76)</u>	<u>\$1,349,762.00</u>	<u>\$0.45</u>

B. Installment Payments – Supplemental Assessments are due and payable to the Central Jersey Joint Insurance Fund in ten (10) equal installments, commencing in Fund Year 2014. The full amount of the Supplemental Assessment is due prior to membership termination if such termination is initiated by the Member. Additionally, Members have the option of applying all or a portion of any Closed Year balances or “shares” to offset the portion of the supplemental assessment due at that time.

C. Additional Modifications to the Plan – The Plan may be modified by the Fund based upon subsequently updated actuarial projections of claims and IBNR reserves.

IV. Supplemental Assessments Levied For Cumulative Deficits as of December 31, 2013 and Adjustments to Supplemental Assessments levied in Prior Periods:

In response to adverse claims experience which had resulted in cumulative deficits for Fund Years 2010, and 2011, a Supplemental Assessment and Financial Plan (“Plan”) was prepared to fund this accumulated deficit, as of December 31, 2013. The Fund Commissioners adopted the Supplemental Assessment and Financial Plan on February 19, 2014 after second reading and a public hearing thereon. Significant aspects of this Plan include:

A. Deficits funded by supplemental assessments were as follows:

<u>Fund Year</u>	December 31, 2013 <u>Deficit Before Supp. Assmt.</u>	<u>Supplemental Assessment</u>	Reported Fund Year Balance <u>(Deficit)</u>
2010	\$(120,139.85)	\$110,140.00	\$(9,999.85)
2011	<u>(714,101.19)</u>	<u>714,101.00</u>	<u>(0.19)</u>
Totals	<u>\$(834,241.04)</u>	<u>\$824,241.00</u>	<u>\$(10,000.04)</u>

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 4: SUPPLEMENTAL ASSESSMENTS FOR FUND YEARS 2007, 2008, 2009, 2010 AND 2011 (CONT'D.)

B. Installment Payments – Supplemental Assessments are due and payable to the Central Jersey Joint Insurance Fund in ten (10) equal installments, commencing in Fund Year 2015. The full amount of the Supplemental Assessment is due prior to membership termination if such termination is initiated by the Member. Additionally, Members have the option of applying all or a portion of any Closed Year balances or “shares” to offset the portion of the supplemental assessment due at that time.

C. Additional Modifications to the Plan – The Plan may be modified by the Fund based upon subsequently updated actuarial projections of claims and IBNR reserves.

Summary of Changes in Supplemental Assessments Receivable for the fiscal years ended December 31, 2016 and 2017 are as follows:

A. Fiscal Year Ending December 31, 2016

	<u>Total</u>	<u>FY2011</u>	<u>FY2010</u>	<u>FY2009</u>	<u>FY2008</u>	<u>FY2007</u>
Balance-12/31/15	\$4,447,615	\$1,089,006	\$1,011,945	\$611,798	\$1,053,611	\$681,255
Less:						
2016 Payments	<u>(1,251,986)</u>	<u>(297,010)</u>	<u>(277,080)</u>	<u>(176,717)</u>	<u>(304,076)</u>	<u>(197,103)</u>
Balance-12/31/16	<u>\$3,195,629</u>	<u>\$791,995</u>	<u>\$734,865</u>	<u>\$435,081</u>	<u>\$749,535</u>	<u>\$484,152</u>

B. Fiscal Year Ending December 31, 2017

	<u>Total</u>	<u>FY2011</u>	<u>FY2010</u>	<u>FY2009</u>	<u>FY2008</u>	<u>FY2007</u>
Balance-12/31/16	\$3,195,629	\$791,995	\$734,865	\$435,081	\$749,535	\$484,152
Less:						
2017 Payments	<u>569,373</u>	<u>113,142</u>	<u>122,477</u>	<u>87,016</u>	<u>149,907</u>	<u>96,831</u>
Balance-12/31/17	<u>\$2,626,256</u>	<u>\$678,853</u>	<u>\$612,388</u>	<u>\$348,065</u>	<u>\$599,628</u>	<u>\$387,321</u>

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 4: SUPPLEMENTAL ASSESSMENTS FOR FUND YEARS 2007, 2008, 2009, 2010 AND 2011 (CONT'D.)

The following table sets forth, by participant, the Supplemental Assessments due on December 31, 2016 and 2017 and the installment billing due in 2017 and 2018, respectively:

<u>Participant</u>	<u>12/31/16 Supplemental Assessments Unpaid</u>	<u>2017 Installment Payments Billed</u>
Belmar	\$ 222,004	\$ 39,669
Edison	1,146,674	204,776
Franklin	220,594	38,904
Hillsborough	152,861	26,961
Piscataway	375,922	66,713
Woodbridge	<u>1,077,574</u>	<u>192,351</u>
TOTALS	<u>\$3,195,629</u>	<u>\$569,374</u>

<u>Participant</u>	<u>12/31/17 Supplemental Assessments Unpaid</u>	<u>2018 Installment Payments Billed</u>
Belmar	\$ 182,336	\$ 39,669
Edison	941,899	204,776
Franklin	181,691	38,904
Hillsborough	125,900	26,961
Piscataway	309,209	66,713
Woodbridge	<u>885,222</u>	<u>192,351</u>
TOTALS	<u>\$2,626,256</u>	<u>\$569,373</u>

NOTE 5: RETROSPECTIVE ASSESSMENTS

As permitted by the Fund's By-laws and budget policy, retrospective assessments can be calculated and assessed, based upon actuarial calculations, if projected actual claim losses exceed the amounts upon which annual assessments were based. Activity relating to the authorization, adjustment, and collection of retrospective assessments was as follows:

A. 2013 Activity:

During 2013, retrospective assessments were recorded for Fund Year 2012 in the amount of \$900,959.00 and for Fund Year 2013 in the amount of \$725,449.00.

B. 2014 Activity:

During 2014, \$490,438 of retrospective assessments were recorded for Fund Year 2014, and \$94,695 was received from the members. Additionally, based upon favorable settlements of underlying claims, retrospective assessments previously recorded for Fund Years 2012 and 2013 were reduced by the amounts of \$32,107.87 and \$13,612.00, respectively.

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 5: RETROSPECTIVE ASSESSMENTS (CONT'D.)

C. 2015 Activity:

During 2015, \$392,688 of retrospective assessments were recorded for Fund Years 2014 (\$235,098) and 2015(\$157,590), and \$148,733.40 was received from the members for Fund Years 2012 and 2013. Additionally, based upon favorable settlements of underlying claims, retrospective assessments previously recorded for Fund Years 2012 and 2013 were reduced by the amounts of \$206,674.45 and \$32,646.11, respectively.

D. 2016 Activity:

During 2016, no additional retrospective assessments were indicated for any Fund Year, and based upon favorable settlements of underlying claims, retrospective assessments previously recorded for Fund Years 2015, 2014, 2013 and 2012 were reduced by the amounts of \$106,832.09, \$612,609.68, \$386,740.96 and \$7,712.38, respectively. In addition, \$476,333.65 was billed and received from the Members.

E. 2017 Activity:

During 2017, \$74,129 of retrospective assessments were recorded for Fund Years 2013 (8,512), 2015 (\$36,750) and 2017 (\$28,867). In addition, \$145,071 was billed and received from the Members.

A breakdown, by participant, of retrospective assessments receivable on December 31, 2016 and 2017, and 2017 activity is as follows:

<u>Participant</u>	12/31/16 Retrospective Assessments <u>Unpaid</u>	2017 Retrospective Assessments <u>Activity</u>	2017 Retrospective Assessments <u>Payments</u>	12/31/17 Retrospective Assessments <u>Unpaid</u>
Belmar	\$ 246,712	\$ (1,218)	\$27,311	\$218,183
Hillsborough	83,552	-	12,,001	71,551
Old Bridge(1)	(254,693)	48,987	-	(205,706)
Piscataway	130,284	-	17,582	112,701
Sayreville	68,087	36,750	4,848	99,989
East Brunswick	71,205	-	71,205	-
Woodbridge	<u>46,190</u>	<u>(10,390)</u>	<u>12,124</u>	<u>23,676</u>
TOTALS	<u>\$ 391,336</u>	<u>\$74,129</u>	<u>\$145,071</u>	<u>\$320,394</u>

The Fund has billed a net total of \$79,657.56 to the Members for collection of retrospective premiums in 2018.

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 6: RESIDUAL CLAIMS FUND

A. Financing of “Run-In” Claims Liabilities

At the inception of the Fund, certain of its participants had been operating risk management programs that involved a significant risk retention component, which, as is permitted under New Jersey statutes applicable to municipal Self-Insurance programs, was unfunded. As a member of the MEL, the Fund was able to facilitate the transfer of the run-in liabilities for these participants to the Municipal Excess Liability Residual Claims Fund (the “RCF”).

Under the terms of the program, the RCF will finance the costs of the pre-existing claims. RCF will receive semi-annual payments from the participants towards these claims. RCF will reinsure the program with the Munich Re-Insurance Company. The participants will be charged interest on any cash flow deficits incurred by the RCF, and the RCF will credit interest to the participants for any cash on hand from the payments received. During Fund Years 2016 and 2017, \$35,000.00 and \$48,000.00 were received from Members and transmitted to the RCF for pre-membership run-in liabilities.

B. Fund Year Close-Outs and Financing of Risks from Residual Claims

The Fund annually adopts resolutions to close Fund Years upon the running of four and one-half (4.5) years from the inception of the Fund Year, and authorizing the transfer of Risks from Residual Claims to the Municipal Excess Liability Residual Claims Fund (the “RCF”). The RCF requires the payment of a premium equal to the value of the open claim case reserves and IBNR reserves of the Fund at the effective date of the transfer.

Effective June 30, 2017, the Fund transferred its Risks from Residual Claims for the 2013 Fund Year to the Residual Claims Fund, and paid a premium equal to its open claim case reserves and IBNR reserves at that date, in the amount of \$1,136,028.

Effective June 30, 2016, the Fund transferred its Risks from Residual Claims for the 2012 Fund Year to the Residual Claims Fund, and paid a premium equal to its open claim case reserves and IBNR reserves at that date, in the amount of \$1,922,403.

Any subsequent refunds or recoveries relating to any Closed Fund Year are due to the RCF, and any additional claims paid are due from the RCF under the terms of the coverage.

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 6: RESIDUAL CLAIMS FUND (CONT'D.)

A summary of the Fund Years and payments made to the RCF for transfers of the Risks from Residual Claims is as follows:

<u>FUND YEAR</u>	<u>DATE CLOSED</u>	<u>RCF PREMIUM PAID</u>
1998	6/30/2002	\$118,655.08
1999	6/30/2003	\$484,262.78
2000	6/30/2004	\$573,288.65
2001	6/30/2005	\$334,969.06
2002	6/30/2006	\$826,493.64
2003	6/30/2007	\$969,104.93
2004	6/30/2008	\$1,114,446.20
2005	6/30/2009	\$1,228,178.00
2006	6/30/2010	\$898,954.55
2007	6/30/2011	\$978,284.89
2008	6/30/2012	\$1,223,173.67
2009	6/30/2013	\$1,504,094.00
2010	6/30/2014	\$1,767,599.00
2011	6/30/2015	\$963,414.86
2012	6/30/2016	\$1,922,402.67
2013	6/30/2017	\$1,136,027.63

As a member of the RCF, the Fund is subject to supplemental assessments in the event of deficiencies. RCF members are jointly and severally liable for RCF liabilities. The RCF can declare and distribute dividends to its members upon approval of the State of NJ Department of Banking and Insurance, in the same ratio of their individual assessments to the total member assessments for that fund year.

Financial statements for the RCF are available at the office of the Fund's Executive Director:

PERMA Risk Management Services
 9 Campus Drive, Suite 216
 Parsippany, NJ 07054
 (201) 881-7632

NOTE 7: MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND (MEL)

The Fund is a member of the Municipal Excess Liability Joint Insurance Fund ("MEL"), a risk-sharing public entity risk pool consisting of member joint insurance funds. The MEL was established to assist its members in obtaining cost-effective excess insurance coverage. Details of the Fund's utilization of MEL provided coverages are set forth in Note 1(C).

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 7: MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND (MEL) (CONT.D)

As a member of the MEL, the Fund is subject to supplemental assessments in the event of deficiencies. MEL members are jointly and severally liable for MEL liabilities. The MEL can declare and distribute dividends to its members upon approval of the State of NJ Department of Banking and Insurance, in the same ratio of their individual assessments to the total member assessments for that fund year.

Financial statements for the MEL are available at the office of the Fund's Executive Director:

PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, NJ 07054
(201) 881-7632

NOTE 8: NEW JERSEY MUNICIPAL ENVIRONMENTAL RISK MANAGEMENT FUND (E-JIF)

The Fund is a member of the New Jersey Municipal Environmental Risk Management Fund ("E-JIF"), a risk-sharing public entity risk pool consisting of member joint insurance funds. The E-JIF was established to assist its members in obtaining cost-effective environmental coverage in specified areas. Details of the Fund's utilization of E-JIF provided coverages are set forth in Note I(C).

As a member of the E-JIF, the Fund is subject to supplemental assessments in the event of deficiencies. E-JIF members are jointly and severally liable for E-JIF liabilities. The E-JIF can declare and distribute dividends to its members upon approval of the State of NJ Department of Banking and Insurance, in the same ratio of their individual assessments to the total member assessments for that fund year.

Financial statements for the E-JIF are available at the office of the Fund's Executive Director:

PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, NJ 07054
(201) 881-7632

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 9: INVESTMENTS IN JOINT VENTURES

As a participant in the RCF, EJIF and MEL, the Fund is responsible, on a pro rata basis for each fund year that it maintains membership, for its proportional share of the operating results of these entities. At December 31, 2016 and 2017, the Fund's share of undistributed net position or (unassessed net deficit) of these funds was as follows:

	<u>2016</u>	<u>2017</u>
MEL	\$ 1,047,058	\$1,022,826
EJIF	1,658,843	2,013,084
RCF	<u>(6,917)</u>	<u>18,900</u>
Totals	<u>\$2,698,984</u>	<u>\$3,054,810</u>

NOTE 10: 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. Should a member joint insurance fund exceed that amount, an additional assessment would be calculated based upon each member joint insurance fund's retrospective rating modification. The retrospective rating modification is an experience factor, and any additional assessments would be capped at 100%, 115% or 125% of that factor. No retrospective assessments would be billed to any member joint insurance fund whose liability and workers' compensation loss funds remain within the 85% threshold reflected in the initial MEL billings.

In 2016, the Fund budgeted, assessed each of its Members and recorded revenues for the full 100% of the MEL's layer of projected loss funds. During this period, the Fund recorded excess liability premium expenses for its liability and workers' compensation based upon the actual amounts (85%) billed by the MEL.

The additional amounts billed by the Fund to its Members was utilized to establish an Aggregate Excess Loss Fund Contingency at the start of the fiscal year, and investment income will accrue to this fund in the same manner as all other fund years. The net position within the Aggregate Excess Loss Fund Contingency will be maintained by member in the same manner that Closed Fund Years' net position is maintained. As future fund years adopt this program, Member shares will be maintained on a weighted average of their assessments for the Aggregate Excess Loss Fund Contingency. Should the MEL bill the Fund for an additional retrospective assessment, and the Member does not have sufficient net position within the Aggregate Loss Fund Contingency, the Fund could bill the Member an additional assessment for any such deficiency.

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 10: AGGREGATE EXCESS LOSS FUND CONTINGENCY (CONT'D.)

The Aggregate Excess Loss Fund Contingency is not legally restricted by laws, regulations or other constraints imposed by other entities, and is a component of the Fund's Unrestricted Net Position. Activity in the Aggregate Excess Loss Fund Contingency for the years ended December 31, 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Increases:		
Member Assessments	\$170,144.72	\$196,596.33
Investment Income	<u>1,942.39</u>	<u>635.67</u>
Total Increases	172,087.11	197,232.00
Balance-Beginning of Year	197,232.00	<u>0.00</u>
Balance-End of Year	<u>\$369,319.11</u>	<u>\$197,232.00</u>

NOTE 11: UNPAID CLAIMS LIABILITIES

The Fund establishes claims liabilities based upon the estimated ultimate costs of claims that have been reported but not settled and the estimated ultimate costs of claims incurred but not reported ("IBNR"). Claims liabilities are recomputed periodically and at the end of each fund year to produce current estimates that reflect recent settlements, claims volume, changes in doctrines of legal liability, inflation, and other economic and social factors. The Claims Administrator utilizes a variety of statistical techniques to estimate the ultimate costs of reported claims and the Fund Actuary applies a variety of generally accepted actuarial procedures to cost data for reported claims to determine the estimated IBNR. Actuarially estimated ultimate losses represent the expected value over a range of reasonably possible outcomes. Adjustments to previously reported reserves are reflected in the periodic expenses in the period being reported upon.

The following represents the changes in unpaid claims liabilities for the Fund during 2017 and 2016 for all open Fund Years, net of refunds and excess insurance recoveries:

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 and 2016

NOTE 11: UNPAID CLAIMS LIABILITIES (CONT'D.)

	<u>2017</u>	<u>2016</u>
Total Unpaid Case and IBNR Reserves-beginning of year	\$12,175,823	\$14,632,316
Incurred Claims and Adjustment Expenses:		
Provision for Insured Events-current year	6,145,600	5,821,307
Changes in Provision for Insured Events of Prior Periods	<u>(3,265,202)</u>	<u>(3,576,741)</u>
Total Incurred Claims-All Open Fund Years	15,056,221	16,876,882
Payments of Claims and Adjustment Expenses:		
Insured Events of Current Year	1,303,693	1,288,205
Insured Events of Prior Years	<u>2,438,327</u>	<u>3,412,854</u>
Total Unpaid Case and IBNR Reserves-end of year	<u>\$11,314,200</u>	<u>\$12,175,823</u>

NOTE 12: PARTICIPANT REFUNDS PAYABLE

The Central Jersey Joint Insurance Fund received notification from the E-JIF of a dividend authorized in 2017 in the amount of \$108,715, which is refundable to the Fund's participants. Refunds or credits against 2018 fund year contributions were made in 2018 for this item.

NOTE 13: SUBSEQUENT EVENTS

Through May 30, 2018, management is unaware of any events occurring subsequent to December 31, 2017 that would adversely impact the financial position or the continuing operations of the Central Jersey Joint Insurance Fund.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL JERSEY JOINT INSURANCE FUND

TEN-YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF DECEMBER 31, 2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Underwriting Income-Required Contribution (1)	\$12,257,410.05	\$12,142,044.13	\$13,302,930.67	\$13,288,328.21	\$12,985,993.73	\$14,514,995.25	\$14,207,928.96	\$14,302,375.29	\$12,881,108.56	\$13,028,352.21
Investment Income	144,161.03	99,523.15	72,545.81	80,937.48	44,484.77	55,779.13	72,512.26	73,019.23	54,151.67	28,799.05
Excess Insurance Premiums	12,401,571.08	12,241,567.28	13,375,476.48	13,369,265.69	13,030,478.50	14,570,774.38	14,280,441.22	14,375,394.52	12,935,260.23	13,057,151.26
Administrative Expenses	3,745,458.83	3,920,611.44	3,797,221.82	3,927,604.46	3,949,931.51	4,532,110.20	4,171,900.48	4,598,035.07	3,965,062.25	3,993,471.04
	2,166,476.12	2,314,309.99	2,316,750.14	2,264,950.89	2,321,359.69	2,679,349.63	2,598,067.59	2,619,451.91	2,491,244.42	2,609,913.10
	5,911,934.95	6,234,921.43	6,113,971.96	6,192,555.35	6,271,291.20	7,211,459.83	6,769,968.07	7,217,486.98	6,456,306.67	6,603,384.14
Estimated Incurred Claims-End of Policy Year	4,868,202.58	5,385,000.99	6,185,000.25	5,947,859.17	5,302,776.62	7,360,000.56	6,884,999.42	6,474,234.62	5,821,306.97	6,145,599.71
Cumulative Paid Claims:										
End of Policy Year	1,612,699.45	1,638,581.96	1,640,947.45	1,800,708.32	1,570,692.92	1,689,183.34	1,582,472.27	1,441,806.30	1,288,204.83	1,303,693.34
One Year Later	2,673,336.49	2,724,205.93	3,282,778.16	3,102,176.18	2,833,831.19	2,958,427.17	2,973,147.09	2,594,334.81	1,856,779.71	
Two Years Later	3,496,443.80	3,500,075.77	4,320,214.46	4,207,387.21	3,634,299.72	3,776,055.41	3,966,284.35	3,180,875.03		
Three Years Later	5,038,654.27	4,415,465.69	5,337,327.38	5,662,816.44	4,285,651.63	4,863,829.34	4,624,473.39			
Four Years Later (2)	5,652,952.47	4,892,270.65	5,887,705.89	6,022,107.39	4,465,065.91	5,488,852.27				
Cumulative Incurred Claims:										
End of Policy Year	4,868,202.58	5,385,000.99	6,185,000.25	5,947,859.17	5,302,776.62	7,360,000.56	6,884,999.42	6,474,234.62	5,821,306.97	6,145,599.71
One Year Later	5,615,001.02	5,860,000.54	6,864,875.30	6,454,999.01	6,330,000.16	7,171,999.37	7,400,277.27	5,483,205.46	4,716,677.29	
Two Years Later	6,899,352.49	5,763,996.51	7,244,535.16	7,171,770.18	5,921,779.67	7,097,995.73	6,802,183.91	4,918,974.09		
Three Years Later	6,812,950.47	6,175,903.93	7,365,870.89	6,981,097.00	6,136,468.33	6,781,780.18	6,498,770.75			
Four Years Later (2)	6,876,126.14	6,396,365.03	7,655,305.28	6,985,522.25	6,387,468.58	6,624,879.89				
Decrease (Increase) in Cumulative Incurred Claims from End of Policy Year	(\$2,007,923.56)	(\$1,011,364.04)	(\$1,470,305.03)	(\$1,037,663.08)	(\$1,084,691.96)	\$735,120.67	\$386,228.67	\$1,555,260.53	\$1,104,629.68	\$ -

Note: Upon the running of three and one-half (3.5) years from the end of the Fund's calendar loss year, the Fund closes each loss year and transfers the actuarially calculated liabilities to the Residual Claims Fund (RCF).

(1) Amounts included as Underwriting Income for Policy Years 2008 and 2009 include supplemental assessments approved in 2010 in the aggregate amount of \$2,595,309 less required installment payments of \$494,390 which were cancelled upon the application of available closed year balances, and \$222,032, which was cancelled based upon subsequent favorable operating results. Amounts included as Underwriting Income for Policy Year 2010 include supplemental assessments approved in 2011 in the aggregate amount of \$952,802, less required installment payments of \$95,280.20 which were cancelled upon the application of available closed year balances.

Amounts included as Underwriting Income for Policy Years 2009, 2010 and 2011 include supplemental assessments approved in 2012 in the aggregate amount of \$1,349,762. Amounts included as Underwriting Income for Policy Years 2010 and 2011 include retrospective assessments approved in 2013 and 2017 in the net amounts of \$947,413.23 and 8,512.20, respectively. Amounts included as Underwriting Income for Policy Years 2010 and 2011 include supplemental assessments approved in 2013 in the aggregate amount of \$824,241. Amounts included as Underwriting Income for Policy Year 2014 include retrospective assessments approved in 2014 in the net amount of \$112,926.32. Amounts included as Underwriting Income for Policy Year 2015 include retrospective assessments approved in 2015 and 2017 in the net amounts of \$50,757.91 and \$36,749.93, respectively. Amounts reported reflect totals before Fund closeout and transfer to the RCF on June 30th of the fourth year subsequent to the Policy/Loss Year.

CENTRAL JERSEY JOINT INSURANCE FUND

TEN YEAR SCHEDULE OF CHANGES IN CLAIM LIABILITIES BY LINE OF COVERAGE
FOR THE YEARS ENDED DECEMBER 31, 2008 THROUGH 2017

	2008			
	WORKERS' COMPENSATION	GENERAL LIABILITY	AUTO LIABILITY	PROPERTY
TOTAL				
Unpaid Claim Liabilities, January 1, 2008	\$5,778,760.47	\$2,341,269.06	\$508,149.42	\$66,710.46
Incurring Claims:				
Provision for Insured Events of Current Year	3,421,076.34	825,274.83	176,901.71	444,949.70
Increase (Decrease) in Provision for Insured Events of Prior Years	(69,501.25)	56,141.68	164,604.51	20,795.26
Increase (Decrease) in Incurred Claims	3,351,575.09	881,416.51	341,506.22	465,744.96
Claims Payments:				
Payments on Claims for Insured Events of Current Year	1,079,259.30	114,064.83	49,158.64	370,216.68
Payments on Claims for Insured Events of Prior Year	1,998,026.34	734,319.71	120,467.21	38,593.96
Total Payments	3,077,285.64	848,384.54	169,625.85	408,810.64
Unpaid Claim Liabilities, December 31, 2008	\$6,053,049.92	\$2,374,301.03	\$680,029.79	\$123,644.78

CENTRAL JERSEY JOINT INSURANCE FUND

TEN YEAR SCHEDULE OF CHANGES IN CLAIM LIABILITIES BY LINE OF COVERAGE
FOR THE YEARS ENDED DECEMBER 31, 2008 THROUGH 2017

	2009				
	TOTAL	WORKERS' COMPENSATION	GENERAL LIABILITY	AUTO LIABILITY	PROPERTY
Unpaid Claim Liabilities, January 1, 2009	\$9,231,025.52	\$6,053,049.92	\$2,374,301.03	\$680,029.79	\$123,644.78
Incurred Claims:					
Provision for Insured Events	5,385,000.99	4,000,000.16	850,000.01	225,000.39	310,000.43
Increase (Decrease) in Provision for Insured Events of Prior Years	(112,342.12)	149,958.75	181,830.30	(364,931.83)	(79,199.34)
Increase (Decrease) in Incurred Claims	5,272,658.87	4,149,958.91	1,031,830.31	(139,931.44)	230,801.09
Claims Payments:					
Payments on Claims for Insured Events of Current Year	1,638,581.96	1,230,250.82	56,097.06	43,823.06	308,411.02
Payments on Claims for Insured Events of Prior Year	3,001,426.57	1,836,837.98	835,727.31	284,981.71	43,879.57
Total Payments	4,640,008.53	3,067,088.80	891,824.37	328,804.77	352,290.59
Unpaid Claim Liabilities, December 31, 2009	\$9,863,675.86	\$7,135,920.03	\$2,514,306.97	\$211,293.58	\$2,155.28

CENTRAL JERSEY JOINT INSURANCE FUND

TEN YEAR SCHEDULE OF CHANGES IN CLAIM LIABILITIES BY LINE OF COVERAGE
FOR THE YEARS ENDED DECEMBER 31, 2008 THROUGH 2017

	2010			
	WORKERS' COMPENSATION	GENERAL LIABILITY	AUTO LIABILITY	PROPERTY
TOTAL				
Unpaid Claim Liabilities, January 1, 2010	\$7,135,920.03	\$2,514,306.97	\$211,293.58	\$2,155.28
Incurred Claims:				
Provision for Insured Events of Current Year	4,200,000.25	1,200,000.34	284,999.73	499,999.93
Increase (Decrease) in Provision for Insured Events of Prior Years	(296,260.15)	900,704.94	656,443.42	23,338.50
Increase (Decrease) in Incurred Claims	3,903,740.10	2,100,705.28	941,443.15	523,338.43
Claims Payments:				
Payments on Claims for Insured Events of Current Year	1,107,627.40	38,877.75	59,132.65	435,309.65
Payments on Claims for Insured Events of Prior Year	2,310,097.79	830,270.69	69,177.15	17,743.22
Total Payments	3,417,725.19	869,148.44	128,309.80	453,052.87
Unpaid Claim Liabilities, December 31, 2010	\$7,621,934.94	\$3,745,863.81	\$1,024,426.93	\$72,440.84

CENTRAL JERSEY JOINT INSURANCE FUND

TEN YEAR SCHEDULE OF CHANGES IN CLAIM LIABILITIES BY LINE OF COVERAGE
FOR THE YEARS ENDED DECEMBER 31, 2008 THROUGH 2017

	2011				
	TOTAL	WORKERS' COMPENSATION	GENERAL LIABILITY	AUTO LIABILITY	PROPERTY
Unpaid Claim Liabilities, January 1, 2011	\$12,464,666.52	\$7,621,934.94	\$3,745,863.81	\$1,024,426.93	\$72,440.84
Incurred Claims:					
Provision for Insured Events	5,947,859.17	3,999,999.76	1,049,999.77	339,999.78	557,859.86
Increase (Decrease) in Provision for Insured Events	(878,569.69)	46,035.37	(518,950.00)	(285,745.33)	(119,909.73)
Increase (Decrease) in Incurred Claims	5,069,289.48	4,046,035.13	531,049.77	54,254.45	437,950.13
Claims Payments:					
Payments on Claims for Insured Events	1,800,708.32	1,195,545.62	131,327.34	111,290.89	362,544.47
Payments on Claims for Insured Events	3,965,782.75	2,870,622.62	1,293,179.55	(117,673.45)	(80,345.97)
Total Payments	5,766,491.07	4,066,168.24	1,424,506.89	(6,382.56)	282,198.50
Unpaid Claim Liabilities, December 31, 2011	\$11,767,464.93	\$7,601,801.83	\$2,852,406.69	\$1,085,063.94	\$228,192.47

CENTRAL JERSEY JOINT INSURANCE FUND

TEN YEAR SCHEDULE OF CHANGES IN CLAIM LIABILITIES BY LINE OF COVERAGE
FOR THE YEARS ENDED DECEMBER 31, 2008 THROUGH 2017

	2012				
	<u>TOTAL</u>	<u>WORKERS' COMPENSATION</u>	<u>GENERAL LIABILITY</u>	<u>AUTO LIABILITY</u>	<u>PROPERTY</u>
Unpaid Claim Liabilities, January 1, 2012	\$11,767,464.93	\$7,601,801.83	\$2,852,406.69	\$1,085,063.94	\$228,192.47
Incurred Claims:					
Provision for Insured Events of Current Year	5,302,776.42	3,257,777.97	1,199,999.58	249,999.77	594,999.10
Increase (Decrease) in Provision for Insured Events of Prior Years	138,709.12	(207,343.93)	443,611.79	(141,419.52)	43,860.78
Increase (Decrease) in Incurred Claims	5,441,485.54	3,050,434.04	1,643,611.37	108,580.25	638,859.88
Claims Payments:					
Payments on Claims for Insured Events of Current Year	1,570,692.95	901,812.75	116,928.56	66,612.98	485,338.66
Payments on Claims for Insured Events of Prior Year	3,868,592.28	2,326,676.67	949,998.30	347,904.45	244,012.86
Total Payments	5,439,285.23	3,228,489.42	1,066,926.86	414,517.43	729,351.52
Unpaid Claim Liabilities, December 31, 2012	\$11,769,665.44	\$7,423,746.45	\$3,429,090.92	\$779,127.04	\$137,701.03

CENTRAL JERSEY JOINT INSURANCE FUND

TEN YEAR SCHEDULE OF CHANGES IN CLAIM LIABILITIES BY LINE OF COVERAGE
FOR THE YEARS ENDED DECEMBER 31, 2008 THROUGH 2017

	2013				
	TOTAL	WORKERS' COMPENSATION	GENERAL LIABILITY	AUTO LIABILITY	PROPERTY
Unpaid Claim Liabilities, January 1, 2013	\$11,769,665.44	\$7,423,746.45	\$3,429,090.92	\$779,127.04	\$137,701.03
Incurring Claims:					
Provision for Insured Events of Current Year	7,360,000.56	5,200,000.44	1,499,999.80	210,000.23	450,000.09
Increase (Decrease) in Provision for Insured Events of Prior Years	773,348.76	273,579.61	325,688.39	73,820.08	100,260.68
Increase (Decrease) in Incurred Claims	8,133,349.32	5,473,580.05	1,825,688.19	283,820.31	550,260.77
Claims Payments:					
Payments on Claims for Insured Events of Current Year	1,689,183.34	1,208,451.84	68,445.37	56,616.04	355,670.09
Payments on Claims for Insured Events of Prior Year	4,053,918.75	2,624,021.81	1,034,756.08	206,877.48	188,263.38
Total Payments	5,743,102.09	3,832,473.65	1,103,201.45	263,493.52	543,933.47
Unpaid Claim Liabilities, December 31, 2013	\$14,159,912.67	\$9,064,852.85	\$4,151,577.66	\$799,453.83	\$144,028.33

CENTRAL JERSEY JOINT INSURANCE FUND

TEN YEAR SCHEDULE OF CHANGES IN CLAIM LIABILITIES BY LINE OF COVERAGE
FOR THE YEARS ENDED DECEMBER 31, 2008 THROUGH 2017

	2014				
	TOTAL	WORKERS' COMPENSATION	GENERAL LIABILITY	AUTO LIABILITY	PROPERTY
Unpaid Claim Liabilities, January 1, 2014	\$14,159,912.67	\$9,064,852.85	\$4,151,577.66	\$799,453.83	\$144,028.33
Incurred Claims:					
Provision for Insured Events of Current Year	6,884,999.42	4,649,999.74	1,525,000.38	224,999.72	484,999.58
Increase (Decrease) in Provision for Insured Events of Prior Years	(2,283,019.25)	(2,125,699.31)	(303,193.70)	303,345.39	(157,471.63)
Increase (Decrease) in Incurred Claims	4,601,980.17	2,524,300.43	1,221,806.68	528,345.11	327,527.95
Claims Payments:					
Payments on Claims for Insured Events of Current Year	1,582,472.27	1,083,525.21	24,249.42	107,487.09	367,210.55
Payments on Claims for Insured Events of Prior Year	4,057,560.71	2,564,613.56	1,001,301.43	495,626.27	(3,980.55)
Total Payments	5,640,032.98	3,648,138.77	1,025,550.85	603,113.36	363,230.00
Unpaid Claim Liabilities, December 31, 2014	\$13,121,859.86	\$7,941,014.51	\$4,347,833.49	\$724,685.58	\$108,326.28

CENTRAL JERSEY JOINT INSURANCE FUND

TEN YEAR SCHEDULE OF CHANGES IN CLAIM LIABILITIES BY LINE OF COVERAGE
FOR THE YEARS ENDED DECEMBER 31, 2008 THROUGH 2017

	2015				
	TOTAL	WORKERS' COMPENSATION	GENERAL LIABILITY	AUTO LIABILITY	PROPERTY
Unpaid Claim Liabilities, January 1, 2015	\$13,121,859.86	\$7,941,014.51	\$4,347,833.49	\$724,685.58	\$108,326.28
Incurring Claims: Provision for Insured Events of Current Year	6,474,234.62	4,524,235.15	1,139,999.96	269,999.75	539,999.76
Increase (Decrease) in Provision for Insured Events of Prior Years	(303,026.74)	(863,342.13)	17,590.97	572,640.26	(29,915.84)
Increase (Decrease) in Incurred Claims	6,171,207.88	3,660,893.02	1,157,590.93	842,640.01	510,083.92
Claims Payments: Payments on Claims for Insured Events of Current Year	1,441,806.30	864,823.00	103,318.37	85,719.71	387,945.22
Payments on Claims for Insured Events of Prior Year	3,218,945.92	2,200,026.28	803,073.35	176,936.24	38,910.05
Total Payments	4,660,752.22	3,064,849.28	906,391.72	262,655.95	426,855.27
Unpaid Claim Liabilities, December 31, 2015	\$14,632,315.52	\$8,537,058.25	\$4,599,032.70	\$1,304,669.64	\$191,554.93

CENTRAL JERSEY JOINT INSURANCE FUND

TEN YEAR SCHEDULE OF CHANGES IN CLAIM LIABILITIES BY LINE OF COVERAGE
FOR THE YEARS ENDED DECEMBER 31, 2008 THROUGH 2017

	2016			
	WORKERS' COMPENSATION	GENERAL LIABILITY	AUTO LIABILITY	PROPERTY
TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
Unpaid Claim Liabilities, January 1, 2016	\$14,632,315.52	\$8,537,058.25	\$4,599,032.70	\$1,304,669.64
Incurrs:				
Provision for Insured Events of Current Year	5,821,306.97	3,570,000.18	1,427,000.23	494,999.55
Increase (Decrease) in Provision for Insured Events of Prior Years	<u>(3,576,740.49)</u>	<u>(1,730,795.77)</u>	<u>(1,284,257.99)</u>	<u>(122,026.30)</u>
Increase (Decrease) in Incurred Claims	<u>2,244,566.48</u>	<u>1,839,204.41</u>	<u>142,742.24</u>	<u>55,339.12</u>
Claims Payments:				
Payments on Claims for Insured Events of Current Year	1,288,204.83	813,714.47	111,385.36	61,827.89
Payments on Claims for Insured Events of Prior Year	<u>3,412,853.98</u>	<u>2,164,288.65</u>	<u>701,075.85</u>	<u>522,993.26</u>
Total Payments	<u>4,701,058.81</u>	<u>2,978,003.12</u>	<u>812,461.21</u>	<u>584,821.15</u>
Unpaid Claim Liabilities, December 31, 2016	<u>\$12,175,823.19</u>	<u>\$7,398,259.54</u>	<u>\$3,929,313.73</u>	<u>\$775,187.61</u>
	<u>\$191,554.93</u>			<u>\$73,062.31</u>

CENTRAL JERSEY JOINT INSURANCE FUND

TEN YEAR SCHEDULE OF CHANGES IN CLAIM LIABILITIES BY LINE OF COVERAGE
FOR THE YEARS ENDED DECEMBER 31, 2008 THROUGH 2017

	2017				
	TOTAL	WORKERS' COMPENSATION	GENERAL LIABILITY	AUTO LIABILITY	PROPERTY
Unpaid Claim Liabilities, January 1, 2017	\$12,175,823.19	\$7,398,259.54	\$3,929,313.73	\$775,187.61	\$73,062.31
Incurred Claims: Provision for Insured Events of Current Year	6,145,599.71	3,939,999.88	1,142,999.90	343,600.07	718,999.86
Increase (Decrease) in Provision for Insured Events of Prior Years	(3,265,202.09)	(2,245,857.86)	(833,573.51)	(65,472.96)	(120,297.76)
Increase (Decrease) in Incurred Claims	2,880,397.62	1,694,142.02	309,426.39	278,127.11	598,702.10
Claims Payments: Payments on Claims for Insured Events of Current Year	1,303,693.34	777,597.68	24,572.41	30,685.57	470,837.68
Payments on Claims for Insured Events of Prior Year	2,438,327.10	1,579,456.05	857,791.82	48,422.04	(47,342.81)
Total Payments	3,742,020.44	2,357,053.73	882,364.23	79,107.61	423,494.87
Unpaid Claim Liabilities, December 31, 2017	\$11,314,200.37	\$6,735,347.83	\$3,356,375.89	\$974,207.11	\$248,269.54

CENTRAL JERSEY JOINT INSURANCE FUND

NOTES TO SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1: RELATIONSHIP WITH BASIC FINANCIAL STATEMENTS

The information in the Fund's basic financial statements, as listed in the table of contents (pages 11 - 14), differs from the accompanying Supplementary Information required by the Department of Banking and Insurance. The Supplementary Information does not reflect the Fund's Investment in Joint Ventures, as follows:

	<u>2017</u>	<u>2016</u>
Total Assets-Statement of Net Position	\$22,320,903	\$19,940,290
Less: Investment in Joint Ventures	<u>3,054,810</u>	<u>2,698,984</u>
Total Assets-Statutory Basis	<u>\$19,266,093</u>	<u>\$17,241,306</u>
Net Position-Statement of Net Position	\$10,451,344	\$7,344,204
Less: Investment in Joint Ventures	<u>3,054,810</u>	<u>2,6298,984</u>
Net Statutory Surplus	<u>\$7,396,534</u>	<u>\$4,645,220</u>

PART II - ADDITIONAL SUPPLEMENTARY INFORMATION

CENTRAL JERSEY JOINT INSURANCE FUNDCOMPARATIVE HISTORICAL BALANCE SHEET-STATUTORY BASIS
AS OF DECEMBER 31, 2017 AND 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Cash & Cash Equivalents	\$7,248,520.97	\$7,983,452.33
Investments (At Market)	8,037,352.00	4,020,806.32
Prepaid Expenses	-	4,666.21
Accounts Receivable:		
Interest	26,533.16	14,100.03
Residual Claims Fund	-	365,290.25
Excess Insurance Recoveries	-	182,522.00
Participants		
Within One Year	1,102,230.97	1,349,670.68
Beyond One Year	<u>2,851,456.38</u>	<u>3,320,797.90</u>
Total Assets	<u>\$19,266,093.48</u>	<u>\$17,241,305.72</u>

LIABILITIES, RESERVES AND STATUTORY FUND SURPLUS

Liabilities:		
Claims:		
Case Reserves	\$7,152,032.37	\$6,824,820.19
IBNR Reserves	4,162,168.00	5,351,003.00
Prepaid Member Assessments	-	-
Expenses:		
Administrative Expenses Payable	151,925.31	108,161.01
Participant Refunds Payable		
Within One Year	116,465.35	57,408.00
Beyond One Year	<u>286,968.04</u>	<u>254,693.49</u>
Total Liabilities	<u>11,869,559.07</u>	<u>12,596,085.69</u>
Net Statutory Surplus - Unrestricted	<u>\$7,396,534.41</u>	<u>\$4,645,220.03</u>

CENTRAL JERSEY JOINT INSURANCE FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
 CHANGES IN NET STATUTORY SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Underwriting Income:		
Regular Contributions	\$ 13,169,629.93	\$ 13,077,704.89
Retrospective Assessments	<u>74,129.13</u>	<u>(1,113,395.11)</u>
Total Underwriting Income	13,243,759.06	11,964,309.78
Expenses:		
Claims:		
Paid	3,742,020.44	4,701,058.81
Increase (Decrease) in Case Reserves	327,212.18	(2,255,315.33)
Increase (Decrease) in IBNR Reserves	<u>(1,188,835.00)</u>	<u>(201,177.00)</u>
Claims - Net	2,880,397.62	2,244,566.48
Excess Insurance Premiums	5,129,498.66	5,887,464.92
Administrative	<u>2,611,256.18</u>	<u>2,480,576.06</u>
Total Non-Claim Expenses	<u>7,740,754.84</u>	<u>8,368,040.98</u>
Total Expenses	<u>10,621,152.46</u>	<u>10,612,607.46</u>
Operating Income (Loss)	2,622,606.60	1,351,702.32
Non-Operating Income:		
Dividend Income	108,715.00	57,358.00
Investment Income	<u>128,707.78</u>	<u>109,182.33</u>
Total Non-Operating Income	<u>237,422.78</u>	<u>166,540.33</u>
Net Income (Loss)	2,860,029.38	1,518,242.65
Net Statutory Surplus - Beginning of Year	<u>4,645,220.03</u>	<u>3,184,335.38</u>
Net Statutory Surplus Before Returns	7,505,249.41	4,702,578.03
Less:		
Surplus Approved for Refund to Participants	<u>108,715.00</u>	<u>57,358.00</u>
Net Statutory Surplus - End of Year	<u>\$ 7,396,534.41</u>	<u>\$ 4,645,220.03</u>

CENTRAL JERSEY JOINT INSURANCE FUND

 COMBINING SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN FUND SURPLUS BY FUND YEAR
 STATUTORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Closed Years	2013	2014	2015	2016	2017	Totals
Underwriting Income:							
Regular Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,999,485.21	\$ 13,169,629.93
Retrospective Assessments		8,512.20	-	36,749.93	-	28,867.00	74,129.13
Supplemental Assessments	-	-	-	-	-	-	-
Total Underwriting Income	-	8,512.20	-	36,749.93	-	13,028,352.21	13,243,759.06
Expenses:							
Claims:							
Paid		625,022.93	658,189.04	586,540.25	568,574.88	1,303,693.34	3,742,020.44
Increase (Decrease) in Case Reserves		(1,594,976.84)	(364,555.20)	(277,646.59)	602,987.44	1,961,403.37	327,212.18
Increase (Decrease) in IBNR Reserves		(322,974.00)	(597,047.00)	(873,125.00)	(2,276,192.00)	2,880,503.00	(1,188,855.00)
Claims - Net	-	(1,292,927.91)	(303,413.16)	(564,231.34)	(1,104,629.68)	6,145,599.71	2,880,397.62
Excess Insurance Premiums Administrative	-	1,136,027.62	-	-	-	3,993,471.04	5,129,498.66
Total Non-Claim Expenses	-	1,136,027.62	-	-	1,343.08	2,609,913.10	2,611,256.18
Total Expenses	-	(156,900.29)	(303,413.16)	(564,231.34)	(1,103,286.60)	12,748,983.85	10,621,152.46
Operating Income (Loss)	-	165,412.49	303,413.16	600,981.27	1,103,286.60	279,368.36	2,622,606.60
Non-Operating Income:							
Dividend Income	108,715.00	-	-	-	-	-	108,715.00
Investment Income	9,287.55	7,906.00	21,336.10	27,445.12	31,991.57	28,799.05	128,707.78
Total Non-Operating Income	118,002.55	7,906.00	21,336.10	27,445.12	31,991.57	28,799.05	237,422.78
Net Income (Loss)	118,002.55	173,318.49	324,749.26	628,426.39	1,135,278.17	308,167.41	2,860,029.38
Fund Surplus (Deficit) - Beginning of Year	962,413.56	561,116.17	686,953.14	1,610,507.06	626,998.10	-	4,645,220.03
Other Adjustments:							
Surplus Approved for Refund to Participants	(108,715.00)	-	-	-	-	-	(108,715.00)
Transfer Upon Closure of 2013 Claim Year	734,434.66	(734,434.66)	-	-	-	-	-
Fund Surplus (Deficit) - End of Year	\$ 1,706,135.77	\$ -	\$ 1,011,702.40	\$ 2,238,933.45	\$ 1,762,276.27	\$ 308,167.41	\$ 7,396,534.41

NOTE: Fund Year 2013 was closed at June 30, 2017.

CENTRAL JERSEY JOINT INSURANCE FUND

COMBINED CUMULATIVE OPERATING RESULTS ANALYSIS
 STATUTORY BASIS
 FOR FUND YEARS 1999 (INCEPTION) THROUGH 2017
AS OF DECEMBER 31, 2017

Underwriting Income:	
Regular Contributions	\$200,638,916.80
Supplemental Assessments	6,674,360.00
Retrospective Assessments	<u>1,185,226.59</u>
	208,498,503.39
Expenses:	
Claims:	
Paid	72,404,665.73
Case Reserves	7,940,997.87
IBNR Reserves	<u>4,487,649.00</u>
Claims - Net	<u>84,833,312.60</u>
Excess Insurance Premiums	77,007,801.51
Administrative	<u>41,029,931.86</u>
Total Non-Claim Expenses	<u>118,037,733.37</u>
Total Expenses	<u>202,871,045.97</u>
Operating Income (Loss)	5,627,457.42
Non-Operating Income:	
Dividend Income	544,130.30
Investment Income	<u>3,890,663.00</u>
Total Non-Operating Income	<u>4,434,793.30</u>
Net Income (Loss)	<u>10,062,250.72</u>
Less:	
Surplus Approved for Refund to Participants	<u>(2,665,716.31)</u>
Cumulative Net Assets (Deficit) - December 31, 2017	<u><u>\$ 7,396,534.41</u></u>

CENTRAL JERSEY JOINT INSURANCE FUND

CLOSED FUND YEARS
 CUMULATIVE OPERATING RESULTS ANALYSIS
AS OF DECEMBER 31, 2017

	BALANCE DECEMBER 31, 2016	2017 ACTIVITY	2013 FUND YEAR FINAL TOTALS CLOSED	BALANCE DECEMBER 31, 2017
Underwriting Income:				
Regular Contributions	\$131,891,555.20		\$14,214,034.11	\$146,105,589.31
Supplemental and Retrospective Assessments	<u>7,329,324.30</u>		<u>300,961.14</u>	<u>7,630,285.44</u>
Total Underwriting Income	\$139,220,879.50	\$ -	\$14,514,995.25	\$153,735,874.75
Expenses:				
Claims:				
Paid	<u>55,949,992.35</u>		<u>5,488,852.27</u>	<u>61,438,844.62</u>
Claims - Net	<u>55,949,992.35</u>	-	<u>5,488,852.27</u>	<u>61,438,844.62</u>
Excess Insurance Premiums	55,749,518.02		5,668,137.82	61,417,655.84
Administrative	<u>28,031,905.21</u>		<u>2,679,349.63</u>	<u>30,711,254.84</u>
Total Expenses	<u>83,781,423.23</u>	-	<u>8,347,487.45</u>	<u>92,128,910.68</u>
Operating Income (Loss)	(510,536.08)	-	678,655.53	168,119.45
Other:				
Dividend income	1,223,495.84	108,715.00		1,332,210.84
Investment Income	<u>2,805,959.10</u>	<u>9,287.55</u>	<u>55,779.13</u>	<u>2,871,025.78</u>
Total Adjustments	<u>4,029,454.94</u>	<u>118,002.55</u>	<u>55,779.13</u>	<u>4,203,236.62</u>
Net Income (Loss)	<u>3,518,918.86</u>	<u>118,002.55</u>	<u>734,434.66</u>	<u>4,371,356.07</u>
Other Adjustments:				
Surplus Approved for Refund to Participants	<u>(2,556,505.30)</u>	<u>(108,715.00)</u>		<u>(2,665,220.30)</u>
Net Assets (Deficit)	<u>\$962,413.56</u>	<u>\$9,287.55</u>	<u>\$734,434.66</u>	<u>\$1,706,135.77</u>

CENTRAL JERSEY JOINT INSURANCE FUND2013 FUND YEAR
CUMULATIVE OPERATING RESULTS ANALYSIS
AS OF DECEMBER 31, 2017

	WORKERS' COMPENSATION	GENERAL LIABILITY	AUTO LIABILITY	PROPERTY	REINSURANCE	ADMINISTRATIVE EXPENSES	TOTALS BEFORE CLOSEOUT	RESIDUAL RISKS TRANSFER	TOTALS
Underwriting Income:									
Regular Contributions	\$5,170,443.00	\$1,091,753.80	\$330,271.62	\$498,492.73	\$4,512,602.25	\$2,610,470.71	\$14,214,034.11		\$14,214,034.11
Retrospective Premiums	300,961.14						300,961.14		300,961.14
Total Underwriting Income	\$5,471,404.14	\$1,091,753.80	\$330,271.62	\$498,492.73	\$4,512,602.25	\$2,610,470.71	\$14,514,995.25	-	\$14,514,995.25
Expenses:									
Claims:									
Paid	3,652,383.19	860,596.54	609,091.93	366,780.61			5,488,852.27		5,488,852.27
Case Reserves	597,906.34	260,865.27	1,009.01	-			859,780.62	(859,780.62)	-
IBNR Reserves	227,410.00	43,938.00	4,899.00	-			276,247.00	(276,247.00)	-
Claims - Net	4,477,699.53	1,165,399.81	614,999.94	366,780.61	-	-	6,624,879.89	(1,136,027.62)	5,488,852.27
Excess Insurance Premiums									
Administrative	184,250.28			19,509.72	4,512,600.48	2,495,099.35	4,532,110.20	1,136,027.62	5,668,137.82
Total Expenses	184,250.28	-	-	19,509.72	4,512,600.48	2,495,099.35	7,211,459.83	1,136,027.62	8,347,487.45
Operating Income (Loss)	809,454.33	(73,646.01)	(284,728.32)	112,202.40	\$1.77	115,371.36	678,655.53	-	678,655.53
Other:									
Investment Income	33,750.53	10,587.36	1,508.28	1,721.50	1,860.05	6,351.41	55,779.13		55,779.13
Dividend Income	-	-	-	-	-	-	-		-
Total Adjustments	33,750.53	10,587.36	1,508.28	1,721.50	1,860.05	6,351.41	55,779.13		55,779.13
Net Income (Loss)	843,204.86	(63,058.65)	(283,220.04)	113,923.90	1,861.82	121,722.77	734,434.66		734,434.66
Net Assets (Deficit)	\$843,204.86	(\$63,058.65)	(\$283,220.04)	\$113,923.90	\$1,861.82	\$121,722.77	\$734,434.66	\$-	\$734,434.66

CENTRAL JERSEY JOINT INSURANCE FUND

2014 FUND YEAR
 CUMULATIVE OPERATING RESULTS ANALYSIS
 AS OF DECEMBER 31, 2017

	WORKERS' COMPENSATION	GENERAL LIABILITY	AUTO LIABILITY	PROPERTY	REINSURANCE	ADMINISTRATIVE EXPENSES	TOTALS
Underwriting Income:							
Regular Contributions	\$5,328,221.66	\$1,225,026.86	\$347,161.22	\$504,838.51	\$4,205,282.44	\$2,484,471.95	\$14,095,002.64
Retrospective Premiums	112,926.32						112,926.32
Total Underwriting Income	\$5,441,147.98	\$1,225,026.86	\$347,161.22	\$504,838.51	\$4,205,282.44	\$2,484,471.95	\$14,207,928.96
Expenses:							
Claims:							
Paid	3,079,100.40	937,752.02	224,928.13	382,692.84			4,624,473.39
Case Reserves	874,647.05	826,525.31	-	13.00			1,701,185.36
IBNR Reserves	97,253.00	75,859.00	-	-			173,112.00
Claims - Net	4,051,000.45	1,840,136.33	224,928.13	382,705.84	-	-	6,498,770.75
Excess Insurance Premiums Administrative	183,145.34			16,358.52	4,155,541.96	2,414,922.25	4,171,900.48
Total Expenses	183,145.34	-	-	16,358.52	4,155,541.96	2,414,922.25	6,769,968.07
Operating Income (Loss)	1,207,002.19	(615,109.47)	122,233.09	105,774.15	49,740.48	69,549.70	939,190.14
Other:							
Investment Income	45,378.33	11,146.25	2,518.03	1,808.42	895.49	10,765.74	72,512.26
Dividend Income	-	-	-	-	-	-	-
Total Adjustments	45,378.33	11,146.25	2,518.03	1,808.42	895.49	10,765.74	72,512.26
Net Income (Loss)	1,252,380.52	(603,963.22)	124,751.12	107,582.57	50,635.97	80,315.44	1,011,702.40
Net Assets (Deficit)	\$1,252,380.52	(\$603,963.22)	\$124,751.12	\$107,582.57	\$50,635.97	\$80,315.44	\$1,011,702.40

CENTRAL JERSEY JOINT INSURANCE FUND

2015 FUND YEAR
 CUMULATIVE OPERATING RESULTS ANALYSIS
 AS OF DECEMBER 31, 2017

	WORKERS' COMPENSATION	GENERAL LIABILITY	AUTO LIABILITY	PROPERTY	REINSURANCE	ADMINISTRATIVE EXPENSES	TOTALS
Underwriting Income:							
Regular Contributions	\$4,945,427.25	\$1,263,944.54	\$380,683.23	\$506,670.92	\$4,631,855.45	\$2,486,286.06	\$14,214,867.45
Retrospective Premiums	87,507.84						87,507.84
Total Underwriting Income	5,032,935.09	1,263,944.54	380,683.23	506,670.92	4,631,855.45	2,486,286.06	14,302,375.29
Expenses:							
Claims:							
Paid	2,398,023.01	238,718.98	114,710.56	429,422.48			3,180,875.03
Case Reserves	1,090,324.58	326,204.15	65,486.33	1.00			1,482,016.06
IBNR Reserves	110,335.00	141,107.00	4,641.00	-			256,083.00
Claims - Net	3,598,682.59	706,030.13	184,837.89	429,423.48	-	-	4,918,974.09
Excess Insurance Premiums Administrative	186,808.25			16,821.36	4,581,213.71	2,432,643.66	4,598,035.07
Total Expenses	186,808.25	-	-	16,821.36	4,581,213.71	2,432,643.66	7,217,486.98
Operating Income (Loss)	1,247,444.25	557,914.41	195,845.34	60,426.08	50,641.74	53,642.40	2,165,914.22
Other:							
Investment Income	39,508.43	15,203.34	3,754.16	(118.56)	3,601.45	11,070.41	73,019.23
Dividend Income	-	-	-	-	-	-	-
Total Adjustments	39,508.43	15,203.34	3,754.16	(118.56)	3,601.45	11,070.41	73,019.23
Net Income (Loss)	1,286,952.68	573,117.75	199,599.50	60,307.52	54,243.19	64,712.81	2,238,933.45
Net Assets (Deficit)	\$1,286,952.68	\$573,117.75	\$199,599.50	\$60,307.52	\$54,243.19	\$64,712.81	\$2,238,933.45

CENTRAL JERSEY JOINT INSURANCE FUND

2016 FUND YEAR
 CUMULATIVE OPERATING RESULTS ANALYSIS
 AS OF DECEMBER 31, 2017

	WORKERS' COMPENSATION	GENERAL LIABILITY	AUTO LIABILITY	PROPERTY	REINSURANCE	ADMINISTRATIVE EXPENSES	TOTALS
Underwriting Income:							
Regular Contributions	\$4,608,670.00	\$1,173,661.51	\$365,271.46	\$449,019.99	\$3,993,598.06	\$2,290,887.54	\$12,881,108.56
Retrospective Premiums	-	-	-	-	-	-	-
Total Underwriting Income	4,608,670.00	1,173,661.51	365,271.46	449,019.99	3,993,598.06	2,290,887.54	12,881,108.56
Expenses:							
Claims:							
Paid	1,314,614.10	178,410.88	97,503.00	266,251.73	-	-	1,856,779.71
Case Reserves	1,236,613.00	433,163.94	337,557.28	93.36	-	-	2,007,427.58
IBNR Reserves	163,773.00	435,089.00	253,608.00	-	-	-	852,470.00
Claims - Net	2,715,000.10	1,046,663.82	688,668.28	266,345.09	-	-	4,716,677.29
Excess Insurance Premiums Administrative	169,721.29	-	-	15,324.99	3,949,737.26	2,321,523.13	3,965,062.25
Total Expenses	169,721.29	-	-	15,324.99	3,949,737.26	2,321,523.13	6,456,306.67
Operating Income (Loss)	1,723,948.61	126,997.69	(323,396.82)	167,349.91	43,860.80	(30,635.59)	1,708,124.60
Other:							
Investment Income	27,985.21	8,742.71	2,388.40	1,221.99	145.80	13,667.56	54,151.67
Dividend Income	-	-	-	-	-	-	-
Total Adjustments	27,985.21	8,742.71	2,388.40	1,221.99	145.80	13,667.56	54,151.67
Net Income (Loss)	1,751,933.82	135,740.40	(321,008.42)	168,571.90	44,006.60	(16,968.03)	1,762,276.27
Net Assets (Deficit)	\$1,751,933.82	\$135,740.40	(\$321,008.42)	\$168,571.90	\$44,006.60	(\$16,968.03)	\$1,762,276.27

CENTRAL JERSEY JOINT INSURANCE FUND

2017 FUND YEAR
 CUMULATIVE OPERATING RESULTS ANALYSIS
 AS OF DECEMBER 31, 2017

	WORKERS' COMPENSATION	GENERAL LIABILITY	AUTO LIABILITY	PROPERTY	REINSURANCE	ADMINISTRATIVE EXPENSES	TOTALS
Underwriting Income:							
Regular Contributions	\$4,370,166.31	\$1,295,906.40	\$391,810.66	\$518,639.83	\$3,977,962.22	\$2,444,999.79	\$12,999,485.21
Retrospective Premiums	28,867.00						28,867.00
Total Underwriting Income	4,399,033.31	1,295,906.40	391,810.66	518,639.83	3,977,962.22	2,444,999.79	13,028,352.21
Expenses:							
Claims:							
Paid	777,597.68	24,572.41	30,685.57	470,837.68			1,303,693.34
Case Reserves	1,452,804.20	210,538.49	53,204.50	244,856.18			1,961,403.37
IBNR Reserves	1,709,598.00	907,889.00	259,710.00	3,306.00			2,880,503.00
Claims - Net	3,939,999.88	1,142,999.90	343,600.07	718,999.86	-	-	6,145,599.71
Excess Insurance Premiums Administrative	173,115.71			15,508.87	3,977,962.17	2,436,797.39	3,993,471.04
Total Expenses	173,115.71			15,508.87	3,977,962.17	2,436,797.39	6,603,384.14
Operating Income (Loss)	285,917.72	152,906.50	48,210.59	(215,868.90)	0.05	8,202.40	279,368.36
Other:							
Investment Income	13,110.28	4,371.14	1,261.91	809.74	4,518.09	4,727.89	28,799.05
Dividend Income	-	-	-	-	-	-	-
Total Adjustments	13,110.28	4,371.14	1,261.91	809.74	4,518.09	4,727.89	28,799.05
Net Income (Loss)	299,028.00	157,277.64	49,472.50	(215,059.16)	4,518.14	12,930.29	308,167.41
Net Assets (Deficit)	\$299,028.00	\$157,277.64	\$49,472.50	(\$215,059.16)	\$4,518.14	\$12,930.29	\$308,167.41

CENTRAL JERSEY JOINT INSURANCE FUND

AGGREGATE EXCESS LOSS FUND CONTINGENCY
 CUMULATIVE OPERATING RESULTS ANALYSIS
AS OF DECEMBER 31, 2017

	BALANCE DECEMBER <u>31, 2016</u>	2017 ACTIVITY	BALANCE DECEMBER <u>31, 2017</u>
Underwriting Income:			
Regular Contributions	<u>\$196,596.33</u>	<u>170,144.72</u>	<u>\$366,741.05</u>
Total Underwriting Income	<u>196,596.33</u>	<u>170,144.72</u>	<u>366,741.05</u>
Total Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Operating Income (Loss)	196,596.33	170,144.72	366,741.05
Other:			
Investment Income	<u>635.67</u>	<u>1,942.39</u>	<u>2,578.06</u>
Total Non-operating Income	<u>635.67</u>	<u>1,942.39</u>	<u>2,578.06</u>
Net Income (Loss)	197,232.00	172,087.11	369,319.11
Net Assets (Deficit)	<u>\$197,232.00</u>	<u>\$172,087.11</u>	<u>\$369,319.11</u>

CENTRAL JERSEY JOINT INSURANCE FUND

CLOSED FUND YEARS
 CUMULATIVE EXPENSE ANALYSIS
AS OF DECEMBER 31, 2017

	BALANCE DECEMBER <u>31, 2016</u>	2013 FUND YEAR FINAL TOTALS <u>CLOSED</u>	BALANCE DECEMBER <u>31, 2017</u>
Reinsurance:			
Municipal Excess Liability Fund Premiums	\$34,226,458.05	\$3,170,549.80	\$37,397,007.85
Public Official/Employment Practice Premiums	\$1,469,724.00	\$885,741.00	2,355,465.00
Municipal Environmental Risk Management Fund Premiums	5,298,149.18	456,309.68	5,754,458.86
Property Coverage	847,864.81	19,509.72	867,374.53
Residual Risk Transfer Premium	<u>14,907,291.98</u>	<u>1,136,027.62</u>	<u>16,043,319.60</u>
Subtotal Reinsurance Expenses	<u>56,749,488.02</u>	<u>5,668,137.82</u>	<u>62,417,625.84</u>
Administrative Expenses:			
Charged to Administration:			
Start-Up Expenses	34,466.50		34,466.50
Claims Servicing Organization	6,224,390.07	546,616.74	6,771,006.81
Executive Director	5,489,569.00	587,309.04	6,076,878.04
Administrative Consultants	633,704.39		633,704.39
Marketing Manager	374,161.56	136,674.96	510,836.52
Legal - General Counsel	543,198.81	48,375.50	591,574.31
Litigation Management	267,463.74	33,881.05	301,344.79
Actuary	410,930.33	36,911.04	447,841.37
Auditor	503,200.00	40,986.00	544,186.00
Internal Auditor	18,290.74	6,577.58	24,868.32
Treasurer	182,104.48	19,128.00	201,232.48
Safety Director	1,487,741.41	141,170.12	1,628,911.53
MEL Safety Institute	596,587.85	78,464.00	675,051.85
Safety Incentive Program	144,250.60	13,188.73	157,439.33
Underwriting Manager	1,013,954.61		1,013,954.61
Non-Contract Professional Services	167,067.68		167,067.68
Risk Managers	7,773,401.67	779,731.84	8,553,133.51
Miscellaneous Admin. Expenses	199,037.88	26,084.75	225,122.63
Charged to Workers' Compensation Medical Management	<u>1,962,466.78</u>	<u>184,250.28</u>	<u>2,146,717.06</u>
Subtotal Administrative Expenses	<u>28,025,988.10</u>	<u>2,679,349.63</u>	<u>30,705,337.73</u>
Total Expenses	<u><u>\$84,775,476.12</u></u>	<u><u>\$8,347,487.45</u></u>	<u><u>\$93,122,963.57</u></u>

CENTRAL JERSEY JOINT INSURANCE FUND

2014 FUND YEAR
 CUMULATIVE EXPENSE ANALYSIS
AS OF DECEMBER 31, 2017

Reinsurance:

Municipal Excess Liability Fund Premiums	\$2,964,188.04
Public Official/Employment Practice Premiums	\$790,583.00
Municipal Environmental Risk Management Fund Premiums	<u>417,129.44</u>
Subtotal Reinsurance Expenses	<u>4,171,900.48</u>

Administrative Expenses:

Charged to Administration:

Claims Servicing Organization	523,741.00
Executive Director	575,604.04
Marketing Manager	133,948.92
Legal - General Counsel	47,409.96
Litigation Management	32,742.66
Actuary	36,174.96
Auditor	40,079.00
Treasurer	18,756.00
Internal Auditor	5,935.89
Safety Director	138,354.00
Safety Incentive Program	13,292.30
MEL Safety Institute	67,106.00
Risk Managers	738,236.00
Non-Contractual Expenses	9,965.24
Miscellaneous Admin. Expenses	33,576.28
Charged to Workers' Compensation Medical Management	<u>183,145.34</u>
Subtotal Administrative Expenses	<u>2,598,067.59</u>
Total Expenses	<u><u>\$6,769,968.07</u></u>

CENTRAL JERSEY JOINT INSURANCE FUND

2015 FUND YEAR
 CUMULATIVE EXPENSE ANALYSIS
AS OF DECEMBER 31, 2017

Reinsurance:

Municipal Excess Liability Fund Premiums	\$3,049,229.25
Public Official/Employment Practice Premiums	1,124,254.00
Municipal Environmental Risk Management Fund Premiums	<u>424,551.82</u>
Subtotal Reinsurance Expenses	<u>4,598,035.07</u>

Administrative Expenses:

Charged to Administration:

Claims Servicing Organization	534,216.00
Executive Director	587,106.96
Marketing Manager	136,628.04
Legal - General Counsel	48,357.96
Litigation Management	37,773.76
Actuary	36,897.96
Auditor	40,880.36
Treasurer	19,131.00
Internal Auditor	6,722.18
Safety Director	141,120.97
Safety Incentive Program	14,500.00
MEL Safety Institute	69,005.75
Risk Managers	703,112.11
Appraisal Services Expense	23,940.00
Non-Contractual Expenses	10,785.97
Miscellaneous Admin. Expenses	22,464.64
Charged to Workers' Compensation: Medical Management	<u>186,808.25</u>

Subtotal Administrative Expenses

2,619,451.91

Total Expenses

\$7,217,486.98

CENTRAL JERSEY JOINT INSURANCE FUND

2016 FUND YEAR
 CUMULATIVE EXPENSE ANALYSIS
AS OF DECEMBER 31, 2017

Reinsurance:

Municipal Excess Liability Fund Premiums	\$2,518,335.56
Public Official/Employment Practice Premiums	1,079,145.00
Municipal Environmental Risk Management Fund Premiums	<u>367,581.69</u>
Subtotal Reinsurance Expenses	<u>3,965,062.25</u>

Administrative Expenses:

Charged to Administration:

Claims Servicing Organization	483,849.00
Executive Director	541,268.04
Marketing Manager	121,910.04
Legal - General Counsel	42,441.00
Litigation Management	40,435.65
Actuary	32,383.00
Auditor	35,878.14
Treasurer	16,790.04
Internal Auditor	4,840.44
Safety Director	123,853.56
Safety Incentive Program	15,261.00
MEL Safety Institute	62,866.00
Risk Managers	727,706.23
Appraisal Services Expense	
Non-Contractual Expenses	8,304.56
Miscellaneous Admin. Expenses	63,736.43
Charged to Workers' Compensation:	
Medical Management	<u>169,721.29</u>
Subtotal Administrative Expenses	<u>2,491,244.42</u>

Total Expenses

\$6,456,306.67

CENTRAL JERSEY JOINT INSURANCE FUND

2017 FUND YEAR
 CUMULATIVE EXPENSE ANALYSIS
AS OF DECEMBER 31, 2017

Reinsurance:	
Municipal Excess Liability Fund Premiums	\$2,517,054.73
Public Official/Employment Practice Premiums	1,105,350.00
Municipal Environmental Risk Management Fund Premiums	<u>371,066.31</u>
Subtotal Reinsurance Expenses	<u>3,993,471.04</u>
Administrative Expenses:	
Charged to Administration:	
Claims Servicing Organization	493,526.00
Executive Director	552,093.00
Marketing Manager	124,349.04
Legal - General Counsel	43,290.00
Litigation Management	41,272.50
Actuary	33,030.96
Auditor	36,596.00
Treasurer	17,126.28
Internal Auditor	2,894.35
Safety Director	126,330.60
Safety Incentive Program	67,482.60
MEL Safety Institute	71,154.00
Risk Managers	787,456.49
Appraisal Services Expense	9,632.87
Non-Contractual Expenses	30,562.70
Miscellaneous Admin. Expenses	173,115.71
Charged to Workers' Compensation:	
Medical Management	<u>173,115.71</u>
Subtotal Administrative Expenses	<u>2,609,913.10</u>
Total Expenses	<u><u>\$6,603,384.14</u></u>

SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Not applicable, there were no audit findings in the prior year.

ACKNOWLEDGEMENT

We greatly appreciate the courtesies and assistance provided to us by management and the Fund's professionals during the course of our audit.

Respectfully submitted,

HODULIK & MORRISON, P.A.

A handwritten signature in black ink, appearing to read "Robert S. Morrison". The signature is written in a cursive style with a large, stylized initial "R".

Robert S. Morrison
Certified Public Accountant