

**PROFESSIONAL MUNICIPAL MANAGEMENT
JOINT INSURANCE FUND
REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

PROFESSIONAL MUNICIPAL MANAGEMENT
JOINT INSURANCE FUND

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ANNUAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2016

New Jersey Department of Insurance Joint Insurance Fund Code: _____

Joint Insurance Fund Name: PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND

Street Address: _____

Mail Address: C/O PERMA9 CAMPUS DRIVESUITE 216PARSIPPANY, NJ 07054

Primary location of books and records: _____

PERMA, 9 CAMPUS DRIVE,SUITE 216, PARSIPPANY, NJ 07054

Statement Contact Person: _____

BRADFORD STOKES

Phone No. _____

(201) 881-7632

EXECUTIVE COMMITTEE

Chairman

THOMAS CZERNIECKINELSON WIEST (SPECIAL FUND COMMISSIONER)

Secretary

RICHARD BREVOGELTHOMAS MERCHELJOSEPH ANDL

EXECUTIVE COMMITTEE ALTERNATES

State of

NEW JERSEY

County of

BURLINGTON

THOMAS CZERNIECKI (Chairman), RICHARD BREVOGEL (Secretary), of the PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND being duly sworn, each for themselves

deposes and says that they are the above described executive committee members of the said joint insurance fund and that on the 31st day of December, 2016 all of the herein described assets were the absolute property of the said joint insurance fund, free and clear from any liens or claims thereon, except as herein stated and that this semi-annual statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to are a full and true statement of all the assets and liabilities and of the condition and affairs of the said joint insurance fund as of the 31st day of December, 2016 and of its income and deductions therefrom for the period ended on that date, according to the best of their information, knowledge and belief respectively.

Chairman_____
Secretary

- (a) Is this an original filing X Yes No
- (b) If no,
- (i) State the amendment number
- (ii) Date filed
- (iii) Number of pages attached

Subscribed and sworn to before me the

day of

_____, 2017

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Professional Municipal Management Joint Insurance Fund
9 Campus Drive, Suite 216
Parsippany, NJ 07054

Report on the Financial Statements

We have audited the accompanying financial statements of the Professional Municipal Management Joint Insurance Fund Joint Insurance Fund (the "Fund") as of and for the years ended December 31, 2016 and 2015, 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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund as of December 31, 2016 and 2015 and the changes in its financial position and its cash flows for the years then ended, in conformity 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 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 basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Professional Municipal Management Joint Insurance Fund's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements and are presented for purposes of additional analysis. The accompanying supplementary schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 26, 2017 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 financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Fund's internal control over financial reporting and compliance.

Respectfully Submitted,

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

Bowman & Company LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
June 26, 2017

**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

Board of Commissioners
Professional Municipal Management Joint Insurance Fund
9 Campus Drive, Suite 216
Parsippany, NJ 07054

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Professional Municipal Management Joint Insurance Fund (the "Fund") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collective comprise the Fund's basic financial statements, and have issued our report thereon dated June 26, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

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

Our consideration of internal control over financial reporting 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 significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 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 Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and the audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

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

Bowman & Company LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
June 26, 2017

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND

Management's Discussion and Analysis - Unaudited

This section of the annual financial report of the Professional Municipal Management Joint Insurance Fund (the "Fund") presents a discussion and analysis of the financial performance of the Fund for the years ended December 31, 2016, 2015 and 2014. Please read it in conjunction with the basic financial statements that follow this section.

Overview of Basic Financial Statements

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

Comparative Statements of Net Position – This statement presents information reflecting the Fund's assets, liabilities and reserves and net position. Net position represents the amount of total assets less total liabilities and reserves.

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

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

Financial Highlights

The following tables summarize the Net Position and results of operations for the Fund as of and for the years ended December 31, 2016, 2015 and 2014.

Statements Of Net Position Summary				2016 to 2015 Change	
	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>Amount</u>	<u>Percentage</u>
Assets					
Cash & Cash Equivalents	\$2,110,277	\$1,654,101	\$1,457,566	\$ 456,176	27.6%
Investments - Securities	2,467,700	2,001,880	1,997,320	465,820	23.3%
Investment In Joint Ventures	1,895,762	1,553,523	1,634,316	342,239	22.0%
Other Assets	<u>608,983</u>	<u>976,262</u>	<u>934,021</u>	<u>(367,279)</u>	<u>-37.6%</u>
Total Assets	<u>7,082,722</u>	<u>6,185,766</u>	<u>6,023,223</u>	<u>896,956</u>	<u>14.5%</u>
Liabilities And Reserves & Net Position					
Liabilities					
Loss Reserves	3,125,134	3,609,752	4,148,501	(484,618)	-13.4%
Other Liabilities	<u>56,820</u>	<u>55,432</u>	<u>241,013</u>	<u>1,388</u>	<u>2.5%</u>
Total Liabilities	<u>3,181,954</u>	<u>3,665,184</u>	<u>4,389,514</u>	<u>(483,230)</u>	<u>-13.2%</u>
Net Position - Unrestricted	<u>\$3,900,768</u>	<u>\$2,520,582</u>	<u>\$1,633,709</u>	<u>\$ 1,380,186</u>	<u>54.8%</u>

Statements Of Revenues, Expenses, And Changes In Net Position Summary				2016 to 2015 Change	
	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>Amount</u>	<u>Percentage</u>
Operating Revenue					
Regular Contributions & Other Income	<u>\$3,450,440</u>	<u>\$3,874,900</u>	<u>\$4,534,804</u>	<u>\$ (424,460)</u>	<u>-11.0%</u>
Operating Expenses:					
Provision For Claims and Claims					
Adjustment Expenses	624,207	1,130,835	3,727,179	(506,628)	-44.8%
Premium For Excess Insurance	1,236,628	1,281,734	1,219,906	(45,106)	-3.5%
Professional & Contractual Services	<u>500,657</u>	<u>493,835</u>	<u>464,026</u>	<u>6,822</u>	<u>1.4%</u>
Total Operating Expenses	<u>2,361,492</u>	<u>2,906,404</u>	<u>5,411,111</u>	<u>(544,912)</u>	<u>-18.7%</u>
Operating Income (Loss)	<u>1,088,948</u>	<u>968,496</u>	<u>(876,307)</u>	<u>120,452</u>	<u>-12.4%</u>
Non Operating Revenue (Expense)					
Investment Income (Loss)	(7,286)	22,190	16,742	(29,476)	-132.8%
Change In Investment In Joint Ventures	<u>342,239</u>	<u>(80,793)</u>	<u>(5,465)</u>	<u>423,032</u>	<u>523.6%</u>
Total Non Operating Revenue (Expense)	<u>334,953</u>	<u>(58,603)</u>	<u>11,277</u>	<u>393,556</u>	<u>-671.6%</u>
Change in Dividend Reserve			23,771	-	0.0%
Return Of Surplus	<u>43,715</u>	<u>23,020</u>	<u>43,455</u>	<u>20,695</u>	<u>89.9%</u>
Change In Net Positon	<u>\$1,380,186</u>	<u>\$ 886,873</u>	<u>\$ (884,714)</u>	<u>\$ 493,313</u>	<u>-55.6%</u>

Financial Highlights Continued

The Fund's total assets increased by 12.4%. "Investment in Joint Ventures" represents its share of surplus retained in the Municipal Excess Liability Joint Insurance Fund, the Municipal Excess Liability Residual Claims Fund, and the Environmental Joint Insurance Fund. The Fund's total liabilities decreased by 13.2%.

Assessments and other income decreased by 11.0%, reflecting a decrease in Retrospective Premiums and a Supplemental Assessment from the 2014 fund year. The Fund recognized an Operating Income of \$1,088,948 representing an increase of \$120,452 over 2015, which experienced an operating income of \$968,496. The change was primarily due to a 44.8% decrease in the provision for claims and claims adjustment expense.

Investment income decreased by 132.8%, of the decrease, 551.7% was related to changes in unrealized losses that were recorded in the current year.

For 2016, the Fund paid a dividend to its members' of \$43,715, which included \$22,049, a pass through of E-JIF dividends and \$21,666, members' closed year surplus used to pay the 2011 fund year supplemental contributions.

The Fund's combined net position for all years increased by \$1,380,186, or 54.8%.

Economic Conditions

The future financial position of the Fund will be impacted by medical costs trends that impact upon workers compensation costs. The Fund continues to attempt to offset these trends by reducing accident frequency and severity, and by streamlining claims processing and management. The Fund plans to continue to manage its assets in such a way that it maintains liquidity and safety, while increasing earnings when the opportunities arise.

Contacting the Fund's Management

This financial report is designed to provide the Professional Municipal Management Joint Insurance Fund members and the Department of Banking and Insurance of the State of New Jersey with a general overview of the Fund's finances and to demonstrate the Fund's accountability for the public funds it receives. If you have any questions about this report or need additional financial information, contact the Executive Director of the Professional Municipal Management Joint Insurance Fund office located at 9 Campus Drive, Suite 216, Parsippany, New Jersey 07054 or by phone at (201) 881-7632.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
COMPARATIVE STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Cash And Cash Equivalents	\$ 2,110,277	\$ 1,654,101
Investments	2,467,700	2,001,880
Contributions Receivable	207,000	230,000
Excess Insurance Receivable	-	12,343
Accrued Interest Receivable	2,871	8,867
Prepaid Expenses	-	58
Due From Residual Claims Fund	76,331	6,429
Retrospective Premium Recoverable	322,781	718,565
Investments In Joint Ventures	<u>1,895,762</u>	<u>1,553,523</u>
Total Assets	<u>7,082,722</u>	<u>6,185,766</u>
<u>LIABILITIES AND RESERVES</u>		
Liabilities:		
Accrued Administrative Expenses	34,270	31,412
Contributions Payable	501	1,000
Authorized And Unpaid Return Of Surplus	<u>22,049</u>	<u>23,020</u>
Total Liabilities	<u>56,820</u>	<u>55,432</u>
Reserves:		
Claims:		
Case Reserves	2,063,172	2,401,385
IBNR Reserves	<u>1,061,962</u>	<u>1,208,367</u>
Total Reserves	<u>3,125,134</u>	<u>3,609,752</u>
Total Liabilities and Reserves	<u>3,181,954</u>	<u>3,665,184</u>
<u>NET POSITION</u>		
Unrestricted	<u>\$ 3,900,768</u>	<u>\$ 2,520,582</u>

The Accompanying Notes To Financial Statements Are An Integral Part Of This Statement.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues:		
Regular Contributions	\$ 3,824,175	\$ 3,756,705
Retrospective Premium Income (Recoveries)	(395,784)	95,135
Environmental JIF Dividend	22,049	23,020
Other Income	-	40
	<hr/>	<hr/>
Total Operating Revenues	3,450,440	3,874,900
	<hr/>	<hr/>
Operating Expenses:		
Provision For Claims and Claims Adjustment Expenses	624,207	1,130,835
Excess Insurance Premiums	1,236,628	1,281,734
Administrative Expenses:		
Administrator	119,700	111,268
Claims Administrator	130,518	127,959
Safety Programs	41,870	51,354
Professional Services	203,469	197,482
Miscellaneous Expenses	5,100	5,772
	<hr/>	<hr/>
Total Operating Expenses	2,361,492	2,906,404
	<hr/>	<hr/>
Operating Income	1,088,948	968,496
	<hr/>	<hr/>
Non-Operating Revenue (Expense):		
Investment Income (Loss)	(7,286)	22,190
Change In Investment In Joint Ventures	342,239	(80,793)
	<hr/>	<hr/>
Total Non-Operating Revenue (Expense)	334,953	(58,603)
	<hr/>	<hr/>
Change in Net Positon	1,423,901	909,893
Net Position - Beginning	2,520,582	1,633,709
Return of Surplus	(43,715)	(23,020)
	<hr/>	<hr/>
Net Position - Ending	<u>\$ 3,900,768</u>	<u>\$ 2,520,582</u>

The Accompanying Notes To Financial Statements Are An Integral Part Of This Statement.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Receipts From Regular Contributions	\$ 3,846,676	\$ 3,757,705
Receipts From Environmental JIF Dividend	22,049	23,020
Receipts From Other Income	-	40
Payments For Claim Payments	(1,166,384)	(1,829,018)
Payments For Insurance Premiums	(1,236,570)	(1,280,390)
Payments To Professionals and Suppliers	(497,799)	(483,752)
	<hr/>	<hr/>
Net Cash Flows Provided By Operating Activities	967,972	187,605
Cash Flows From Investing Activities:		
Redemption Of Investments	2,000,000	2,000,000
Purchase Of Investments	(2,500,000)	(2,000,000)
Investment Income	32,890	28,614
	<hr/>	<hr/>
Net Cash Flows Provided By (Used In) Investing Activities	(467,110)	28,614
Cash Flows Used In Noncapital Financing Activities:		
Return Of Surplus	(44,686)	(19,684)
	<hr/>	<hr/>
Net Increase In Cash And Cash Equivalents	456,176	196,535
Cash And Cash Equivalents - Beginning	1,654,101	1,457,566
	<hr/>	<hr/>
Cash And Cash Equivalents - Ending	<u>\$ 2,110,277</u>	<u>\$ 1,654,101</u>
Reconciliation Of Operating Income To		
Cash Flows From Operating Activities:		
Operating Income	\$ 1,088,948	\$ 968,496
Adjustments To Reconcile Operating Income To		
Net Cash Provided By (Used In) Operating Activities:		
Changes In Assets And Liabilities:		
Decrease (Increase) In Assets:		
Contributions Receivable	23,000	
Due From Residual Claims Fund	(69,902)	12,755
Retrospective Premium Recoverable	395,784	(95,135)
Excess Insurance Receivable	12,343	27,811
Prepaid Expenses	58	1,344
Increase (Decrease) In Liabilities:		
Accrued Administrative Expenses	2,858	10,083
Claims Payable	-	(200,000)
Contributions Payable	(499)	1,000
Claims Reserves	(484,618)	(538,749)
	<hr/>	<hr/>
Net Cash Flows Provided By Operating Activities	<u>\$ 967,972</u>	<u>\$ 187,605</u>
Supplemental Disclosure - Noncash Activity:		
Change In Unrealized Gain (Loss) On Investments Included In		
Investment Income (Loss)	<u>\$ (34,180)</u>	<u>\$ 4,560</u>
Change In Investment In Joint Ventures	<u>\$ 342,239</u>	<u>\$ (80,793)</u>

The Accompanying Notes To Financial Statements Are An Integral Part Of This Statement.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 1: ORGANIZATION AND DESCRIPTION OF THE FUND

On April 1, 1987, the Professional Municipal Management Joint Insurance Fund (the "Fund") was formed in accordance with P.L. 1983, C.372, entitled "An Act Concerning Joint Insurance Funds for Local Units of Government", and supplementing Chapter 10 of Title 40A and N.J.S. 11:15-3 of the New Jersey Statutes. The Fund is operated in accordance with regulations of the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey for the purpose of securing significant savings in insurance cost as well as providing stability in coverage.

During 2016, members of the Fund included Evesham Township, Evesham Fire District, Maple Shade Township, Willingboro Township and Moorestown Township.

The Board of Commissioners of the Fund may approve subsequent membership by a two-thirds vote or may terminate any member by a majority vote, after proper notice has been given. New memberships are effective upon approval by the Commissioners of Banking and Insurance and Department of Community Affairs. Early terminations require prior approval by the Commissioner of Banking and Insurance. The members of the Fund must also be members of the Municipal Excess Liability Joint Insurance Fund ("MEL").

All members' contributions to the Fund, including a reserve for contingencies, are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The Fund offers the following coverages to its members:

- Workers' compensation and employers' liability.
- Liability other than motor vehicles.
- Property damage other than motor vehicles.
- Motor vehicles liability and damage.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant policies followed by the Fund in the preparation of the accompanying financial statements:

Component Unit

In evaluating how to define the Fund for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended 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*.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

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

Component Unit (Cont'd)

Blended component units, although legally separate entities, are in-substance part of the primary entity's operations. Each discretely presented component unit would be or is reported in a separate column in the financial statements to emphasize that it is legally separate from the primary entity.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the primary entity.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the primary entity is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary entity could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Fund has no component units and is not includable in any other reporting entity.

Basis of Presentation

The financial statements of the Fund have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Member Assessments are recognized as revenue at the time of assessment.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

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

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Additionally, the Fund has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund

Valuation of Investments

Among the Fund's investment objectives are preservation of principal, diversification, and maximization of interest yield. The Fund invests in government securities with the intent of holding them until maturity. Investments are reported at fair value based on quoted market prices. Realized and unrealized gains and losses on investments are recognized as a component of investment income.

Annual Contributions

Annual contributions are based on loss estimates as determined by the Fund's actuary and are received in two installments. Total contributions are recognized as earned revenue evenly over the annual contract period or period of risk, if different. All past due contributions bear interest at the rate established annually by the Executive Committee.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

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

Supplemental Contributions

The Executive Committee shall by majority vote levy upon the participating municipalities additional assessments wherever needed or so ordered by the Commissioner of Banking and Insurance to supplement the Fund's claim, loss retention or administrative accounts, after consideration of anticipated investment income, to assure the payment of the Fund's obligations. Supplemental contributions to cover a deficit are recognized as revenue upon approval whether or not actually received.

Investment Income Allocation

Interest accruals, interest payments on cash instruments, net of investment management fees, and unrealized gains and losses on the fair value of investments are allocated every month based upon each line of coverage's share of opening cash and investment balances.

Unpaid Claims Liabilities

The Fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are reflected in reserves and cumulative expenses in the periods being reported upon.

A. Reported Claims Case Reserves

Case reserves include estimated unpaid claims cost for both future payments of losses and related allocated claim adjustment expenses as reported by the service agent, Qual-Lynx, Inc.

B. Claims Incurred But Not Reported (IBNR) Reserve

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

Case and IBNR Reserves represent the estimated liability for the expected future development of claims already reported to the Fund plus claims incurred but not yet reported and unknown loss events that are expected to become claims. The liabilities for claims and related adjustment expenses are evaluated using Fund and industry data, case basis evaluations and other statistical analyses, and represent estimates of the ultimate net cost of all losses incurred through December 31, 2016. These liabilities are subject to variability between estimated ultimate losses determined as described and the actual experience as it emerges, including the impact of future changes in claim severity, frequency and other factors.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

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

Unpaid Claims Liabilities (Cont'd)

Management believes that the liabilities for unpaid claims above are adequate. The estimates are reviewed periodically and as adjustments to these liabilities become necessary, such adjustments are reflected in cumulative operations.

Excess Coverage

Coverage in excess of the Fund's self-insured retention limits is provided through the Fund's membership in the Municipal Excess Liability Joint Insurance Fund as described in Note 7.

Fund Transfers

Inter-fund transfers are made upon the expressed approval of the Executive Committee, following prior written notification to the Commissioners of the Department of Banking and Insurance and the Department of Community Affairs.

Inter-year fund transfers require prior approval of the Departments of Banking and Insurance and the Department of Community Affairs. The fund may seek approval from the Commissioners to make inter-year fund transfers at any time from a claims or loss retention trust account from any year, which has been completed for at least 12 months. The inter-year fund transfer may be in any amount subject to the limitation that, after the transfer, the remaining net current surplus must exceed 35 percent of unpaid claims for that year.

Claims must be undiscounted; the IBNR reserve must be certified by an actuary and the membership for each year involving inter-year fund transfers must be identical.

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

Subrogation

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

Return of Surplus/Dividends

Refunds (dividends) are recognized upon authorization of the Executive Committee. Any moneys for a Fund year in excess of the amount necessary to fund all obligations for that year as certified by the Fund's actuary may be declared to be refundable by the Fund no less than twenty- four months after the end of the year. The initial and any subsequent refund for any year from a Claim or Loss Retention Account is subject to the limitation that, after the refund, the remaining net current surplus must exceed thirty-five percent of unpaid claims for that year. In later years, the Fund can seek annual approval for payment of refunds from a Claim or Loss Retention Account remaining from any year, which has been completed for at least thirty-six months or longer and may include such refund payments with initial refund payments from the preceding year. A full and final refund is not allowed until all Case reserves and IBNR reserves are closed.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

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

Administrative Expenses

Administrative expenses are comprised mainly of compensation for services rendered by servicing organizations and appointed officials pursuant to written fee guidelines submitted and approved by a majority of the Commissioners/Executive Committee. In instances where invoices have not been submitted for specific periods, the maximum allowable contract amount has been accrued.

Net Position

In accordance with the provisions of the Governmental Accounting Standards Board Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", the Fund has classified its net position as unrestricted. This component of net position consists of net positions that do not meet the definition of "restricted" or "net investment in capital assets" and includes net position that may be allocated for specific purposes by the Board.

Income Taxes

The Fund is exempt from income taxes under Section 115 of the Internal Revenue Code.

Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues derived from member contributions. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and on investments in debt securities and positive changes in the Fund's investment in joint ventures.

Operating expenses include expenses associated with the fund operations, including claims expense, insurance and administrative expenses. Non-operating expenses include negative changes in the Fund's investment in joint ventures.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Fund's deposits might not be recovered. Although the Fund does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the Fund in excess of FDIC insured amounts are protected by GUDPA.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 3: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits (Cont'd)

However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Fund relative to the happening of a future condition. If the Fund had any such funds, they would be shown as Uninsured and Uncollateralized.

Of the Fund's bank balance of \$2,167,286 as of December 31, 2016, \$500,000 was insured while \$1,667,286 was collateralized under GUDPA.

Of the Fund's bank balance of \$1,694,526 as of December 31, 2015, \$250,000 was insured while \$1,444,526 was collateralized under GUDPA.

New Jersey Cash Management Fund

During the year, the Fund participated in the New Jersey Cash Management Fund. The Cash Management Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. The Fund's deposits with the New Jersey Cash Management Fund were \$0 and \$2,562 at December 31, 2016 and 2015, respectively.

Note 4: INVESTMENTS

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fund, and are held by either the counterparty or the counterparty's trust department or agent but not in the Fund's name. All of the Fund's investments in Federal Home Loan Bank, Federal Home Loan Mortgage Corp (FHLMC) and Federal National Mortgage Association (FNMA) notes of \$2,467,700 and \$2,001,880 as of December 31, 2016 and 2015, respectively, were held by either the counterparty or counterparty's trust department or agent, but not in the Fund's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. To limit risk, the Fund's investment policy provides that no investment or deposit shall have a maturity longer than five (5) years from date of purchase.

Credit Risk

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

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 4: INVESTMENTS (CONT'D)

Concentration of Credit Risk

The Fund does not place a limit on the amount that may be invested in any one issuer. All of the Fund's investments are in debt obligations.

As of December 31, 2016 and 2015, the Fund had the following investments and maturities:

<u>Investment</u>	<u>Interest Rate</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Market Value</u>	
				<u>2016</u>	<u>2015</u>
FNMA	1.05%	07/29/18	N/A		\$ 2,001,880
FHLB	1.35%	05/31/16	N/A	\$ 491,280	
FHLMC	1.20%	08/09/16	N/A	1,976,420	
				<u>\$ 2,467,700</u>	<u>\$ 2,001,880</u>

Fair Value Measurements of Investments

The Fund categorizes its fair value disclosures within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted process in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Fund has the following recurring fair value measurements as of December 31, 2016 and 2015:

Government Mortgage-Backed Debt Securities of \$2,467,700 and \$2,001,880 are valued using quoted market prices for identical assets (Level 1 inputs).

Note 5: RETROSPECTIVE PREMIUM RECOVERABLE

As permitted by the Fund's By-Laws and Budget policy the Retrospective Assessments can be calculated and assessed based upon actuarial calculations, if projected claim losses exceed the amounts upon which annual assessments were based. This final calculation will take place after the fund year is closed out to the RCF. If a member owes the fund an additional premium under this endorsement, the amount will be payable 12 months after billing takes place.

The recording of the Retrospective Premium is based on actuarial projections, which are consistent with the yearly budget process, which is also based on loss fund projections. As claims develop, the Fund records increases and decreases in Case Reserves and IBNR's.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 5: RETROSPECTIVE PREMIUM RECOVERABLE (CONT'D)

As of December 31, 2016, the estimated Retrospective Premium Recoverable was allocated as follows:

<u>Member</u>	<u>Total</u>	<u>Fund Year</u>		
		<u>2013</u>	<u>2014</u>	<u>2015</u>
Evesham	\$ 143,159		\$ 143,159	
Evesham Township Fire District	7,638			\$ 7,638
Maple Shade	2,576	\$ 2,576		
Mooresrown	14,222		14,222	
Willingboro	155,186	155,186		
		<hr/>		
	\$ 322,781	\$ 157,762	\$ 157,381	\$ 7,638
		<hr/>		

As of December 31, 2015, the estimated Retrospective Premium Recoverable was allocated as follows:

<u>Member</u>	<u>Total</u>	<u>Fund Year</u>			
		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Evesham	\$ 295,151			\$ 143,159	\$ 151,992
Evesham Township Fire District	7,638				7,638
Maple Shade	2,576		\$ 2,576		
Mooresrown	80,118			80,118	
Willingboro	333,082	\$ 5,405	165,227	162,450	
		<hr/>			
	\$ 718,565	\$ 5,405	\$ 167,803	\$ 385,727	\$ 159,630
		<hr/>			

Note 6: CHANGES IN UNPAID CLAIMS LIABILITIES

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

The following represents changes in those aggregate undiscounted reported and unreported liabilities for the Fund during 2016 and 2015 for all open Fund years net of excess insurance recoveries:

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 6: CHANGES IN UNPAID CLAIMS LIABILITIES (CONT'D)

	<u>2016</u>	<u>2015</u>
Total unpaid claim and claim adjustment expenses all Fund years - Beginning	\$ 3,609,752	\$ 4,148,501
Incurring claims and claims adjustment expenses:		
Provision for insured events of current fund year	1,451,999	1,922,501
Changes in provision for insured events of prior fund years	<u>(827,792)</u>	<u>(791,666)</u>
Total incurred claims and claims adjustment expenses all fund years	<u>624,207</u>	<u>1,130,835</u>
Payments (Net of Recoveries):		
Claims and claim adjustments expenses:		
Attributable to insured events of current fund year	278,969	437,333
Attributable to insured events of prior fund years	<u>829,856</u>	<u>1,232,251</u>
Total Payments all Fund years	<u>1,108,825</u>	<u>1,669,584</u>
Total unpaid claim and claim adjustment expenses all Fund years - Ending	<u>\$ 3,125,134</u>	<u>\$ 3,609,752</u>

Note 7: MEMBERSHIP IN JOINT INSURANCE FUNDS

Municipal Excess Liability Residual Claims Fund

The Fund is currently a member of the Municipal Excess Liability Residual Claims Fund (the "Residual Fund"). The Residual Fund is a risk-sharing public entity risk pool that is a self-administered group of joint insurance funds established for the purpose of assuming and discharging the liabilities associated with loss reserves of participating members. The transfer of loss reserves to the Residual Fund results in the closing of fund years and the unencumbering of the retained earnings related to the closed fund years. Each member appoints an official to represent their respective joint insurance fund for the purpose of creating a governing body from which officers for the Residual Fund are elected.

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

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

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 7: MEMBERSHIP IN JOINT INSURANCE FUNDS (CONT'D)

Municipal Excess Liability Joint Insurance Fund

The Fund is currently a member of the Municipal Excess Liability Joint Insurance Fund (the "MEL"). The MEL is a risk-sharing public entity risk pool that is a self-administered group of joint insurance funds established for the purpose of providing excess insurance coverage to participating members. Each member appoints an official to represent their respective joint insurance fund for the purpose of creating a governing body from which officers for the MEL are elected.

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

The MEL can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment relates to the total assessment of the membership for that fund year.

New Jersey Municipal Environmental Risk Management Fund

The Fund is currently a member of the New Jersey Municipal Environmental Risk Management Fund (the "Environmental Fund"). The Environmental Fund provides its members with various environmental related coverage.

The Environmental Fund is a risk-sharing public entity risk pool that is both an insured and self-administered group of joint insurance funds established for the purpose of providing low-cost insurance coverage for their respective members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Environmental Fund are elected.

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

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

Equity Interest

As of December 31, 2016 and 2015, the Fund's share of net position in the Residual Fund, the MEL and the Environmental Fund is as follows:

	<u>2016</u>	<u>2015</u>
Residual Claims Fund	\$ 172,841	\$ 87,875
MEL	1,125,864	904,437
Enviromental Fund	<u>597,057</u>	<u>561,211</u>
	<u>\$ 1,895,762</u>	<u>\$ 1,553,523</u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 7: MEMBERSHIP IN JOINT INSURANCE FUNDS (CONT'D)

Selected Financial Information

	Residual <u>Fund</u>	MEL	Environmental <u>Fund</u>
Total Assets	\$ 92,436,128	\$ 73,291,686	\$ 28,644,314
Total Liabilities	\$ 80,468,221	\$ 43,293,076	\$ 12,056,918
Net Position	\$ 11,967,907	\$ 29,998,610	\$ 16,587,396
Total Revenue	\$ 25,239,408	\$ 44,048,172	\$ 4,501,716
Total Expenses	\$ 15,536,724	\$ 33,162,660	\$ 2,554,274
Change in Net Position	\$ 9,092,684	\$ 10,885,512	\$ 1,397,442
Distributions to Members	\$ 610,000	\$ -	\$ 550,000

Financial statements for the Municipal Excess Liability Residual Claims Fund, the Municipal Excess Liability Joint Insurance Fund and the Environmental Fund are available at the office of the Fund's Executive Director:

PERMA
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054
(201) 881-7632

Note 8: RELATED PARTY TRANSACTIONS

As disclosed in note 7, the Fund is a member of the Municipal Excess Liability Residual Claims Fund, the Municipal Excess Liability Joint Insurance Fund and the New Jersey Municipal Environmental Risk Management Fund and has an ownership interest in those Funds.

Excess insurance premiums paid to the MEL for the years ended December 31, 2016 and 2015 were \$602,263 and \$659,235, respectively.

Excess insurance premiums paid to the Environmental Fund were \$121,383 and \$120,569 for the years ended December 31, 2016 and 2015, respectively.

During 2016 and 2015, the Fund was assessed \$198,884 and \$281,954, respectively, for the transfer of fund year 2012 and 2011 liabilities to the Residual Fund. In addition, the Fund invoiced the Residual Fund for 2012 and 2011 claims paid by the Fund subsequent to June 30, 2016 and 2015. As of December 31, 2016 and 2015, those reimbursable claims totaled \$76,331 and \$6,429, respectively.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 9: RETURN OF SURPLUS

During the 2016, the Executive Committee approved a dividend distribution in the amount of \$43,715, representing a \$22,049 pass through of E-JIF dividends and \$21,666 of members' closed year surplus used to pay the 2011 fund year supplemental contributions as disclosed in note 10.

During the 2015, the Executive Committee approved a dividend distribution in the amount of \$23,020, representing a pass through of E-JIF dividends.

Note 10: SUPPLEMENTAL CONTRIBUTION

On June 22, 2015, the Executive Committee approved a supplemental contribution of \$230,000 for the 2011 fund year. The supplemental contribution is payable to the Fund by the membership in equal installments along with regular contributions for the next ten (10) years starting in 2016 through and including 2025. If a member leaves the Fund during this period, the supplemental assessment for that member shall be due and owing to the Fund before the date of membership termination.

If there are sufficient funds available in the Closed Year Account, on a year-by-year basis, members have the option of applying all or a portion of Closed Year balances or "shares" to offset the portion of the supplemental assessment due at that time.

The balance due from the members for the contribution will be adjusted each year if the member has enough in the closed fund year to cover the balance due they may apply this toward their share. Any remaining balance due as of January 15, 2016 will be added to the members' regular contributions over a 10-year period with the final balance due by January 15, 2025.

As of December 31, 2016 and 2015, the allocated balance of the supplemental contribution was as follows:

<u>Member</u>	<u>2016</u>	<u>2015</u>
Evesham	\$ 53,988	\$ 59,986
Evesham Township Fire District	12,002	13,336
Maple Shade	27,283	30,314
Moorestown	42,561	47,291
Willingboro	71,166	79,073
	<u>\$ 207,000</u>	<u>\$ 230,000</u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 11: MEL JIF RETROSPECTIVE PROGRAM AND AGGREGATE EXCESS LOSS FUND CONTINGENCY ACCOUNT

MEL JIF Retrospective Program - As disclosed in notes 7 and 8, the Fund is a member of the Municipal Excess liability Joint Insurance Fund and has adopted a retrospective rating premium approach to implement experience rated assessments for liability and workers' compensation coverages. The MEL billed 85% of the experience rated assessment in the first year and, should a member joint insurance fund exceed that amount, an additional assessment would be calculated based on each member joint insurance fund's retrospective rating modification. The retrospective rating modification is an experience rated factor and any additional assessments would be capped at 100%, 115% or 125% of that factor. Over a ten-year period (120 months), if a member joint insurance fund's liability and workers' compensation loss funds stay within the 85% threshold, there would not be an additional assessment.

In 2016, the Fund budgeted and assessed each member 100% of the MEL's layer of projected loss funds. The Fund will expense the liability and workers' compensation excess coverage premium for the actual amount billed by the MEL and record revenue at the full amount budgeted and billed its members.

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

Aggregate Excess Loss Fund Contingency Account – During 2016, the Fund assessed its members \$65,237 to established an aggregate loss fund contingency account. The loss fund contingency account, including accrued interest represents a management designation of the fund's net position as of December 31, 2016.

PROFESSIONAL MUNICIPAL MANAGEMENT
JOINT INSURANCE FUND
REQUIRED SUPPLEMENTARY INFORMATION

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
RECONCILIATION OF CLAIMS LIABILITIES BY FUND
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2016

	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>Total</u>
Total unpaid claim and claim adjustment expenses - Beginning	\$ 51,993	\$ 1,255,303	\$ 65,951	\$ 2,236,505	\$ 3,609,752
Incurring claims and claims adjustment expenses:					
Provision for insured events of current fund year	80,000	373,000	51,000	947,999	1,451,999
Changes in provision for insured events of prior fund years	(16,641)	(333,463)	(16,501)	(461,187)	(827,792)
Total incurred claims and claims adjustment expenses all fund years	63,359	39,537	34,499	486,812	624,207
Payments:					
Claims and claims adjustment expenses:					
Attributable to insured events of current fund year	35,859	6,277	6,008	230,825	278,969
Attributable to insured events of prior fund years	22,351	220,382	17,062	570,061	829,856
Total payments all fund years	58,210	226,659	23,070	800,886	1,108,825
Total unpaid claim and claim adjustment expenses - Ending	\$ 57,142	\$ 1,068,181	\$ 77,380	\$ 1,922,431	\$ 3,125,134

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF DECEMBER 31, 2016

	Fund Year Ending December 31									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net Earned Required Contribution and Investment Revenue:										
Earned	\$ 3,204,749	\$ 3,228,979	\$ 3,772,748	\$ 3,385,611	\$ 3,691,994	\$ 3,524,537	\$ 3,737,818	\$ 3,827,188	\$ 3,769,968	\$ 3,819,284
Ceded	1,100,817	1,134,361	1,101,157	1,106,765	1,115,450	1,148,855	1,165,986	1,219,906	1,281,733	1,236,628
	2,103,932	2,094,618	2,671,591	2,278,846	2,576,544	2,375,682	2,571,832	2,607,282	2,488,235	2,582,656
Unallocated Expenses	407,345	424,822	438,414	443,153	441,531	459,810	468,345	475,614	485,842	500,096
Estimated Claims and Expenses, End of Policy Year:										
Incurred	1,750,000	1,275,000	1,500,000	1,577,000	1,845,000	1,366,999	1,589,000	2,820,254	1,922,501	1,451,999
Ceded								40,154		
Net Incurred	1,750,000	1,275,000	1,500,000	1,577,000	1,845,000	1,366,999	1,589,000	2,780,100	1,922,501	1,451,999
Paid (Cumulative) as of:										
End of Policy Year	578,946	432,235	322,787	425,821	686,780	345,597	549,689	1,011,194	437,333	278,969
One Year Later	922,098	684,700	874,171	1,021,726	1,200,941	594,608	976,989	1,199,226	722,232	
Two Years Later	1,340,203	833,695	1,277,868	1,233,147	1,593,703	775,739	1,263,049	1,418,481		
Three Years Later	1,470,948	1,260,293	1,474,485	1,477,341	1,879,099	1,153,842	1,383,390			
Four Years Later (A)	1,600,320	1,414,551	1,655,074	1,543,878	1,989,547	1,160,319				
Reestimated Ceded Claims and Expenses	209,217	230,122	99,914	184,887	281,954	214,056		52,497		
Reestimated Incurred Claims and Expenses:										
End of Policy Year	1,750,000	1,275,000	1,500,000	1,577,000	1,845,000	1,366,999	1,589,000	2,780,100	1,922,501	1,451,999
One Year Later	1,761,000	1,401,629	1,840,899	1,827,000	1,925,678	1,217,807	2,317,233	2,652,126	1,619,762	
Two Years Later	1,808,337	1,433,629	1,873,383	1,812,863	2,134,960	1,381,360	1,723,225	2,212,723		
Three Years Later	1,751,338	1,692,629	1,807,987	1,796,013	2,257,503	1,297,681	1,591,225			
Four Years Later (A)	1,809,537	1,644,673	1,754,988	1,728,765	2,271,501	1,344,031				
Increase (Decrease) in Estimated Incurred Claims and Expenses from End of Policy Year	\$ 59,537	\$ 369,673	\$ 254,988	\$ 151,765	\$ 426,501	\$ (22,968)	\$ 2,225	\$ (567,377)	\$ (302,739)	\$ -

(A) After the fourth year the Fund cedes remaining actuarially calculated liabilities to the Residual Claims Fund (R.C.F.).

PROFESSIONAL MUNICIPAL MANAGEMENT
JOINT INSURANCE FUND
SUPPLEMENTARY INFORMATION

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
HISTORICAL BALANCE SHEET--STATUTORY BASIS
AS OF DECEMBER 31, 2016

ASSETS

Cash and Cash Equivalents	\$ 2,110,277	
Investments	<u>2,467,700</u>	
Total Cash and Investments		\$ 4,577,977
Receivables:		
Contributions Receivable	207,000	
Due From Residual Claims Fund	76,331	
Interest Receivable	2,871	
Retrospective Premium Receivable	<u>322,781</u>	
Total Receivables		<u>608,983</u>
Total Assets		\$ 5,186,960

LIABILITIES

Claims:		
Case Reserves	2,063,172	
IBNR Reserves	<u>1,061,962</u>	
Total Claims		3,125,134
Accrued Expenses:		
Administrative	<u>34,270</u>	
Total Accrued Expenses		34,270
Other Liabilities:		
Contributions Payable	501	
Authorized and Unpaid Return of Surplus	<u>22,049</u>	
Total Other Liabilities		<u>22,550</u>
Total Liabilities		<u>3,181,954</u>
Net Statutory Surplus		<u><u>\$ 2,005,006</u></u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF HISTORICAL OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD APRIL 1, 1987 (DATE OF INCEPTION) TO DECEMBER 31, 2016

Underwriting Income:		
Regular Contributions	\$ 73,220,512	
Supplemental Contributions	255,000	
Retrospective Premium	322,781	
Residual Claims Fund Dividends	289,700	
MEL Dividend	112,811	
Environmental JIF Dividend	415,614	
Other Income	<u>6,403</u>	
Total Underwriting Income		\$ 74,622,821
Incurred Liabilities:		
Claims:		
Paid (Net of Recoveries)	\$ 30,352,843	
Case Reserves	2,063,172	
IBNR Reserves	1,061,962	
Residual Claims Fund Premium	<u>4,120,068</u>	
Subtotal		37,598,045
Less Excess Insurance:		
Received	104,860	
Receivable	-	
Recoverable	<u>-</u>	
Subtotal		<u>104,860</u>
Total Limited Incurred Claims		37,493,185
Expenses:		
Excess Insurance Premiums	19,822,741	
Administrative	<u>9,993,298</u>	
Total Expenses		<u>29,816,039</u>
Total Incurred Liabilities		<u>67,309,224</u>
Underwriting Surplus		7,313,597
Investment Income		<u>4,893,848</u>
Gross Statutory Surplus		12,207,445
Return of Surplus:		
Paid	10,180,390	
Authorized and Unpaid	<u>22,049</u>	
Total Return of Surplus		<u>10,202,439</u>
Net Statutory Surplus		<u>\$ 2,005,006</u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO SUPPLEMENTARY INFORMATION

Note 1: RELATIONSHIP WITH BASIC FINANCIAL STATEMENTS

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

	<u>2016</u>	<u>2015</u>
Total Assets - Comparative Statements of Net Position	\$ 7,082,722	\$ 6,185,766
Less Investment in Joint Ventures	<u>1,895,762</u>	<u>1,553,523</u>
Total Assets - Statutory Basis	<u>\$ 5,186,960</u>	<u>\$ 4,632,243</u>
Net Position - Comparative Statements of Net Position	\$ 3,900,768	\$ 2,520,582
Less Investment in Joint Ventures	<u>1,895,762</u>	<u>1,553,523</u>
Net Statutory Surplus (Deficit)	<u>\$ 2,005,006</u>	<u>\$ 967,059</u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2016 OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2016

Underwriting Income:		
Regular Contributions	\$ 3,758,938	
Supplemental Contributions	-	
Retrospective Premium	-	
Environmental JIF Dividend	-	
Other Income	-	
	<hr/>	
Total Underwriting Income		\$ 3,758,938
Incurred Liabilities:		
Claims:		
Paid (Net of Recoveries)	\$ 278,969	
Case Reserves	493,085	
IBNR Reserves	679,945	
	<hr/>	
Subtotal	1,451,999	
Less Excess Insurance:		
Received	-	
Receivable	-	
Recoverable	-	
	<hr/>	
Subtotal	-	
	<hr/>	
Total Limited Incurred Claims	1,451,999	
Expenses:		
Excess Insurance Premiums	1,236,628	
Administrative	500,096	
	<hr/>	
Total Expenses	1,736,724	
	<hr/>	
Total Incurred Liabilities		3,188,723
		<hr/>
Underwriting Surplus		570,215
Investment Loss		(4,727)
		<hr/>
Gross Statutory Surplus		565,488
Return of Surplus:		
Paid	-	
Authorized and Unpaid	-	
	<hr/>	
Total Return of Surplus		-
		<hr/>
Net Statutory Surplus		\$ 565,488
		<hr/>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2015 OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2015 TO DECEMBER 30, 2016

Underwriting Income:			
Regular Contributions		\$ 3,756,704	
Supplemental Contributions		-	
Retrospective Premium		7,638	
Environmental JIF Dividend		-	
Other Income		<u>40</u>	
Total Underwriting Income			\$ 3,764,382
Incurring Liabilities:			
Claims:			
Paid (Net of Recoveries)	\$ 722,232		
Case Reserves	684,323		
IBNR Reserves	<u>213,207</u>		
Subtotal		1,619,762	
Less Excess Insurance:			
Received	-		
Receivable	-		
Recoverable	<u>-</u>		
Subtotal		<u>-</u>	
Total Limited Incurred Claims		1,619,762	
Expenses:			
Excess Insurance Premiums	1,281,733		
Administrative	<u>485,842</u>		
Total Expenses		<u>1,767,575</u>	
Total Incurred Liabilities			<u>3,387,337</u>
Underwriting Surplus			377,045
Investment Income			<u>5,586</u>
Gross Statutory Surplus			382,631
Return of Surplus:			
Paid		-	
Authorized and Unpaid		<u>-</u>	
Total Return of Surplus			<u>-</u>
Net Statutory Surplus			<u><u>\$ 382,631</u></u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2014 OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2014 TO DECEMBER 31, 2016

Underwriting Income:			
Regular Contributions		\$ 3,661,690	
Supplemental Contributions		-	
Retrospective Premium		157,380	
Environmental JIF Dividend		-	
Other Income		-	
		<hr/>	
Total Underwriting Income			\$ 3,819,070
Incurring Liabilities:			
Claims:			
Paid (Net of Recoveries)	\$ 1,418,481		
Case Reserves	705,510		
IBNR Reserves	141,229		
	<hr/>		
Subtotal		2,265,220	
Less Excess Insurance:			
Received	52,497		
Receivable	-		
Recoverable	-		
	<hr/>		
Subtotal		52,497	
		<hr/>	
Total Limited Incurred Claims		2,212,723	
Expenses:			
Excess Insurance Premiums	1,219,906		
Administrative	475,614		
	<hr/>		
Total Expenses		1,695,520	
		<hr/>	
Total Incurred Liabilities			3,908,243
			<hr/>
Underwriting Deficit			(89,173)
Investment Income			8,118
			<hr/>
Gross Statutory Deficit			(81,055)
Return of Surplus:			
Paid		-	
Authorized and Unpaid		-	
		<hr/>	
Total Return of Surplus			-
			<hr/>
Net Statutory Deficit			\$ (81,055)
			<hr/>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2013 OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2016

Underwriting Income:			
Regular Contributions		\$ 3,571,688	
Supplemental Contributions		-	
Retrospective Premium		157,763	
Environmental JIF Dividend		-	
Other Income		-	
		<hr/>	
Total Underwriting Income			\$ 3,729,451
Incurring Liabilities:			
Claims:			
Paid (Net of Recoveries)	\$ 1,383,390		
Case Reserves	180,254		
IBNR Reserves	27,581		
	<hr/>		
Subtotal		1,591,225	
Less Excess Insurance:			
Received	-		
Receivable	-		
Recoverable	-		
	<hr/>		
Subtotal		-	
		<hr/>	
Total Limited Incurred Claims		1,591,225	
Expenses:			
Excess Insurance Premiums	1,165,986		
Administrative	468,345		
	<hr/>		
Total Expenses		1,634,331	
		<hr/>	
Total Incurred Liabilities			3,225,556
			<hr/>
Underwriting Surplus			503,895
Investment Income			8,367
			<hr/>
Gross Statutory Surplus			512,262
Return of Surplus:			
Paid		-	
Authorized and Unpaid		-	
		<hr/>	
Total Return of Surplus			-
			<hr/>
Net Statutory Surplus			\$ 512,262
			<hr/>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2012 OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2012 TO DECEMBER 31, 2016

Underwriting Income:			
Regular Contributions		\$ 3,510,941	
Supplemental Contributions		-	
Retrospective Premium		-	
Environmental JIF Dividend		-	
Other Income		-	
		<hr/>	
Total Underwriting Income			\$ 3,510,941
Incurring Liabilities:			
Claims:			
Paid (Net of Recoveries)	\$ 1,160,319		
Residual Claims Fund Premium	198,884		
	<hr/>		
Subtotal		1,359,203	
Less Excess Insurance:			
Received	15,172		
Receivable	-		
Recoverable	-		
	<hr/>		
Subtotal		15,172	
		<hr/>	
Total Limited Incurred Claims		1,344,031	
Expenses:			
Excess Insurance Premiums	1,148,855		
Administrative	459,810		
	<hr/>		
Total Expenses		1,608,665	
		<hr/>	
Total Incurred Liabilities			2,952,696
			<hr/>
Underwriting Surplus			558,245
Investment Income			13,262
Surplus Transfer To Closed Fund Year			(571,507)
			<hr/>
Gross Statutory Surplus			-
Return of Surplus:			
Paid		-	
Authorized and Unpaid		-	
		<hr/>	
Total Return of Surplus			-
			<hr/>
Net Statutory Surplus			\$ -
			<hr/>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF AGGREGATE EXCESS LOSS FUND CONTINGENCY
OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2016

Underwriting Income:		
Regular Contributions	\$	<u>65,237</u>
 Total Underwriting Income	\$	65,237
 Investment Loss		<u>(164)</u>
 Net Statutory Surplus	\$	<u><u>65,073</u></u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF CLOSED FUND YEARS
OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD APRIL 1, 1987 (DATE OF INCEPTION) TO DECEMBER 31, 2016

Underwriting Income:		
Regular Contributions	\$ 54,895,314	
Supplemental Contributions	255,000	
Retrospective Premium	-	
Residual Claims Fund Dividends	289,700	
MEL Dividend	112,811	
Environmental JIF Dividend	415,614	
Other Income	<u>6,363</u>	
Total Underwriting Income		\$ 55,974,802
Incurring Liabilities:		
Claims:		
Paid (Net of Recoveries)	\$ 25,389,452	
Residual Claims Fund Premium	<u>3,921,184</u>	
Subtotal		29,310,636
Less Excess Insurance:		
Received	37,191	
Receivable	-	
Recoverable	<u>-</u>	
		<u>37,191</u>
Total Limited Incurred Claims		29,273,445
Expenses:		
Excess Insurance Premiums	13,769,633	
Administrative	<u>7,603,591</u>	
Total Expenses		<u>21,373,224</u>
Total Incurred Liabilities		<u>50,646,669</u>
Underwriting Surplus		5,328,133
Investment Income		4,863,406
Transfer of Surplus From 2012 Fund Year		<u>571,507</u>
Gross Statutory Surplus		10,763,046
Return of Surplus:		
Paid	10,180,390	
Authorized and Unpaid	<u>22,049</u>	
Total Return of Surplus		<u>10,202,439</u>
Net Statutory Surplus		<u>\$ 560,607</u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2016 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2016

	Property	Coverages and Other Accounts					Public Officials & Employment Practices	Expense & Contingency	Total
		General Liability	Automobile	Workers' Compensation	Environmental JIF	MEL			
Underwriting Income:									
Regular Contributions	\$ 409,146	\$ 485,444	\$ 63,974	\$ 1,288,669	\$ 121,383	\$ 602,263	\$ 279,039	\$ 509,020	\$ 3,758,938
Supplemental Contributions									
Retrospective Premium									-
Environmental JIF Dividend									-
Other Income									-
Total Income	409,146	485,444	63,974	1,288,669	121,383	602,263	279,039	509,020	3,758,938
Incurred Liabilities:									
Claims (Net of Recoveries)	80,000	373,000	51,000	947,999					1,451,999
Expenses	233,941				121,383	602,263	279,041	500,096	1,736,724
Total Liabilities	313,941	373,000	51,000	947,999	121,383	602,263	279,041	500,096	3,188,723
Underwriting Surplus (Deficit)	95,205	112,444	12,974	340,670	-	-	(2)	8,924	570,215
Adjustments:									
Investment Loss	(372)	(1,278)	(155)	(2,821)				(101)	(4,727)
Transfers									
Total Adjustments	(372)	(1,278)	(155)	(2,821)			-	(101)	(4,727)
Gross Statutory Surplus (Deficit)	94,833	111,166	12,819	337,849	-	-	(2)	8,823	565,488
Return of Surplus									-
Net Statutory Surplus (Deficit)	\$ 94,833	\$ 111,166	\$ 12,819	\$ 337,849	\$ -	\$ -	(2)	\$ 8,823	\$ 565,488

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2015 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2015 TO DECEMBER 30, 2016

	Property	<u>Coverages and Other Accounts</u>					Public Officials & Employment Practices	Expense & Contingency	Total
		General Liability	Automobile	Workers' Compensation	Environmental JIF	MEL			
Underwriting Income:									
Regular Contributions	\$ 420,157	\$ 471,685	\$ 75,666	\$ 1,241,000	\$ 120,569	\$ 659,235	\$ 272,773	\$ 495,619	\$ 3,756,704
Supplemental Contributions									
Retrospective Premium				7,638					-
Environmental JIF Dividend									7,638
Other Income								40	40
Total Income	420,157	471,685	75,666	1,248,638	120,569	659,235	272,773	495,659	3,764,382
Incurred Liabilities:									
Claims (Net of Recoveries)	68,763	265,000	55,999	1,230,000		659,235	272,772	485,842	1,619,762
Expenses	229,157				120,569				1,767,575
Total Liabilities	297,920	265,000	55,999	1,230,000	120,569	659,235	272,772	485,842	3,387,337
Underwriting Surplus	122,237	206,685	19,667	18,638	-	-	1	9,817	377,045
Adjustments:									
Investment Income (Loss)	425	1,101	178	2,562	(8)	787		541	5,586
Transfers									-
Total Adjustments	425	1,101	178	2,562	(8)	787	-	541	5,586
Gross Statutory Surplus (Deficit)	122,662	207,786	19,845	21,200	(8)	787	1	10,358	382,631
Return of Surplus									-
Net Statutory Surplus (Deficit)	\$ 122,662	\$ 207,786	\$ 19,845	\$ 21,200	\$ (8)	\$ 787	\$ 1	\$ 10,358	\$ 382,631

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2014 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2014 TO DECEMBER 31, 2016

	Coverages and Other Accounts								Public Officials & Employment Practices	Expense & Contingency	Total
	Property	General Liability	Automobile	Workers' Compensation	Environmental JIF	MEL					
Underwriting Income:											
Regular Contributions	\$ 398,187	\$ 473,408	\$ 89,385	\$ 1,210,000	\$ 118,937	\$ 642,928	\$ 243,856	\$ 484,989	\$ 3,661,690		
Supplemental Contributions											
Retrospective Premium				157,380					157,380	-	
Environmental JIF Dividend									-	-	
Other Income									-	-	
Total Income	398,187	473,408	89,385	1,367,380	118,937	642,928	243,856	484,989	3,819,070		
Incurred Liabilities:											
Claims (Net of Recoveries)	143,367	544,000	18,356	1,507,000					2,212,723		
Expenses	214,187				118,937	642,927	243,855	475,614	1,695,520		
Total Liabilities	357,554	544,000	18,356	1,507,000	118,937	642,927	243,855	475,614	3,908,243		
Underwriting Surplus (Deficit)	40,633	(70,592)	71,029	(139,620)	-	1	1	9,375	(89,173)		
Adjustments:											
Investment Income (Loss)	108	2,867	455	3,748	(12)	353	40	559	8,118		
Transfers									-		
Total Adjustments	108	2,867	455	3,748	(12)	353	40	559	8,118		
Gross Statutory Surplus (Deficit)	40,741	(67,725)	71,484	(135,872)	(12)	354	41	9,934	(81,055)		
Return of Surplus									-		
Net Statutory Surplus (Deficit)	\$ 40,741	\$ (67,725)	\$ 71,484	\$ (135,872)	\$ (12)	\$ 354	\$ 41	\$ 9,934	\$ (81,055)		

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2013 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2016

	Property	Coverages and Other Accounts						Public Officials & Employment Practices	Expense & Contingency	Total
		General Liability	Automobile	Workers' Compensation	Environmental JIF	MEL				
Underwriting Income:										
Regular Contributions	\$ 321,461	\$ 471,295	\$ 89,158	\$ 1,209,207	\$ 116,914	\$ 629,299	\$ 241,409	\$ 492,945	\$ 3,571,688	
Supplemental Contributions										
Retrospective Premium				157,763					157,763	-
Environmental JIF Dividend										-
Other Income										-
Total Income	321,461	471,295	89,158	1,366,970	116,914	629,299	241,409	492,945	3,729,451	
Incurred Liabilities:										
Claims (Net of Recoveries)	111,385	226,000	31,841	1,221,999						1,591,225
Expenses	178,365				116,914	629,299	241,408	468,345	1,634,331	
Total Liabilities	289,750	226,000	31,841	1,221,999	116,914	629,299	241,408	468,345	3,225,556	
Underwriting Surplus	31,711	245,295	57,317	144,971	-	-	1	24,600	503,895	
Adjustments:										
Investment Income (Loss)	163	3,475	441	3,720	(5)	257	7	309	8,367	
Transfers										-
Total Adjustments	163	3,475	441	3,720	(5)	257	7	309	8,367	
Gross Statutory Surplus (Deficit)	31,874	248,770	57,758	148,691	(5)	257	8	24,909	512,262	
Return of Surplus										-
Net Statutory Surplus (Deficit)	\$ 31,874	\$ 248,770	\$ 57,758	\$ 148,691	\$ (5)	\$ 257	\$ 8	\$ 24,909	\$ 512,262	

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2012 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2012 TO DECEMBER 31, 2016

	<u>Coverages and Other Accounts</u>						<u>Public Officials & Employment Practices</u>	<u>Expense & Contingency</u>	<u>Total</u>
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>Environmental JIF</u>	<u>MEL</u>			
Underwriting Income:									
Regular Contributions	\$ 309,333	\$ 430,777	\$ 100,941	\$ 1,214,370	\$ 115,706	\$ 627,000	\$ 225,801	\$ 487,013	\$ 3,510,941
Supplemental Contributions									-
Retrospective Premium									-
Environmental JIF Dividend									-
Other Income									-
Total Income	309,333	430,777	100,941	1,214,370	115,706	627,000	225,801	487,013	3,510,941
Incurred Liabilities:									
Claims (Net of Recoveries)	141,033	516,535	9,647	676,816	115,706	627,000	225,801	459,810	1,344,031
Expenses	180,348								1,608,665
Total Liabilities	321,381	516,535	9,647	676,816	115,706	627,000	225,801	459,810	2,952,696
Underwriting Surplus (Deficit)	(12,048)	(85,758)	91,294	537,554	-	-	-	27,203	558,245
Adjustments:									
Investment Income	69	2,356	705	6,283	52	218	2	3,577	13,262
Interfund Transfers									-
(Surplus) Deficit Transfer to Closed Fund Year	11,979	83,402	(91,999)	(543,837)	(52)	(218)	(2)	(30,780)	(571,507)
Total Adjustments	12,048	85,758	(91,294)	(537,554)	-	-	-	(27,203)	(558,245)
Gross Statutory Surplus Return of Surplus	-	-	-	-	-	-	-	-	-
Net Statutory Surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2016 CLAIMS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2016

	<u>Coverages</u>				
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>Total</u>
Paid Claims (Net of Recoveries)	\$ 35,859	\$ 6,277	\$ 6,008	\$ 230,825	\$ 278,969
Case Reserves	55,182	85,431	1,110	351,362	493,085
IBNR Reserves	(11,041)	281,292	43,882	365,812	679,945
Subtotal	80,000	373,000	51,000	947,999	1,451,999
Excess Insurance					
Received					-
Receivable					-
Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ 80,000	\$ 373,000	\$ 51,000	\$ 947,999	\$ 1,451,999
Number of Claims	23	78	17	84	202
Average Cost per Claim	\$ 3,478	\$ 4,782	\$ 3,000	\$ 11,286	\$ 7,188

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2015 CLAIMS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2015 TO DECEMBER 31, 2016

	<u>Coverages</u>					
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>Total</u>	
Paid Claims (Net of Recoveries)	\$ 55,762	\$ 20,423	\$ 23,611	\$ 622,436	\$ 722,232	
Case Reserves	13,001	148,456	3,369	519,497	684,323	
IBNR Reserves		96,121	29,019	88,067	213,207	
Subtotal	68,763	265,000	55,999	1,230,000	1,619,762	
Excess Insurance						
Received						-
Receivable						-
Recoverable						-
Subtotal	-	-	-	-	-	-
Limited Incurred Claims	\$ 68,763	\$ 265,000	\$ 55,999	\$ 1,230,000	\$ 1,619,762	
Number of Claims	30	114	32	100	276	
Average Cost per Claim	\$ 2,292	\$ 2,325	\$ 1,750	\$ 12,300	\$ 5,869	

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2014 CLAIMS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2014 TO DECEMBER 31, 2016

	<u>Coverages</u>				
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>Total</u>
Paid Claims (Net of Recoveries)	\$ 155,710	\$ 137,914	\$ 18,356	\$ 1,106,501	\$ 1,418,481
Case Reserves		312,549		392,961	705,510
IBNR Reserves		93,537		47,692	141,229
	155,710	544,000	18,356	1,547,154	2,265,220
Excess Insurance					
Received	12,343			40,154	52,497
Receivable					-
Recoverable					-
	12,343	-	-	40,154	52,497
Limited Incurred Claims	\$ 143,367	\$ 544,000	\$ 18,356	\$ 1,507,000	\$ 2,212,723
Number of Claims	35	94	31	81	241
Average Cost per Claim	\$ 4,096	\$ 5,787	\$ 592	\$ 18,605	\$ 9,181

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2013 CLAIMS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2016

	<u>Coverages</u>				
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>Total</u>
Paid Claims (Net of Recoveries)	\$ 111,385	\$ 175,205	\$ 31,841	\$ 1,064,959	\$ 1,383,390
Case Reserves		46,311		133,943	180,254
IBNR Reserves		4,484		23,097	27,581
Subtotal	111,385	226,000	31,841	1,221,999	1,591,225
Excess Insurance					
Received					-
Receivable					-
Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ 111,385	\$ 226,000	\$ 31,841	\$ 1,221,999	\$ 1,591,225
Number of Claims	25	89	31	109	254
Average Cost per Claim	\$ 4,455	\$ 2,539	\$ 1,027	\$ 11,211	\$ 6,265

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
 STATEMENT OF FUND YEAR 2016 EXPENSE ANALYSIS--STATUTORY BASIS
 FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2016

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
Excess Insurance Premiums			
Property Account-MEL	\$ 233,941		\$ 233,941
Municipal Excess Liability Fund	602,263		602,263
Environmental Account	121,383		121,383
Public Officials & Employment Practices	279,041		279,041
	<hr/>		
Subtotal Excess Insurance	1,236,628	-	1,236,628
	<hr/>		
Administrative Expenses:			
Actuary	37,026		37,026
Administrator	119,700		119,700
Attorney	19,472		19,472
Auditor	-	\$ 21,792	21,792
Claims Administrator	130,518		130,518
Internal Auditor	1,619	2,428	4,047
Litigation Management	16,586		16,586
Medical Management	81,521		81,521
Miscellaneous	5,012	50	5,062
Postage	40		40
Safety - Right to Know & Incentive	-	10,000	10,000
Safety Programs	31,870		31,870
Treasurer	16,831		16,831
Underwriter	5,631		5,631
	<hr/>		
Subtotal Administrative Expenses	465,826	34,270	500,096
	<hr/>		
Total Expenses	\$ 1,702,454	\$ 34,270	\$ 1,736,724
	<hr/>		

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2015 EXPENSE ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2015 TO DECEMBER 31, 2016

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
Excess Insurance Premiums			
Property Account-MEL	\$ 229,157		\$ 229,157
Municipal Excess Liability Fund	659,235		659,235
Environmental Account	120,569		120,569
Public Officials & Employment Practices	272,772		272,772
	<hr/>		
Subtotal Excess Insurance	1,281,733	-	1,281,733
	<hr/>		
Administrative Expenses:			
Actuary	36,300		36,300
Administrator	111,267		111,267
Attorney	19,090		19,090
Auditor	19,500		19,500
Claims Administrator	127,959		127,959
Internal Auditor	6,396		6,396
Litigation Management	16,261		16,261
Medical Management	79,923		79,923
Miscellaneous	5,695		5,695
Postage	75		75
Safety - Right to Know & Incentive	10,000		10,000
Safety Programs	31,354		31,354
Treasurer	16,502		16,502
Underwriter	5,520		5,520
	<hr/>		
Subtotal Administrative Expenses	485,842	-	485,842
	<hr/>		
Total Expenses	\$ 1,767,575	-	\$ 1,767,575
	<hr/> <hr/>		

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2014 EXPENSE ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2014 TO DECEMBER 31, 2016

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
Excess Insurance Premiums			
Property Account-MEL	\$ 214,187		\$ 214,187
Municipal Excess Liability Fund	642,927		642,927
Environmental Account	118,937		118,937
Public Officials & Employment Practices	243,855		243,855
	<hr/>		
Subtotal Excess Insurance	1,219,906	-	1,219,906
	<hr/>		
Administrative Expenses:			
Actuary	35,588		35,588
Administrator	102,876		102,876
Attorney	18,715		18,715
Auditor	19,500.00		19,500
Claims Administrator	125,450		125,450
Internal Auditor	3,890		3,890
Litigation Management	15,942		15,942
Medical Management	83,652		83,652
Miscellaneous	7,451		7,451
Postage	90		90
Safety - Right to Know & Incentive	10,000.00		10,000
Safety Programs	30,871		30,871
Treasurer	16,177		16,177
Underwriter	5,412		5,412
	<hr/>		
Subtotal Administrative Expenses	475,614	-	475,614
	<hr/>		
Total Expenses	\$ 1,695,520	-	\$ 1,695,520
	<hr/>		

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2013 EXPENSE ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2016

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
Excess Insurance Premiums			
Property Account-MEL	\$ 178,365		\$ 178,365
Municipal Excess Liability Fund	629,299		629,299
Environmental Account	116,914		116,914
Public Officials & Employment Practices	241,408		241,408
	<hr/>		
Subtotal Excess Insurance	1,165,986	-	1,165,986
	<hr/>		
Administrative Expenses:			
Actuary	34,891		34,891
Administrator	100,859		100,859
Attorney	18,348		18,348
Auditor	17,500		17,500
Claims Administrator	122,990		122,990
Internal Auditor	3,814		3,814
Litigation Management	15,629		15,629
Medical Management	81,751		81,751
Miscellaneous	10,257		10,257
Postage	106		106
Safety - Right to Know & Incentive	10,029		10,029
Safety Programs	31,005		31,005
Treasurer	15,860		15,860
Underwriter	5,306		5,306
	<hr/>		
Subtotal Administrative Expenses	468,345	-	468,345
	<hr/>		
Total Expenses	\$ 1,634,331	-	\$ 1,634,331
	<hr/>		

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2016 PROGRAM SUMMARY--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2016

	<u>Coverages</u>			
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers' Compensation</u>
Limits	\$ 125,000,000	\$ 250,000	\$ 250,000	STATUTORY \$ 250,000
Fund Retention	\$ 50,000	\$ 250,000	\$ 250,000	\$ 250,000
Excess Insurers	MEL	MEL	MEL	MEL
Number of Participants	4	4	4	4
Incurred Liabilities:				
Claims (Schedule D)	\$ 80,000	\$ 373,000	\$ 51,000	\$ 947,999
Administrative Expenses (1)	277,461	120,583	15,891	320,102
	<u>\$ 357,461</u>	<u>\$ 493,583</u>	<u>\$ 66,891</u>	<u>\$ 1,268,101</u>
Exposure Units	\$ 257,545,929 (Property Value)	113,379 (Population)	478 (Vehicles)	\$ 50,963,813 (Payroll)
Average Liability per Exposure Unit	\$1.39 (Per \$1,000)	\$4.35 (Per Capita)	\$139.94 (Per Vehicle)	\$24.88 (Per \$1,000)

(1) Allocated on the basis of assessments and transfers by coverage to total net of Property account insurance premiums.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2015 PROGRAM SUMMARY--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2015 TO DECEMBER 31, 2016

	<u>Coverages</u>			
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers' Compensation</u>
Limits	\$ 125,000,000	\$ 250,000	\$ 250,000	STATUTORY \$ 250,000
Fund Retention	\$ 50,000	\$ 250,000	\$ 250,000	\$ 250,000
Excess Insurers	MEL	MEL	MEL	MEL
Number of Participants	4	4	4	4
Incurred Liabilities:				
Claims (Schedule D)	\$ 68,763	\$ 265,000	\$ 55,999	\$ 1,230,000
Administrative Expenses (1)	276,039	115,778	18,573	304,610
	<u>\$ 344,802</u>	<u>\$ 380,778</u>	<u>\$ 74,572</u>	<u>\$ 1,534,610</u>
Exposure Units	\$ 256,578,497 (Property Value)	113,379 (Population)	502 (Vehicles)	\$ 49,246,031 (Payroll)
Average Liability per Exposure Unit	\$1.34 (Per \$1,000)	\$3.36 (Per Capita)	\$148.55 (Per Vehicle)	\$31.16 (Per \$1,000)

(1) Allocated on the basis of assessments and transfers by coverage to total net of Property account insurance premiums.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2014 PROGRAM SUMMARY--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2014 TO DECEMBER 31, 2016

	<u>Coverages</u>			
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers' Compensation</u>
Limits	\$ 125,000,000	\$ 250,000	\$ 250,000	STATUTORY \$ 250,000
Fund Retention	\$ 50,000	\$ 250,000	\$ 250,000	\$ 250,000
Excess Insurers	MEL	MEL	MEL	MEL
Number of Participants	4	4	4	4
Incurred Liabilities:				
Claims (Schedule D)	\$ 143,367	\$ 544,000	\$ 18,356	\$ 1,507,000
Administrative Expenses (1)	258,910	115,066	21,726	294,100
	<u>\$ 402,277</u>	<u>\$ 659,066</u>	<u>\$ 40,082</u>	<u>\$ 1,801,100</u>
Exposure Units	\$ 250,131,972 (Property Value)	113,379 (Population)	506 (Vehicles)	\$ 48,414,515 (Payroll)
Average Liability per Exposure Unit	\$1.61 (Per \$1,000)	\$5.81 (Per Capita)	\$79.21 (Per Vehicle)	\$37.20 (Per \$1,000)

(1) Allocated on the basis of assessments and transfers by coverage to total net of Property account insurance premiums.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2013 PROGRAM SUMMARY--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2016

	<u>Coverages</u>			
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers' Compensation</u>
Limits	\$ 125,000,000	\$ 250,000	\$ 250,000	STATUTORY \$ 250,000
Fund Retention	\$ 50,000	\$ 250,000	\$ 250,000	\$ 250,000
Excess Insurers	MEL	MEL	MEL	MEL
Number of Participants	4	4	4	4
Incurring Liabilities:				
Claims (Schedule D)	\$ 111,385	\$ 226,000	\$ 31,841	\$ 1,221,999
Administrative Expenses (1)	213,403	115,398	21,831	296,079
	<u>\$ 324,788</u>	<u>\$ 341,398</u>	<u>\$ 53,672</u>	<u>\$ 1,518,078</u>
Exposure Units	\$ 250,131,972 (Property Value)	113,379 (Population)	518 (Vehicles)	\$ 46,615,665 (Payroll)
Average Liability per Exposure Unit	\$1.30 (Per \$1,000)	\$3.01 (Per Capita)	\$103.61 (Per Vehicle)	\$32.57 (Per \$1,000)

(1) Allocated on the basis of assessments and transfers by coverage to total net of Property account insurance premiums.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
SCHEDULE OF CASH AND CASH EQUIVALENTS AND INVESTMENTS--STATUTORY BASIS
AS OF DECEMBER 31, 2016

<u>Description</u>	<u>Amount</u>
Cash and Equivalents:	
TD Bank:	
Administrative and Expense Account	\$ 500
Claims Account	50,000
Operating Account	1,534,980
Investment Account	24,770
Investors Bank:	
Administrative and Expense Account	1,000
Claims Account	100,000
Operating Account	399,027
	<hr/>
Total Cash and Cash Equivalents	2,110,277
Investments:	
TD Bank Wealth Management	2,467,700
	<hr/>
Total Cash and Cash Equivalents and Investments per Schedule A - Historical Balance Sheet--Statutory Basis	<u>\$ 4,577,977</u>
Total Cash and Cash Equivalents and Investments by Fund Year:	
2016	\$ 1,772,201
2015	1,271,807
2014	607,940
2013	562,019
Aggregate Excess Loss Fund Contingency	65,025
Closed Years	298,985
	<hr/>
	<u>\$ 4,577,977</u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
SCHEDULE OF ACCRUED EXPENSES--STATUTORY BASIS
AS OF DECEMBER 31, 2016

<u>Description</u>	<u>Fund Year</u>	<u>Amount</u>
Administrative Expenses:		
Auditor - Bowman & Company LLP	2016	\$ 21,792
Internal Auditor	2016	2,428
Miscellaneous Expenses	2016	50
Safety - Right to Know & Incentive	2016	<u>10,000</u>
Total Accrued Expenses per Schedule A - Historical Balance Sheet--Statutory Basis		<u><u>\$ 34,270</u></u>

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and in compliance with audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

SCHEDULE OF FINANCIAL STATEMENT FINDINGS

None.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AS PREPARED BY MANAGEMENT

This section identifies the status of prior year audit findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

There were no findings in the prior year.

APPRECIATION

We express our appreciation for the assistance provided to us during our audit.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink, appearing to read 'J. Miles', enclosed within a circular stamp or seal.

James J. Miles, Jr.
Certified Public Accountant