

**PROFESSIONAL MUNICIPAL MANAGEMENT
JOINT INSURANCE FUND
REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

PROFESSIONAL MUNICIPAL MANAGEMENT
JOINT INSURANCE FUND

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ANNUAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

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

Primary location of books and records: _____ PERMA, 2 Cooper Street,
 _____ Camden, NJ 08102

Statement Contact Person: BRADFORD STOKES Phone No. (201) 881-7632

EXECUTIVE COMMITTEE

Chairman	<u>THOMAS MERCHEL</u>	<u>THOMAS SHANAHAN (SPECIAL FUND COMMISSIONER)</u>
Secretary	<u>RICHARD BREVOGEL</u>	_____
	<u>SUSAN DANSON</u>	_____
	<u>ROBERT CORRALES</u>	_____

EXECUTIVE COMMITTEE ALTERNATES

_____	_____
_____	_____
_____	_____

State of NEW JERSEY
 County of BURLINGTON

THOMAS MERCHEL (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, 2019 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, 2019 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 _____ 2020

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, 2019 and 2018, 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, 2019 and 2018 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 23, 2020 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

Voorhees, New Jersey
June 23, 2020

**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, 2019, 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 23, 2020.

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

Voorhees, New Jersey
June 23, 2020

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, 2019, 2018 and 2017. 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, investing activities and capital financing 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, 2019, 2018 and 2017.

Statements Of Net Position Summary			2019 to 2018 Change	
	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>Amount</u> <u>Percentage</u>
Assets				
Cash & Cash Equivalents	\$ 1,766,709	\$ 1,640,044	\$ 1,829,441	\$ 126,665 7.7%
Investments - Securities	4,660,020	4,563,676	3,457,432	96,344 2.1%
Investment In Joint Ventures	1,931,994	2,026,875	2,099,165	(94,881) -4.7%
Other Assets	813,445	453,058	513,279	360,387 79.5%
Total Assets	<u>9,172,168</u>	<u>8,683,653</u>	<u>7,899,317</u>	<u>488,515</u> <u>5.6%</u>
Liabilities And Reserves & Net Position				
Liabilities And Reserves				
Loss Reserves	3,691,591	3,193,421	3,415,301	498,170 15.6%
Other Liabilities	247,228	325,053	101,252	(77,825) -23.9%
Total Liabilities And Reserves	<u>3,938,819</u>	<u>3,518,474</u>	<u>3,516,553</u>	<u>420,345</u> <u>11.9%</u>
Net Position - Unrestricted	<u>\$ 5,233,349</u>	<u>\$ 5,165,179</u>	<u>\$ 4,382,764</u>	<u>\$ 68,170</u> <u>1.3%</u>

Statements Of Revenues, Expenses, And Changes In Net Position Summary			2019 to 2018 Change	
	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>Amount</u> <u>Percentage</u>
Operating Revenue				
Regular Contributions & Other Income	<u>\$ 4,454,661</u>	<u>\$ 4,026,148</u>	<u>\$ 4,017,391</u>	<u>\$ 428,513</u> <u>10.6%</u>
Operating Expenses:				
Provision For Claims and Claims				
Adjustment Expenses	2,258,351	1,194,042	1,790,690	1,064,309 89.1%
Premium For Excess Insurance	1,336,223	1,295,845	1,241,786	40,378 3.1%
RCF Surplus Trigger Assessment Due	39,633	-	-	39,633 100.0%
Professional & Contractual Services	613,256	629,121	605,262	(15,865) -2.5%
Total Operating Expenses	<u>4,247,463</u>	<u>3,119,008</u>	<u>3,637,738</u>	<u>1,128,455</u> <u>36.2%</u>
Operating Income	<u>207,198</u>	<u>907,140</u>	<u>379,653</u>	<u>(699,942)</u> <u>-77.2%</u>
Non Operating Revenue (Expense)				
Investment Income	162,117	117,369	53,421	44,748 38.1%
Change In Investment In Joint Ventures	(94,881)	(72,290)	203,403	(22,591) -31.3%
Total Non Operating Revenue (Expense)	<u>67,236</u>	<u>45,079</u>	<u>256,824</u>	<u>22,157</u> <u>49.2%</u>
Return Of Surplus	<u>206,264</u>	<u>169,804</u>	<u>154,481</u>	<u>36,460</u> <u>21.5%</u>
Change In Net Position	<u>\$ 68,170</u>	<u>\$ 782,415</u>	<u>\$ 481,996</u>	<u>\$ (714,245)</u> <u>-91.3%</u>

Financial Highlights Continued

The Fund's total assets increased by 5.6%. "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 and reserves increased by 11.9%

Assessments and other income increased by 10.6%, reflecting an increase in Retrospective Premiums and a dividend received from the New Jersey Municipal Environmental Risk Management Fund (E-JIF). The Fund recognized an Operating Income of \$207,198 representing a decrease of \$699,942 from 2018. The change was primarily due to a 89.1% increase in the provision for claims and claims adjustment expense.

Investment income increased by 38.1%, of the increase, there was a 83.5% increase related to interest income received on investment.

For 2019, the Fund paid a dividend to its members' of \$206,264 representing \$100,000 paid from closed years, a pass through of E-JIF dividends of \$83,264 and \$23,000 of members' closed year surplus used to pay the 2011 fund year supplemental contributions.

The Fund's combined net position for all years increased by \$68,170, or 1.3%.

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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
Cash And Cash Equivalents	\$ 1,766,709	\$ 1,640,044
Investments	4,660,020	4,563,676
Contributions Receivable	138,000	161,000
Accrued Interest Receivable	22,060	10,280
Retrospective Premium Recoverable	653,385	281,778
Investments In Joint Ventures	<u>1,931,994</u>	<u>2,026,875</u>
Total Assets	<u>9,172,168</u>	<u>8,683,653</u>
<u>LIABILITIES AND RESERVES</u>		
Liabilities:		
Accrued Administrative Expenses	23,306	22,778
Contributions Payable	2,000	1,250
Due to Residual Claims Fund	59,173	214,663
RCF Trigger Assesment Due	39,633	-
Authorized And Unpaid Return Of Surplus	<u>123,116</u>	<u>86,362</u>
Total Liabilities	<u>247,228</u>	<u>325,053</u>
Reserves:		
Claims:		
Case Reserves	2,298,064	1,935,003
IBNR Reserves	<u>1,393,527</u>	<u>1,258,418</u>
Total Reserves	<u>3,691,591</u>	<u>3,193,421</u>
Total Liabilities and Reserves	<u>3,938,819</u>	<u>3,518,474</u>
<u>NET POSITION</u>		
Unrestricted	<u>\$ 5,233,349</u>	<u>\$ 5,165,179</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Operating Revenues:		
Regular Contributions	\$ 3,940,584	\$ 3,960,845
Retrospective Premium Income	430,813	18,498
Environmental JIF Dividend	83,264	46,805
	<hr/>	<hr/>
Total Operating Revenues	4,454,661	4,026,148
	<hr/>	<hr/>
Operating Expenses:		
Provision For Claims and Claims Adjustment Expenses	2,258,351	1,194,042
Excess Insurance Premiums	1,336,223	1,295,845
RCF Surplus Trigger Assessment	39,633	
Administrative Expenses:		
Administrator	132,964	130,357
Claims Administrator	135,791	133,129
Safety Programs	50,547	49,706
Professional Services	288,674	309,758
Miscellaneous Expenses	5,280	6,171
	<hr/>	<hr/>
Total Operating Expenses	4,247,463	3,119,008
	<hr/>	<hr/>
Operating Income	207,198	907,140
	<hr/>	<hr/>
Non-Operating Revenue (Expense):		
Investment Income	162,117	117,369
Change In Investment In Joint Ventures	(94,881)	(72,290)
	<hr/>	<hr/>
Total Non-Operating Revenue (Expense)	67,236	45,079
	<hr/>	<hr/>
Change in Net Position	274,434	952,219
Net Position - Beginning	5,165,179	4,382,764
Return of Surplus	(206,264)	(169,804)
	<hr/>	<hr/>
Net Position - Ending	<u>\$ 5,233,349</u>	<u>\$ 5,165,179</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Receipts From Regular Contributions	\$ 3,964,334	\$ 3,982,595
Receipts From Retrospective Premium Income	59,206	61,783
Receipts From Environmental JIF Dividend	83,264	46,805
Payments For Claim Payments	(1,915,671)	(1,201,259)
Payments For Insurance Premiums	(1,296,590)	(1,295,495)
Payments To Professionals and Suppliers	(652,359)	(628,751)
	<u>242,184</u>	<u>965,678</u>
Net Cash Flows Provided By Operating Activities		
Cash Flows From Investing Activities:		
Redemption Of Investments	8,997,350	1,808,000
Purchase Of Investments	(9,060,909)	(2,890,762)
Investment Income	117,552	87,473
	<u>53,993</u>	<u>(995,289)</u>
Net Cash Flows Provided By (Used In) Investing Activities		
Cash Flows Used In Noncapital Financing Activities:		
Return Of Surplus	(169,512)	(159,786)
	<u>(169,512)</u>	<u>(159,786)</u>
Net Increase (Decrease) In Cash And Cash Equivalents	126,665	(189,397)
Cash And Cash Equivalents - Beginning	1,640,044	1,829,441
Cash And Cash Equivalents - Ending	<u>\$ 1,766,709</u>	<u>\$ 1,640,044</u>
Reconciliation Of Operating Income To		
Cash Flows From Operating Activities:		
Operating Income	\$ 207,198	\$ 907,140
Adjustments To Reconcile Operating Income To		
Net Cash Provided By Operating Activities:		
Changes In Assets And Liabilities:		
Decrease (Increase) In Assets:		
Contributions Receivable	23,000	23,000
Retrospective Premium Recoverable	(371,607)	43,285
Prepaid Expenses	-	350
Increase (Decrease) In Liabilities:		
Accrued Administrative Expenses	530	370
Contributions Payable	750	(1,250)
Due to Residual Claims Fund	(155,490)	214,663
RCF Surplus Trigger Assessment Due	39,633	-
Claims Reserves	498,170	(221,880)
	<u>\$ 242,184</u>	<u>\$ 965,678</u>
Net Cash Flows Provided By Operating Activities		
Supplemental Disclosure - Noncash Activity:		
Change In Unrealized Gain (Loss) On Investments Included In		
Investment Income (Loss)	<u>\$ 23,752</u>	<u>\$ 17,728</u>
Change In Investment In Joint Ventures	<u>\$ (94,881)</u>	<u>\$ (72,290)</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 2019, 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*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*.

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 comparative statements 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. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. 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

Investments

The Fund generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The Fund categorizes its fair value measurement 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 prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

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

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.

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.

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.

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.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

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

Unpaid Claims Liabilities (Cont'd)

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, 2019. 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.

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.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

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

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.

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.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

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.

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 \$1,803,603 as of December 31, 2019, \$253,837 was insured while \$1,549,766 was collateralized under GUDPA.

Of the Fund's bank balance of \$1,749,544 as of December 31, 2018, \$255,846 was insured while \$1,493,698 was collateralized under GUDPA.

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 (FHLB), Federal Home Loan Mortgage Corp (FHLMC), United States Treasury Notes and United States Treasury Bills of \$4,660,020 and \$4,563,676 as of December 31, 2019 and 2018, 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, 2019 and 2018, 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>2019</u>	<u>2018</u>
FHLB	1.350%	12/13/19	AAA	\$ -	\$ 494,245
FHLMC	1.200%	05/23/19	AAA	-	1,989,880
US Treasury Bill	2.160%	01/03/19	AAA	-	1,039,106
US Treasury Bill	2.270%	01/22/19	AAA	-	548,160
US Treasury Bill	0.410%	03/26/20	AAA	561,845	-
US Treasury Bill	1.000%	08/13/20	AAA	2,036,754	-
US Treasury Note	1.000%	11/30/19	AAA	-	245,968
US Treasury Note	1.375%	05/31/20	AAA	249,708	246,318
US Treasury Note	1.625%	11/30/20	AAA	1,049,759	-
US Treasury Note	1.375%	01/31/21	AAA	249,308	-
US Treasury Note	1.250%	03/31/21	AAA	512,646	-
				<u>\$ 4,660,020</u>	<u>\$ 4,563,676</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 prices 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, 2019 and 2018:

Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corp (FHLMC), United States Treasury Notes and United States Treasury Bills of \$4,660,020 and \$4,563,676 are valued using quoted market prices for identical assets (Level 1 inputs).

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 5: 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 2019 and 2018 for all open Fund years net of excess insurance recoveries:

	<u>2019</u>	<u>2018</u>
Total unpaid claim and claim adjustment expenses all Fund years - Beginning	<u>\$ 3,408,084</u>	<u>\$ 3,415,301</u>
Incurring claims and claims adjustment expenses:		
Provision for insured events of current fund year	1,921,039	1,918,391
Changes in provision for insured events of prior fund years	<u>337,312</u>	<u>(724,349)</u>
Total incurred claims and claims adjustment expenses all fund years	<u>2,258,351</u>	<u>1,194,042</u>
Payments (Net of Recoveries):		
Claims and claim adjustments expenses:		
Attributable to insured events of current fund year	576,665	332,779
Attributable to insured events of prior fund years	<u>1,339,006</u>	<u>868,480</u>
Total Payments all Fund years	<u>1,915,671</u>	<u>1,201,259</u>
Total unpaid claim and claim adjustment expenses all Fund years - Ending	<u><u>\$ 3,750,764</u></u>	<u><u>\$ 3,408,084</u></u>
Analysis Of Balance:		
Due to Residual Claims Fund	\$ 59,173	\$ 214,663
Net Reserves	<u>3,691,591</u>	<u>3,193,421</u>
	<u><u>\$ 3,750,764</u></u>	<u><u>\$ 3,408,084</u></u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 6: 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.

As of December 31, 2019, the estimated Retrospective Premium Recoverable was allocated as follows:

<u>Member</u>	<u>Total</u>	<u>2013</u>	<u>2014</u>	<u>2017</u>	<u>2018</u>
Evesham	\$ 143,159		\$ 143,159		
Maple Shade	104,386			\$ 104,386	
Willingboro	405,840	\$ 59,207		72,975	\$ 273,658
	<u>\$ 653,385</u>	<u>\$ 59,207</u>	<u>\$ 143,159</u>	<u>\$ 177,361</u>	<u>\$ 273,658</u>

As of December 31, 2018, the estimated Retrospective Premium Recoverable was allocated as follows:

<u>Member</u>	<u>Total</u>	<u>2013</u>	<u>2014</u>	<u>2017</u>
Evesham	\$ 143,159		\$ 143,159	
Maple Shade	20,206			\$ 20,206
Willingboro	118,413	\$ 118,413		
	<u>\$ 281,778</u>	<u>\$ 118,413</u>	<u>\$ 143,159</u>	<u>\$ 20,206</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.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

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

Municipal Excess Liability Residual Claims Fund (Cont'd)

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.

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.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

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

Equity Interest

As of December 31, 2019 and 2018, the Fund's share of net position in the Residual Fund, the MEL and the Environmental Fund is as follows:

	<u>2019</u>	<u>2018</u>
Residual Fund	\$ 160,610	\$ 165,701
MEL	1,083,433	1,169,440
Enviromental Fund	<u>687,951</u>	<u>691,734</u>
	<u>\$ 1,931,994</u>	<u>\$ 2,026,875</u>

Selected Financial Information

Selected summarized financial information for the Residual Fund, the MEL and the Environmental Fund as of December 31, 2019 is as follows:

	<u>Residual Fund</u>	<u>MEL</u>	<u>Environmental Fund</u>
Total Assets	<u>\$ 102,863,955</u>	<u>\$ 80,294,462</u>	<u>\$ 33,215,865</u>
Total Liabilities	<u>\$ 90,753,757</u>	<u>\$ 54,021,826</u>	<u>\$ 12,397,353</u>
Net Position	<u>\$ 12,110,198</u>	<u>\$ 26,272,636</u>	<u>\$ 20,818,512</u>
Total Revenue	<u>\$ 29,006,573</u>	<u>\$ 49,733,294</u>	<u>\$ 5,177,954</u>
Total Expenses	<u>\$ 27,358,705</u>	<u>\$ 51,222,164</u>	<u>\$ 2,479,087</u>
Change in Net Position	<u>\$ 1,001,868</u>	<u>\$ (1,488,870)</u>	<u>\$ 698,867</u>
Distributions to Members	<u>\$ 646,000</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

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

Selected Financial Information (Cont'd)

Selected summarized financial information for the Residual Fund, the MEL and the Environmental Fund as of December 31, 2018 is as follows:

	<u>Residual Fund</u>	<u>MEL</u>	<u>Environmental Fund</u>
Total Assets	\$ 98,479,254	\$ 76,511,940	\$ 32,110,186
Total Liabilities	\$ 87,370,924	\$ 48,750,434	\$ 11,990,541
Net Position	\$ 11,108,330	\$ 27,761,506	\$ 20,119,645
Total Revenue	\$ 23,065,917	\$ 44,213,185	\$ 4,677,007
Total Expenses	\$ 23,282,972	\$ 47,240,374	\$ 3,112,899
Change in Net Position	\$ (850,055)	\$ (3,027,189)	\$ 314,108
Distributions to Members	\$ 633,000	\$ -	\$ 1,250,000

Financial statements for the Municipal Excess Liability Residual Claims Fund, the Municipal Excess Liability Joint Insurance Fund and the New Jersey Municipal Environmental Risk Management 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, 2019 and 2018 were \$905,816 and \$885,054, respectively.

Excess insurance premiums paid to the Environmental Fund were \$115,716 and \$116,812 for the years ended December 31, 2019 and 2018, respectively.

During 2019 and 2018, the Fund was assessed \$59,173 and \$214,663, respectively, for the transfer of fund year 2015 and 2014 liabilities to the Residual Fund. During 2019, the Fund was also assessed \$39,633 in surplus trigger assessments.

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 9: RETURN OF SURPLUS

During the 2019, the Executive Committee approved a dividend distribution in the amount of \$169,510, representing \$99,706 paid from closed years, a pass through of E-JIF dividends of \$46,804 and \$23,000 of members' closed year surplus used to pay the 2011 fund year supplemental contributions as disclosed in note 10.

During the 2018, the Executive Committee approved a dividend distribution in the amount of \$169,804, \$100,000 paid from closed years, a pass through of E-JIF dividends of \$46,804 and \$23,000 of members' closed year surplus used to pay the 2011 fund year supplemental contributions as disclosed in note 10.

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.

Note 10: SUPPLEMENTAL CONTRIBUTION

As of December 31, 2019 and 2018, the allocated balance of the supplemental contribution was as follows:

<u>Member</u>	<u>2019</u>	<u>2018</u>
Evesham	\$ 35,992	\$ 41,990
Evesham Township Fire District	8,002	9,335
Maple Shade	18,189	21,220
Moorestown	28,374	33,103
Willingboro	47,444	55,351
	<u>\$ 138,000</u>	<u>\$ 161,000</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 2018, the Fund budgeted and assessed each member 100% of the MEL's layer of projected loss funds. The Fund will expense the liability and workers' compensation excess coverage premium for the actual amount billed by the MEL and record revenue at the full amount budgeted and billed its members.

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 2019 and 2018, the Fund assessed its members \$54,418 and \$54,059, respectively, 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, 2019 and 2018.

Note 12: SUBSEQUENT EVENTS

Management continues to evaluate the impact of the COVID 19 pandemic on the organization. While the financial impact of Workers' Compensation claims from this exposure is uncertain, management is confident that the MEL has more than sufficient resources to pay all claims in a timely fashion. Further, the members are experiencing a lower rate of other workers' compensation claims because they have reduced their operations. Liability claims are also expected to decline because of (1) the stronger immunities under New Jersey Law during a declared emergency and (2) the lower number of accidents due to reduced member operations. Management expects a jump in excess and reinsurance premiums beginning 2021 and is currently taking steps to mitigate this increase.

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, 2019 TO DECEMBER 31, 2019

	<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	\$ 87,394	\$ 1,051,846	\$ 98,771	\$ 2,170,073	\$ 3,408,084
Incurring claims and claims adjustment expenses:					
Provision for insured events of current fund year	191,726	347,521	43,669	1,338,123	1,921,039
Changes in provision for insured events of prior fund years	(36,352)	(205,383)	56,860	522,187	337,312
Total incurred claims and claims adjustment expenses all fund years	155,374	142,138	100,529	1,860,310	2,258,351
Payments:					
Claims and claims adjustment expenses:					
Attributable to insured events of current fund year	139,427	2,473	10,023	424,742	576,665
Attributable to insured events of prior fund years	23,802	247,881	53,289	1,014,034	1,339,006
Total payments all fund years	163,229	250,354	63,312	1,438,776	1,915,671
Total unpaid claim and claim adjustment expenses - Ending	\$ 79,539	\$ 943,630	\$ 135,988	\$ 2,591,607	\$ 3,750,764
Analysis Of Balance:					
Due to Residual Claims Fund					\$ 59,173
Net Reserves					3,691,591
					<u>\$ 3,750,764</u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF DECEMBER 31, 2019

	Fund Year Ending December 31									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Net Earned Required Contribution and Investment Revenue:										
Earned	\$ 3,405,031	\$ 3,706,782	\$ 3,534,693	\$ 3,747,490	\$ 3,824,835	\$ 3,815,146	\$ 3,820,574	\$ 4,162,377	\$ 4,246,199	\$ 3,920,229
Ceded	1,106,765	1,115,450	1,148,855	1,165,986	1,219,906	1,281,733	1,236,628	1,241,786	1,295,845	1,334,225
	2,298,266	2,591,332	2,385,838	2,581,504	2,604,929	2,533,413	2,583,946	2,920,591	2,950,354	2,586,004
Unallocated Expenses	443,153	441,531	459,810	468,345	475,614	485,840	495,624	617,922	628,818	605,429
Estimated Claims and Expenses, End of Policy Year:										
Incurred	1,577,000	1,845,000	1,366,999	1,589,000	2,820,254	1,922,501	1,451,999	1,885,198	1,918,381	1,921,039
Ceded					40,154					
Net Incurred	1,577,000	1,845,000	1,366,999	1,589,000	2,780,100	1,922,501	1,451,999	1,885,198	1,918,381	1,921,039
Paid (Cumulative) as of:										
End of Policy Year	425,821	686,780	345,597	549,689	1,011,194	437,333	278,969	416,273	332,779	576,665
One Year Later	1,021,726	1,200,941	594,608	976,989	1,199,226	722,232	592,472	775,210	886,993	
Two Years Later	1,233,147	1,593,703	775,739	1,263,049	1,418,481	926,140	769,384	1,085,997		
Three Years Later	1,477,341	1,879,099	1,153,842	1,383,390	1,665,986	1,027,902	997,250			
Four Years Later (A)	1,543,878	1,989,547	1,160,319	1,497,663	1,896,854	1,059,377				
Reestimated Ceded Claims and Expenses	184,887	281,954	214,056	205,960	267,160	59,173				
Reestimated Incurred Claims and Expenses:										
End of Policy Year	1,577,000	1,845,000	1,366,999	1,589,000	2,780,100	1,922,501	1,451,999	1,885,198	1,918,381	1,921,039
One Year Later	1,827,000	1,925,678	1,217,807	2,317,233	2,652,126	1,619,762	1,545,144	1,705,610	1,984,948	
Two Years Later	1,812,863	2,134,960	1,381,360	1,723,225	2,212,723	1,451,609	1,282,687	1,963,074		
Three Years Later	1,796,013	2,257,503	1,297,681	1,591,225	2,081,724	1,192,008	1,369,435			
Four Years Later (A)	1,728,765	2,271,501	1,344,031	1,703,623	2,059,020	1,118,550				
Increase (Decrease) in Estimated Incurred Claims and Expenses from End of Policy Year	\$ 151,765	\$ 426,501	\$ (22,968)	\$ 114,623	\$ (721,080)	\$ (803,951)	\$ (82,564)	\$ 77,876	\$ 66,567	\$ -

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

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
HISTORICAL BALANCE SHEET--STATUTORY BASIS
AS OF DECEMBER 31, 2019

ASSETS

Cash and Cash Equivalents	\$ 1,766,709	
Investments	<u>4,660,020</u>	
Total Cash and Investments		\$ 6,426,729
Receivables:		
Contributions Receivable	138,000	
Interest Receivable	22,060	
Retrospective Premium Receivable	<u>653,385</u>	
Total Receivables		<u>813,445</u>
Total Assets		\$ 7,240,174

LIABILITIES

Claims:		
Case Reserves	2,298,064	
IBNR Reserves	<u>1,393,527</u>	
Total Claims		3,691,591
Accrued Expenses:		
Administrative	<u>23,306</u>	
Total Accrued Expenses		23,306
Other Liabilities:		
Contributions Payable	2,000	
Due to Residual Claims Fund	59,173	
RCF Surplus Trigger Assessment Due	39,633	
Authorized and Unpaid Return of Surplus	<u>123,116</u>	
Total Other Liabilities		<u>223,922</u>
Total Liabilities		<u>3,938,819</u>
Net Statutory Surplus		<u>\$ 3,301,355</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, 2019

Underwriting Income:		
Regular Contributions	\$ 85,096,581	
Supplemental Contributions	255,000	
Retrospective Premium	774,374	
Residual Claims Fund Dividends	289,700	
MEL Dividend	112,811	
Environmental JIF Dividend	584,151	
Other Income	<u>6,403</u>	
Total Underwriting Income		\$ 87,119,020
Incurred Liabilities:		
Claims:		
Paid (Net of Recoveries)	\$ 34,549,670	
Case Reserves	2,298,064	
IBNR Reserves	1,393,527	
Residual Claims Fund Premium	<u>4,599,865</u>	
Subtotal		42,841,126
Less Excess Insurance:		
Received	<u>104,860</u>	
Subtotal		<u>104,860</u>
Total Limited Incurred Claims		42,736,266
Expenses:		
Excess Insurance Premiums	23,694,597	
Administrative	<u>11,840,945</u>	
Total Expenses		<u>35,535,542</u>
Total Incurred Liabilities		<u>78,271,808</u>
Underwriting Surplus		8,847,212
Investment Income		5,226,763
RCF Surplus Trigger Assessment		<u>(39,633)</u>
Gross Statutory Surplus		14,034,342
Return of Surplus:		
Paid	10,609,871	
Authorized and Unpaid	<u>123,116</u>	
Total Return of Surplus		<u>10,732,987</u>
Net Statutory Surplus		<u>\$ 3,301,355</u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

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>2019</u>	<u>2018</u>
Total Assets - Comparative Statements of Net Position	\$ 9,172,168	\$ 8,683,653
Less Investment in Joint Ventures	<u>1,931,994</u>	<u>2,026,875</u>
Total Assets - Statutory Basis	<u><u>\$ 7,240,174</u></u>	<u><u>\$ 6,656,778</u></u>
Net Position - Comparative Statements of Net Position	\$ 5,233,349	\$ 5,165,179
Less Investment in Joint Ventures	<u>1,931,994</u>	<u>2,026,875</u>
Net Statutory Surplus	<u><u>\$ 3,301,355</u></u>	<u><u>\$ 3,138,304</u></u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2019 OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2019

Underwriting Income:		
Regular Contributions	\$ 3,884,167	
Supplemental Contributions	-	
Retrospective Premium	-	
Environmental JIF Dividend		
Other Income	-	
	<hr/>	
Total Underwriting Income		\$ 3,884,167
Incurred Liabilities:		
Claims:		
Paid (Net of Recoveries)	\$ 576,665	
Case Reserves	587,429	
IBNR Reserves	756,945	
	<hr/>	
Subtotal	1,921,039	
Less Excess Insurance:		
Received	-	
Receivable	-	
Recoverable	-	
	<hr/>	
Subtotal	-	
	<hr/>	
Total Limited Incurred Claims	1,921,039	
Expenses:		
Excess Insurance Premiums	1,334,225	
Administrative	605,431	
	<hr/>	
Total Expenses	1,939,656	
	<hr/>	
Total Incurred Liabilities		3,860,695
		<hr/>
Underwriting Surplus		23,472
Investment Income		36,062
		<hr/>
Gross Statutory Surplus		59,534
Return of Surplus:		
Paid	-	
Authorized and Unpaid	-	
	<hr/>	
Total Return of Surplus		-
		<hr/>
Net Statutory Surplus		\$ 59,534
		<hr/>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2018 OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2019

Underwriting Income:		
Regular Contributions	\$ 3,906,786	
Supplemental Contributions	-	
Retrospective Premium	273,658	
Environmental JIF Dividend	-	
Other Income	-	
	<hr/>	
Total Underwriting Income		\$ 4,180,444
Incurring Liabilities:		
Claims:		
Paid (Net of Recoveries)	\$ 886,993	
Case Reserves	762,579	
IBNR Reserves	335,376	
	<hr/>	
Subtotal	1,984,948	
Less Excess Insurance:		
Received	-	
Receivable	-	
Recoverable	-	
	<hr/>	
Subtotal	-	
	<hr/>	
Total Limited Incurred Claims	1,984,948	
Expenses:		
Excess Insurance Premiums	1,295,845	
Administrative	628,818	
	<hr/>	
Total Expenses	1,924,663	
	<hr/>	
Total Incurred Liabilities		3,909,611
Underwriting Surplus		270,833
Investment Income		65,755
		<hr/>
Gross Statutory Surplus		336,588
Return of Surplus:		
Paid	-	
Authorized and Unpaid	-	
	<hr/>	
Total Return of Surplus		-
		<hr/>
Net Statutory Surplus		\$ 336,588
		<hr/>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2017 OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2019

Underwriting Income:		
Regular Contributions	\$ 3,922,739	
Supplemental Contributions	-	
Retrospective Premium	177,361	
Environmental JIF Dividend	-	
Other Income	-	
	<hr/>	
Total Underwriting Income		\$ 4,100,100
Incurring Liabilities:		
Claims:		
Paid (Net of Recoveries)	\$ 1,085,997	
Case Reserves	657,731	
IBNR Reserves	219,346	
	<hr/>	
Subtotal	1,963,074	
Less Excess Insurance:		
Received	-	
Receivable	-	
Recoverable	-	
	<hr/>	
Subtotal	-	
	<hr/>	
Total Limited Incurred Claims	1,963,074	
Expenses:		
Excess Insurance Premiums	1,241,786	
Administrative	617,922	
	<hr/>	
Total Expenses	1,859,708	
	<hr/>	
Total Incurred Liabilities		3,822,782
Underwriting Surplus		277,318
Investment Income		62,277
		<hr/>
Gross Statutory Surplus		339,595
Return of Surplus:		
Paid	-	
Authorized and Unpaid	-	
	<hr/>	
Total Return of Surplus		-
		<hr/>
Net Statutory Surplus		\$ 339,595
		<hr/>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2016 OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 30, 2019

Underwriting Income:			
Regular Contributions		\$ 3,758,938	
Supplemental Contributions		-	
Retrospective Premium		-	
Environmental JIF Dividend		-	
Other Income		-	
		<hr/>	
Total Underwriting Income			\$ 3,758,938
Incurring Liabilities:			
Claims:			
Paid (Net of Recoveries)	\$ 997,250		
Case Reserves	290,325		
IBNR Reserves	81,860		
	<hr/>		
Subtotal		1,369,435	
Less Excess Insurance:			
Received	-		
Receivable	-		
Recoverable	-		
	<hr/>		
Subtotal		-	
		<hr/>	
Total Limited Incurred Claims		1,369,435	
Expenses:			
Excess Insurance Premiums	1,236,628		
Administrative	495,624		
	<hr/>		
Total Expenses		1,732,252	
		<hr/>	
Total Incurred Liabilities			3,101,687
			<hr/>
Underwriting Surplus			657,251
Investment Income			61,636
			<hr/>
Gross Statutory Surplus			718,887
Return of Surplus:			
Paid		-	
Authorized and Unpaid		-	
		<hr/>	
Total Return of Surplus			-
			<hr/>
Net Statutory Surplus			\$ 718,887
			<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 31, 2019

Underwriting Income:			
Regular Contributions		\$ 3,756,704	
Supplemental Contributions		-	
Retrospective Premium		-	
Environmental JIF Dividend		-	
Other Income		<u>40</u>	
Total Underwriting Income			\$ 3,756,744
Incurring Liabilities:			
Claims:			
Paid (Net of Recoveries)	\$ 1,059,377		
Residual Claims Fund Premium	<u>59,173</u>		
Subtotal		1,118,550	
Less Excess Insurance:			
Received	-		
Receivable	-		
Recoverable	<u>-</u>		
Subtotal		<u>-</u>	
Total Limited Incurred Claims		1,118,550	
Expenses:			
Excess Insurance Premiums	1,281,733		
Administrative	<u>485,840</u>		
Total Expenses		<u>1,767,573</u>	
Total Incurred Liabilities			<u>2,886,123</u>
Underwriting Surplus			870,621
Investment Income			57,396
Surplus Transfer To Closed Fund Year			<u>(928,017)</u>
Gross Statutory Surplus			-
Return of Surplus:			
Paid	-		
Authorized and Unpaid	<u>-</u>		
Total Return of Surplus			<u>-</u>
Net Statutory Surplus			<u><u>\$ -</u></u>

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, 2019

Underwriting Income:		
Regular Contributions	\$ 227,614	
Underwriting Surplus		\$ 227,614
Investment Income		<u>8,437</u>
Net Statutory Surplus		<u><u>\$ 236,051</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, 2019

Underwriting Income:		
Regular Contributions	\$ 65,639,633	
Supplemental Contributions	255,000	
Retrospective Premium	323,355	
Residual Claims Fund Dividends	289,700	
MEL Dividend	112,811	
Environmental JIF Dividend	584,151	
Other Income	<u>6,363</u>	
Total Underwriting Income		\$ 67,211,013
Incurring Liabilities:		
Claims:		
Paid (Net of Recoveries)	\$ 29,943,388	
Residual Claims Fund Premium	<u>4,540,692</u>	
Subtotal		34,484,080
Less Excess Insurance:		
Received	104,860	
Receivable	-	
Recoverable	<u>-</u>	
		<u>104,860</u>
Total Limited Incurred Claims		34,379,220
Expenses:		
Excess Insurance Premiums	17,304,380	
Administrative	<u>9,007,310</u>	
Total Expenses		<u>26,311,690</u>
Total Incurred Liabilities		<u>60,690,910</u>
Underwriting Surplus		6,520,103
Investment Income		4,935,200
RCF Surplus Trigger Assessment		(39,633)
Transfer of Surplus From 2015 Fund Year		<u>928,017</u>
Gross Statutory Surplus		12,343,687
Return of Surplus:		
Paid	10,609,871	
Authorized and Unpaid	<u>123,116</u>	
Total Return of Surplus		<u>10,732,987</u>
Net Statutory Surplus		<u>\$ 1,610,700</u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2019 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2019

	<u>Coverages and Other Accounts</u>						<u>Public Officials</u>	<u>Expense &</u>	
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>Environmental JIF</u>	<u>MEL</u>	<u>& Employment Practices</u>	<u>Contingency</u>	<u>Total</u>
Underwriting Income:									
Regular Contributions	\$ 468,785	\$ 413,752	\$ 44,262	\$ 1,275,000	\$ 115,716	\$ 628,742	\$ 311,365	\$ 626,545	\$ 3,884,167
Supplemental Contributions									-
Retrospective Premium									-
Environmental JIF Dividend									-
Other Income									-
Total Income	468,785	413,752	44,262	1,275,000	115,716	628,742	311,365	626,545	3,884,167
Incurred Liabilities:									
Claims (Net of Recoveries)	191,726	347,521	43,669	1,338,123					1,921,039
Expenses	278,785				115,716	628,747	310,977	605,431	1,939,656
Total Liabilities	470,511	347,521	43,669	1,338,123	115,716	628,747	310,977	605,431	3,860,695
Underwriting Surplus (Deficit)	(1,726)	66,231	593	(63,123)	-	(5)	388	21,114	23,472
Adjustments:									
Investment Income	1,804	6,657	667	17,211	229	4,990	297	4,207	36,062
Transfers									-
Total Adjustments	1,804	6,657	667	17,211	229	4,990	297	4,207	36,062
Gross Statutory Surplus (Deficit)	78	72,888	1,260	(45,912)	229	4,985	685	25,321	59,534
Return of Surplus									-
Net Statutory Surplus (Deficit)	\$ 78	\$ 72,888	\$ 1,260	\$ (45,912)	\$ 229	\$ 4,985	\$ 685	\$ 25,321	\$ 59,534

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2018 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2019

	<u>Coverages and Other Accounts</u>								
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>Environmental JIF</u>	<u>MEL</u>	<u>Public Officials & Employment Practices</u>	<u>Expense & Contingency</u>	<u>Total</u>
Underwriting Income:									
Regular Contributions	\$ 456,350	\$ 428,966	\$ 47,555	\$ 1,313,000	\$ 116,812	\$ 613,337	\$ 290,347	\$ 640,419	\$ 3,906,786
Supplemental Contributions									-
Retrospective Premium				273,658					273,658
Environmental JIF Dividend									-
Other Income									-
Total Income	456,350	428,966	47,555	1,586,658	116,812	613,337	290,347	640,419	4,180,444
Incurred Liabilities:									
Claims (Net of Recoveries)	120,188	167,208	35,922	1,661,630					1,984,948
Expenses	275,350				116,812	613,337	290,346	628,818	1,924,663
Total Liabilities	395,538	167,208	35,922	1,661,630	116,812	613,337	290,346	628,818	3,909,611
Underwriting Surplus (Deficit)	60,812	261,758	11,633	(74,972)	-	-	1	11,601	270,833
Adjustments:									
Investment Income	4,305	16,037	1,581	36,047	95	3,757	123	3,810	65,755
Transfers									-
Total Adjustments	4,305	16,037	1,581	36,047	95	3,757	123	3,810	65,755
Gross Statutory Surplus (Deficit)	65,117	277,795	13,214	(38,925)	95	3,757	124	15,411	336,588
Return of Surplus									-
Net Statutory Surplus (Deficit)	\$ 65,117	\$ 277,795	\$ 13,214	\$ (38,925)	\$ 95	\$ 3,757	\$ 124	\$ 15,411	\$ 336,588

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2017 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2019

	<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	\$ 436,896	\$ 483,019	\$ 53,346	\$ 1,332,335	\$ 122,534	\$ 580,737	\$ 286,948	\$ 626,924	\$ 3,922,739
Supplemental Contributions									-
Retrospective Premium				177,361					177,361
Environmental JIF Dividend									-
Other Income									-
Total Income	436,896	483,019	53,346	1,509,696	122,534	580,737	286,948	626,924	4,100,100
Incurred Liabilities:									
Claims (Net of Recoveries)	164,630	503,364	137,812	1,157,268					1,963,074
Expenses	251,567				122,534	580,737	286,948	617,922	1,859,708
Total Liabilities	416,197	503,364	137,812	1,157,268	122,534	580,737	286,948	617,922	3,822,782
Underwriting Surplus (Deficit)	20,699	(20,345)	(84,466)	352,428	-	-	-	9,002	277,318
Adjustments:									
Investment Income	1,116	18,596	1,378	37,378	117	1,457	62	2,173	62,277
Transfers									-
Total Adjustments	1,116	18,596	1,378	37,378	117	1,457	62	2,173	62,277
Gross Statutory Surplus (Deficit)	21,815	(1,749)	(83,088)	389,806	117	1,457	62	11,175	339,595
Return of Surplus									-
Net Statutory Surplus (Deficit)	\$ 21,815	\$ (1,749)	\$ (83,088)	\$ 389,806	\$ 117	\$ 1,457	\$ 62	\$ 11,175	\$ 339,595

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 30, 2019

	<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	\$ 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)	70,794	215,883	7,856	1,074,902					1,369,435
Expenses	233,941				121,383	602,263	279,041	495,624	1,732,252
Total Liabilities	304,735	215,883	7,856	1,074,902	121,383	602,263	279,041	495,624	3,101,687
Underwriting Surplus (Deficit)	104,411	269,561	56,118	213,767	-	-	(2)	13,396	657,251
Adjustments:									
Investment Income	4,362	18,140	2,490	30,286				6,358	61,636
Transfers									-
Total Adjustments	4,362	18,140	2,490	30,286	-	-	-	6,358	61,636
Gross Statutory Surplus (Deficit)	108,773	287,701	58,608	244,053	-	-	(2)	19,754	718,887
Return of Surplus									-
Net Statutory Surplus (Deficit)	\$ 108,773	\$ 287,701	\$ 58,608	\$ 244,053	\$ -	\$ -	\$ (2)	\$ 19,754	\$ 718,887

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 31, 2019

	<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	\$ 420,157	\$ 471,685	\$ 75,666	\$ 1,241,000	\$ 120,569	\$ 659,235	\$ 272,773	\$ 495,619	\$ 3,756,704	
Supplemental Contributions										-
Retrospective Premium										-
Environmental JIF Dividend										-
Other Income								40		40
Total Income	420,157	471,685	75,666	1,241,000	120,569	659,235	272,773	495,659		3,756,744
Incurred Liabilities:										
Claims (Net of Recoveries)	48,294	136,084	68,243	865,929						1,118,550
Expenses	229,157				120,569	659,235	272,772	485,840		1,767,573
Total Liabilities	277,451	136,084	68,243	865,929	120,569	659,235	272,772	485,840		2,886,123
Underwriting Surplus	142,706	335,601	7,423	375,071	-	-	1	9,819		870,621
Adjustments:										
Investment Income	6,361	18,165	1,261	25,685	12	823		5,089		57,396
Transfers										-
Surplus Transfers to Closed Fund Year	(149,067)	(353,766)	(8,684)	(400,756)	(12)	(823)	(1)	(14,908)		(928,017)
Total Adjustments	(142,706)	(335,601)	(7,423)	(375,071)	-	-	(1)	(9,819)		(870,621)
Gross Statutory Surplus										-
Return of Surplus										-
Net Statutory Surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2019 CLAIMS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2019

	<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)	\$ 139,427	\$ 2,473	\$ 10,023	\$ 424,742	\$ 576,665
Case Reserves	51,299	50,002	500	485,628	587,429
IBNR Reserves	1,000	295,046	33,146	427,753	756,945
Subtotal	191,726	347,521	43,669	1,338,123	1,921,039
Excess Insurance					
Received					-
Receivable					-
Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ 191,726	\$ 347,521	\$ 43,669	\$ 1,338,123	\$ 1,921,039
Number of Claims	35	93	13	84	225
Average Cost per Claim	\$ 5,478	\$ 3,737	\$ 3,359	\$ 15,930	\$ 8,538

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2018 CLAIMS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2019

	<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)	\$ 93,348	\$ 25,416	\$ 9,053	\$ 759,176	\$ 886,993
Case Reserves	26,840	24,571	5,216	705,952	762,579
IBNR Reserves		117,221	21,653	196,502	335,376
Subtotal	120,188	167,208	35,922	1,661,630	1,984,948
Excess Insurance					
Received					-
Receivable					-
Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ 120,188	\$ 167,208	\$ 35,922	\$ 1,661,630	\$ 1,984,948
Number of Claims	25	102	17	84	228
Average Cost per Claim	\$ 4,808	\$ 1,639	\$ 2,113	\$ 19,781	\$ 8,706

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2017 CLAIMS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2019

	<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)	\$ 164,630	\$ 105,673	\$ 62,338	\$ 753,356	\$ 1,085,997
Case Reserves		296,135	46,620	314,976	657,731
IBNR Reserves		101,556	28,854	88,936	219,346
Subtotal	164,630	503,364	137,812	1,157,268	1,963,074
Excess Insurance					
Received					-
Receivable					-
Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ 164,630	\$ 503,364	\$ 137,812	\$ 1,157,268	\$ 1,963,074
Number of Claims	24	81	19	67	191
Average Cost per Claim	\$ 6,860	\$ 6,214	\$ 7,253	\$ 17,273	\$ 10,278

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2016 CLAIMS ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2019

	<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)	\$ 70,394	\$ 156,785	\$ 7,856	\$ 762,215	\$ 997,250
Case Reserves	400	42,814		247,111	290,325
IBNR Reserves		16,284		65,576	81,860
Subtotal	70,794	215,883	7,856	1,074,902	1,369,435
Excess Insurance					
Received					-
Receivable					-
Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ 70,794	\$ 215,883	\$ 7,856	\$ 1,074,902	\$ 1,369,435
Number of Claims	24	86	18	87	215
Average Cost per Claim	\$ 2,950	\$ 2,510	\$ 436	\$ 12,355	\$ 6,369

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2019 EXPENSE ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2019

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
Excess Insurance Premiums			
Property Account-MEL	\$ 278,785		\$ 278,785
Municipal Excess Liability Fund	628,747		628,747
Environmental Account	115,716		115,716
Public Officials & Employment Practices	310,977		310,977
	<hr/>		
Subtotal Excess Insurance	1,334,225	-	1,334,225
	<hr/>		
Administrative Expenses:			
Actuary	39,292		39,292
Administrator	132,964		132,964
Attorney	20,663		20,663
Auditor		\$ 23,126	23,126
Claims Administrator	135,791		135,791
Internal Auditor	4,295		4,295
Litigation Management	17,601		17,601
Medical Management	84,815		84,815
Miscellaneous	4,997	180	5,177
Postage	106		106
Risk Management Consulting	77,217		77,217
Safety Programs	40,547		40,547
Treasurer	17,861		17,861
Underwriter	5,976		5,976
	<hr/>		
Subtotal Administrative Expenses	582,125	23,306	605,431
	<hr/>		
Total Expenses	\$ 1,916,350	\$ 23,306	\$ 1,939,656
	<hr/>		

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2018 EXPENSE ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2019

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
Excess Insurance Premiums			
Property Account-MEL	\$ 275,350		\$ 275,350
Municipal Excess Liability Fund	613,337		613,337
Environmental Account	116,812		116,812
Public Officials & Employment Practices	290,346		290,346
	<hr/>		
Subtotal Excess Insurance	1,295,845	-	1,295,845
	<hr/>		
Administrative Expenses:			
Actuary	38,552		38,552
Administrator	130,357		130,357
Attorney	20,258		20,258
Auditor	20,500		20,500
Claims Administrator	133,129		133,129
Internal Auditor	4,210		4,210
Litigation Management	17,256		17,256
Medical Management	83,152		83,152
Miscellaneous	6,278		6,278
Postage	35		35
Risk Management Consulting	102,015		102,015
Safety Programs	39,706		39,706
Treasurer	17,511		17,511
Underwriter	5,859		5,859
	<hr/>		
Subtotal Administrative Expenses	628,818	-	628,818
	<hr/>		
Total Expenses	\$ 1,924,663	-	\$ 1,924,663
	<hr/>		

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2017 EXPENSE ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2019

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
Excess Insurance Premiums			
Property Account-MEL	\$ 251,567		\$ 251,567
Municipal Excess Liability Fund	580,737		580,737
Environmental Account	122,534		122,534
Public Officials & Employment Practices	286,948		286,948
	<hr/>		
Subtotal Excess Insurance	1,241,786	-	1,241,786
	<hr/>		
Administrative Expenses:			
Actuary	37,767		37,767
Administrator	128,175		128,175
Attorney	19,861		19,861
Auditor	20,500		20,500
Claims Administrator	133,229		133,229
Internal Auditor	4,128		4,128
Litigation Management	16,918		16,918
Medical Management	83,152		83,152
Miscellaneous	4,394		4,394
Postage	61		61
Risk Management Consulting	102,769		102,769
Safety Programs	34,056		34,056
Treasurer	17,168		17,168
Underwriter	5,744		5,744
	<hr/>		
Subtotal Administrative Expenses	617,922	-	617,922
	<hr/>		
Total Expenses	\$ 1,859,708	-	\$ 1,859,708
	<hr/>		

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2016 EXPENSE ANALYSIS--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2019

	<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	19,750		19,750
Claims Administrator	130,518		130,518
Internal Auditor	1,619		1,619
Litigation Management	16,586		16,586
Medical Management	81,521		81,521
Miscellaneous	5,060		5,060
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	495,624	-	495,624
	<hr/>		
Total Expenses	\$ 1,732,252	-	\$ 1,732,252
	<hr/>		

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
STATEMENT OF FUND YEAR 2019 PROGRAM SUMMARY--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2019

	<u>Coverages</u>			
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers' Compensation</u>
Limits	\$ 125,000,000	\$ 5,000,000	\$ 5,000,000	STATUTORY \$ 7,000,000
Fund Retention	\$ 100,000	\$ 250,000	\$ 250,000	\$ 250,000
Excess Insurers	MEL	MEL	MEL	MEL
Number of Participants	4	4	4	4
Incurred Liabilities:				
Claims (Schedule D)	\$ 191,726	\$ 347,521	\$ 43,669	\$ 1,338,123
Administrative Expenses (1)	406,882	113,962	12,191	351,181
	<u>\$ 598,608</u>	<u>\$ 461,483</u>	<u>\$ 55,860</u>	<u>\$ 1,689,304</u>
Exposure Units	\$ 286,390,859 (Property Value)	117,024 (Population)	583 (Vehicles)	\$ 54,182,873 (Payroll)
Average Liability per Exposure Unit	\$2.09 (Per \$1,000)	\$3.94 (Per Capita)	\$95.82 (Per Vehicle)	\$31.18 (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 2018 PROGRAM SUMMARY--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2019

	<u>Coverages</u>			
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers' Compensation</u>
Limits	\$ 125,000,000	\$ 5,000,000	\$ 5,000,000	STATUTORY \$ 7,000,000
Fund Retention	\$ 100,000	\$ 250,000	\$ 250,000	\$ 250,000
Excess Insurers	MEL	MEL	MEL	MEL
Number of Participants	4	4	4	4
Incurred Liabilities:				
Claims (Schedule D)	\$ 120,188	\$ 167,208	\$ 35,922	\$ 1,661,630
Administrative Expenses (1)	402,311	120,300	13,336	368,221
	<u>\$ 522,499</u>	<u>\$ 287,508</u>	<u>\$ 49,258</u>	<u>\$ 2,029,851</u>
Exposure Units	\$ 289,777,146 (Property Value)	117,024 (Population)	562 (Vehicles)	\$ 52,919,036 (Payroll)
Average Liability per Exposure Unit	\$1.80 (Per \$1,000)	\$2.46 (Per Capita)	\$87.65 (Per Vehicle)	\$38.36 (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 2017 PROGRAM SUMMARY--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2019

	<u>Coverages</u>			
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers' Compensation</u>
Limits	\$ 125,000,000	\$ 5,000,000	\$ 5,000,000	STATUTORY \$ 7,000,000
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)	\$ 164,630	\$ 503,364	\$ 137,812	\$ 1,157,268
Administrative Expenses (1)	307,320	145,309	16,048	400,812
	<u>\$ 471,950</u>	<u>\$ 648,673</u>	<u>\$ 153,860</u>	<u>\$ 1,558,080</u>
Exposure Units	\$ 266,258,463 (Property Value)	117,024 (Population)	528 (Vehicles)	\$ 52,438,676 (Payroll)
Average Liability per Exposure Unit	<u>\$1.77</u> (Per \$1,000)	<u>\$5.54</u> (Per Capita)	<u>\$291.40</u> (Per Vehicle)	<u>\$29.71</u> (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 2016 PROGRAM SUMMARY--STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2019

	<u>Coverages</u>			
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers' Compensation</u>
Limits	\$ 125,000,000	\$ 5,000,000	\$ 5,000,000	STATUTORY \$ 7,000,000
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)	\$ 70,794	\$ 215,883	\$ 7,856	\$ 1,074,902
Administrative Expenses (1)	277,072	119,505	15,749	317,239
	<u>\$ 347,866</u>	<u>\$ 335,388</u>	<u>\$ 23,605</u>	<u>\$ 1,392,141</u>
Exposure Units	\$ 257,545,929 (Property Value)	117,024 (Population)	478 (Vehicles)	\$ 50,963,813 (Payroll)
Average Liability per Exposure Unit	\$1.35 (Per \$1,000)	\$2.87 (Per Capita)	\$49.38 (Per Vehicle)	\$27.32 (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, CASH EQUIVALENTS AND INVESTMENTS--STATUTORY BASIS
AS OF DECEMBER 31, 2019

<u>Description</u>	<u>Amount</u>
Cash and Equivalents:	
Wilmington Trust:	
Money Market Account	\$ 3,837
Investors Bank:	
Administrative and Expense Account	1,000
Claims Account	100,000
Operating Account	<u>1,661,872</u>
Total Cash and Cash Equivalents	1,766,709
Investments:	
Wilmington Trust Wealth Management	<u>4,660,020</u>
Total Cash, Cash Equivalents and Investments per Schedule A - Historical Balance Sheet--Statutory Basis	<u><u>\$ 6,426,729</u></u>
Total Cash, Cash Equivalents and Investments by Fund Year:	
2019	\$ 1,423,496
2018	1,156,930
2017	1,035,866
2016	1,087,506
Aggregate Excess Loss Fund Contingency	235,318
Closed Years	<u>1,487,613</u>
	<u><u>\$ 6,426,729</u></u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND
SCHEDULE OF ACCRUED EXPENSES--STATUTORY BASIS
AS OF DECEMBER 31, 2019

<u>Description</u>	<u>Fund Year</u>	<u>Amount</u>
Administrative Expenses:		
Auditor - Bowman & Company LLP	2019	\$ 23,126
Miscellaneous Expenses	2019	<u>180</u>
Total Accrued Expenses per Schedule A - Historical Balance Sheet--Statutory Basis		<u>\$ 23,306</u>

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

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



James J. Miles, Jr.
Certified Public Accountant