

**PROFESSIONAL MUNICIPAL MANAGEMENT  
JOINT INSURANCE FUND  
REPORT ON AUDIT OF FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

PROFESSIONAL MUNICIPAL MANAGEMENT  
JOINT INSURANCE FUND

TABLE OF CONTENTS

Page No.

Statement Signature Page	1
Independent Auditor's Report	2
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	5
Management's Discussion and Analysis	7

Financial Statements

Exhibit A-1	Comparative Statements of Net Position	10
Exhibit A-2	Comparative Statements of Revenues, Expenses and Changes in Net Position	11
Exhibit A-3	Comparative Statements of Cash Flows	12
	Notes to Financial Statements	13

Required Supplementary Information

Schedule 1	Reconciliation of Claims Liabilities by Fund	30
Schedule 2	Ten-Year Claims Development Information	31

Supplementary Information

Schedule A	Historical Balance Sheet--Statutory Basis	33
Schedule B	Statement of Historical Operating Results Analysis-- Statutory Basis	34
	Notes to Supplementary Information	35
Schedule C	Statements of Fund Year Operating Results Analysis-- Statutory Basis	36
Schedule D	Statements of Fund Year Account Operating Results Analysis--Statutory Basis	43
Schedule E	Statements of Fund Year Claims Analysis--Statutory Basis	48
Schedule F	Statements of Fund Year Expense Analysis--Statutory Basis	52
Schedule G	Statements of Fund Year Program Summary--Statutory Basis	56
Schedule H	Schedule of Cash, Cash Equivalents and Investments—Statutory Basis	60
Schedule I	Schedule of Accrued Expenses—Statutory Basis	61

Schedule of Findings and Recommendations

Schedule of Findings and Recommendations	63
Schedule of Financial Statement Findings	63
Summary Schedule of Prior Year Audit Findings as Prepared by Management	63
Appreciation	63

ANNUAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

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>NELSON WIEST (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, 2020 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, 2020 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  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 \_\_\_\_\_ 2021

## 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 (the "Fund") as of and for the years ended December 31, 2020 and 2019, 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, 2020 and 2019 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 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.

Board of Commissioners  
Professional Municipal Management Joint Insurance Fund

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2021 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 22, 2021

**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, 2020, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated June 22, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) 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.

Board of Commissioners  
Professional Municipal Management Joint Insurance Fund

**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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards 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,



Bowman & Company LLP  
Certified Public Accountants  
& Consultants

Voorhees, New Jersey  
June 22, 2021



# 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, 2020, 2019, and 2018. 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, 2020, 2019, and 2018.

Statements Of Net Position Summary	12/31/2020	12/31/2019	12/31/2018	2020 to 2019 Change	
				Amount	Percentage
<b>Assets</b>					
Cash & Cash Equivalents	\$ 6,260,388	\$ 1,766,709	\$ 1,640,044	\$ 4,493,679	254.4%
Investments - Securities	766,587	4,660,020	4,563,676	(3,893,433)	-83.5%
Investment In Joint Ventures	1,748,342	1,931,994	2,026,875	(183,652)	-9.5%
Receivables and Other Assets	988,120	813,445	453,058	174,675	21.5%
<b>Total Assets</b>	<b>9,763,437</b>	<b>9,172,168</b>	<b>8,683,653</b>	<b>591,269</b>	<b>6.4%</b>
<b>Liabilities And Reserves &amp; Net Position</b>					
<b>Liabilities And Reserves</b>					
Loss Reserves	3,695,699	3,691,591	3,193,421	4,108	0.1%
Other Liabilities	562,662	247,228	325,053	315,434	127.6%
<b>Total Liabilities And Reserves</b>	<b>4,258,361</b>	<b>3,938,819</b>	<b>3,518,474</b>	<b>319,542</b>	<b>8.1%</b>
<b>Net Position - Unrestricted</b>	<b>\$ 5,505,076</b>	<b>\$ 5,233,349</b>	<b>\$ 5,165,179</b>	<b>\$ 271,727</b>	<b>5.2%</b>

Statements Of Revenues, Expenses, And Changes In Net Position Summary	12/31/2020	12/31/2019	12/31/2018	2020 to 2019 Change	
				Amount	Percentage
<b>Operating Revenue</b>					
Regular Contributions & Other Income	\$ 4,286,742	\$ 4,454,661	\$ 4,026,148	\$ (167,919)	-3.8%
<b>Operating Expenses:</b>					
Provision For Claims and Claims					
Adjustment Expenses	1,588,675	2,258,351	1,194,042	(669,676)	-29.7%
Premium For Excess Insurance	1,357,607	1,336,223	1,295,845	21,384	1.6%
Surplus Trigger Assessment	112,571	39,633	-	72,938	184.0%
Professional & Contractual Services	645,743	613,256	629,121	32,487	5.3%
<b>Total Operating Expenses</b>	<b>3,704,596</b>	<b>4,247,463</b>	<b>3,119,008</b>	<b>(542,867)</b>	<b>-12.8%</b>
<b>Operating Income</b>	<b>582,146</b>	<b>207,198</b>	<b>907,140</b>	<b>374,948</b>	<b>181.0%</b>
<b>Non Operating Revenue (Expense)</b>					
Investment Income	92,599	162,117	117,369	(69,518)	-42.9%
Change In Investment In Joint Ventures	(183,652)	(94,881)	(72,290)	(88,771)	-93.6%
<b>Total Non Operating Revenue (Expense)</b>	<b>(91,053)</b>	<b>67,236</b>	<b>45,079</b>	<b>(158,289)</b>	<b>-235.4%</b>
<b>Return Of Surplus</b>	<b>219,366</b>	<b>206,264</b>	<b>169,804</b>	<b>13,102</b>	<b>6.4%</b>
<b>Change In Net Position</b>	<b>\$ 271,727</b>	<b>\$ 68,170</b>	<b>\$ 782,415</b>	<b>\$ 203,557</b>	<b>298.6%</b>

## **Financial Highlights Continued**

The Fund's total assets increased by 6.4%. "Investment in Joint Ventures" represents its share of surplus retained in the Municipal Excess Liability Joint Insurance Fund, the Municipal Excess Liability Residual Claims Fund, and the Environmental Joint Insurance Fund. The Fund's total liabilities and reserves increased by 8.1%.

Assessments and other income decreased by 3.8%, reflecting a decrease in Retrospective Premiums. The Fund recognized an Operating Income of \$582,146 representing an increase of \$374,948 from 2019. The change was primarily due to a 29.7% decrease in the provision for claims and claims adjustment expense.

Investment income decreased by 42.9%, of the decrease, there was a 426.8% decrease related to unrealized and realized gains (losses) on investments.

For 2020, the Fund paid a dividend to its members' of \$219,366 representing \$100,000 paid from closed years, a pass through of E-JIF dividends of \$96,366 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 \$271,727, or 5.2%.

## **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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash And Cash Equivalents	\$ 6,260,388	\$ 1,766,709
Investments	766,587	4,660,020
Contributions Receivable	115,000	138,000
Excess Insurance Receivable	112,424	-
Accrued Interest Receivable	3,084	22,060
Prepaid Expenses	218	-
Retrospective Premium Receivable	757,394	653,385
Investments In Joint Ventures	1,748,342	1,931,994
	<hr/>	<hr/>
Total Assets	9,763,437	9,172,168
 <u>LIABILITIES AND RESERVES</u>		
Liabilities:		
Accrued Administrative Expenses	35,309	23,306
Contributions Payable	7,159	2,000
Due to Residual Claims Fund	257,922	59,173
Surplus Trigger Assessment Due	112,571	39,633
Authorized And Unpaid Return Of Surplus	149,701	123,116
	<hr/>	<hr/>
Total Liabilities	562,662	247,228
Reserves:		
Claims:		
Case Reserves	1,942,055	2,298,064
IBNR Reserves	1,753,644	1,393,527
	<hr/>	<hr/>
Total Reserves	3,695,699	3,691,591
	<hr/>	<hr/>
Total Liabilities and Reserves	4,258,361	3,938,819
 <u>NET POSITION</u>		
Unrestricted	\$ 5,505,076	\$ 5,233,349
	<hr/>	<hr/>

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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Regular Contributions	\$ 3,979,440	\$ 3,940,584
Retrospective Premium Income	210,936	430,813
Environmental JIF Dividend	96,366	83,264
	<hr/>	<hr/>
Total Operating Revenues	4,286,742	4,454,661
	<hr/>	<hr/>
Operating Expenses:		
Provision For Claims and Claims Adjustment Expenses	1,588,675	2,258,351
Excess Insurance Premiums	1,357,607	1,336,223
Surplus Trigger Assessment	112,571	39,633
Administrative Expenses:		
Administrator	135,624	132,964
Claims Administrator	138,507	135,791
Safety Programs	54,268	50,547
Professional Services	292,443	288,674
Miscellaneous Expenses	24,901	5,280
	<hr/>	<hr/>
Total Operating Expenses	3,704,596	4,247,463
	<hr/>	<hr/>
Operating Income	582,146	207,198
	<hr/>	<hr/>
Non-Operating Revenue (Expense):		
Investment Income	92,599	162,117
Change In Investment In Joint Ventures	(183,652)	(94,881)
	<hr/>	<hr/>
Total Non-Operating Revenue (Expense)	(91,053)	67,236
	<hr/>	<hr/>
Change in Net Position	491,093	274,434
Net Position - Beginning	5,233,349	5,165,179
Return of Surplus	(219,366)	(206,264)
	<hr/>	<hr/>
Net Position - Ending	\$ 5,505,076	\$ 5,233,349
	<hr/> <hr/>	<hr/> <hr/>

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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Receipts From Regular Contributions	\$ 4,007,599	\$ 3,964,334
Receipts From Retrospective Premium Income	106,927	59,206
Receipts From Environmental JIF Dividend	96,366	83,264
Payments For Claim Payments	(1,498,242)	(1,915,671)
Payments For Insurance Premiums	(1,284,887)	(1,296,590)
Payments To Professionals and Suppliers	(746,311)	(652,359)
	<u>681,452</u>	<u>242,184</u>
Net Cash Flows Provided By Operating Activities		
Cash Flows From Investing Activities:		
Redemption of Investments	3,898,600	8,997,350
Purchase of Investments	-	(9,060,909)
Investment Income	106,408	117,552
	<u>4,005,008</u>	<u>53,993</u>
Net Cash Flows Provided By Investing Activities		
Cash Flows Used In Noncapital Financing Activities:		
Return of Surplus	(192,781)	(169,512)
	<u>4,493,679</u>	<u>126,665</u>
Net Increase In Cash And Cash Equivalents		
Cash And Cash Equivalents - Beginning	1,766,709	1,640,044
Cash And Cash Equivalents - Ending	<u>\$ 6,260,388</u>	<u>\$ 1,766,709</u>
Reconciliation of Operating Income To		
Cash Flows From Operating Activities:		
Operating Income	\$ 582,146	\$ 207,198
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	(104,009)	(371,607)
Excess Insurance Receivable	(112,424)	-
Prepaid Expenses	(218)	-
Increase (Decrease) In Liabilities:		
Accrued Administrative Expenses	12,003	530
Contributions Payable	5,159	750
Due to Residual Claims Fund	198,749	(155,490)
Surplus Trigger Assessment Due	72,938	39,633
Claims Reserves	4,108	498,170
	<u>\$ 681,452</u>	<u>\$ 242,184</u>
Net Cash Flows Provided By Operating Activities		
Supplemental Disclosure - Noncash Activity:		
Change In Unrealized Gain (Loss) On Investments Included In		
Investment Income (Loss)	\$ 2,894	\$ 23,752
Change In Investment In Joint Ventures	<u>\$ (183,652)</u>	<u>\$ (94,881)</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 2020, 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. 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.

**PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND**  
**NOTES TO FINANCIAL STATEMENTS**

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

**Component Unit (Cont'd)**

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.

**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.



**PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND**  
**NOTES TO FINANCIAL STATEMENTS**

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

**Cash, Cash Equivalents and Investments (Cont'd)**

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 the Fund of which the local unit is a part or within which the Fund 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, 2020. 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 Department 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 \$2,353,678 as of December 31, 2020, \$263,581 was insured while \$2,090,097 was collateralized under GUDPA.

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.

**Joint Cash Management and Investment Program**

During the year, the Fund participated in the Joint Management and Investment Program (the "JCMI"). The JCMI was formulated under P.L. 2018 Chapter 40 of the New Jersey Statutes, which allowed Joint Insurance Funds to pool their funds and broaden the investments that they are permitted to use. The JCMI is designed to insure the quality of investments in order to minimize risk to the JCMI's participants. The program is administered by the Municipal Excess Liability Joint Insurance Fund (the "MEL"). Deposits with the JCMI are not subject to custodial credit risk as defined above. As of December 31, 2020, the Fund's deposits with the JCMI was \$4,009,706.

**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 United States Treasury Notes and United States Treasury Bills of \$766,587 and \$4,660,020 as of December 31, 2020 and 2019, 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.

**PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 4: INVESTMENTS (CONT'D)**

**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.

**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, 2020 and 2019, 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>2020</u>	<u>2019</u>
US Treasury Bill	1.000%	03/26/20	AAA	\$ -	\$ 561,845
US Treasury Bill	1.000%	08/13/20	AAA	-	2,036,754
US Treasury Note	1.375%	05/31/20	AAA	-	249,708
US Treasury Note	1.625%	11/30/20	AAA	-	1,049,759
US Treasury Note	1.375%	01/31/21	AAA	250,228	249,308
US Treasury Note	1.250%	03/31/21	AAA	516,360	512,646
				\$ 766,587	\$ 4,660,020

**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, 2020 and 2019:

United States Treasury Notes and United States Treasury Bills of \$766,587 and \$4,660,020 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 2020 and 2019 for all open Fund years net of excess insurance recoveries:

	<u>2020</u>	<u>2019</u>
Total unpaid claim and claim adjustment expenses all Fund years - Beginning	<u>\$ 3,750,764</u>	<u>\$ 3,408,084</u>
Incurred claims and claims adjustment expenses:		
Provision for insured events of current fund year	1,782,434	1,921,039
Changes in provision for insured events of prior fund years	<u>(193,759)</u>	<u>337,312</u>
Total incurred claims and claims adjustment expenses all fund years	<u>1,588,675</u>	<u>2,258,351</u>
Payments (Net of Recoveries):		
Claims and claim adjustments expenses:		
Attributable to insured events of current fund year	312,578	576,665
Attributable to insured events of prior fund years	<u>1,073,240</u>	<u>1,339,006</u>
Total Payments all Fund years	<u>1,385,818</u>	<u>1,915,671</u>
Total unpaid claim and claim adjustment expenses all Fund years - Ending	<u>\$ 3,953,621</u>	<u>\$ 3,750,764</u>
Analysis Of Balance:		
Due to Residual Claims Fund	\$ 257,922	\$ 59,173
Net Reserves	<u>3,695,699</u>	<u>3,691,591</u>
	<u>\$ 3,953,621</u>	<u>\$ 3,750,764</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 Municipal Excess Liability Residual Claims Fund. 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, 2020, the estimated Retrospective Premium Recoverable was allocated as follows:

<u>Member</u>	<u>Total</u>	<u>Fund Year</u>					
		<u>2013</u>	<u>2014</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Evesham	\$ 297,876	\$ -	\$ 95,439	\$ 16,393	\$ -	\$ -	\$ 186,044
Maple Shade	104,386	-	-	-	104,386	-	-
Willingboro	355,132	-	-	-	25,518	273,658	55,956
	<u>\$ 757,394</u>	<u>\$ -</u>	<u>\$ 95,439</u>	<u>\$ 16,393</u>	<u>\$ 129,904</u>	<u>\$ 273,658</u>	<u>\$ 242,000</u>

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

<u>Member</u>	<u>Total</u>	<u>Fund Year</u>					
		<u>2013</u>	<u>2014</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</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>\$ -</u>	<u>\$ 177,361</u>	<u>\$ 273,658</u>	<u>\$ -</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 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. 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, 2020 and 2019, the Fund's share of net position in the Residual Fund, the MEL and the Environmental Fund is as follows:

	<u>2020</u>	<u>2019</u>
Residual Fund	\$ 155,512	\$ 160,610
MEL	887,910	1,083,433
Environmental Fund	704,920	687,951
	<u>\$ 1,748,342</u>	<u>\$ 1,931,994</u>

**Selected Financial Information**

Selected summarized financial information for the Residual Fund, the MEL and the Environmental Fund as of December 31, 2020 is as follows:

	<u>Residual Fund</u>	<u>MEL</u>	<u>Environmental Fund</u>
Total Assets	<u>\$ 113,821,785</u>	<u>\$ 85,601,144</u>	<u>\$ 34,453,325</u>
Total Liabilities	<u>\$ 101,181,048</u>	<u>\$ 69,349,487</u>	<u>\$ 12,275,343</u>
Net Position	<u>\$ 12,640,737</u>	<u>\$ 16,251,657</u>	<u>\$ 22,177,982</u>
Total Revenue	<u>\$ 28,628,559</u>	<u>\$ 52,502,391</u>	<u>\$ 4,765,059</u>
Total Expenses	<u>\$ 27,440,450</u>	<u>\$ 62,523,370</u>	<u>\$ 905,589</u>
Change in Net Position	<u>\$ 530,539</u>	<u>\$ (10,020,979)</u>	<u>\$ 1,359,470</u>
Distributions to Members	<u>\$ 657,570</u>	<u>\$ -</u>	<u>\$ 2,500,000</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, 2019 is as follows:

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

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, 2020 and 2019 were \$905,816 and \$885,054 respectively. As disclosed in Note 12, the Fund was also assessed a surplus trigger assessment during 2020. As disclosed in Note 3, the Fund participated in the Joint Cash Management and Investment Program during 2020.

Excess insurance premiums paid to the Environmental Fund were \$113,357 and \$115,716 for the years ended December 31, 2020 and 2019, respectively.

**PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 8: RELATED PARTY TRANSACTIONS (CONT'D)**

During 2020 and 2019, the Fund was assessed \$257,922 and \$59,173, respectively, for the transfer of fund year 2016 and 2015 liabilities to the Residual Fund. As disclosed in Note 12, the Fund was also assessed a surplus trigger assessment during 2020 and 2019.

**Note 9: RETURN OF SURPLUS**

During 2020, the Executive Committee approved a dividend distribution in the amount of \$219,366, representing \$100,00 paid from closed years, a pass through of E-JIF dividends of \$96,366, and \$23,000 of members' closed year surplus used to pay the 2011 fund year supplemental contributions as disclosed in note 10.

During 2019, the Executive Committee approved a dividend distribution in the amount 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 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.

As of December 31, 2020 and 2019, the allocated balance of the supplemental contribution was as follows:

<u>Member</u>	<u>2020</u>	<u>2019</u>
Evesham	\$ 29,993	\$ 35,992
Evesham Township Fire District	6,668	8,002
Maple Shade	15,157	18,189
Mooresrown	23,645	28,374
Willingboro	39,537	47,444
	<u>\$ 115,000</u>	<u>\$ 138,000</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 2020 and 2019, the Fund assessed its members \$49,771 and \$54,418, 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, 2020 and 2019.

**Note 12: SURPLUS TRIGGER ASSESSMENT DUE**

The Board of Fund Commissioners of the Municipal Excess Liability Residual Claims Fund and Municipal Excess Liability Joint Insurance Fund passed resolutions to amend their plans of risk management. After the end of the year and before the Residual Fund and MEL have finalized their year-end accounting, their Commissioners shall levy an additional supplementary assessment so that their statutory surplus for all fund years combined is no less than 12.5 percent of unpaid claims including IBNR. A supplementary assessment payable over 10 years becomes automatic if the statutory surplus falls below a trigger number thus guaranteeing that the MEL and Residual Fund will have the resources to pay claims.

**PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 12: SURPLUS TRIGGER ASSESSMENT DUE (CONT'D)**

For the years ended December 31, 2020 and 2019, supplemental assessments were due to the Residual Fund and MEL as follows:

	<u>2020</u>	<u>2019</u>
Residual Fund	\$ 54,322	\$ 39,633
MEL	58,249	
	\$ 112,571	\$ 39,633

**Note 13: SUBSEQUENT EVENTS**

**COVID-19 Pandemic**

While there are many issues that are increasing claims cost for New Jersey public entities, management is confident that the MEL and its affiliated JIFs are in an exceptionally strong position because of decades of conservative financial practices. Management continues to evaluate the impact of the COVID 19 pandemic on workers' compensation and has established a special COVID litigation reserve of \$5.5 million. Workers' compensation claims are also expected to increase because of recent changes in the public employee pension plans that will reduce the plans' contribution in total disability claims. Fortunately, MEL members are experiencing a lower rate of other employee accidents because of improved safety programs. Liability claims are increasing because of the recent change in the statute of limitations for sexual molestation lawsuits and the reluctance of the NJ Court System to grant summary judgements when Title 59 immunities should apply. Management also expects a sharp increase in excess and reinsurance premiums, especially for property insurance and cyber liability insurance. To mitigate these increases, the MEL is planning a rate adjustment beginning 2022.

**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, 2020 TO DECEMBER 31, 2020

	<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	\$ 79,539	\$ 943,630	\$ 135,988	\$ 2,591,607	\$ 3,750,764
Incurred claims and claims adjustment expenses:					
Provision for insured events of current fund year	94,353	380,312	50,770	1,256,999	1,782,434
Changes in provision for insured events of prior fund years	(17,905)	(135,747)	(14,792)	(25,315)	(193,759)
Total incurred claims and claims adjustment expenses all fund years	76,448	244,565	35,978	1,231,684	1,588,675
Payments:					
Claims and claims adjustment expenses:					
Attributable to insured events of current fund year	62,650	430	7,506	241,992	312,578
Attributable to insured events of prior fund years	49,332	284,958	60,541	678,409	1,073,240
Total payments all fund years	111,982	285,388	68,047	920,401	1,385,818
Total unpaid claim and claim adjustment expenses - Ending	\$ 44,005	\$ 902,807	\$ 103,919	\$ 2,902,890	\$ 3,953,621
Analysis Of Balance:					
Due to Residual Claims Fund				\$ 257,922	
Net Reserves					3,695,699
				\$ 3,953,621	



PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND  
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION  
AS OF DECEMBER 31, 2020

	Fund Year Ending December 31									
	<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>	<u>2020</u>
Net Earned Required Contribution and Investment Revenue:										
Earned	\$ 3,722,858	\$ 3,547,957	\$ 3,757,941	\$ 3,832,473	\$ 3,818,965	\$ 3,849,578	\$ 4,125,886	\$ 4,259,177	\$ 4,178,572	\$ 3,948,844
Ceded	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	1,357,607
	<u>2,607,408</u>	<u>2,399,102</u>	<u>2,591,955</u>	<u>2,612,567</u>	<u>2,537,232</u>	<u>2,612,950</u>	<u>2,884,100</u>	<u>2,963,332</u>	<u>2,844,347</u>	<u>2,591,237</u>
Unallocated Expenses	441,531	459,810	468,345	475,614	485,840	495,624	617,922	628,821	603,304	647,868
Estimated Claims and Expenses, End of Policy Year:										
Incurred	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	1,894,858
Ceded				40,154						112,424
Net Incurred	<u>1,845,000</u>	<u>1,366,999</u>	<u>1,589,000</u>	<u>2,780,100</u>	<u>1,922,501</u>	<u>1,451,999</u>	<u>1,885,198</u>	<u>1,918,381</u>	<u>1,921,039</u>	<u>1,782,434</u>
Paid (Cumulative) as of:										
End of Policy Year	686,780	345,597	549,689	1,011,194	437,333	278,969	416,273	332,779	576,665	312,578
One Year Later	1,200,941	594,608	976,989	1,199,226	722,232	592,472	775,210	886,993	1,065,256	
Two Years Later	1,593,703	775,739	1,263,049	1,418,481	926,140	769,384	1,085,997	1,098,879		
Three Years Later	1,879,099	1,153,842	1,383,390	1,665,986	1,027,902	997,250	1,396,029			
Four Years Later (A)	1,989,547	1,160,319	1,497,663	1,896,854	1,059,377	1,113,232				
Reestimated Ceded Claims and Expenses	281,954	214,056	205,960	267,160	59,173					
Reestimated Incurred Claims and Expenses:										
End of Policy Year	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	1,782,434
One Year Later	1,925,678	1,217,807	2,317,233	2,652,126	1,619,762	1,545,144	1,705,610	1,984,948	2,023,832	
Two Years Later	2,134,960	1,381,360	1,723,225	2,212,723	1,451,609	1,282,687	1,963,074	1,798,980		
Three Years Later	2,257,503	1,297,681	1,591,225	2,081,724	1,192,008	1,369,435	1,850,771			
Four Years Later (A)	<u>2,271,501</u>	<u>1,344,031</u>	<u>1,703,623</u>	<u>2,059,020</u>	<u>1,118,550</u>	<u>1,371,154</u>				
Increase (Decrease) in Estimated Incurred Claims and Expenses from End of Policy Year	\$ 426,501	\$ (22,968)	\$ 114,623	\$ (721,080)	\$ (803,951)	\$ (80,845)	\$ (34,427)	\$ (119,401)	\$ 102,793	\$ -

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

**PROFESSIONAL MUNICIPAL MANAGEMENT**  
**JOINT INSURANCE FUND**  
**SUPPLEMENTARY INFORMATION**



PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND  
STATEMENT OF HISTORICAL OPERATING RESULTS ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD APRIL 1, 1987 (DATE OF INCEPTION) TO DECEMBER 31, 2020

Underwriting Income:		
Regular Contributions	\$ 89,076,022	
Supplemental Contributions	255,000	
Retrospective Premium	985,310	
Residual Claims Fund Dividends	289,700	
MEL Dividend	112,811	
Environmental JIF Dividend	680,517	
Other Income	<u>6,363</u>	
 Total Underwriting Income		 \$ 91,405,723
Incurred Liabilities:		
Claims:		
Paid (Net of Recoveries)	35,988,741	
Case Reserves	1,942,055	
IBNR Reserves	1,753,644	
Residual Claims Fund Premium	<u>4,857,787</u>	
 Subtotal		 \$ 44,542,227
Less Excess Insurance:		
Received	104,860	
Receivable	112,424	
Recoverable	<u>-</u>	
 Subtotal		 <u>217,284</u>
 Total Limited Incurred Claims		 44,324,943
Expenses:		
Excess Insurance Premiums	25,052,204	
Administrative	<u>12,486,647</u>	
 Total Expenses		 <u>37,538,851</u>
 Total Incurred Liabilities		 <u>81,863,794</u>
Underwriting Surplus		9,541,929
Investment Income		5,319,362
Surplus Trigger Assessment		<u>(152,204)</u>
 Gross Statutory Surplus		 14,709,087
Return of Surplus:		
Paid	10,802,652	
Authorized and Unpaid	<u>149,701</u>	
 Total Return of Surplus		 <u>10,952,353</u>
 Net Statutory Surplus		 <u>\$ 3,756,734</u>

**PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND**  
**NOTES TO SUPPLEMENTARY INFORMATION**

**Note 1: RELATIONSHIP WITH BASIC FINANCIAL STATEMENTS**

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

	<u>2020</u>	<u>2019</u>
Total Assets - Comparative Statements of Net Position	\$ 9,763,437	\$ 9,172,168
Less Investment in Joint Ventures	<u>1,748,342</u>	<u>1,931,994</u>
Total Assets - Statutory Basis	<u>\$ 8,015,095</u>	<u>\$ 7,240,174</u>
Net Position - Comparative Statements of Net Position	\$ 5,505,076	\$ 5,233,349
Less Investment in Joint Ventures	<u>1,748,342</u>	<u>1,931,994</u>
Net Statutory Surplus	<u>\$ 3,756,734</u>	<u>\$ 3,301,355</u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2020 OPERATING RESULTS ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2020 TO DECEMBER 31, 2020

Underwriting Income:			
Regular Contributions		<u>\$ 3,929,669</u>	
Total Underwriting Income			\$ 3,929,669
Incurred Liabilities:			
Claims:			
Paid (Net of Recoveries)	\$ 312,578		
Case Reserves	386,600		
IBNR Reserves	<u>1,195,680</u>		
Subtotal		1,894,858	
Less Excess Insurance:			
Received	-		
Receivable	112,424		
Recoverable	<u>-</u>		
Subtotal		<u>112,424</u>	
Total Limited Incurred Claims		1,782,434	
Expenses:			
Excess Insurance Premiums	1,357,607		
Administrative	<u>647,868</u>		
Total Expenses		<u>2,005,475</u>	
Total Incurred Liabilities			<u>3,787,909</u>
Underwriting Surplus			141,760
Investment Income			<u>19,176</u>
Gross Statutory Surplus			160,936
Return of Surplus:			
Paid		-	
Authorized and Unpaid		<u>-</u>	
Total Return of Surplus			<u>-</u>
Net Statutory Surplus			<u><u>\$ 160,936</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, 2020

Underwriting Income:			
Regular Contributions	\$	3,884,167	
Retrospective Premium		<u>242,001</u>	
Total Underwriting Income			\$ 4,126,168
Incurred Liabilities:			
Claims:			
Paid (Net of Recoveries)	1,065,256		
Case Reserves	684,073		
IBNR Reserves		<u>274,503</u>	
Subtotal			\$ 2,023,832
Less Excess Insurance:			
Received	-		
Receivable	-		
Recoverable		<u>-</u>	
Subtotal			<u>-</u>
Total Limited Incurred Claims			2,023,832
Expenses:			
Excess Insurance Premiums	1,334,225		
Administrative		<u>603,304</u>	
Total Expenses			<u>1,937,529</u>
Total Incurred Liabilities			<u>3,961,361</u>
Underwriting Surplus			164,807
Investment Income			<u>52,404</u>
Gross Statutory Surplus			217,211
Return of Surplus:			
Paid		-	
Authorized and Unpaid		<u>-</u>	
Total Return of Surplus			<u>-</u>
Net Statutory Surplus			<u><u>\$ 217,211</u></u>

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, 2020

Underwriting Income:			
Regular Contributions	\$	3,906,787	
Retrospective Premium		<u>273,658</u>	
Total Underwriting Income			\$ 4,180,445
Incurred Liabilities:			
Claims:			
Paid (Net of Recoveries)	1,098,879		
Case Reserves	522,107		
IBNR Reserves		<u>177,994</u>	
Subtotal			\$ 1,798,980
Less Excess Insurance:			
Received	-		
Receivable	-		
Recoverable		<u>-</u>	
Subtotal			<u>-</u>
Total Limited Incurred Claims			1,798,980
Expenses:			
Excess Insurance Premiums	1,295,845		
Administrative		<u>628,821</u>	
Total Expenses			<u>1,924,666</u>
Total Incurred Liabilities			<u>3,723,646</u>
Underwriting Surplus			456,799
Investment Income			<u>78,733</u>
Gross Statutory Surplus			535,532
Return of Surplus:			
Paid		-	
Authorized and Unpaid		<u>-</u>	
Total Return of Surplus			<u>-</u>
Net Statutory Surplus			<u>\$ 535,532</u>



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, 2020

Underwriting Income:			
Regular Contributions	\$	3,922,740	
Retrospective Premium		<u>129,903</u>	
Total Underwriting Income			\$ 4,052,643
Incurred Liabilities:			
Claims:			
Paid (Net of Recoveries)	1,396,029		
Case Reserves	349,275		
IBNR Reserves		<u>105,467</u>	
Subtotal			\$ 1,850,771
Less Excess Insurance:			
Received	-		
Receivable	-		
Recoverable		<u>-</u>	
Subtotal			<u>-</u>
Total Limited Incurred Claims			1,850,771
Expenses:			
Excess Insurance Premiums	1,241,786		
Administrative		<u>617,922</u>	
Total Expenses			<u>1,859,708</u>
Total Incurred Liabilities			<u>3,710,479</u>
Underwriting Surplus			342,164
Investment Income			<u>73,243</u>
Gross Statutory Surplus			415,407
Return of Surplus:			
Paid		-	
Authorized and Unpaid		<u>-</u>	
Total Return of Surplus			<u>-</u>
Net Statutory Surplus			<u>\$ 415,407</u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2016 OPERATING RESULTS ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 30, 2020

Underwriting Income:			
Regular Contributions	\$	3,758,937	
Retrospective Premium		<u>16,393</u>	
Total Underwriting Income			\$ 3,775,330
Incurred Liabilities:			
Claims:			
Paid (Net of Recoveries)		1,113,232	
Residual Claims Fund Premium		<u>257,922</u>	
Subtotal			\$ 1,371,154
Less Excess Insurance:			
Received		-	
Receivable		-	
Recoverable		<u>-</u>	
Subtotal			<u>-</u>
Total Limited Incurred Claims			1,371,154
Expenses:			
Excess Insurance Premiums		1,236,628	
Administrative		<u>495,624</u>	
Total Expenses			<u>1,732,252</u>
Total Incurred Liabilities			<u>3,103,406</u>
Underwriting Surplus			671,924
Investment Income			74,247
Surplus Transfer to Closed Fund Year			<u>(746,171)</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, 2020

Underwriting Income:		
Regular Contributions	<u>\$    277,385</u>	
Underwriting Surplus		\$    277,385
Surplus Trigger Assessment		58,249
Investment Income		<u>11,564</u>
Net Statutory Surplus		<u><u>\$    230,700</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, 2020

Underwriting Income:		
Regular Contributions	\$ 69,396,337	
Supplemental Contributions	255,000	
Retrospective Premium	323,355	
Residual Claims Fund Dividends	289,700	
MEL Dividend	112,811	
Environmental JIF Dividend	680,517	
Other Income	<u>6,363</u>	
 Total Underwriting Income		 \$ 71,064,083
Incurred Liabilities:		
Claims:		
Paid (Net of Recoveries)	31,002,767	
Residual Claims Fund Premium	<u>4,599,865</u>	
 Subtotal		 \$ 35,602,632
Less Excess Insurance:		
Received	104,860	
Receivable	-	
Recoverable	<u>-</u>	
		<u>104,860</u>
 Total Limited Incurred Claims		 35,497,772
Expenses:		
Excess Insurance Premiums	18,586,113	
Administrative	<u>9,493,108</u>	
 Total Expenses		 <u>28,079,221</u>
 Total Incurred Liabilities		 <u>63,576,993</u>
Underwriting Surplus		7,487,090
Investment Income		5,009,995
Surplus Trigger Assessment		(93,955)
Transfer of Surplus From 2016 Fund Year		<u>746,171</u>
 Gross Statutory Surplus		 13,149,301
Return of Surplus:		
Paid	10,802,652	
Authorized and Unpaid	<u>149,701</u>	
 Total Return of Surplus		 <u>10,952,353</u>
 Net Statutory Surplus		 <u>\$ 2,196,948</u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2020 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2020 TO DECEMBER 31, 2020

	<u>Coverages and Other Accounts</u>							Public Officials & Employment Practices	Expense & Contingency	Total
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>Loss Contingency</u>	<u>Environmental JIF</u>	<u>MEL</u>			
Underwriting Income:										
Regular Contributions	\$ 469,901	\$ 376,171	\$ 47,021	\$ 1,257,000	\$ 62,715	\$ 113,357	\$ 613,316	\$ 332,033	\$ 658,155	\$ 3,929,669
Incurred Liabilities:										
Claims (Net of Recoveries)	94,353	380,312	50,770	1,256,999						1,782,434
Expenses	298,901					113,357	613,316	332,033	647,868	2,005,475
Total Liabilities	393,254	380,312	50,770	1,256,999	-	113,357	613,316	332,033	647,868	3,787,909
Underwriting Surplus (Deficit)	76,647	(4,141)	(3,749)	1	62,715	-	-	-	10,287	141,760
Adjustments:										
Investment Income	1,033	2,536	301	8,171	418	-	4,065	342	2,310	19,176
Transfers										-
Total Adjustments	1,033	2,536	301	8,171	418	-	4,065	342	2,310	19,176
Gross Statutory Surplus (Deficit)	77,680	(1,605)	(3,448)	8,172	63,133	-	4,065	342	12,597	160,936
Return of Surplus										
Net Statutory Surplus (Deficit)	\$ 77,680	\$ (1,605)	\$ (3,448)	\$ 8,172	\$ 63,133	\$ -	\$ 4,065	\$ 342	\$ 12,597	\$ 160,936

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, 2020

	<u>Coverages and Other Accounts</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>	<u>Public Officials &amp; Employment Practices</u>	<u>Expense &amp; Contingency</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
Retrospective Premium				242,001					242,001
Total Income	468,785	413,752	44,262	1,517,001	115,716	628,742	311,365	626,545	4,126,168
Incurred Liabilities:									
Claims (Net of Recoveries)	197,784	329,197	37,955	1,458,896					2,023,832
Expenses	278,785				115,716	628,747	310,977	603,304	1,937,529
Total Liabilities	476,569	329,197	37,955	1,458,896	115,716	628,747	310,977	603,304	3,961,361
Underwriting Surplus (Deficit)	(7,784)	84,555	6,307	58,105	-	(5)	388	23,241	164,807
Adjustments:									
Investment Income	2,109	11,466	1,072	26,451	232	5,075	305	5,694	52,404
Transfers									-
Total Adjustments	2,109	11,466	1,072	26,451	232	5,075	305	5,694	52,404
Gross Statutory Surplus (Deficit)	(5,675)	96,021	7,379	84,556	232	5,070	693	28,935	217,211
Return of Surplus									-
Net Statutory Surplus (Deficit)	\$ (5,675)	\$ 96,021	\$ 7,379	\$ 84,556	\$ 232	\$ 5,070	\$ 693	\$ 28,935	\$ 217,211

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, 2020

	<u>Coverages and Other Accounts</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>	<u>Public Officials &amp; Employment Practices</u>	<u>Expense &amp; Contingency</u>	
Underwriting Income:									
Regular Contributions	\$ 456,350	\$ 428,966	\$ 47,555	\$ 1,313,000	\$ 116,812	\$ 613,337	\$ 290,347	\$ 640,420	\$ 3,906,787
Retrospective Premium				273,658					273,658
Total Income	456,350	428,966	47,555	1,586,658	116,812	613,337	290,347	640,420	4,180,445
Incurred Liabilities:									
Claims (Net of Recoveries)	96,226	146,784	63,452	1,492,518					1,798,980
Expenses	275,350				116,812	613,337	290,346	628,821	1,924,666
Total Liabilities	371,576	146,784	63,452	1,492,518	116,812	613,337	290,346	628,821	3,723,646
Underwriting Surplus (Deficit)	84,774	282,182	(15,897)	94,140	-	-	1	11,599	456,799
Adjustments:									
Investment Income	5,399	20,975	2,004	42,340	96	3,801	125	3,993	78,733
Transfers									-
Total Adjustments	5,399	20,975	2,004	42,340	96	3,801	125	3,993	78,733
Gross Statutory Surplus (Deficit)	90,173	303,157	(13,893)	136,480	96	3,801	126	15,592	535,532
Return of Surplus									-
Net Statutory Surplus (Deficit)	\$ 90,173	\$ 303,157	\$ (13,893)	\$ 136,480	\$ 96	\$ 3,801	\$ 126	\$ 15,592	\$ 535,532

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, 2020

	<u>Coverages and Other Accounts</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>	<u>Public Officials &amp; Employment Practices</u>	<u>Expense &amp; Contingency</u>	
Underwriting Income:									
Regular Contributions	\$ 436,896	\$ 483,019	\$ 53,346	\$ 1,332,335	\$ 122,534	\$ 580,737	\$ 286,948	\$ 626,925	\$ 3,922,740
Retrospective Premium				129,903					129,903
Total Income	436,896	483,019	53,346	1,462,238	122,534	580,737	286,948	626,925	4,052,643
Incurred Liabilities:									
Claims (Net of Recoveries)	164,630	433,136	101,203	1,151,802					1,850,771
Expenses	251,567				122,534	580,737	286,948	617,922	1,859,708
Total Liabilities	416,197	433,136	101,203	1,151,802	122,534	580,737	286,948	617,922	3,710,479
Underwriting Surplus (Deficit)	20,699	49,883	(47,857)	310,436	-	-	-	9,003	342,164
Adjustments:									
Investment Income	1,375	22,323	1,378	44,206	119	1,474	63	2,305	73,243
Transfers									-
Total Adjustments	1,375	22,323	1,378	44,206	119	1,474	63	2,305	73,243
Gross Statutory Surplus (Deficit)	22,074	72,206	(46,479)	354,642	119	1,474	63	11,308	415,407
Return of Surplus									-
Net Statutory Surplus (Deficit)	\$ 22,074	\$ 72,206	\$ (46,479)	\$ 354,642	\$ 119	\$ 1,474	\$ 63	\$ 11,308	\$ 415,407



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, 2020

	<u>Coverages and Other Accounts</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>	<u>Public Officials &amp; Employment Practices</u>	<u>Expense &amp; Contingency</u>	
Underwriting Income:									
Regular Contributions	\$ 409,146	\$ 485,444	\$ 63,974	\$ 1,288,669	\$ 121,383	\$ 602,263	\$ 279,039	\$ 509,019	\$ 3,758,937
Retrospective Premium				16,393					16,393
Total Income	409,146	485,444	63,974	1,305,062	121,383	602,263	279,039	509,019	3,775,330
Incurred Liabilities:									
Claims (Net of Recoveries)	71,144	251,633	7,856	1,040,521					1,371,154
Expenses	233,941				121,383	602,263	279,041	495,624	1,732,252
Total Liabilities	305,085	251,633	7,856	1,040,521	121,383	602,263	279,041	495,624	3,103,406
Underwriting Surplus (Deficit)	104,061	233,811	56,118	264,541	-	-	(2)	13,395	671,924
Adjustments:									
Investment Income	5,653	22,052	3,184	36,766				6,592	74,247
Transfers									-
(Surplus) Deficit Transfer to Closed Fund Year	(109,714)	(255,863)	(59,302)	(301,307)			2	(19,987)	(746,171)
Total Adjustments	(104,061)	(233,811)	(56,118)	(264,541)	-	-	2	(13,395)	(671,924)
Gross Statutory Surplus	-	-	-	-	-	-	-	-	-
Return of Surplus									-
Net Statutory Surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2020 CLAIMS ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2020 TO DECEMBER 31, 2020

	<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)	\$ 62,650	\$ 430	\$ 7,506	\$ 241,992	\$ 312,578
Case Reserves	30,703	72,770	12,450	270,677	386,600
IBNR Reserves	1,000	307,112	30,814	856,754	1,195,680
Subtotal	<u>94,353</u>	<u>380,312</u>	<u>50,770</u>	<u>1,369,423</u>	<u>1,894,858</u>
Excess Insurance					
Received					-
Receivable				112,424	112,424
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,424</u>	<u>112,424</u>
Limited Incurred Claims	<u>\$ 94,353</u>	<u>\$ 380,312</u>	<u>\$ 50,770</u>	<u>\$ 1,256,999</u>	<u>\$ 1,782,434</u>
Number of Claims	<u>22</u>	<u>48</u>	<u>13</u>	<u>98</u>	<u>181</u>
Average Cost per Claim	<u>\$ 4,289</u>	<u>\$ 7,923</u>	<u>\$ 3,905</u>	<u>\$ 12,827</u>	<u>\$ 9,848</u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2019 CLAIMS ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2020

	<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)	\$ 190,481	\$ 75,155	\$ 11,760	\$ 787,860	\$ 1,065,256
Case Reserves	7,303	168,677		508,093	684,073
IBNR Reserves		85,365	26,195	162,943	274,503
Subtotal	<u>197,784</u>	<u>329,197</u>	<u>37,955</u>	<u>1,458,896</u>	<u>2,023,832</u>
Excess Insurance					
Received					-
Receivable					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Limited Incurred Claims	<u>\$ 197,784</u>	<u>\$ 329,197</u>	<u>\$ 37,955</u>	<u>\$ 1,458,896</u>	<u>\$ 2,023,832</u>
Number of Claims	<u>36</u>	<u>98</u>	<u>17</u>	<u>88</u>	<u>239</u>
Average Cost per Claim	<u>\$ 5,494</u>	<u>\$ 3,359</u>	<u>\$ 2,233</u>	<u>\$ 16,578</u>	<u>\$ 8,468</u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2018 CLAIMS ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2020

	<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)	\$ 91,226	\$ 39,858	\$ 28,992	\$ 938,803	\$ 1,098,879
Case Reserves	5,000	70,674	18,051	428,382	522,107
IBNR Reserves		36,252	16,409	125,333	177,994
Subtotal	<u>96,226</u>	<u>146,784</u>	<u>63,452</u>	<u>1,492,518</u>	<u>1,798,980</u>
Excess Insurance					
Received					-
Receivable					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Limited Incurred Claims	<u>\$ 96,226</u>	<u>\$ 146,784</u>	<u>\$ 63,452</u>	<u>\$ 1,492,518</u>	<u>\$ 1,798,980</u>
Number of Claims	<u>25</u>	<u>103</u>	<u>17</u>	<u>84</u>	<u>229</u>
Average Cost per Claim	<u>\$ 3,849</u>	<u>\$ 1,425</u>	<u>\$ 3,732</u>	<u>\$ 17,768</u>	<u>\$ 7,856</u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2017 CLAIMS ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2020

	<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	\$ 271,179	\$ 101,203	\$ 859,017	\$ 1,396,029
Case Reserves		127,020		222,255	349,275
IBNR Reserves		34,937		70,530	105,467
Subtotal	<u>164,630</u>	<u>433,136</u>	<u>101,203</u>	<u>1,151,802</u>	<u>1,850,771</u>
Excess Insurance					
Received					-
Receivable					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Limited Incurred Claims	<u>\$ 164,630</u>	<u>\$ 433,136</u>	<u>\$ 101,203</u>	<u>\$ 1,151,802</u>	<u>\$ 1,850,771</u>
Number of Claims	<u>24</u>	<u>81</u>	<u>19</u>	<u>67</u>	<u>191</u>
Average Cost per Claim	<u>\$ 6,860</u>	<u>\$ 5,347</u>	<u>\$ 5,326</u>	<u>\$ 17,191</u>	<u>\$ 9,690</u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2020 EXPENSE ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2020 TO DECEMBER 31, 2020

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
Excess Insurance Premiums			
Property Account-MEL	\$ 298,901		\$ 298,901
Municipal Excess Liability Fund	613,316		613,316
Environmental Account	113,357		113,357
Public Officials & Employment Practices	332,033		332,033
	<hr/>		
Subtotal Excess Insurance	1,357,607	-	1,357,607
	<hr/>		
Administrative Expenses:			
Actuary	40,078		40,078
Administrator	135,624		135,624
Attorney	21,076		21,076
Auditor	-	\$ 23,589	23,589
Claims Administrator	138,507		138,507
Internal Auditor	3,860		3,860
Litigation Management	17,953		17,953
Medical Management	86,511		86,511
Miscellaneous	24,622	173	24,795
Postage	58	47	105
Risk Management Consulting	77,189		77,189
Safety - Right to Know & Incentive	-	11,500	11,500
Safety Programs	42,768		42,768
Treasurer	18,218		18,218
Underwriter	6,095		6,095
	<hr/>		
Subtotal Administrative Expenses	612,559	35,309	647,868
	<hr/>		
Total Expenses	\$ 1,970,166	\$ 35,309	\$ 2,005,475
	<hr/> <hr/>		

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2019 EXPENSE ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2020

	<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	21,000		21,000
Claims Administrator	135,791		135,791
Environmental JIF Study			
Internal Auditor	4,295		4,295
Litigation Management	17,601		17,601
Medical Management	84,815		84,815
Miscellaneous	5,176		5,176
Postage	106		106
Risk Management Consulting	77,217		77,217
Safety - Right to Know & Incentive			
Safety Programs	40,547		40,547
Treasurer	17,861		17,861
Underwriter	5,976		5,976
	<hr/>		
Subtotal Administrative Expenses	603,304	-	603,304
	<hr/>		
Total Expenses	\$ 1,937,529	-	\$ 1,937,529
	<hr/> <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, 2020

	<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	6,281		6,281
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	628,821	-	628,821
	<hr/>		
Total Expenses	\$ 1,924,666	-	\$ 1,924,666
	<hr/> <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, 2020

	<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/> <hr/>		

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2020 PROGRAM SUMMARY--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2020 TO DECEMBER 31, 2020

	<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)	\$ 94,353	\$ 380,312	\$ 50,770	\$ 1,256,999
Administrative Expenses (1)	63,022	130,382	16,298	441,919
	<u>\$ 157,375</u>	<u>\$ 510,694</u>	<u>\$ 67,068</u>	<u>\$ 1,698,918</u>
Exposure Units	\$ 292,266,510 (Property Value)	117,024 (Population)	575 (Vehicles)	\$ 55,905,079 (Payroll)
Average Liability per Exposure Unit	\$0.54 (Per \$1,000)	\$4.36 (Per Capita)	\$116.64 (Per Vehicle)	\$30.39 (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 2019 PROGRAM SUMMARY--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2020

	<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)	\$ 197,784	\$ 329,197	\$ 37,955	\$ 1,458,896
Administrative Expenses (1)	63,324	129,806	13,886	400,004
	<u>\$ 261,108</u>	<u>\$ 459,003</u>	<u>\$ 51,841</u>	<u>\$ 1,858,900</u>
Exposure Units	\$ 286,390,859 (Property Value)	117,024 (Population)	583 (Vehicles)	\$ 54,182,873 (Payroll)
Average Liability per Exposure Unit	\$0.91 (Per \$1,000)	\$3.92 (Per Capita)	\$88.92 (Per Vehicle)	\$34.31 (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, 2020

	<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)	\$ 96,226	\$ 146,784	\$ 63,452	\$ 1,492,518
Administrative Expenses (1)	333,110	136,889	15,175	418,997
	<u>\$ 429,336</u>	<u>\$ 283,673</u>	<u>\$ 78,627</u>	<u>\$ 1,911,515</u>
Exposure Units	\$ 289,777,146 (Property Value)	117,024 (Population)	562 (Vehicles)	\$ 52,919,036 (Payroll)
Average Liability per Exposure Unit	\$1.48 (Per \$1,000)	\$2.42 (Per Capita)	\$139.91 (Per Vehicle)	\$36.12 (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, 2020

	<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	\$ 433,136	\$ 101,203	\$ 1,151,802
Administrative Expenses (1)	307,320	145,309	16,048	400,812
	<u>\$ 471,950</u>	<u>\$ 578,445</u>	<u>\$ 117,251</u>	<u>\$ 1,552,614</u>
Exposure Units	\$ 266,258,463 (Property Value)	117,024 (Population)	528 (Vehicles)	\$ 52,438,676 (Payroll)
Average Liability per Exposure Unit	\$1.77 (Per \$1,000)	\$4.94 (Per Capita)	\$222.07 (Per Vehicle)	\$29.61 (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, 2020

<u>Description</u>	<u>Amount</u>
Cash and Cash Equivalents:	
BNY Mellon:	
Joint Cash Management and Investment Program (JCMI)	\$ 4,009,706
Wilmington Trust Money Market	13,581
Investors Bank:	
Administrative and Expense Account	1,000
Claims Account	100,000
Operating Account	<u>2,136,104</u>
Total Cash and Cash Equivalents	6,260,391
Investments:	
Wilmington Trust Wealth Management	<u>766,587</u>
Total Cash, Cash Equivalents and Investments per Schedule A - Historical Balance Sheet--Statutory Basis	<u><u>\$ 7,026,978</u></u>
Total Cash, Cash Equivalents and Investments by Fund Year:	
2020	\$ 1,672,146
2019	933,304
2018	961,602
2017	739,937
Aggregate Excess Loss Fund Contingency	288,839
Closed Years	<u>2,431,150</u>
	<u><u>\$ 7,026,978</u></u>

PROFESSIONAL MUNICIPAL MANAGEMENT JOINT INSURANCE FUND  
SCHEDULE OF ACCRUED EXPENSES--STATUTORY BASIS  
AS OF DECEMBER 31, 2020

<u>Description</u>	<u>Fund Year</u>	<u>Amount</u>
Administrative Expenses:		
Auditor - Bowman & Company LLP	2020	\$ 23,589
Miscellaneous Expenses	2020	173
Postage	2020	47
Safety - Right to Know & Incentive	2020	<u>11,500</u>
Total Accrued Expenses per Schedule A - Historical Balance Sheet--Statutory Basis		<u>\$ 35,309</u>

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**



**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, and contracts 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