

**OCEAN COUNTY
MUNICIPAL JOINT INSURANCE FUND**

**Financial Statements
and Supplementary Schedules**

For the years ended December 31, 2016 and 2015

(With Independent Auditor's Report thereon)

OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND

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INDEPENDENT AUDITOR’S REPORT

To the Administrative Committee of
Ocean County Municipal Joint Insurance Fund:

Report on the Financial Statements

We have audited the accompanying financial statements of the Ocean County Municipal Joint Insurance Fund (“Fund”), which comprise of the comparative statements of net position as of December 31, 2016 and 2015, and the related comparative statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2016 and 2015 and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2017, on our consideration of the Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

HOLMAN FRENIA ALLISON, P.C.

Certified Public Accountants

Toms River, New Jersey
May 1, 2017



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

To the Administrative Committee of
Ocean County Municipal Joint Insurance Fund:

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 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 Ocean County Municipal Joint Insurance Fund ("Fund"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Ocean County Municipal Joint Insurance Fund's basic financial statements, and have issued our report thereon dated May 1, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ocean County Municipal Joint Insurance Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* 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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HOLMAN FRENIA ALLISON, P.C.
Certified Public Accountants

Toms River, New Jersey
May 1, 2017

REQUIRED SUPPLEMENTARY INFORMATION

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OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND

Management Discussion and Analysis

This section of the annual financial report of the Fund presents a discussion and analysis of the financial performance of the Fund for the year ended December 31, 2016 and 2015. Please read it in conjunction with the basic financial statements, the notes, and supplementary schedules that follow this section.

Overview of Basic Financial Statements

The 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 was to provide property and casualty insurance for municipalities and other public entities 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:

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

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

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

Financial Highlights

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

OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND

Management Discussion and Analysis

SUMMARY OF STATEMENT OF NET POSITION

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
ASSETS:				
Cash and Cash Equivalents, Investments and Accrued Interest Receivable	\$ 30,591,319	\$ 28,180,523	\$ 2,410,796	8.55%
Claims & Other Miscellaneous Receivables	<u>527,823</u>	<u>128,454</u>	<u>399,369</u>	310.90%
Total Assets	<u>31,119,142</u>	<u>28,308,977</u>	<u>2,810,165</u>	9.93%
LIABILITIES:				
Loss Reserves	17,687,665	16,563,130	1,124,535	6.79%
Other Liabilities and Reserves	<u>298,148</u>	<u>359,993</u>	<u>(61,845)</u>	-17.18%
Total Liabilities & Reserves	<u>17,985,813</u>	<u>16,923,123</u>	<u>1,062,690</u>	6.28%
UNRESTRICTED NET POSITION	<u><u>\$ 13,133,329</u></u>	<u><u>\$ 11,385,854</u></u>	<u><u>\$ 1,747,475</u></u>	15.35%

SUMMARY OF STATEMENT OF NET POSITION

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>	<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
ASSETS:				
Cash and Cash Equivalents, Investments and Accrued Interest Receivable	\$ 28,180,523	\$ 26,385,323	\$ 1,795,200	6.80%
Claims & Other Miscellaneous Receivables	<u>128,454</u>	<u>483,296</u>	<u>(354,842)</u>	-73.42%
Total Assets	<u>28,308,977</u>	<u>26,868,619</u>	<u>1,440,358</u>	5.36%
LIABILITIES:				
Loss Reserves	16,563,130	16,111,844	451,286	2.80%
Other Liabilities and Reserves	<u>359,993</u>	<u>347,766</u>	<u>12,227</u>	3.52%
Total Liabilities & Reserves	<u>16,923,123</u>	<u>16,459,610</u>	<u>463,513</u>	2.82%
UNRESTRICTED NET POSITION	<u><u>\$ 11,385,854</u></u>	<u><u>\$ 10,409,009</u></u>	<u><u>\$ 976,845</u></u>	9.38%

OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND

Management Discussion and Analysis

SUMMARY OF STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN NET POSITION

For the years ended December 31, 2016 and 2015

	2016	2015	Increase/ (Decrease)	Percent Change
Operating Revenues:				
Assessments and Other Income	\$ 19,841,524	\$ 20,035,008	\$ (193,484)	-0.97%
Excess Loss Contributions	477,052	-	477,052	100.00%
Expenses:				
Provision for Claims and Claim Adjustment Expense	7,095,750	8,391,169	(1,295,419)	-15.44%
Insurance premiums	8,281,402	7,411,303	870,099	11.74%
Administrative & Executive	2,486,032	2,493,399	(7,367)	-0.30%
Total Expenses	17,863,184	18,295,871	(432,687)	-2.36%
Operating Income	2,455,392	1,739,137	716,255	41.18%
Nonoperating Revenue/(Expenses):				
Interest/Dividend Income	368,999	217,252	151,747	69.85%
Return of Surplus	(1,076,916)	(980,544)	(96,372)	9.83%
Increase/(Decrease) in Net Position	\$ 1,747,475	\$ 975,845	\$ 771,630	79.07%

SUMMARY OF STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN NET POSITION

For the years ended December 31, 2015 and 2014

	2015	2014	Increase/ (Decrease)	Percent Change
Operating Revenues:				
Assessments and Other Income	\$ 20,035,008	\$ 19,732,661	\$ 302,347	1.53%
Expenses:				
Provision for Claims and Claim Adjustment Expense	8,391,169	7,729,502	661,667	8.56%
Insurance premiums	7,411,303	7,269,698	141,605	1.95%
Administrative & Executive	2,493,399	2,441,338	52,061	2.13%
Total Expenses	18,295,871	17,440,538	855,333	4.90%
Operating Income	1,739,137	2,292,123	(552,986)	-24.13%
Nonoperating Revenue/(Expenses):				
Interest/Dividend Income	217,252	271,133	(53,881)	-19.87%
Return of Surplus	(980,544)	(968,875)	(11,669)	1.20%
Increase/(Decrease) in Net Position	\$ 975,845	\$ 1,594,381	\$ (618,536)	-38.79%

OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND

Management Discussion and Analysis

The Ocean JIF's total assets increased by 9.93% and its total liabilities increased by 6.28%, resulting in a 15.35% increase in unrestricted net position.

The provision for claims and claims expense decreased by 15.44% reflecting decreased claims. Insurance premium costs, which are assessments to excess, environmental and residual joint insurance funds that assume risk on behalf of the Ocean JIF, increased by 11.74%.

In 2016 investment and dividend income increased 69.85% indicating gains in investments.

The Ocean JIF paid a dividend of \$1,000,000 in 2016 and \$900,000 in 2015.

The Ocean JIF's combined surplus for all years increased by \$1,747,618.

The future financial position of the Ocean JIF continues to be impacted by trends in medical costs which affect workers compensation costs. The Ocean JIF continues to attempt to offset these trends by reducing accident frequency and severity, and by streamlining claims processing and management.

BASIC FINANCIAL STATEMENTS

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**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
COMPARATIVE STATEMENT OF NET POSITION
DECEMBER 31, 2016 AND 2015**

ASSETS	2016	2015
Cash and Cash Equivalents	\$ 4,823,040	\$ 3,212,921
Investment	25,696,176	24,909,271
Accrued Interest Receivable	72,103	58,331
Claims & Other Miscellaneous Receivables	<u>527,823</u>	<u>128,454</u>
Total Assets	<u>31,119,142</u>	<u>28,308,977</u>
 LIABILITIES		
Accounts Payable	38,360	41,784
Other Liabilities	6,082	3
Unearned Contributions	8,945	25,863
Surplus Dividend Payable	244,761	292,343
Loss Reserves	<u>17,687,665</u>	<u>16,563,130</u>
Total Liabilities & Reserves	<u>17,985,813</u>	<u>16,923,123</u>
 NET POSITION		
Net Position	<u>13,133,329</u>	<u>11,385,854</u>
Total Net Position	<u>\$ 13,133,329</u>	<u>\$ 11,385,854</u>

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

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
Operating Revenues:		
Assessments - Member Contributions	\$ 19,841,524	\$ 20,035,008
Excess Loss Contributions	477,052	-
	20,318,576	20,035,008
Total Operating Revenues		
Expenses:		
Provision for Claims and Claim Adjustment Expense	7,095,750	8,391,169
Assessment for Participation in MEL Residual Claims Fund	2,184,553	1,371,324
Administrative & Executive	2,486,032	2,493,399
Excess Insurance Premiums	6,096,849	6,039,979
	17,863,184	18,295,871
Total Expenses		
Operating Income	2,455,392	1,739,137
Nonoperating Revenue/(Expenses):		
Investment Income	292,083	136,708
Dividend Income	76,916	80,544
Return of Surplus	(1,076,916)	(980,544)
	(707,917)	(763,292)
Total Nonoperating Revenue/(Expenses)		
Change in Net Position	1,747,475	975,845
Net Position, Beginning of Year	11,385,854	10,410,009
Net Position, End of Year	\$ 13,133,329	\$ 11,385,854

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

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Receipts From Member Contributions	\$ 19,919,207	\$ 20,390,850
Payment of Claims	(9,297,221)	(9,737,784)
Payment to Vendors	<u>(7,503,273)</u>	<u>(8,094,574)</u>
Net Cash Provided by Operating Activities	<u>3,118,713</u>	<u>2,558,492</u>
Cash Flows From Investing Activities:		
Net Change of Investment Securities	(786,905)	(918,208)
Interest & Investment Income	355,227	206,362
Return of Surplus	<u>(1,076,916)</u>	<u>(980,544)</u>
Net Cash Used by Investing Activities	<u>(1,508,594)</u>	<u>(1,692,390)</u>
Net Increase in Cash & Cash Equivalents	1,610,119	866,102
Cash and Cash Equivalents, Beginning of Period	<u>3,212,921</u>	<u>2,346,819</u>
Cash and Cash Equivalents, End of Period	<u>\$ 4,823,040</u>	<u>\$ 3,212,921</u>

**RECONCILIATION OF OPERATING INCOME/(LOSS) TO CASH PROVIDED/(USED)
BY OPERATING ACTIVITIES:**

Operating Income	\$ 2,455,392	\$ 1,739,137
Working Capital Changes Which Provided/(Used) by Cash:		
Claims and Other Miscellaneous Receivables	(399,369)	355,842
Accounts Payable	(51,006)	(12,482)
Other Liabilities	6,079	-
Unearned Contributions	(16,918)	24,709
Loss Reserves	<u>1,124,535</u>	<u>451,286</u>
Net Cash Provided by Operating Activities	<u>\$ 3,118,713</u>	<u>\$ 2,558,492</u>

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

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**OCEAN COUNTY
MUNICIPAL JOINT INSURANCE FUND**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Ocean County Municipal Joint Insurance Fund (the "Fund") was established on February 1, 1987, 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 of the New Jersey Statutes". The Fund is both an insured and self-administered group of municipalities established for the purpose of insuring against the following:

- a) Property Damage/Faithful Performance and Employee Dishonesty
- b) General Liability
- c) Automobile Liability
- d) Worker's Compensation and Employer's Liability
- e) Public Officials Liability/Employment Practices Liability (POL/EPL)

The participating municipalities are also members of the Municipal Excess Liability Joint Insurance Fund which provides excess insurance for each of the coverages noted above, except for excess property coverage and POL/EPL which is purchased by the Fund from a commercial carrier. On July 1, 1995, the Fund became a member of the New Jersey Environmental Risk Management Fund which provides coverage for environmental impairment liability.

A participating municipality must remain in the Fund for the full term of membership unless terminated by a majority vote of the Fund Commissioners or a two-thirds vote of the Executive Committee for nonpayment of assessments or continued noncompliance after written notice to comply with the by-laws or other obligations. Termination may occur after proper notice has been given. The Fund's membership consisted of 31 municipalities at December 31, 2016.

The Fund is administered by PERMA Risk Management Services of Parsippany, New Jersey. Fees paid to the Executive Director encompass all administrative duties which are performed at the Executive Director's office. Accordingly, the Fund does not maintain any fixed assets or incur any payroll expense.

Component Unit

The primary criterion for including activities within the Fund's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- ◆ the organization is legally separate (can sue or be sued in their own name)
- ◆ the Fund holds the corporate powers of the organization
- ◆ the Fund appoints a voting majority of the organization's board
- ◆ the Fund is able to impose its will on the organization
- ◆ the organization has the potential to impose a financial benefit/burden on the Fund
- ◆ there is a fiscal dependency by the organization on the Fund

OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Based on the aforementioned 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. 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.

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

Income Taxes

The Fund is a tax-exempt organization and is not subject to either federal or state income taxes. The Fund has a federal tax number for the purpose of reporting payments made to the providers of services.

Cash and Cash Equivalents

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

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

Additionally, the Fund has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection

OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents (continued)

Act. The Act was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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.

Investments

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

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.

Assessments

The exact terms and conditions of coverage are detailed in the Fund's Risk Management Plan. Assessments of the participating municipalities are determined by the actuary and certified by a vote of the Fund Commissioners. If the assets of the Fund were to be exhausted, Fund members would be subject to supplemental assessments in the event of such deficiencies.

Unpaid Claims Liabilities

The Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal

OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unpaid Claims Liabilities (continued)

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. The Fund does not discount estimated claim liabilities. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Loss Reserves:

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.

Claims Incurred But Not Reported (IBNR) Reserve

In order to recognize claims incurred but not reported, a reserve is calculated by the Fund's actuary, The Actuarial Advantage Inc. Case and IBNR Reserves represent the estimated liability on expected future development on 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, 2015. 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 and 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.

Reinsurance

The Fund uses reinsurance agreements to reduce its exposure to large losses. The Fund is liable for the self-insured retention level that it has contracted with member municipalities. Losses in excess of the Fund's self-insured retention are contractual liabilities of the Municipal Excess Liability Joint Insurance Fund. Reinsurance premiums are included in the individual municipalities' assessments for the Municipal Excess Liability Joint Insurance Fund.

The amount of risk retained by the Fund is as follows:

- (a) Property Damage - \$50,000, less standard member deductible per occurrence.

OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reinsurance (continued)

- (b) General Liability - \$300,000 per occurrence.
- (c) Automobile Liability - \$300,000 per occurrence and \$15,000/\$30,000 for underinsured/uninsured motorist.
- (d) Worker's Compensation/Employer's Liability - \$300,000 per occurrence.
- (e) Faithful Performance and Employee Dishonesty - \$50,000, less standard member deductible per occurrence.

Excess insurance coverage is provided to the Fund's member local units by their membership in the MEL as follows:

- (a) General Liability and Automobile Liability - \$1,450,000 per occurrence, excess the Fund's \$300,000 retention. For General Liability, the \$3,250,000 excess the \$1,750,000 layer is subject to a \$5,000,000 annual aggregate limit per member. Optional limits are available to members upon request.
- (b) Worker's Compensation/Employer's Liability - \$1,700,000 per occurrence, excess the Fund's \$300,000 retention for Employer's Liability/statutory for Worker's Compensation.
- (c) Employment Practices Liability - \$2,000,000 per member annual aggregate limit, subject to a \$20,000 member deductible per occurrence, \$75,000 deductible per occurrence for member local units with unfavorable loss experience and 20% coinsurance of the first \$250,000 of loss. Members without an approved EPL Loss Control/Risk Management Program are subject to a \$100,000 deductible per occurrence and 20% of \$2,000,000. Optional limits are available to members upon request.
- (d) Faithful Performance and Employee Dishonesty - \$950,000 per occurrence, excess the fund's \$50,000 retention.
- (e) Property - \$125,250,000 per occurrence, excess of JIF SIR of \$50,000 and MEL SIR of \$200,000.

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.

OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

Management of the Fund has made certain estimates and assumptions relating to the reporting of assets, liabilities and revenues and expenses to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results may differ from those estimates.

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.

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.

Subsequent Events

The Fund has evaluated subsequent events occurring after December 31, 2016 through the date of May 1, 2017, which is the date the financial statements were available to be issued.

NOTE 2: LOSS RESERVES

The liability for unpaid losses and loss adjustment expenses represent an estimate of the ultimate net cost of all losses and loss adjustment expenses incurred but not yet paid as of December 31, 2016. This estimate is based on the estimated ultimate cost of settling the claims considering the historical experience of the Fund, various other industry statistics, including the effects of inflation and other societal or economic factors, and the Fund's self-insured retention level. Management believes that the liability for unpaid losses is adequate to cover the ultimate cost of reported and unreported claims incurred but not yet paid. However, the ultimate cost may be more or less than the estimated liability. The unpaid losses are stated net of any estimated recoveries from excess insurance, salvage or subrogation. The Fund's actuary and servicing agent have estimated the following loss reserves at December 31, 2016:

OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2: LOSS RESERVES (continued)

	<u>Fund Year 2013</u>				
	Total	Property	General Liability	Automotive Liability	Workers' Compensation
Case Reserves	\$ 1,638,205	\$ 1	\$ 518,864	\$ 557,835	\$ 561,505
Losses Incurred But Not Reported ("IBNR")	555,703	-	22,837	30,000	502,866
Total	<u>\$ 2,193,908</u>	<u>\$ 1</u>	<u>\$ 541,701</u>	<u>\$ 587,835</u>	<u>\$ 1,064,371</u>
	<u>Fund Year 2014</u>				
	Total	Property	General Liability	Automotive Liability	Workers' Compensation
Case Reserves	\$ 2,123,099	\$ -	\$ 627,101	\$ 302,130	\$ 1,193,868
Losses Incurred But Not Reported ("IBNR")	1,021,997	-	186,529	58,186	777,282
Total	<u>\$ 3,145,096</u>	<u>\$ -</u>	<u>\$ 813,630</u>	<u>\$ 360,316</u>	<u>\$ 1,971,150</u>
	<u>Fund Year 2015</u>				
	Total	Property	General Liability	Automotive Liability	Workers' Compensation
Case Reserves	\$ 2,662,231	\$ 9,100	\$ 611,414	\$ 172,089	\$ 1,869,628
Losses Incurred But Not Reported ("IBNR")	2,287,253	(1,000)	500,591	527,103	1,260,559
Total	<u>\$ 4,949,484</u>	<u>\$ 8,100</u>	<u>\$ 1,112,005</u>	<u>\$ 699,192</u>	<u>\$ 3,130,187</u>
	<u>Fund Year 2016</u>				
	Total	Property	General Liability	Automotive Liability	Workers' Compensation
Case Reserves	\$ 3,156,533	\$ 106,152	\$ 708,013	\$ 118,227	\$ 2,224,141
Losses Incurred But Not Reported ("IBNR")	4,242,644	(5,000)	1,169,410	455,450	2,622,784
Total	<u>\$ 7,399,177</u>	<u>\$ 101,152</u>	<u>\$ 1,877,423</u>	<u>\$ 573,677</u>	<u>\$ 4,846,925</u>

OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2: LOSS RESERVES (continued)

	2016	2015
Case Reserves	\$ 3,156,533	\$ 2,662,231
Losses Incurred But Not Reported ("IBNR")	<u>4,242,644</u>	<u>2,287,253</u>
Total	<u>\$ 7,399,177</u>	<u>\$ 4,949,484</u>

The following represents changes in the aggregate reserves for the Fund:

	<u>2016</u>	<u>2015</u>
Unpaid Claims and Claim Adjustment Expenses, Beginning of Year	\$ 16,563,130	\$ 16,111,844
Incurred Claims and Claim Adjustment Expenses:		
Provision for Insured Events of the Current Period	9,867,179	8,475,000
Increases/(Decreases) in Provision for Insured Events of Prior Years	<u>(308,990)</u>	<u>4,330,649</u>
Total Incurred Claims and Claim Adjustment Expenses	<u>26,121,319</u>	<u>28,917,493</u>
Payments:		
Claims and Claim Adjustment Expenses Attributable to Insured Events for the Current Period	2,468,002	4,642,411
Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Years	<u>5,96,652</u>	<u>7,711,952</u>
Total Payments	<u>8,433,654</u>	<u>12,354,363</u>
Total Unpaid Claims and Claim Adjustment Expenses, End of Year	<u>\$ 17,687,665</u>	<u>\$ 16,563,130</u>

The Fund also maintains a contract for excess insurance for the Property Fund which covers losses in excess of an amount established between the Fund and the insurer up to the limits of coverage set forth in the insurance contract on a specific occurrence, or per accident or annual aggregate basis.

A contingent liability exists with respect to insurance coverage which would become an actual liability in the event the insuring company might be unable to meet its obligations to the Fund under existing insurance agreements.

OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 3: IMPREST ACCOUNT RECONCILIATION RESERVE

Paid claims, as shown in the financial statements, are as recorded by the Fund Treasurer, and were reduced by offsetting credits such as subrogation received by the Fund Treasurer. These net amounts, when compared with paid claim data submitted by the claims servicing agency, indicated differences that require reconciling. Such differences are included in the appropriate statements under the heading "Imprest Account Reconciliation Reserve". The following summarizes the differences to be reconciled by fund year:

	<u>2016</u>	<u>2015</u>
2012 Fund Year	\$ -	\$ (.55)
2013 Fund Year	(1.17)	(.96)
2014 Fund Year	(.11)	.50
2015 Fund Year	.20	(.22)
2016 Fund Year	<u>-</u>	<u>-</u>
Net Payable	<u>\$ (1.08)</u>	<u>\$ (1.23)</u>

NOTE 4: CASH AND CASH EQUIVALENTS

Custodial Credit Risk

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.

Deposits

All deposits of the Fund are insured through federal depository insurance coverage, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Fund's name. The carrying amount of the Fund's cash and cash equivalents at December 31, 2016 and 2015 were \$4,823,040 and \$3,212,924, respectively, and the bank balances were \$5,093,454 and \$3,778,176, respectively. Of the December 31, 2016 bank balance, \$250,000 was covered by federal depository insurance, and the remaining \$4,843,454 was covered under the unit certificate of eligibility as required by New Jersey statutes. Of the December 31, 2015 bank balance, \$250,000 was covered by federal depository insurance and \$3,528,176 was covered under the unit certificate of eligibility as required by New Jersey statutes.

OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 4: CASH AND CASH EQUIVALENTS (continued):

	2016	2015
Insured	\$ 250,000	\$ 250,000
Collateralized in the Fund's Name Under GUDPA	4,843,454	3,528,176
	<hr/>	<hr/>
Total	\$ 5,093,454	\$ 3,778,176
	<hr/>	<hr/>

NOTE 5: 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.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Fund does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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.

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 either in U.S. Treasury Notes or Mortgage Backed Securities.

In accordance with GASB 31, investments are stated at fair value. Investments at December 31, 2016 and 2015 consisted of FNMA, FHLB and FHLMC notes with a fair value of \$25,696,176 and \$24,909,271, respectively. All of the Fund's investments were in U.S. agencies, which carry the explicit guarantee of the U.S. government. The average maturity of the total portfolio was 3 years.

OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 6: MEMBERSHIP IN RESIDUAL CLAIMS FUND

The Fund is 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 from the fund years prior to January 1, 2009. The transfer of these loss reserves to the Residual Fund results in the closing of the pre-2009 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.

If the assets of the Residual Fund were to be exhausted, members would become jointly and severally liable for the Residual Fund's liabilities and be subject to supplemental assessments in the event of deficiencies. The Residual Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership for that fund year.

NOTE 7: TRANSFERS

An Intertrust Fund Transfer is a transfer of funds from one claim or loss retention fund account in a fiscal year to another account within the same fiscal year. An Interyear Fund Transfer is a transfer from a claim or loss retention trust account for a fiscal year, to a claim or loss retention trust account of similar risk of liability for a different fiscal year. All transfers must be approved by the Commissioners of the Departments of Community Affairs and Insurance.

NOTE 8: DIVIDEND DISTRIBUTION PAYABLE

Section B of N.J.A.C. 11:15-2.21 provides that a joint insurance fund may seek approval from the State of New Jersey Department of Insurance for refunds from any claim fund which has been completed for not less than twenty-four months.

On November 10, 2016, the Fund's Executive Committee authorized a \$1,000,000 dividend from the Closed Fund Year. The fund received distributions of net position from the New Jersey Environmental Risk Management fund of \$76,916 for the year ended December 31, 2016. The participating members offset their subsequent year assessments with the respective share of the distribution. The Dividend Payable balance at December 31, 2016 is \$244,761.

On October 8, 2015, the Fund's Executive Committee authorized a \$900,000 dividend from the Closed Fund Year. The fund received distributions of net position from the New Jersey Environmental Risk Management fund of \$80,544 for the year ended December 31, 2016. The participating members offset their subsequent year assessments with the respective share of the distribution. The Dividend Payable balance at December 31, 2015 is \$292,343.

OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 9: FUND EQUITY

The State of New Jersey has no statutory minimum fund equity requirements. The combined fund balance of all assessment years is \$13,133,329 and \$11,385,854 at December 31, 2016 and 2015, respectively.

SUPPLEMENTARY INFORMATION

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**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
RECONCILIATION OF CLAIMS LIABILITIES BY FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Property Fund	General Liability Fund	Automotive Fund	Workers' Compensation Fund	Total
Unpaid Claims and Claim Adjustment Expenses, Beginning of Year	\$ 100,711	\$ 4,375,917	\$ 1,611,736	\$ 10,474,766	\$ 16,563,130
Incurred Claims and Claim Adjustment Expenses: Provision for Insured Events of the Current Period	629,179	1,923,000	686,000	6,629,000	9,867,179
Increase/(Decrease) in Provision for Insured Events of Prior Years	485,279	(1,191,106)	381,233	15,604	(308,990)
Total Incurred Claims and Claim Adjustment Expenses	1,215,169	5,107,811	2,678,969	17,119,370	26,121,319
Payments:					
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Period	528,027	45,577	112,323	1,782,075	2,468,002
Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Years	577,889	717,475	345,626	4,324,662	5,965,652
Total Payments	1,105,916	763,052	457,949	6,106,737	8,433,654
Total Unpaid Claims and Claim Adjustment Expenses, End of Year	\$ 109,253	\$ 4,344,759	\$ 2,221,020	\$ 11,012,633	\$ 17,687,665

OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION

Fiscal Period Ended December 31, 2016 and Policy Period Ended December 31,

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Required Contribution and Investment Revenue:										
Earned	\$ 12,146,615	\$ 12,656,666	\$ 12,884,820	\$ 13,362,785	\$ 13,814,735	\$ 19,446,540	\$ 19,744,009	\$ 19,732,663	\$ 20,035,008	\$ 19,841,524
Ceded	2,227,701	1,793,221	2,390,031	2,091,842	3,761,507	314,208	-	-	-	-
Net Earned	14,374,316	14,449,887	15,274,851	15,454,627	17,576,242	19,760,748	19,744,009	19,732,663	20,035,008	19,841,524
Unallocated Expenses	2,057,474	2,190,926	2,293,879	2,354,605	2,366,297	2,366,297	2,459,656	5,587,975	2,497,766	2,456,378
Estimated Claims and Expenses, End of Policy Year:										
Incurred	8,990,000	10,405,000	9,280,000	10,445,000	7,779,203	11,280,563	8,761,283	8,788,716	9,370,563	9,867,179
Paid (cumulative) as of:										
End of Policy Year	2,399,138	2,717,198	3,048,274	2,991,042	2,781,745	2,781,745	2,798,383	2,665,214	2,719,926	2,468,002
One Year Later	3,949,470	5,362,544	5,099,313	5,147,148	4,467,937	4,467,937	4,606,510	4,642,411	4,421,079	-
Two Years Later	5,247,690	6,631,840	6,577,052	6,471,229	5,326,367	5,326,367	5,773,086	5,643,620	-	-
Three Years Later	6,925,330	7,792,618	8,373,509	8,399,582	6,407,879	6,407,879	6,567,374	-	-	-
Four Years Later	6,898,182	7,868,864	9,553,574	8,699,546	6,858,036	6,858,036	-	-	-	-
Five Years Later	6,898,182	7,868,864	9,553,574	8,699,546	6,858,036	-	-	-	-	-
Six Years Later	6,898,182	7,868,864	9,553,574	8,699,546	-	-	-	-	-	-
Seven Years Later	6,898,182	7,868,864	-	-	-	-	-	-	-	-
Eight Years Later	6,898,182	7,868,864	-	-	-	-	-	-	-	-
Nine Years Later	6,898,182	-	-	-	-	-	-	-	-	-
Re-estimated Ceded Claims and Expenses	2,227,701	1,793,221	2,390,031	2,091,842	3,761,507	314,208	-	-	-	-
Re-estimated Incurred Claims and Expenses:										
End of Policy Year	8,990,000	8,990,000	10,405,000	10,445,000	8,580,000	11,195,000	11,195,000	10,050,001	9,655,002	9,867,179
One Year Later	8,364,999	8,364,999	9,950,000	9,450,000	8,260,000	10,215,001	10,215,001	9,035,002	9,370,563	-
Two Years Later	8,859,120	8,859,120	9,801,564	9,457,000	7,662,941	10,570,001	10,570,001	8,788,716	-	-
Three Years Later	9,153,031	9,153,031	9,585,838	10,491,289	7,779,203	11,280,563	8,761,283	-	-	-
Four Years Later	6,898,182	6,898,182	9,553,574	10,445,000	7,779,203	11,280,563	-	-	-	-
Five Years Later	6,898,182	6,898,182	9,553,574	10,445,000	7,779,203	-	-	-	-	-
Six Years Later	6,898,182	6,898,182	9,553,574	10,445,000	-	-	-	-	-	-
Seven Years Later	6,898,182	6,898,182	7,868,864	-	-	-	-	-	-	-
Eight Years Later	6,898,182	6,898,182	-	-	-	-	-	-	-	-
Nine Years Later	6,898,182	-	-	-	-	-	-	-	-	-
Increase/(Decrease) in Estimated Incurred Claims and Expenses from End of Policy Year	\$ (2,091,818)	\$ (2,091,818)	\$ (2,536,136)	\$ -	\$ (800,797)	\$ 85,563	\$ (2,433,717)	\$ (1,261,285)	\$ (284,439)	\$ -

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
HISTORICAL OPERATING RESULTS ANALYSIS
FUND YEAR- CLOSED YEARS, 2013, 2014, 2015 AND 2016
FOR PERIOD JANUARY 1, 1987 - DECEMBER 31, 2016**

1. <u>Underwriting Income:</u>		
Regular Contributions (earned)	\$ 362,449,428	
Excess Loss Contributions (earned)	477,052	
Supplemental Contributions (earned)	1,000,000	
Dividend Income	1,562,385	
Other Income (except investments)	<u>47,458</u>	
 Total Income		 365,536,323
2. <u>Incurred Liabilities:</u>		
<u>Claims:</u>		
Paid	159,205,018	
Imprest Account Reconciliation (1)	1	
Case Reserves (1)	9,580,068	
IBNR Reserve (1)	<u>8,107,597</u>	
 Limited Incurred Claims (claims-excess)		 176,892,684
<u>Expenses:</u>		
Excess Insurance Premiums	91,957,251	
EPL Claims	55,198	
Residual Claims Fund Premium	31,029,842	
Administrative	<u>49,767,352</u>	
 Subtotal Expenses		 <u>172,809,643</u>
 Total Incurred Liabilities (limited claims and expenses)		 <u>349,702,327</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>		15,833,996
4. <u>Investment Income (Earned)</u>		<u>19,173,021</u>
5. <u>Gross Statutory Surplus/(Deficit) = 3+4</u>		35,007,017
6. <u>Return of Surplus:</u>		
Paid	21,628,927	
Authorized and Unpaid	<u>244,761</u>	
 Subtotal Return of Surplus		 <u>21,873,688</u>
7. <u>Fund Operating Position</u>		<u><u>\$ 13,133,329</u></u>

(1) Refer to Notes to Financial Statements

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
 HISTORICAL STATEMENT OF FINANCIAL POSITION
 FUND YEAR- CLOSED YEARS, 2013, 2014, 2015 AND 2016
 As of December 31, 2016**

1. <u>Assets:</u>		
Cash and Cash Equivalents (1)	\$	4,823,040
Investments (1)		25,696,176
 <u>Receivables (1):</u>		
Accrued Interest Receivable	\$ 72,103	
Excess Insurance	490,263	
Assessment	36,059	
Other Receivables	<u>1,501</u>	
 Total Receivables		 <u>599,926</u>
 Total Assets		 <u>31,119,142</u>
 2. <u>Liabilities:</u>		
<u>Claims:</u>		
Case Reserves (1)	9,580,068	
IBNR Reserve (1)	<u>8,107,597</u>	
 Subtotal Claims		 17,687,665
 <u>Expenses (Unpaid) (1):</u>		
Administrative	<u>38,360</u>	
 Subtotal Expenses		 38,360
 <u>Other Liabilities:</u>		
Prepaid Assessments	6,079	
Unearned contributions	8,945	
Imprest Account Reconciliation Reserve (1)	3	
Surplus Dividends Payable	<u>244,761</u>	
 Subtotal Other Liabilities		 <u>259,788</u>
 Total Liabilities		 <u>17,985,813</u>
 3. <u>Fund Operating Position</u>	 \$	 <u>13,133,329</u>

(1) Refer to Notes to Financial Statements

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR- CLOSED YEARS
FOR PERIOD FEBRUARY 1, 1987 - DECEMBER 31, 2016**

1. <u>Underwriting Income:</u>		
Regular Contributions (earned)	\$ 283,096,224	
Supplemental Contributions	1,000,000	
Dividend Income	1,562,385	
Other Income (except investments)	<u>47,458</u>	
 Total Income		 285,706,067
2. <u>Incurred Liabilities:</u>		
<u>Claims:</u>		
Paid	<u>140,104,943</u>	
 Limited Incurred Claims (claims - excess)		 140,104,943
<u>Expenses:</u>		
Excess Insurance Premiums	68,690,755	
EPL Claims	55,198	
Residual Claims Fund Premium	31,029,842	
Administrative	<u>39,894,562</u>	
 Subtotal Expenses		 <u>139,670,357</u>
 Total Incurred Liabilities (limited claims and expenses)		 <u>279,775,300</u>
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>		5,930,767
4. <u>Adjustments:</u>		
Investment/Dividend Income (Earned)		<u>18,777,326</u>
5. <u>Gross Statutory Surplus/(Deficit) = 3+4</u>		24,708,093
6. <u>Return of Surplus:</u>		
Paid	21,628,927	
Authorized and Unpaid	<u>244,761</u>	
 Subtotal Return of Surplus		 <u>21,873,688</u>
7. <u>Fund Operating Position</u>		<u>\$ 2,834,405</u>

(1) Refer to Notes to Financial Statements

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
 HISTORICAL FUND OPERATING RESULTS ANALYSIS
 FUND YEAR 2012
 FOR PERIOD JANUARY 1, 2012 - DECEMBER 31, 2016**

1. <u>Underwriting Income:</u>		
Regular Contributions (earned)	\$ 19,446,540	
Total Income		\$ 19,446,540
2. <u>Incurred Liabilities:</u>		
<u>Claims:</u>		
Paid	9,096,010	
Imprest Account Reconciliation (1)	-	
Case Reserves (1)	2,246,670	
IBNR Reserve (1)	(62,115)	
Limited Incurred Claims (claims - excess)		11,280,565
<u>Expenses:</u>		
Excess Insurance Premiums	5,596,783	
Administrative	2,398,167	
Subtotal Expenses		7,994,950
Total Incurred Liabilities (limited claims and expenses)		19,275,515
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>		171,025
4. <u>Adjustments:</u>		
Investment/Dividend Income (Earned)		143,183
Surplus Transfer to Closed Fund Year		(314,208)
5. <u>Gross Statutory Surplus/(Deficit) = 3+4</u>		-
6. <u>Return of Surplus:</u>		
Paid	-	
Authorized and Unpaid	-	
Subtotal Return of Surplus		-
7. <u>Fund Operating Position</u>		\$ -

(1) Refer to Notes to Financial Statements

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
 HISTORICAL FUND OPERATING RESULTS ANALYSIS
 OCEAN AGGREGATE EXCESS LOSS FUND CONTINGENCY
 FOR PERIOD JANUARY 1, 2016 - DECEMBER 31, 2016**

1. <u>Underwriting Income:</u>		
Excess Loss Contributions (earned)	\$ 477,052	
Total Income		\$ 477,052
2. <u>Incurred Liabilities:</u>		
<u>Claims:</u>		
Paid	-	
Limited Incurred Claims (claims - excess)		-
<u>Expenses:</u>		
Excess Insurance Premiums	-	
Administrative	-	
Subtotal Expenses		-
Total Incurred Liabilities (limited claims and expenses)		-
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>		477,052
4. <u>Adjustments:</u>		
Investment/Dividend Income (Earned)		947
5. <u>Gross Statutory Surplus/(Deficit) = 3+4</u>		477,999
6. <u>Return of Surplus:</u>		
Paid	-	
Subtotal Return of Surplus		-
7. <u>Fund Operating Position</u>		\$ 477,999

(1) Refer to Notes to Financial Statements

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
 FUND YEAR OPERATING RESULTS ANALYSIS
 FUND YEAR- 2013
 FOR PERIOD JANUARY 1, 2013 - DECEMBER 31, 2016**

1. <u>Underwriting Income:</u>		
Regular Contributions (earned)	\$ 19,744,009	
Total Income		19,744,009
2. <u>Incurred Liabilities:</u>		
<u>Claims:</u>		
Paid	6,567,374	
Imprest Account Reconciliation (1)	1	
Case Reserves (1)	1,638,205	
IBNR Reserve (1)	555,703	
Limited Incurred Claims (claims - excess)		8,761,283
<u>Expenses:</u>		
Excess Insurance Premiums	5,541,701	
Administrative	2,459,656	
Subtotal Expenses		8,001,357
Total Incurred Liabilities (limited claims and expenses)		16,762,640
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>		2,981,369
4. <u>Adjustments:</u>		
Investment/Dividend Income (Earned)		136,427
5. <u>Gross Statutory Surplus/(Deficit) = 3+4</u>		3,117,796
6. <u>Return of Surplus:</u>		
Paid	-	
Subtotal Return of Surplus		-
7. <u>Fund Operating Position</u>		\$ 3,117,796

(1) Refer to Notes to Financial Statements

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
 FUND YEAR OPERATING RESULTS ANALYSIS
 FUND YEAR- 2014
 FOR PERIOD JANUARY 1, 2014 - DECEMBER 31, 2016**

1. <u>Underwriting Income:</u>		
Regular Contributions (earned)	\$ 19,732,663	
Total Income		19,732,663
2. <u>Incurred Liabilities:</u>		
<u>Claims:</u>		
Paid	5,643,620	
Case Reserves (1)	2,123,099	
IBNR Reserve (1)	1,021,997	
Limited Incurred Claims (claims - excess)		8,788,716
<u>Expenses:</u>		
Excess Insurance Premiums	5,587,975	
Administrative	2,458,990	
Subtotal Expenses		8,046,965
Total Incurred Liabilities (limited claims and expenses)		16,835,681
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>		2,896,982
4. <u>Adjustments:</u>		
Investment/Dividend Income (Earned)		135,795
5. <u>Gross Statutory Surplus/(Deficit) = 3+4</u>		3,032,777
6. <u>Return of Surplus:</u>		
Paid	-	
Subtotal Return of Surplus		-
7. <u>Fund Operating Position</u>		\$ 3,032,777

(1) Refer to Notes to Financial Statements

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
 FUND YEAR OPERATING RESULTS ANALYSIS
 FUND YEAR- 2015
 FOR PERIOD JANUARY 1, 2015 - DECEMBER 31, 2016**

1. <u>Underwriting Income:</u>		
Regular Contributions (earned)	\$ 20,035,008	
Total Income		20,035,008
2. <u>Incurred Liabilities:</u>		
<u>Claims:</u>		
Paid	4,421,079	
Imprest Account Reconciliation (1)	-	
Case Reserves (1)	2,662,231	
IBNR Reserve (1)	2,287,253	
Limited Incurred Claims (claims - excess)		9,370,563
<u>Expenses:</u>		
Excess Insurance Premiums	6,039,979	
Administrative	2,497,766	
Subtotal Expenses		8,537,745
Total Incurred Liabilities (limited claims and expenses)		17,908,308
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>		2,126,700
4. <u>Adjustments:</u>		
Investment/Dividend Income (Earned)		85,379
5. <u>Gross Statutory Surplus/(Deficit) = 3+4</u>		2,212,079
6. <u>Return of Surplus:</u>		
Paid	-	
Subtotal Return of Surplus		-
7. <u>Fund Operating Position</u>		\$ 2,212,079

(1) Refer to Notes to Financial Statements

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
 FUND YEAR OPERATING RESULTS ANALYSIS
 FUND YEAR- 2016
 FOR PERIOD JANUARY 1, 2016 - DECEMBER 31, 2016**

1. <u>Underwriting Income:</u>		
Regular Contributions (earned)	\$ 19,841,524	
Total Income		19,841,524
2. <u>Incurred Liabilities:</u>		
<u>Claims:</u>		
Paid	2,468,002	
Imprest Account Reconciliation (1)	-	
Case Reserves (1)	3,156,533	
IBNR Reserve (1)	4,242,644	
Limited Incurred Claims (claims - excess)		9,867,179
<u>Expenses:</u>		
Excess Insurance Premiums	6,096,850	
Administrative	2,456,378	
Subtotal Expenses		8,553,228
Total Incurred Liabilities (limited claims and expenses)		18,420,407
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>		1,421,117
4. <u>Adjustments:</u>		
Investment/Dividend Income (Earned)		37,147
5. <u>Gross Statutory Surplus/(Deficit) = 3+4</u>		1,458,264
6. <u>Return of Surplus:</u>		
Paid	-	
Subtotal Return of Surplus		-
7. <u>Fund Operating Position</u>		\$ 1,458,264

(1) Refer to Notes to Financial Statements

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR- 2013
FOR PERIOD JANUARY 1, 2013 - DECEMBER 31, 2016**

	Coverages and Other Accounts							
	Property Fund	General Liability Fund	Automotive Liability Fund	Workers Compensation Fund	MEL/ Environmental Fund	General and Administrative Fund	Total	
<u>1. Underwriting Income:</u>								
Regular Contributions (earned)	\$ 719,786	\$ 2,134,224	\$ 517,130	\$ 8,239,827	\$ 5,511,661	\$ 2,621,381	\$ 19,744,009	
Total Income	719,786	2,134,224	517,130	8,239,827	5,511,661	2,621,381	19,744,009	
<u>2. Incurred Liabilities:</u>								
Claims (limited incurred) Expenses	602,972	1,276,999	931,311	5,950,000	-	-	8,761,283	
	19,129	-	-	-	5,522,572	2,459,656	8,001,357	
Total Incurred Liabilities	622,101	1,276,999	931,311	5,950,000	5,522,572	2,459,656	16,762,640	
<u>3. Underwriting Surplus/(Deficit)</u>	97,685	857,225	(414,181)	2,289,827	(10,911)	161,725	2,981,369	
<u>4. Adjustments:</u>								
Investment Income	1,648	32,612	6,271	83,216	7,950	4,730	136,427	
Total Adjustments	1,648	32,612	6,271	83,216	7,950	4,730	136,427	
<u>5. Gross Statutory Surplus</u>	99,333	889,837	(407,910)	2,373,043	(2,961)	166,455	3,117,796	
<u>6. Return of Surplus</u>	-	-	-	-	-	-	-	
<u>7. Fund Operating Position</u>	\$ 99,333	\$ 889,837	\$ (407,910)	\$ 2,373,043	\$ (2,961)	\$ 166,455	\$ 3,117,796	

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR- 2014
FOR PERIOD JANUARY 1, 2014 - DECEMBER 31, 2016**

	Coverages and Other Accounts							
	Property Fund	General Liability Fund	Automotive Liability Fund	Workers Compensation Fund	MEL/ Environmental Fund	General and Administrative Fund	Total	
<u>1. Underwriting Income:</u>								
Regular Contributions (earned)	\$ 774,849	\$ 2,157,344	\$ 551,686	\$ 8,031,787	\$ 5,557,335	\$ 2,659,662	\$ 19,732,663	
Total Income	774,849	2,157,344	551,686	8,031,787	5,557,335	2,659,662	19,732,663	
<u>2. Incurred Liabilities:</u>								
Claims (limited incurred) Expenses	631,716	1,222,000	510,000	6,425,000	-	-	8,788,716	
	19,732	-	-	-	5,568,243	2,458,990	8,046,965	
Total Incurred Liabilities	651,448	1,222,000	510,000	6,425,000	5,568,243	2,458,990	16,835,681	
<u>3. Underwriting Surplus/(Deficit)</u>	123,401	935,344	41,686	1,606,787	(10,908)	200,672	2,896,982	
<u>4. Adjustments:</u>								
Investment Income	1,169	31,824	7,320	82,317	7,961	5,204	135,795	
Total Adjustments	1,169	31,824	7,320	82,317	7,961	5,204	135,795	
<u>5. Gross Statutory Surplus</u>	124,570	967,168	49,006	1,689,104	(2,947)	205,876	3,032,777	
<u>6. Return of Surplus</u>	-	-	-	-	-	-	-	
<u>7. Fund Operating Position</u>	\$ 124,570	\$ 967,168	\$ 49,006	\$ 1,689,104	\$ (2,947)	\$ 205,876	\$ 3,032,777	

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR- 2015
FOR PERIOD JANUARY 1, 2015 - DECEMBER 31, 2016**

	Coverages and Other Accounts							Total
	Property Fund	General Liability Fund	Automotive Liability Fund	Workers Compensation Fund	MEL/ Environmental Fund	General and Administrative Fund		
<u>1. Underwriting Income:</u>								
Regular Contributions (earned)	\$ 844,410	\$ 2,114,040	\$ 606,202	\$ 7,841,000	\$ 4,526,590	\$ 4,102,766	\$ 20,035,008	
Total Income	844,410	2,114,040	606,202	7,841,000	4,526,590	4,102,766	20,035,008	
<u>2. Incurred Liabilities:</u>								
Claims (limited incurred) Expenses	590,564 20,410	1,302,000 -	1,077,999 -	6,400,000 -	- 6,019,569	- 2,497,766	9,370,563 8,537,745	
Total Incurred Liabilities	610,974	1,302,000	1,077,999	6,400,000	6,019,569	2,497,766	17,908,308	
<u>3. Underwriting Surplus/(Deficit)</u>	233,436	812,040	(471,797)	1,441,000	(1,492,979)	1,605,000	2,126,700	
<u>4. Adjustments:</u>								
Investment Income	3,390	21,003	2,826	52,837	715	4,608	85,379	
Total Adjustments	3,390	21,003	2,826	52,837	715	4,608	85,379	
<u>5. Gross Statutory Surplus</u>	236,826	833,043	(468,971)	1,493,837	(1,492,264)	1,609,608	2,212,079	
<u>6. Return of Surplus</u>	-	-	-	-	-	-	-	
<u>7. Fund Operating Position</u>	\$ 236,826	\$ 833,043	\$ (468,971)	\$ 1,493,837	\$ (1,492,264)	\$ 1,609,608	\$ 2,212,079	

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR- 2016
FOR PERIOD JANUARY 1, 2016 - DECEMBER 31, 2016**

	Property Fund	General Liability Fund	Automotive Liability Fund	Workers Compensation Fund	MEL/RCF/ Environmental Fund	General and Administrative Fund	POL/EPL	Total
Coverages and Other Accounts								
1. Underwriting Income:								
Regular Contributions (earned)	\$ 903,935	\$ 2,024,039	\$ 641,125	\$ 7,578,000	\$ 4,533,518	\$ 2,663,150	\$ 1,497,757	\$ 19,841,524
Total Income	903,935	2,024,039	641,125	7,578,000	4,533,518	2,663,150	1,497,757	19,841,524
2. Incurred Liabilities:								
Claims (limited incurred)	629,179	1,923,000	686,000	6,629,000	-	-	-	9,867,179
Expenses	20,524	43,750	-	-	4,533,518	2,456,378	1,499,058	8,553,228
Total Incurred Liabilities	649,703	1,966,750	686,000	6,629,000	4,533,518	2,456,378	1,499,058	18,420,407
3. Underwriting Surplus/(Deficit):	254,232	57,289	(44,875)	949,000	-	206,772	(1,301)	1,421,117
4. Adjustments:								
Investment Income	1,491	8,115	2,218	24,311	-	1,012	-	37,147
Total Adjustments	1,491	8,115	2,218	24,311	-	1,012	-	37,147
5. Gross Statutory Surplus	255,723	65,404	(42,657)	973,311	-	207,784	(1,301)	1,458,264
6. Return of Surplus	-	-	-	-	-	-	-	-
7. Fund Operating Position	\$ 255,723	\$ 65,404	\$ (42,657)	\$ 973,311	\$ -	\$ 207,784	\$ (1,301)	\$ 1,458,264

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
 FUND YEAR CLAIMS ANALYSIS
 FUND YEAR- 2013
 FOR PERIOD JANUARY 1, 2013 - DECEMBER 31, 2016**

	Coverages				Total
	Property	General Liability	Automotive Liability	Workers Compensation	
Paid Claims	\$ 602,971	\$ 735,298	\$ 343,476	\$ 4,885,629	\$ 6,567,374
Imprest Account	0.45	0.33	0.23	(0.05)	0.96
Case Reserves	1	518,864	557,835	561,505	1,638,205
IBNR Reserve	-	22,837	30,000	502,866	555,703
Incurred Claims	<u>\$ 602,972</u>	<u>\$ 1,276,999</u>	<u>\$ 931,311</u>	<u>\$ 5,950,000</u>	<u>\$ 8,761,283</u>
Number of Claims	177	315	134	628	1,254
Cost/Claim	\$ 3,407	\$ 4,054	\$ 6,950	\$ 9,475	\$ 6,987

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
 FUND YEAR CLAIMS ANALYSIS
 FUND YEAR- 2014
 FOR PERIOD JANUARY 1, 2014 - DECEMBER 31, 2016**

	Coverages				Total
	Property	General Liability	Automotive Liability	Workers Compensation	
Paid Claims	\$ 631,716	\$ 408,370	\$ 149,684	\$ 4,453,850	\$ 5,643,620
Imprest Account	-	-	-	-	-
Case Reserves	-	627,101	302,130	1,193,868	2,123,099
IBNR Reserve	-	186,529	58,186	777,282	1,021,997
Incurring Claims	\$ 631,716	\$ 1,222,000	\$ 510,000	\$ 6,425,000	\$ 8,788,716
Number of Claims	227	278	171	638	1,314
Cost/Claim	\$ 2,783	\$ 4,396	\$ 2,982	\$ 10,071	\$ 6,689

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
 FUND YEAR CLAIMS ANALYSIS
 FUND YEAR- 2015
 FOR PERIOD JANUARY 1, 2015 - DECEMBER 31, 2016**

	Coverages				Total
	Property	General Liability	Automotive Liability	Workers Compensation	
Paid Claims	\$ 582,464	\$ 189,995	\$ 378,807	\$ 3,269,813	\$ 4,421,079
Imprest Account	-	-	-	-	-
Case Reserves	9,100	611,414	172,089	1,869,628	2,662,231
IBNR Reserve	(1,000)	500,591	527,103	1,260,559	2,287,253
Incurring Claims	\$ 590,564	\$ 1,302,000	\$ 1,077,999	\$ 6,400,000	\$ 9,370,563
Number of Claims	196	308	172	587	1,263
Cost/Claim	\$ 3,013	\$ 4,227	\$ 6,267	\$ 10,903	\$ 7,419

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
 FUND YEAR CLAIMS ANALYSIS
 FUND YEAR- 2016
 FOR PERIOD JANUARY 1, 2016 - DECEMBER 31, 2016**

	Coverages				Total
	Property	General Liability	Automotive Liability	Workers Compensation	
Paid Claims	\$ 528,027	\$ 45,577	\$ 112,323	\$ 1,782,075	\$ 2,468,002
Imprest Account	-	-	-	-	-
Case Reserves	106,152	708,013	118,227	2,224,141	3,156,533
IBNR Reserve	(5,000)	1,169,410	455,450	2,622,784	4,242,644
Incurring Claims	\$ 629,179	\$ 1,923,000	\$ 686,000	\$ 6,629,000	\$ 9,867,179
Number of Claims	163	249	168	570	1,150
Cost/Claim	\$ 3,860	\$ 7,723	\$ 4,083	\$ 11,630	\$ 8,580

OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
FUND YEAR EXPENSE ANALYSIS
FUND YEAR- 2013
FOR PERIOD JANUARY 1, 2013 - DECEMBER 31, 2016

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
<u>Excess Insurance</u>			
Property Premiums	\$ 19,129	\$ -	\$ 19,129
MEL Premiums	3,746,910	-	3,746,910
RCF Premium	200,000	-	200,000
POL/EPL Premiums	1,117,161	-	1,117,161
Environmental Premiums	458,501	-	458,501
Excess Insurance Subtotal	<u>5,541,701</u>	<u>-</u>	<u>5,541,701</u>
<u>Administrative Expenses</u>			
Administrator	271,489	-	271,489
Police Accreditation	62,498	-	62,498
Claims Adjuster	650,258	-	650,258
Outside Adjuster Reimbursement	63,303	-	63,303
Managed Care	297,205	-	297,205
Safety	191,717	-	191,717
Right-to-Know Program	24,079	-	24,079
Legal	215,621	-	215,621
Treasurer	32,398	-	32,398
Actuary	41,844	-	41,844
Auditor	18,732	-	18,732
Risk Manager	566,292	-	566,292
Underwriter Fees	10,664	-	10,664
Other (itemize) *	13,556	-	13,556
Administrative Subtotal	<u>2,459,656</u>	<u>-</u>	<u>2,459,656</u>
Total Expenses	<u>\$ 8,001,357</u>	<u>\$ -</u>	<u>\$ 8,001,357</u>
* Postage	\$ 1,167	\$ -	\$ 1,167
* Miscellaneous	12,389	-	12,389
	<u>\$ 13,556</u>	<u>\$ -</u>	<u>\$ 13,556</u>

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
 FUND YEAR EXPENSE ANALYSIS
 FUND YEAR- 2014
 FOR PERIOD JANUARY 1, 2014 - DECEMBER 31, 2016**

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
<u>Excess Insurance</u>			
Property Premiums	\$ 19,732	\$ -	\$ 19,732
MEL Premiums	3,814,714	-	3,814,714
RCF Premium	30,000	-	30,000
POL/EPL Premiums	1,245,553	-	1,245,553
Environmental Premiums	477,976	-	477,976
Excess Insurance Subtotal	<u>5,587,975</u>	<u>-</u>	<u>5,587,975</u>
<u>Administrative Expenses</u>			
Administrator	276,919	-	276,919
Police Accreditation	40,000	-	40,000
Claims Adjuster	663,264	-	663,264
Outside Adjuster Reimbursement	64,569	-	64,569
Safety Engineer	206,442	-	206,442
Right-to-Know Program	16,837	-	16,837
Legal	193,838	-	193,838
Treasurer	33,046	-	33,046
Actuary	42,690	-	42,690
Auditor	19,107	-	19,107
Medical management	303,150	-	303,150
Risk Manager	576,672	-	576,672
Underwriter Fees	10,877	-	10,877
Other (itemize) *	11,579	-	11,579
Administrative Subtotal	<u>2,458,990</u>	<u>-</u>	<u>2,458,990</u>
Total Expenses	<u>\$ 8,046,965</u>	<u>\$ -</u>	<u>\$ 8,046,965</u>
* Postage	\$ 771	\$ -	\$ 771
* Miscellaneous	10,808	-	10,808
	<u>\$ 11,579</u>	<u>\$ -</u>	<u>\$ 11,579</u>

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
 FUND YEAR EXPENSE ANALYSIS
 FUND YEAR- 2015
 FOR PERIOD JANUARY 1, 2015 - DECEMBER 31, 2016**

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
<u>Excess Insurance</u>			
Property Premiums	\$ 20,410	\$ -	\$ 20,410
MEL Premiums	4,030,596	-	4,030,596
RCF Premium	30,000	-	30,000
POL/EPL Premiums	1,462,979	-	1,462,979
Environmental Premiums	495,994	-	495,994
Excess Insurance Subtotal	<u>6,039,979</u>	<u>-</u>	<u>6,039,979</u>
<u>Administrative Expenses</u>			
Administrator	282,456	-	282,456
Police Accreditation	60,000	-	60,000
Claims Adjuster	663,264	-	663,264
Outside Adjuster Reimbursement	64,569	-	64,569
Safety Engineer	213,027	-	213,027
Right to Know Program	20,752	-	20,752
Legal	207,705	-	207,705
Treasurer	33,708	-	33,708
Actuary	43,544	-	43,544
Auditor	19,489	-	19,489
Medical Management	278,291	-	278,291
Risk Manager	588,205	-	588,205
Underwriter Fees	11,095	-	11,095
Other (itemize) *	11,661	-	11,661
Administrative Subtotal	<u>2,497,766</u>	<u>-</u>	<u>2,497,766</u>
Total Expenses	<u>\$ 8,537,745</u>	<u>\$ -</u>	<u>\$ 8,537,745</u>
* Advertising	\$ 915	\$ -	\$ 915
* Postage	960	-	960
* Professional Services	6,604	-	6,604
* Printing	383	-	383
* Travel	2,799	-	2,799
* Miscellaneous	<u>\$ 11,661</u>	<u>\$ -</u>	<u>\$ 11,661</u>

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
 FUND YEAR EXPENSE ANALYSIS
 FUND YEAR- 2016
 FOR PERIOD JANUARY 1, 2016 - DECEMBER 31, 2016**

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
<u>Excess Insurance</u>			
Property Premiums	\$ 20,524	\$ -	\$ 20,524
General Liability Premiums	43,750	-	43,750
MEL Premiums	4,004,182	-	4,004,182
RCF Premium	30,000	-	30,000
POL/EPL Premiums	1,499,058	-	1,499,058
Environmental Premiums	499,336	-	499,336
Excess Insurance Subtotal	<u>6,096,850</u>	<u>-</u>	<u>6,096,850</u>
<u>Administrative Expenses</u>			
Administrator	676,529	-	676,529
Outside Adjuster Reimbursement	65,860	-	65,860
Safety	205,457	987	206,444
Executive Director	288,108	-	288,108
Legal	186,378	16,831	203,209
Treasurer	34,380	-	34,380
Actuary	44,415	-	44,415
Auditor	-	19,879	19,879
Medical Management	283,857	-	283,857
Risk Manager	599,968	-	599,968
Underwriter Fees	11,317	-	11,317
Other (itemize) *	21,749	663	22,412
Administrative Subtotal	<u>2,418,018</u>	<u>38,360</u>	<u>2,456,378</u>
Total Expenses	<u>\$ 8,514,868</u>	<u>\$ 38,360</u>	<u>\$ 8,553,228</u>
* Postage	\$ 443	\$ 154	\$ 790
* Miscellaneous	21,968	509	66,816
	<u>\$ 22,411</u>	<u>\$ 663</u>	<u>\$ 67,606</u>

OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
 PROGRAM SUMMARY
 FUND YEAR- 2016
 As of December 31, 2016

Coverages

	Property	General Liability	Automotive Liability	Workers Compensation	Environmenta	POL/EPL	Totals
Limits	\$125,000,000	\$5,000,000 Per Occurrence	\$5,000,000 Per Occurrence	Statutory	\$1,000,000 Third Party \$1,000,000 Public Officials \$ 500,000 Legal Services \$1,000,000 Underground Storage	\$2,000,000.00 QBE Insurance	
	Blanket Limit	Combined Single Limit	Combined Single Limit				
Fund Retention: Specific	\$ 50,000	\$ 300,000	\$ 300,000	\$ 300,000			
Excess Insurers	Zurich Insurance \$125,000,000 per occurrence-blanket limit in excess of JIF/MEL \$500,000, self-insured retentor	Municipal Excess Liability Insurance Fund provides \$1,450,000 in excess of \$300,000 for both liability and automotive, and \$1,700,000 in excess of \$300,000 for Worker's Compensation. General Reinsurance Co. provides \$3,250,000 in excess of \$1,750,000 for both liability and automotive; Safety National provides Statutory in excess of \$2,000,000 for Worker's Compensation and \$6,700,000 for Employers Liability. Munich ReAmerican offers optional excess liability.			\$8,000,000 Liberty Internationa	General Reinsurance offers optional excess limits	None Members have various deductible or co-insurance based on program compliance
Number of Participants	31	31	31	31	31	31	
Incurred Liabilities	\$ 615,000	\$ 1,025,000	\$ 190,000	\$ 3,600,000			\$5,450,000.00
Exposure Units (Population)	864,211,505 Property Values	480,440 Population	3,038 Vehicles	269,603,356 Payroll	480,440 Population	Full time Employees - 3,237 Population - 480,440	1,134,298,339
Liabilities/Unit	\$0.001	\$2.133	\$62.541	\$0.013			\$0.005

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
STATE REQUIRED SUPPORTING SCHEDULE - ANNUAL REPORT**

As of December 31, 2016

ANALYSIS OF CASH AND INVESTMENTS

<u>Bank</u>	<u>Amount</u>
Investors Bank	\$ 4,650,194
Investors Bank	<u>443,260</u>
Balance Per Bank	5,093,454
Less: Outstanding Checks	(270,414)
	<u>\$ 4,823,040</u>
Wilmington Trust (Investments):	
Investments	\$ 25,696,176
	<u>\$ 25,696,176</u>

SCHEDULE I

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
STATE REQUIRED SUPPORTING SCHEDULE - ANNUAL REPORT**

As of December 31, 2016

ANALYSIS OF ACCOUNTS PAYABLE

2016 ASSESSMENT YEAR

General and Administrative Fund:	
Legal	\$ 16,831
Advertising	266
Postage	154
Safety	987
Other	243
Auditor	<u>19,879</u>
Total	<u>\$ 38,360</u>

**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
STATE REQUIRED SUPPORTING SCHEDULE - ANNUAL REPORT**

As of December 31, 2016

ANALYSIS OF OTHER MISCELLANEOUS RECEIVABLES
AND OTHER LIABILITIES

IMPREST ACCOUNT RECONCILIATION RESERVE:

	<u>Receivable</u>		<u>Payable</u>		<u>Net</u>
2013 Fund Year	\$ -	\$	(1.17)	\$	(1.17)
2014 Fund Year	0.28		(0.39)		(0.11)
2015 Fund Year	0.59		(0.39)		0.20
2016 Fund Year	-		-		-
	<u>\$ 0.87</u>	\$	<u>(1.95)</u>	\$	<u>(1.08)</u>

CLAIMS AND OTHER MISCELLANEOUS RECEIVABLES:

Due From Point Pleasant	\$ 36,059
Closed Fund Year - Workers Comp (Deposit on Prescription Drug Plan)	1,500
Excess Insurance	490,263
Imprest Account Receivable	<u>1</u>
	<u>\$ 527,823</u>

OTHER LIABILITIES:

Imprest Account Reconciliation	\$ 2
Prepaid assessments	<u>6,080</u>
	<u>\$ 6,082</u>

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**OCEAN COUNTY
MUNICIPAL JOINT INSURANCE FUND**

**FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
YEAR ENDED DECEMBER 31, 2016**

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**OCEAN COUNTY MUNICIPAL JOINT INSURANCE FUND
COMMENTS AND RECOMMENDATIONS**

DECEMBER 31, 2016

None Noted