

MUNICIPAL EXCESS LIABILITY

RESIDUAL CLAIMS FUND

REPORT OF AUDIT

FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND

TABLE OF CONTENTS

Page

Independent Auditor's Report 1-3

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis 4-6

BASIC FINANCIAL STATEMENTS

Exhibit

A	Comparative Balance Sheet	7
B	Comparative Statement of Revenues, Expenses and Changes in Net Assets	8
C	Comparative Statement of Cash Flows	9
	Notes to Financial Statements	10-22

SUPPLEMENTARY DATA (Unaudited)

Department of Insurance - Supplementary Schedules

Annual Financial Statement for the Year Ended December 31, 2015 23

Schedule

A	Historical Operating Results Analysis - All Fund Years	24
B	Historical Balance Sheet - All Fund Years	25
C	Fund Year Operating Results Analysis - Closed Fund Year Account (Fund Years 1995-2004)	26
C	Fund Year Operating Results Analysis - Residual Legacy Account (Fund Years 1995-2004)	27
C	Fund Year Operating Results Analysis - Fund Year 2005	28
C	Fund Year Operating Results Analysis - Fund Year 2006	29
C	Fund Year Operating Results Analysis - Fund Year 2007	30
C	Fund Year Operating Results Analysis - Fund Year 2008	31
C	Fund Year Operating Results Analysis - Fund Year 2009	32
C	Fund Year Operating Results Analysis - Fund Year 2010	33
C	Fund Year Operating Results Analysis - Fund Year 2011	34
C	Fund Year Operating Results Analysis - Fund Year 2012	35
C	Fund Year Operating Results Analysis - Fund Year 2013	36
C	Fund Year Operating Results Analysis - Fund Year 2014	37
C	Fund Year Operating Results Analysis - Fund Year 2015	38

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND

TABLE OF CONTENTS

(continued)

<u>Schedule</u>		<u>Page</u>
D	Fund Year Account Operating Results Analysis - Residual Legacy Account (Fund Years 1995-2004)	39
D	Fund Year Account Operating Results Analysis - Fund Year 2005	40
D	Fund Year Account Operating Results Analysis - Fund Year 2006	41
D	Fund Year Account Operating Results Analysis - Fund Year 2007	42
D	Fund Year Account Operating Results Analysis - Fund Year 2008	43
D	Fund Year Account Operating Results Analysis - Fund Year 2009	44
D	Fund Year Account Operating Results Analysis - Fund Year 2010	45
D	Fund Year Account Operating Results Analysis - Fund Year 2011	46
D	Fund Year Account Operating Results Analysis - Fund Year 2012	47
D	Fund Year Account Operating Results Analysis - Fund Year 2013	48
D	Fund Year Account Operating Results Analysis - Fund Year 2014	49
D	Fund Year Account Operating Results Analysis - Fund Year 2015	50
E	Fund Year Claims Analysis - Residual Legacy Account (Fund Years 1995-2004)	51
E	Fund Year Claims Analysis - Fund Year 2005	52
E	Fund Year Claims Analysis - Fund Year 2006	53
E	Fund Year Claims Analysis - Fund Year 2007	54
E	Fund Year Claims Analysis - Fund Year 2008	55
E	Fund Year Claims Analysis - Fund Year 2009	56
E	Fund Year Claims Analysis - Fund Year 2010	57
E	Fund Year Claims Analysis - Fund Year 2011	58
E	Fund Year Claims Analysis - Fund Year 2012	59
E	Fund Year Claims Analysis - Fund Year 2013	60
E	Fund Year Claims Analysis - Fund Year 2014	61
E	Fund Year Claims Analysis - Fund Year 2015	62
F	Fund Year Expense Analysis - Fund Year 2005	63
F	Fund Year Expense Analysis - Fund Year 2006	64
F	Fund Year Expense Analysis - Fund Year 2007	65
F	Fund Year Expense Analysis - Fund Year 2008	66
F	Fund Year Expense Analysis - Fund Year 2009	67
F	Fund Year Expense Analysis - Fund Year 2010	68
F	Fund Year Expense Analysis - Fund Year 2011	69
F	Fund Year Expense Analysis - Fund Year 2012	70
F	Fund Year Expense Analysis - Fund Year 2013	71
F	Fund Year Expense Analysis - Fund Year 2014	72
F	Fund Year Expense Analysis - Fund Year 2015	73

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND

TABLE OF CONTENTS

(continued)

<u>Schedule</u>		<u>Page</u>
G	Program Summary	74
	Analysis of Cash and Investments	75
	Analysis of Assessments Receivable	75
	Analysis of Accrued Interest/Other Accounts Receivable	76
	Analysis of Administrative Expenses Payable	76
	Analysis of Miscellaneous Liabilities	76

REPORT PURSUANT TO GOVERNMENT AUDITING STANDARDS

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	77-78
Comments and Recommendations	79

Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkottz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Municipal Excess Liability
Residual Claims Fund
Parsippany, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Municipal Excess Liability Residual Claims Fund (the "Fund") as of December 31, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Departments of Community Affairs and Insurance, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the 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 financial position of the Municipal Excess Liability Residual Claims Fund as of December 31, 2015 and 2014, and the respective changes in financial position and 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 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 the 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.



Board of Commissioners
Municipal Excess Liability
Residual Claims Fund
Page 3.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprises the Municipal Excess Liability Residual Claims Fund's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements, but is presented as additional analytical data as required by the Departments of Community Affairs and Insurance, State of New Jersey.

The supplementary data schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2015 on our consideration of the Municipal Excess Liability Residual Claims Fund's internal control over financial reporting and on 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 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 Municipal Excess Liability Residual Claims Fund's internal control over financial reporting and compliance.

Very truly yours,

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

May 19, 2016



REQUIRED SUPPLEMENTARY INFORMATION

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS 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, 2015 and 2014. Please read it in conjunction with the basic financial statements that follow this section.

Overview of Basic Financial Statements

The Fund's basic financial statements are prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises where applicable. The primary purpose of the Fund is to provide a facility to member joint insurance funds so that residual claim liabilities may be extinguished by transfer thus allowing for fund year closure. 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 Statement of Net Position – This statement presents information reflecting the Fund's assets, liabilities, and net position. Net position represents the amount of total assets less total liabilities.

Comparative Statement 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 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, 2015 and 2014.

Summary of Statement of Net Position

	2015	2014	Change \$	Change %
Assets				
Cash, Cash Equivalents, Investments, and Interest Receivable	\$ 81,535,031	\$ 81,087,516	\$ 447,515	1%
Other Accounts Receivable	\$ 2,290,958	\$ 2,510,686	\$ (219,728)	-9%
Total Assets	<u>\$ 83,825,989</u>	<u>\$ 83,598,202</u>	<u>\$ 227,787</u>	<u>0.27%</u>
Liabilities and Fund Equity				
Liabilities				
Accounts Payable and Other Liabilities	\$ 2,241,482	\$ 2,339,676	\$ (98,194)	-4%
Fund Equity Dividends Payable	\$ 600,000	\$ 450,000	\$ 150,000	33%
Loss Reserves	\$ 78,109,282	\$ 76,461,492	\$ 1,647,790	2%
Total Liability	<u>\$ 80,950,764</u>	<u>\$ 79,251,168</u>	<u>\$ 1,699,596</u>	<u>2%</u>
Unrestricted Net Position	<u>\$ 2,875,225</u>	<u>\$ 4,347,034</u>	<u>\$ (1,471,809)</u>	<u>-34%</u>

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

	2015	2014	Change \$	Change %
Operating Revenue				
Assessments and Other Income	\$ 27,223,052	\$ 26,866,461	\$ 356,591	1%
Operating Expenses				
Net Claims and Claims Adjustment Expenses	\$ 28,091,816	\$ 27,346,285	\$ 745,531	3%
Professional, Claims, and Administrative Services	\$ 493,119	\$ 449,306	\$ 43,813	10%
Total Operating Expenses	\$ 28,584,935	\$ 27,795,591	\$ 789,344	3%
Operating Income/(Loss)	\$ (1,361,883)	\$ (929,130)	\$ (432,753)	-47%
Investment Income	\$ 490,074	\$ 588,435	\$ (98,361)	-17%
Return of Surplus	\$ 600,000	\$ 450,000	\$ 150,000	33%
Increase/(Decrease) In Net Position	<u>\$ (1,471,809)</u>	<u>\$ (790,695)</u>	<u>\$ (681,114)</u>	<u>-86%</u>

The Municipal Excess Liability Residual Claims Fund's (RCF) total assets increased by .27% during the reporting period. Cash and investments increased by 1%, while other accounts receivable decrease by 9%.

The RCF's total liabilities increased by 2% primarily due to a 2% increase in loss reserves. Consequently, net position decreased by 34%.

Assessments and other income increased 1%, reflecting an increased budget for claims. Net claims and claims adjustment expense increased by 3%.

Investment income decreased 17%. The RCF's combined surplus for all years was \$2,875,225 in 2015 compared to \$4,347,034 at the end of 2014, a decrease of \$1,471,809.

Economic Conditions

Workers compensation costs are impacted by inflationary medical costs. Additionally, workers compensation disability awards are rising faster than the rate of inflation in the economy. The RCF is adjusting to these conditions by attempting to effectively manage residual claims and by taking such trends into consideration in developing future assessments.

BASIC FINANCIAL STATEMENTS

Municipal Excess Liability Residual Claims Fund

Comparative Statement of Net Position

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>Restated 2014</u>
ASSETS		
Cash and Cash Equivalents	\$ 12,110,180	\$ 4,487,319
Investments	54,399,930	76,468,228
Assessments / Contributions Receivable	14,941,641	-
Other Accounts Receivable	2,290,958	2,510,686
Accrued Interest Receivable	83,280	131,969
	<u>83,825,989</u>	<u>83,598,202</u>
TOTAL ASSETS	\$ 83,825,989	\$ 83,598,202
 LIABILITIES AND RESERVES		
Accounts Payable	\$ 26,207	\$ 25,562
Other Liabilities	2,215,275	2,314,114
Fund Equity Dividends Payable	600,000	450,000
Loss Reserves	78,109,282	76,461,492
	<u>80,950,764</u>	<u>79,251,168</u>
TOTAL LIABILITIES AND RESERVES	80,950,764	79,251,168
 NET POSITION		
Unrestricted	<u>2,875,225</u>	<u>4,347,034</u>
TOTAL LIABILITIES, RESERVES AND NET POSITION	\$ 83,825,989	\$ 83,598,202

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

Municipal Excess Liability Residual Claims Fund

Comparative Statement of Revenues, Expenses and Changes in Net Position.

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>Restated 2014</u>
<u>Operating Revenue:</u>		
Assessments From Participating Joint Insurance Funds	\$ 27,223,052	\$ 26,866,461
Total Operating Revenue	<u>27,223,052</u>	<u>26,866,461</u>
 <u>Operating Expenses:</u>		
Provision for Claims and Claim Adjustment Expense	28,091,816	27,346,285
Professional Services	332,384	300,425
Claims Administration	55,796	54,702
Other Expenses - Administration	104,939	94,179
Total Operating Expenses	<u>28,584,935</u>	<u>27,795,591</u>
Operating Income/(Loss)	(1,361,883)	(929,130)
 Non-operating Revenue/Expenses:		
Investment Income	490,074	588,435
Return of Surplus	<u>(600,000)</u>	<u>(450,000)</u>
Change in Net Position	(1,471,809)	(790,695)
Total Net Position - January 1,	<u>4,347,034</u>	<u>5,137,729</u>
Total Net Position - December 31,	<u>\$ 2,875,225</u>	<u>\$ 4,347,034</u>

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

Municipal Excess Liability Residual Claims Fund

Comparative Statement of Cash Flows

Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Receipts from Member Contributions	\$ 12,281,411	\$ 27,907,633
Payment of Claims	(26,173,137)	(24,947,400)
Payments to Vendors	(492,474)	(448,788)
	<u>(14,384,200)</u>	<u>2,511,445</u>
Net Cash Provided (Used) by Operating Activities		
Cash Flows from Investing Activities:		
Purchase of Investments of Investment Securities	(54,399,930)	(76,468,228)
Proceeds from Maturity of Investment Securities	76,468,228	59,624,441
Investment Income	538,763	542,336
	<u>22,607,061</u>	<u>(16,301,451)</u>
Net Cash Provided (Used) by Investing Activities		
Cash Flows from Noncapital Financing Activities:		
Fund Equity Distribution to Participating Members	(600,000)	(450,000)
	<u>(600,000)</u>	<u>(450,000)</u>
Net Cash (Used) by Noncapital Financing Activities		
Net Increase (Decrease) in Cash	7,622,861	(14,240,006)
Cash and Cash Equivalents - January 1	<u>4,487,319</u>	<u>18,727,325</u>
Cash and Cash Equivalents - December 31	<u>\$ 12,110,180</u>	<u>\$ 4,487,319</u>
Reconciliation of Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (1,361,883)	\$ (5,186,130)
Adjustment to Reconcile Operating Income/ (Loss) to Net Cash Provided/(Used) by Operating Activities		
Changes in Assets and Liabilities:		
(Increase)/Decrease in Assessments Receivable	(14,941,641)	1,021,172
(Increase)/Decrease in Other Accounts Receivable	219,728	(947,993)
Increase/(Decrease) in Accounts Payable	645	518
Increase/(Decrease) in Other Liabilities	(98,839)	(36,609)
Increase/(Decrease) in Loss Reserves	1,647,790	7,610,487
	<u>(14,384,200)</u>	<u>2,511,445</u>
Net Cash Provided (Used) by Operating Activities		

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

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1: NATURE OF OPERATIONS

The Municipal Excess Liability Residual Claims Fund (“RCF”) commenced operations on December 1, 1995, 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 a risk sharing public entity risk pool that is a self administered group of Joint Insurance Funds.

The Municipal Excess Liability Residual Claims Fund was formed in order to assume the liabilities for the loss and allocated loss adjustment expenses of several New Jersey Municipal Joint Insurance Funds in order to permit them to close out older fund years. Currently, the JIF's cannot close out a fund year until all claims have been paid, a process that typically takes ten or more years. The transfer of these loss reserves to the Fund allows the member JIF's to close out these older fund years. The JIF's which have elected to be included in the Fund are listed below:

Atlantic County	Ocean County
Bergen County	Professional Municipal Management
Burlington County	South Bergen County
Camden County	Suburban Essex County
Monmouth County	Suburban Municipal
Morris County	Gloucester, Salem, Cumberland Counties
New Jersey Public Housing Authority	Municipal Excess Liability
New Jersey Utilities Authority	Central Jersey
Bergen Municipal Excess Liability	

The Municipal Excess Liability Residual Claims Fund has twelve fund years for insurance coverages. The Residual Legacy Account is for the closed fund years 1995 through 2004 for all outstanding liabilities, for the member JIFs fund years 1995 through 2004, as of December 31, 2014. The RCF's 2005 through 2015 fund years are the 2001 through 2011 fund years, respectively, for JIFs listed above.

The coverages involved include primary general liability, primary automobile liability, primary workers compensation, excess general liability, excess automobile liability, excess workers compensation, public officials liability and property.

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(continued)

NOTE 1: NATURE OF OPERATIONS, (continued)

A participating Joint Insurance Fund must remain in the Fund for the full term of membership unless earlier terminated by a majority vote of the Fund Commissioners or a two-thirds vote of the Executive Committee for nonpayment of assessments or continued non-compliance after written notice to comply with the bylaws or other obligations. Termination may occur only after proper notice has been given, in accordance with the Fund's bylaws. The Fund has 17 members at December 31, 2015, all of which are Joint Insurance Funds.

An application for new membership in the Fund may be approved by a majority vote of the Fund Commissioners or two-thirds vote of the full authorized membership of the Executive Committee based on the criteria established in the bylaws.

A Loss Contingency Fund has been established by budget appropriation to cover possible underassessment or overclaims in the Fund's residual risk coverage.

On September 2, 2015, the Board of Fund Commissioners passed a resolution to establish a Residual Legacy Account to transfer the outstanding liabilities (Case Reserves and IBNR) as of December 31, 2014 for fund years 1995 through 2004. In addition, all remaining assets for the fund years 1995 through 2004 shall be transferred to the Closed Fund Year Account.

The Executive Director/Administrator is responsible for the overall administration of the Fund. 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.

NOTE 1A: OTHER SERVICES

In addition to the above, the Fund is providing services to the Central Jersey Joint Insurance Fund. The Fund is processing the run-in claims associated with the unpaid liabilities for the Townships of Edison and Woodbridge workers' compensation, auto liability and general liability, public officials/employment practices liability and police professional liability claims incurred through 12:01 a.m. July 1, 1998. The Fund is to be reimbursed for all run-in claims as well as interest on any cash flow deficits and administrative or other expenses incurred by the Fund by the Townships of Edison and Woodbridge. As of December 31, 2015, the Central Jersey Joint Insurance Fund owed the Fund a total of \$74,470.

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(continued)

NOTE 1A: OTHER SERVICES, (continued)

Also, in addition to the above, the Fund is providing services to the Township of Brick. The Fund is processing the run-in claims associated with the unpaid liabilities for the Township of Brick workers' compensation, auto liability and general liability, public officials/employment practices liability and police professional liability claims incurred through 12:01 a.m. January 1, 1999. The Fund is to be reimbursed for all run-in claims as well as interest on any cash flow deficits and administrative or other expenses incurred by the Fund by the Township of Brick. As of December 31, 2015, the Township of Brick owed the Fund a total of \$30,478.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies followed by the Municipal Excess Liability Residual Claims Fund (the "Fund") in the preparation of the accompanying financial statements is set forth below:

Reporting Entity

Government Accounting Standards Board Publication Codification of Government Accounting and Financial Reporting Standards, Section 2100, "Defining Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government and financial accountability. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The Fund has determined that there were no additional entities required to be included in the reporting entity under the criteria as described above, in the current year. In addition, the Fund is not includable in any other reporting entity on the basis of such criteria.

Basis of Accounting

The accounting policies of the Fund conform to accounting principles generally accepted in the United States of America as applicable to government entities. The Fund utilizes the accrual basis of accounting whereby revenue is recorded as earned and expenses are reflected as the liability is incurred. The Fund utilizes total economic resources as their measurement focus. Operating revenue, such as charges for services, result from exchange transactions

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

associated with the principal activity of the Fund. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenue, such as subsidies and investment earnings, results from nonexchange transactions or ancillary activities. Nonexchange transactions, in which the Fund gives or receives value without directly receiving or giving equal value in exchange, generally do not occur, with the exception of investment earnings.

Cash and Investments

Cash and investments are stated at fair value, adjusted for amortization/accretion of premium or discount and are limited by N.J.S.A. 40A:5-15.1.

Income Taxes

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

Assessments

Assessments are computed annually by the Fund Actuary and Administrator and paid by the participating members in accordance with the Fund bylaws.

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 (IBNR). 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 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 discounts claim liabilities for financial reporting purposes. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Reinsurance

The Fund does not use reinsurance agreements to reduce its exposure to large losses. The Fund is liable for the self-insured retention level that it has contracted with the member Joint Insurance Funds. The Fund has established aggregate excess loss contingency funds instead of the purchase of aggregate reinsurance.

The Fund has elected not to allocate general and administrative expenses to prior fund years.

Management Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: LOSS RESERVES

The liability for unpaid losses and loss adjustment expenses represents an estimate of the ultimate net cost of all losses and loss adjustment expenses incurred but not yet paid as of December 31, 2015. This estimate is based on the estimated ultimate cost of settling the claims considering the historical experience of the member joint insurance funds, 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 recoveries from excess-loss insurance. The Fund has created a loss reserve for any reported and potential unreported losses which have taken place but in which the Fund has not received notices or reports of losses.

Loss reserves, at December 31, 2015 which have been estimated by the Fund's Actuary and Servicing Agencies, are as follows:

<u>Residual Legacy Account (1995-2004 Fund Years)</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	3,417,000			3,417,000
Losses Incurred but not Reported ("IBNR")	125,000			125,000
	<u>3,542,000</u>	<u>0</u>	<u>0</u>	<u>3,542,000</u>

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(continued)

NOTE 3: LOSS RESERVES, (continued)

<u>2005 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	1,144,716			1,144,716
Losses Incurred but not Reported ("IBNR")	<u>67,000</u>	<u>0</u>	<u>0</u>	<u>67,000</u>
	<u>1,211,716</u>	<u>0</u>	<u>0</u>	<u>1,211,716</u>
<u>2006 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	1,526,958		78,283	1,448,675
Losses Incurred but not Reported ("IBNR")	<u>126,000</u>	<u>0</u>	<u>78,283</u>	<u>126,000</u>
	<u>1,652,958</u>	<u>0</u>	<u>78,283</u>	<u>1,574,675</u>
<u>2007 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	2,836,155		25,180	2,810,975
Losses Incurred but not Reported ("IBNR")	<u>19,000</u>	<u>0</u>	<u>25,180</u>	<u>19,000</u>
	<u>2,855,155</u>	<u>0</u>	<u>25,180</u>	<u>2,829,975</u>
<u>2008 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	2,762,518		16,042	2,746,476
Losses Incurred but not Reported ("IBNR")	<u>109,000</u>	<u>0</u>	<u>10,000</u>	<u>99,000</u>
	<u>2,871,518</u>	<u>0</u>	<u>26,042</u>	<u>2,845,476</u>
<u>2009 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	2,105,371		32,648	2,072,723
Losses Incurred but not Reported ("IBNR")	<u>262,000</u>	<u>0</u>	<u>32,648</u>	<u>262,000</u>
	<u>2,367,371</u>	<u>0</u>	<u>32,648</u>	<u>2,334,723</u>
<u>2010 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	3,400,999		533,109	2,867,890
Losses Incurred but not Reported ("IBNR")	<u>142,000</u>	<u>0</u>	<u>28,000</u>	<u>114,000</u>
	<u>3,542,999</u>	<u>0</u>	<u>561,109</u>	<u>2,981,890</u>

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(continued)

NOTE 3: LOSS RESERVES, (continued)

<u>2011 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	6,025,957	1,000	66,617	5,958,340
Losses Incurred but not Reported ("IBNR")	<u>134,000</u>	<u> </u>	<u>82,000</u>	<u>52,000</u>
	<u>6,159,957</u>	<u>1,000</u>	<u>148,617</u>	<u>6,010,340</u>
<u>2012 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	11,017,676		2,662,355	8,355,321
Losses Incurred but not Reported ("IBNR")	<u>484,000</u>	<u> </u>	<u>100,000</u>	<u>384,000</u>
	<u>11,501,676</u>	<u>0</u>	<u>2,762,355</u>	<u>8,739,321</u>
<u>2013 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	7,564,153		496,445	7,067,708
Losses Incurred but not Reported ("IBNR")	<u>1,514,000</u>	<u> </u>	<u>474,000</u>	<u>1,040,000</u>
	<u>9,078,153</u>	<u>0</u>	<u>970,445</u>	<u>8,107,708</u>
<u>2014 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	10,984,440	7,700	3,302,904	7,673,836
Losses Incurred but not Reported ("IBNR")	<u>3,663,000</u>	<u> </u>	<u>865,000</u>	<u>2,798,000</u>
	<u>14,647,440</u>	<u>7,700</u>	<u>4,167,904</u>	<u>10,471,836</u>
<u>2015 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	14,446,339	12,500	2,959,651	11,474,188
Losses Incurred but not Reported ("IBNR")	<u>4,232,000</u>	<u> </u>	<u>2,185,000</u>	<u>2,047,000</u>
	<u>18,678,339</u>	<u>12,500</u>	<u>5,144,651</u>	<u>13,521,188</u>
<u>All Fund Years at December 31,</u>		<u>2015</u>	<u>2014</u>	
Case Reserves		67,232,282	64,584,881	
Losses Incurred but not Reported ("IBNR")		<u>10,877,000</u>	<u>11,876,611</u>	
Total Loss Reserves		<u>78,109,282</u>	<u>76,461,492</u>	

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(continued)

NOTE 3: LOSS RESERVES, (continued)

The following represents changes in the aggregate reserves for the Fund for the current and prior period:

	<u>2015</u>	<u>2014</u>
Unpaid Claims and claim adjustment expenses, beginning of year	76,461,492	73,108,005
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fund year	18,678,339	21,488,456
Increase/(Decrease) in provision for insured events of prior fund years	<u>9,413,477</u>	<u>5,857,829</u>
Total incurred claims and claim adjustment expenses	<u>28,091,816</u>	<u>27,346,285</u>
	104,553,308	<u>100,454,290</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fund year	4,453,627	5,033,186
Claims and claim adjustment expenses attributable to insured events of prior fund years	<u>21,990,399</u>	<u>18,959,612</u>
Total payments	<u>26,444,026</u>	<u>23,992,798</u>
Total unpaid claims and claim adjustment expenses, end of year	<u>78,109,282</u>	<u>76,461,492</u>

In accordance with the method allowed by GASB Statement No. 10, the Fund elected to discount its loss reserves. Fund believes that the discounting of loss reserves presents a more accurate presentation of the current loss reserves to be paid in future periods.

At December 31, 2015, \$82,482,282 of unpaid claims and claim adjustment expenses are presented at their net present value of \$78,109,282. These claims are discounted at an annual rate of 1.79%.

At December 31, 2014, \$80,718,492 of unpaid claims and claim adjustment expenses are presented at their net present value of \$76,461,492. These claims are discounted at an annual rate of 3%.

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(continued)

NOTE 3: LOSS RESERVES, (continued)

The Fund also maintains aggregate loss contingency funds in lieu of purchasing aggregate excess insurance or reinsurance which would cap its total exposure for residual claims incurred by the Fund during a fund year.

NOTE 4: CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2015, \$-0- of the Fund's bank balance of \$12,565,167 was exposed to custodial credit risk.

NOTE 5: INVESTMENTS

Investment Rate Risk

The Fund has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Fund places no limit on the amount the Fund may invest in any one issuer.

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(continued)

NOTE 5: INVESTMENTS, (continued)

Investments are recorded at fair value. Adjustments are made for any premium or discount, which is amortized over the maturity of the investment. All of the investments are held by the Fund's custodial bank trust department in the Fund's name and would be considered as Category 3 funds since the bank's trust department is also its agent in purchasing and selling the securities. Investments at December 31, 2015 consisted of the following:

	<u>Market Value/ Carrying Amount</u>	<u>Book Value Cost</u>
U.S. Treasury Notes	49,746,232	49,807,461
F.N.M.A.	3,511,080	3,500,132
Cash Income	22,500	22,500
F.H.L.M.C.	1,068,533	1,070,578
Advantage Treasury	<u>51,585</u>	<u>51,585</u>
	<u>54,399,930</u>	<u>54,452,256</u>

NOTE 6: FUND EQUITY DISTRIBUTION PAYABLE

During 2015, the Fund declared a distribution of fund equity of \$600,000 from the 2015 fund year administrative contingency reserve account. The distribution was approved by the State Department of Banking and Insurance. At December 31, 2015, the 2015 distribution was not disbursed to the members and could be utilized to offset 2016 assessments.

NOTE 7: NET POSITION

The State of New Jersey has no statutory minimum net position requirements.

The Fund had individual deficit accounts on a statutory basis of accounting as follows:

Residual Legacy Account (Fund Years 1995-2004) -	
Worker's Compensation	1,226,698
Fund Year 2005 - Property	13,632
Fund Year 2005 - Liability	2,283,979
Fund Year 2006 - Property	372,147
Fund Year 2006 - Liability	1,705,861
Fund Year 2006 - Worker's Compensation	3,468,638

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(continued)

NOTE 7: NET POSITION, (continued)

Fund Year 2007 - Property	35,903
Fund Year 2007 - Liability	2,657,002
Fund Year 2007 - Worker's Compensation	1,182,771
Fund Year 2008 - Property	264,493
Fund Year 2009 - Property	8,425
Fund Year 2010 - Liability	882,012
Fund Year 2011 - Property	122,227
Fund Year 2011 - Liability	61,264
Fund Year 2011 - Worker's Compensation	867,267
Fund Year 2012 - Property	64,976
Fund Year 2012 - Liability	2,846,250
Fund Year 2012 - Faithful Performance Bond	102,967
Fund Year 2013 - Worker's Compensation	1,087,117
Fund Year 2014 - Property	141,567
Fund Year 2014 - Worker's Compensation	2,483,347
Fund Year 2015 - Property	100,380
Fund Year 2015 - Loss Contingency Fund	366

The Fund has no current plans to assess the membership to eliminate this deficit balance.

NOTE 8: 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. During 2015, there were no Intertrust Fund Transfers.

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(continued)

NOTE 9: RELATED PARTY TRANSACTIONS

The Fund currently employs the Fund Attorney to manage public officials' liability and employment practices liability coverage, and are also one of four third party claims administrators. The contracts for each position are on an annual basis. The Fund incurred expenses of \$38,598 for legal work as the Fund Attorney at December 31, 2015. The Fund also incurred \$29,907 in expenses for third party claims administration of liability claims during 2015, of which \$0.00 was payable at year end.

NOTE 10: CONTINGENCIES

In the normal course of its operations, the Fund has a number of lawsuits filed by claimants in various stages. Although estimated loss reserves have been established by the Fund, a number of these cases may possibly be settled for amounts in excess of the Fund's loss reserves. No provision for these contingencies has been included in the financial statements since the amounts are not reasonably estimable.

NOTE 11: CURRENT YEAR CHANGES IN NET POSITION

The decrease in net position for the year ended December 31, 2015 was primarily due to the following:

1. The Workers' Compensation Supervisor uses a different reserve methodology that tends to place higher estimates on claims at an earlier point in maturity thus throwing off the historical IBNR patterns used by the actuary.
2. Adverse development in the MEL Liability and Workers' Compensation lines of coverage caused ultimate losses for RCF fund years through 2015 to increase.

The Fund is adjusting to these conditions by attempting to effectively manage residual claims and by taking such trends into consideration in developing future assessments.

NOTE 12: RELATIONSHIP WITH STATE SCHEDULES

The information in the Fund's financial statements differ from the State Schedules listed in the supplementary data section as Schedules A through F. Specifically, the Schedules present historical information from the inception of each fund year. In addition, the financial statements reflect the discounting of loss reserves at the financial statement date. The Supplementary Schedules do not reflect the discounting of loss reserves.

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015
(continued)

NOTE 13. RESTATEMENT OF PRIOR YEAR PROVISION FOR CLAIMS AND CLAIM ADJUSTMENT EXPENSE AND NET POSITION

In accordance with the method allowed by GASB Statement No. 10, the Fund elected to discount its reserves as of December 31, 2014 which resulted in the following changes:

Provision for claims and claim adjustment expense previously reported at 12/31/14	31,603,285
Discount of reserves at 12/31/14	<u>4,257,000</u>
Provision for claims and claim adjustment expense at 12/31/14, restated	<u>27,346,285</u>
Net Position previously reported at 12/31/14	90,034
Discount of reserves at 12/31/14	<u>4,257,000</u>
Net position at 12/31/14, restated	<u>4,347,034</u>

NOTE 14: SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through May 19, 2016, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

SUPPLEMENTARY DATA

ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

New Jersey Department of Insurance Joint Insurance Fund Code:

Joint Insurance Fund Name: Municipal Excess Liability Residual Claims Fund

Street Address/Mail Address: PERMA Risk Management Services
9 Campus Drive
Suite 16
Parsippany, New Jersey 07054-4412

Primary location of books and records: PERMA Risk Management Services,
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054-4412

Statement Contact Person: Pauline Kontomanolis Phone Number: (201) 881-7632

EXECUTIVE COMMITTEE

Chairman: David Matchett
Secretary: William Close

Brian Bigler Paul Shives
Tom Nolan Madeline Cook
William Cottman

EXECUTIVE COMMITTEE ALTERNATES

Richard Hirsch Robert Landolfi
Joseph Wolk Robert Law
Joseph Catenaro Paul Tomasko
James Gildea Gregory Franz
Scott Carew

State of New Jersey
County of Morris

David Matchett, Chairman, and William Close, Secretary, of the Municipal Excess Liability Residual Claims Fund being duly sworn, each for himself 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 last, all of the herein described assets were the absolute property of said joint insurance fund, free and clear from any liens or claims thereon, except as herein stated, and that this annual statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to are a full and true statements 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, 2015 and of its income and deductions therefrom for the year ended on that date, according to the best of their information, knowledge and belief respectively.

Chairman

Secretary

(a) Is this an original filing? X Yes ___ No

(b) If no,

(i) State the amendment number _____

(ii) Date filed _____

(iii) Number of pages attached _____

Subscribed and sworn to before me the
day of _____, 2016

Municipal Excess Liability Residual Claims Fund

Historical Balance Sheet

All fund Years

December 31, 2015
(unaudited)

1 . <u>Assets:</u>			
Cash and Investments	\$	<u>66,510,110</u>	\$ 66,510,110
<u>Receivables :</u>			
Assessments		14,941,641	
Other		<u>2,374,238</u>	
Total Receivables			17,315,879
Prepaid Expenses			
Other Assets			
<u>Total Assets</u>			<u>\$ 83,825,989</u>
2 . <u>Liabilities:</u>			
<u>Claims:</u>			
Case Reserves		71,604,282	
Less Excess Insurance Recoverable		-	
IBNR Reserve		<u>10,877,000</u>	
Subtotal Claims			82,481,282
<u>Expenses (unpaid)</u>			
Excess Insurance		-	
Administrative		<u>26,207</u>	
Subtotal Expenses			26,207
<u>Other Liabilities:</u>			
Unearned Contributions			
Authorized Return of Surplus		600,000	
Miscellaneous Liabilities		<u>2,215,275</u>	
Subtotal			<u>2,815,275</u>
<u>Total Liabilities</u>			<u>85,322,764</u>
<u>Net Current Surplus/(Deficit) = 1-2</u>			<u>\$ (1,496,775)</u>

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund
Fund Year Operating Results Analysis
Closed Fund Year Account - (Fund Years 1995-2004)

December 31, 2015
(unaudited)

1 .	<u>Underwriting Income:</u>		
	Regular Contributions (earned)	\$ 139,083,207	
	Supplemental Contributions		
	Other Income (except investments)		
	Total Income		\$ 139,083,207
2 .	<u>Incurred Liabilities:</u>		
	<u>Claims:</u>		
	Paid	131,259,845	
	Case Reserves		
	Imprest Account		
	IBNR Reserve		
	Subtotal		\$ 131,259,845
	Less Excess Insurance:		
	Received		
	Recoverable		
	Subtotal		-
	Limited Incurred Claims (claims-excess)		131,259,845
	<u>Expenses:</u>		
	Excess Insurance Premiums	500,000	
	Administrative	2,747,231	
	Subtotal Expenses		3,247,231
	Total Incurred Liabilities (limited claims and expenses)		134,507,076
3 .	<u>Underwriting Surplus/(Deficit) = 1-2</u>		4,576,131
4 .	<u>Investment Income (Earned)</u>		17,873,960
5 .	<u>Gross Operating Surplus/(Deficit) = 3+4</u>		22,450,091
6 .	<u>Return of Surplus:</u>		
	Paid	17,136,506	
	Authorized and Unpaid		
	Subtotal Return of Surplus		17,136,506
7 .	<u>Net Current Surplus/(Deficit) = 5-6</u>		\$ 5,313,585

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Residual Legacy Account (Fund Years - 1995-2004)

**December 31, 2015
(unaudited)**

1 . <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$		
Supplemental Contributions			
Other Income (except investments)			
Total Income		<hr/>	\$ -
2 . <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid	(2,525,341)		
Case Reserves	3,510,000		
Imprest Account	-		
IBNR Reserve	125,000		
Subtotal		<hr/>	\$ 1,109,659
Less Excess Insurance:			
Received	-		
Recoverable	-		
Subtotal		<hr/>	
Limited Incurred Claims (claims-excess)			<hr/> 1,109,659
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative			
Subtotal Expenses		<hr/>	-
Total Incurred Liabilities (limited claims and expenses)			<hr/> 1,109,659
3 . <u>Underwriting Surplus/(Deficit) = 1-2</u>			(1,109,659)
4 . <u>Investment Income (Earned)</u>			<hr/> 264
5 . <u>Gross Operating Surplus/(Deficit) = 3+4</u>			(1,109,395)
6 . <u>Return of Surplus:</u>			
Paid			
Authorized and Unpaid			
Subtotal Return of Surplus		<hr/>	-
7 . <u>Net Current Surplus/(Deficit) = 5-6</u>			<hr/> <hr/> \$ (1,109,395)

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2006

December 31, 2015
(unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	15,301,117	
Supplemental Contributions			
Other Income (except investments)			
Total Income			\$ 15,301,117
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		24,643,743	
Case Reserves		1,630,958	
Imprest Account		-	
IBNR Reserve		126,000	
Subtotal	\$		26,400,701
Less Excess Insurance:			
Received		6,083,278	
Recoverable		-	
Subtotal			6,083,278
Limited Incurred Claims (claims-excess)			20,317,423
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		323,486	
Subtotal Expenses			323,486
Total Incurred Liabilities (limited claims and expenses)			20,640,909
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			(5,339,792)
4. <u>Investment Income (Earned)</u>			764,747
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			(4,575,045)
6. <u>Return of Surplus:</u>			
Paid		340,000	
Authorized and Unpaid			
Subtotal Return of Surplus			340,000
7. <u>Net Current Surplus/(Deficit) = 5-6</u>	\$		<u>(4,915,045)</u>

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2008

December 31, 2015
(unaudited)

1 . <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	19,702,521	
Supplemental Contributions			
Other Income (except investments)			
Total Income			\$ 19,702,521
2 . <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		19,794,176	
Case Reserves		2,925,518	
Imprest Account		-	
IBNR Reserve		109,000	
Subtotal	\$		22,828,694
Less Excess Insurance:			
Received		3,429,318	
Recoverable		-	
Subtotal			3,429,318
Limited Incurred Claims (claims-excess)			19,399,376
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		334,914	
Subtotal Expenses			334,914
Total Incurred Liabilities (limited claims and expenses)			19,734,290
3 . <u>Underwriting Surplus/(Deficit) = 1-2</u>			(31,769)
4 . <u>Investment Income (Earned)</u>			667,560
5 . <u>Gross Operating Surplus/(Deficit) = 3+4</u>			635,791
6 . <u>Return of Surplus:</u>			
Paid		375,000	
Authorized and Unpaid			
Subtotal Return of Surplus			375,000
7 . <u>Net Current Surplus/(Deficit) = 5-6</u>	\$		260,791

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2009

December 31, 2015
(unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	23,081,541	
Supplemental Contributions			
Other Income (except investments)			
Total Income		<hr/>	\$ 23,081,541
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		19,398,081	
Case Reserves		2,241,371	
Imprest Account		-	
IBNR Reserve		262,000	
Subtotal		<hr/>	\$ 21,901,452
Less Excess Insurance:			
Received		3,086,070	
Recoverable		-	
Subtotal		<hr/>	3,086,070
Limited Incurred Claims (claims-excess)			<hr/> 18,815,382
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		344,890	
Subtotal Expenses		<hr/>	344,890
Total Incurred Liabilities (limited claims and expenses)			<hr/> 19,160,272
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			3,921,269
4. <u>Investment Income (Earned)</u>			<hr/> 510,846
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			4,432,115
6. <u>Return of Surplus:</u>			
Paid		380,000	
Authorized and Unpaid			
Subtotal Return of Surplus		<hr/>	<hr/> 380,000
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<hr/> <hr/> \$ 4,052,115

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2010

December 31, 2015
(unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	21,564,040	
Supplemental Contributions			
Other Income (except investments)			
Total Income		<hr/>	\$ 21,564,040
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		16,663,877	
Case Reserves		3,592,999	
Imprest Account		-	
IBNR Reserve		142,000	
Subtotal		<hr/>	\$ 20,398,876
Less Excess Insurance:			
Received		-	
Recoverable		-	
Subtotal		<hr/>	-
Limited Incurred Claims (claims-excess)			<hr/> 20,398,876
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		350,137	
Subtotal Expenses		<hr/>	350,137
Total Incurred Liabilities (limited claims and expenses)			<hr/> 20,749,013
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			815,027
4. <u>Investment Income (Earned)</u>			<hr/> 325,198
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			1,140,225
6. <u>Return of Surplus:</u>			
Paid		400,000	
Authorized and Unpaid			
Subtotal Return of Surplus		<hr/>	<hr/> 400,000
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			<hr/> <hr/> \$ 740,225

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2013

December 31, 2015

(unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	24,974,946	
Supplemental Contributions			
Other Income (except investments)			
Total Income			\$ 24,974,946
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		14,929,394	
Case Reserves		8,130,153	
Imprest Account		-	
IBNR Reserve		1,514,000	
Subtotal	\$		24,573,547
Less Excess Insurance:			
Received		-	
Recoverable		-	
Subtotal			-
Limited Incurred Claims (claims-excess)			24,573,547
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		432,269	
Subtotal Expenses			432,269
Total Incurred Liabilities (limited claims and expenses)			25,005,816
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			(30,870)
4. <u>Investment Income (Earned)</u>			213,887
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			183,017
6. <u>Return of Surplus:</u>			
Paid		400,000	
Authorized and Unpaid			
Subtotal Return of Surplus			400,000
7. <u>Net Current Surplus/(Deficit) = 5-6</u>	\$		<u>(216,983)</u>

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2014

December 31, 2015
(unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	26,866,461	
Supplemental Contributions			
Other Income (except investments)			
Total Income			\$ 26,866,461
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		10,534,493	
Case Reserves		11,805,440	
Imprest Account		-	
IBNR Reserve		3,663,000	
Subtotal	\$		26,002,933
Less Excess Insurance:			
Received		-	
Recoverable		-	
Subtotal			-
Limited Incurred Claims (claims-excess)			26,002,933
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		449,560	
Subtotal Expenses			449,560
Total Incurred Liabilities (limited claims and expenses)			26,452,493
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			413,968
4. <u>Investment Income (Earned)</u>			113,571
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			527,539
6. <u>Return of Surplus:</u>			
Paid		450,000	
Authorized and Unpaid			
Subtotal Return of Surplus			450,000
7. <u>Net Current Surplus/(Deficit) = 5-6</u>	\$		77,539

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund
 Fund Year Account Operating Results Analysis
 Residual Legacy Account (Fund Years - 1995-2004)

December 31, 2015
 (unaudited)

	Coverages and Other Accounts							Totals
	Property Fund	Faithful Perf. Bond Fund	Liability Fund	Worker's Compensation Fund	Loss Contingency Fund	General and Administrative Fund		
1 . Underwriting Income								
Regular Contributions (earned)								\$ -
Supplemental Contributions								
Other Income (except investments)								
Total Income	-	-	-	-	-	-	-	-
2 . Incurred Liabilities								
Claims (limited incurred)	(17,171)	(1,275)	(99,174)	1,227,279	-	-	-	1,109,659
Excess Insurance (Recovery) Expenses	-	-	-	-	-	-	-	-
Total Liabilities	(17,171)	(1,275)	(99,174)	1,227,279	-	-	-	1,109,659
3 . Underwriting Surplus/(Deficit)	17,171	1,275	99,174	(1,227,279)	-	-	-	(1,109,659)
4 . Adjustments								
Investment Income	2	-	(319)	581	-	-	-	264
Transfers	-	-	-	-	-	-	-	-
Total Adjustments	2	-	(319)	581	-	-	-	264
5 . Gross Operating Surplus/(Deficit)	17,173	1,275	98,855	(1,226,698)	-	-	-	(1,109,395)
6 . Return of Surplus								
7 . Net Current Surplus/(Deficit)	\$ 17,173	\$ 1,275	\$ 98,855	\$ (1,226,698)	\$ -	\$ -	\$ -	\$ (1,109,395)

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2005

December 31, 2015
(unaudited)

	Coverages and Other Accounts							Totals
	Property Fund	Faithful Perf. Bond Fund	Liability Fund	Worker's Compensation Fund	Loss Contingency Fund	General and Administrative Fund		
1 . Underwriting Income								
Regular Contributions (earned)	\$ 4,896	\$ -	\$ 3,630,264	\$ 8,012,798	\$ 500,000	\$ 670,000	\$ 12,817,958	
Supplemental Contributions	4,896	-	3,630,264	8,012,798	500,000	670,000	12,817,958	
Other Income (except investments)	18,924	-	5,959,707	7,992,030	-	-	13,970,661	
Total Income	18,924	-	5,959,707	7,992,030	-	312,087	312,087	
2 . Incurred Liabilities								
Claims (limited incurred)	-	-	-	-	-	-	-	
Excess Insurance (Recovery) Expenses	18,924	-	5,959,707	7,992,030	-	312,087	14,282,748	
Total Liabilities	(14,028)	-	(2,329,443)	20,768	500,000	357,913	(1,464,790)	
3 . Underwriting Surplus/(Deficit)								
4 . Adjustments								
Investment Income	396	-	45,464	890,210	91,055	6,633	1,033,758	
Transfers	-	-	-	-	-	-	-	
Total Adjustments	396	-	45,464	890,210	91,055	6,633	1,033,758	
5 . Gross Operating Surplus/(Deficit)	(13,632)	-	(2,283,979)	910,978	591,055	364,546	(431,032)	
6 . Return of Surplus	-	-	-	-	-	(335,000)	(335,000)	
7 . Net Current Surplus/(Deficit)	\$ (13,632)	\$ -	\$ (2,283,979)	\$ 910,978	\$ 591,055	\$ 29,546	\$ (766,032)	

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2006

December 31, 2015
(unaudited)

	Coverages and Other Accounts							Totals
	Property Fund	Faithful Perf. Bond Fund	Liability Fund	Worker's Compensation Fund	Loss Contingency Fund	General and Administrative Fund		
1 . Underwriting Income	\$ 19,165	\$ 22,249	\$ 5,397,487	\$ 8,687,216	\$ 500,000	\$ 675,000	\$ 15,301,117	
Regular Contributions (earned)								
Supplemental Contributions	19,165	22,249	5,397,487	8,687,216	500,000	675,000	15,301,117	
Other Income (except investments)							-	
Total Income								
2 . Incurred Liabilities	391,312	-	7,209,369	12,716,742	-	-	20,317,423	
Claims (limited incurred)								
Excess Insurance (Recovery) Expenses	-	-	-	-	-	323,486	323,486	
Total Liabilities	391,312	-	7,209,369	12,716,742	-	323,486	20,640,909	
3 . Underwriting Surplus/(Deficit)	(372,147)	22,249	(1,811,882)	(4,029,526)	500,000	351,514	(5,339,792)	
4 . Adjustments								
Investment Income	-	2,962	106,021	560,888	68,836	26,040	764,747	
Transfers	-	-	-	-	-	-	-	
Total Adjustments	-	2,962	106,021	560,888	68,836	26,040	764,747	
5 . Gross Operating Surplus/(Deficit)	(372,147)	25,211	(1,705,861)	(3,468,638)	568,836	377,554	(4,575,045)	
6 . Return of Surplus	-	-	-	-	-	(340,000)	(340,000)	
7 . Net Current Surplus/(Deficit)	\$ (372,147)	\$ 25,211	\$ (1,705,861)	\$ (3,468,638)	\$ 568,836	\$ 37,554	\$ (4,915,045)	

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2007

December 31, 2015
(unaudited)

	Coverages and Other Accounts							Totals
	Property Fund	Faithful Perf. Bond Fund	Liability Fund	Worker's Compensation Fund	Loss Contingency Fund	General and Administrative Fund		
1 . Underwriting Income	\$ 15,288	\$ 5,286	\$ 5,724,442	\$ 11,291,479	\$ 500,000	\$ 690,000	\$ 18,226,495	
Regular Contributions (earned)								
Supplemental Contributions	15,288	5,286	5,724,442	11,291,479	500,000	690,000	18,226,495	
Other Income (except investments)							-	
Total Income								
2 . Incurred Liabilities	53,201	(12,050)	8,576,674	13,061,508	-	-	21,679,333	
Claims (limited incurred)								
Excess Insurance (Recovery) Expenses	-	-	-	-	-	326,421	326,421	
Total Liabilities	53,201	(12,050)	8,576,674	13,061,508	-	326,421	22,005,754	
3 . Underwriting Surplus/(Deficit)	(37,913)	17,336	(2,852,232)	(1,770,029)	500,000	363,579	(3,779,259)	
4 . Adjustments	2,010	810	195,230	587,258	46,890	6,924	839,122	
Investment Income Transfers	-	-	-	-	-	-	-	
Total Adjustments	2,010	810	195,230	587,258	46,890	6,924	839,122	
5 . Gross Operating Surplus/(Deficit)	(35,903)	18,146	(2,657,002)	(1,182,771)	546,890	370,503	(2,940,137)	
6 . Return of Surplus	-	-	-	-	-	(350,000)	(350,000)	
7 . Net Current Surplus/(Deficit)	\$ (35,903)	\$ 18,146	(2,657,002)	(1,182,771)	\$ 546,890	\$ 20,503	\$ (3,290,137)	

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2008

December 31, 2015
(unaudited)

	Coverages and Other Accounts							Totals
	Property Fund	Faithful Perf. Bond Fund	Liability Fund	Worker's Compensation Fund	Loss Contingency Fund	General and Administrative Fund		
1 . Underwriting Income	\$ 8,477	\$ -	\$ 7,064,807	\$ 11,779,237	\$ 500,000	\$ 350,000	\$ 19,702,521	
Regular Contributions (earned)								
Supplemental Contributions	8,477	-	7,064,807	11,779,237	500,000	350,000	19,702,521	
Other Income (except investments)								
Total Income								
2 . Incurred Liabilities	272,970	-	6,852,446	12,273,960	-	-	19,399,376	
Claims (limited incurred)								
Excess Insurance (Recovery) Expenses	-	-	-	-	-	334,914	334,914	
Total Liabilities	272,970	-	6,852,446	12,273,960	-	334,914	19,734,290	
3 . Underwriting Surplus/(Deficit)	(264,493)	-	212,361	(494,723)	500,000	15,086	(31,769)	
4 . Adjustments								
Investment Income	-	-	153,353	495,352	14,951	3,904	667,560	
Transfers	-	-	-	-	-	-	-	
Total Adjustments	-	-	153,353	495,352	14,951	3,904	667,560	
5 . Gross Operating Surplus/(Deficit)	(264,493)	-	365,714	629	514,951	18,990	635,791	
6 . Return of Surplus	-	-	-	-	(375,000)	-	(375,000)	
7 . Net Current Surplus/(Deficit)	\$ (264,493)	\$ -	\$ 365,714	\$ 629	\$ 139,951	\$ 18,990	\$ 260,791	

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2009

December 31, 2015
(unaudited)

	Coverages and Other Accounts							Totals
	Property Fund	Faithful Perf. Bond Fund	Liability Fund	Worker's Compensation Fund	Loss Contingency Fund	General and Administrative Fund		
1 . Underwriting Income	\$ 27,071	\$ -	\$ 10,205,231	\$ 11,974,239	\$ 500,000	\$ 375,000	\$ 23,081,541	
Regular Contributions (earned)								
Supplemental Contributions	27,071	-	10,205,231	11,974,239	500,000	375,000	23,081,541	
Other Income (except investments)								
Total Income	36,523	-	8,513,270	10,265,589	-	-	18,815,382	
2 . Incurred Liabilities								
Claims (limited incurred)								
Excess Insurance (Recovery) Expenses	-	-	-	-	-	344,890	344,890	
Total Liabilities	36,523	-	8,513,270	10,265,589	-	344,890	19,160,272	
3 . Underwriting Surplus/(Deficit)	(9,452)	-	1,691,961	1,708,650	500,000	30,110	3,921,269	
4 . Adjustments								
Investment Income	1,027	-	142,324	353,435	9,346	4,714	510,846	
Transfers	-	-	-	-	-	-	-	
Total Adjustments	1,027	-	142,324	353,435	9,346	4,714	510,846	
5 . Gross Operating Surplus/(Deficit)	(8,425)	-	1,834,285	2,062,085	509,346	34,824	4,432,115	
6 . Return of Surplus								
	-	-	-	-	(380,000)	-	(380,000)	
7 . Net Current Surplus/(Deficit)	\$ (8,425)	\$ -	\$ 1,834,285	\$ 2,062,085	\$ 129,346	\$ 34,824	\$ 4,052,115	

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2010

December 31, 2015
(unaudited)

	Coverages and Other Accounts							Totals
	Property Fund	Faithful Perf. Bond Fund	Liability Fund	Worker's Compensation Fund	Loss Contingency Fund	General and Administrative Fund		
1 . Underwriting Income								
Regular Contributions (earned)	\$ 107,789	\$ 1,010	\$ 9,215,026	\$ 11,360,215	\$ 500,000	\$ 380,000	\$	\$ 21,564,040
Supplemental Contributions	107,789	1,010	9,215,026	11,360,215	500,000	380,000		21,564,040
Other Income (except investments)	3,753	-	10,172,296	10,222,827	-	-	-	20,398,876
Total Income	3,753	-	10,172,296	10,222,827	-	350,137	-	350,137
2 . Incurred Liabilities								
Claims (limited incurred)	-	-	-	-	-	-	-	-
Excess Insurance (Recovery) Expenses	104,036	1,010	(957,270)	1,137,388	500,000	29,863		20,749,013
Total Liabilities	104,036	1,010	(957,270)	1,137,388	500,000	29,863		815,027
3 . Underwriting Surplus/(Deficit)								
4 . Adjustments								
Investment Income	2,998	31	75,258	236,843	8,554	1,514		325,198
Transfers	-	-	-	-	-	-		-
Total Adjustments	2,998	31	75,258	236,843	8,554	1,514		325,198
5 . Gross Operating Surplus/(Deficit)	107,034	1,041	(882,012)	1,374,231	508,554	31,377		1,140,225
6 . Return of Surplus	-	-	-	-	(400,000)	-		(400,000)
7 . Net Current Surplus/(Deficit)	\$ 107,034	\$ 1,041	\$ (882,012)	\$ 1,374,231	\$ 108,554	\$ 31,377	\$	\$ 740,225

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2011

December 31, 2015
(unaudited)

	Coverages and Other Accounts							Totals
	Property Fund	Faithful Perf. Bond Fund	Liability Fund	Worker's Compensation Fund	Loss Contingency Fund	General and Administrative Fund		
1 . Underwriting Income								
Regular Contributions (earned)	\$ 46,929	\$ 14,176	\$ 8,172,510	\$ 14,644,630	\$ 500,000	\$ 400,000	\$	\$ 23,778,245
Supplemental Contributions	46,929	14,176	8,172,510	14,644,630	500,000	400,000		23,778,245
Other Income (except investments)	169,580	-	8,306,297	15,693,464	-	-	-	24,169,341
Total Income	-	-	-	-	-	354,501	-	354,501
2 . Incurred Liabilities	169,580	-	8,306,297	15,693,464	-	354,501	-	24,169,341
Claims (limited incurred)	-	-	-	-	-	-	-	-
Excess Insurance (Recovery) Expenses	169,580	-	8,306,297	15,693,464	-	354,501	-	354,501
Total Liabilities	(122,651)	14,176	(133,787)	(1,048,834)	500,000	45,499		(745,597)
3 . Underwriting Surplus/(Deficit)								
4 . Adjustments	424	693	72,523	181,567	5,970	948		262,125
Investment Income Transfers	-	-	-	-	-	-	-	-
Total Adjustments	424	693	72,523	181,567	5,970	948		262,125
5 . Gross Operating Surplus/(Deficit)	(122,227)	14,869	(61,264)	(867,267)	505,970	46,447		(483,472)
6 . Return of Surplus	-	-	-	-	(400,000)	-		(400,000)
7 . Net Current Surplus/(Deficit)	\$ (122,227)	\$ 14,869	\$ (61,264)	\$ (867,267)	\$ 105,970	\$ 46,447	\$	\$ (883,472)

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2012

December 31, 2015
(unaudited)

	Coverages and Other Accounts							Totals
	Property Fund	Faithful Perf. Bond Fund	Liability Fund	Worker's Compensation Fund	Loss Contingency Fund	General and Administrative Fund		
1 . Underwriting Income								
Regular Contributions (earned)	\$ 29,304	\$ 22,026	\$ 10,967,322	\$ 17,883,372	\$ 500,000	\$ 400,000	\$ 29,802,024	
Supplemental Contributions	29,304	22,026	10,967,322	17,883,372	500,000	400,000	29,802,024	-
Other Income (except investments)	94,289	124,984	13,852,461	17,849,989	-	-	31,921,723	-
Total Income	94,289	124,984	13,852,461	17,849,989	-	365,468	365,468	32,287,191
2 . Incurred Liabilities	(64,985)	(102,958)	(2,885,139)	33,383	500,000	34,532	(2,485,167)	
Claims (limited incurred)								
Excess Insurance (Recovery) Expenses	-	-	-	-	-	365,468	365,468	-
Total Liabilities	(64,985)	(102,958)	(2,885,139)	33,383	500,000	34,532	(2,485,167)	
3 . Underwriting Surplus/(Deficit)	9	(9)	38,889	138,174	1,376	365	178,804	
4 . Adjustments	-	-	-	-	-	-	-	
Investment Income Transfers	9	(9)	38,889	138,174	1,376	365	178,804	
Total Adjustments	(64,976)	(102,967)	(2,846,250)	171,557	501,376	34,897	(2,306,363)	
5 . Gross Operating Surplus/(Deficit)	-	-	-	-	(400,000)	-	(400,000)	
6 . Return of Surplus								
7 . Net Current Surplus/(Deficit)	\$ (64,976)	\$ (102,967)	\$ (2,846,250)	\$ 171,557	\$ 101,376	\$ 34,897	\$ (2,706,363)	

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2013

December 31, 2015
(unaudited)

	Coverages and Other Accounts							Totals
	Property Fund	Faithful Perf. Bond Fund	Liability Fund	Worker's Compensation Fund	Loss Contingency Fund	General and Administrative Fund		
1 . Underwriting Income	\$ 44,165	\$ 326,323	\$ 8,475,769	\$ 15,228,689	\$ 500,000	\$ 400,000	\$ 24,974,946	
Regular Contributions (earned)								
Supplemental Contributions	44,165	326,323	8,475,769	15,228,689	500,000	400,000	24,974,946	
Other Income (except investments)								
Total Income								
2 . Incurred Liabilities	(22,619)	(1,032)	8,151,825	16,445,373	-	-	24,573,547	
Claims (limited incurred)								
Excess Insurance (Recovery)	-	-	-	-	-	432,269	432,269	
Expenses	(22,619)	(1,032)	8,151,825	16,445,373	-	432,269	25,005,816	
Total Liabilities								
3 . Underwriting Surplus/(Deficit)	66,784	327,355	323,944	(1,216,684)	500,000	(32,269)	(30,870)	
4 . Adjustments	579	3,773	49,218	129,567	3,159	27,591	213,887	
Investment Income					(5,000)	5,000	-	
Transfers	-	-	-	-	(1,841)	32,591	213,887	
Total Adjustments	579	3,773	49,218	129,567	3,159	27,591	213,887	
5 . Gross Operating Surplus/(Deficit)	67,363	331,128	373,162	(1,087,117)	498,159	322	183,017	
6 . Return of Surplus	-	-	-	-	(400,000)	-	(400,000)	
7 . Net Current Surplus/(Deficit)	\$ 67,363	\$ 331,128	\$ 373,162	\$ (1,087,117)	\$ 98,159	\$ 322	\$ (216,983)	

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2014

December 31, 2015
(unaudited)

	Coverages and Other Accounts							Totals
	Property Fund	Faithful Perf. Bond Fund	Liability Fund	Worker's Compensation Fund	Loss Contingency Fund	General and Administrative Fund		
1 . Underwriting Income	\$ 20,051	\$ -	\$ 11,619,440	\$ 14,326,970	\$ 500,000	\$ 400,000	\$ 26,866,461	
Regular Contributions (earned)								
Supplemental Contributions	20,051	-	11,619,440	14,326,970	500,000	400,000	26,866,461	
Other Income (except investments)								
Total Income	161,626	-	8,968,402	16,872,905	-	-	26,002,933	
2 . Incurred Liabilities								
Claims (limited incurred)								
Excess Insurance (Recovery) Expenses	-	-	-	-	-	449,560	449,560	
Total Liabilities	161,626	-	8,968,402	16,872,905	-	449,560	26,452,493	
3 . Underwriting Surplus/(Deficit)	(141,575)	-	2,651,038	(2,545,935)	500,000	(49,560)	413,968	
4 . Adjustments								
Investment Income	8	-	48,468	62,588	2,400	107	113,571	
Transfers	-	-	-	-	(50,000)	50,000	-	
Total Adjustments	8	-	48,468	62,588	(47,600)	50,107	113,571	
5 . Gross Operating Surplus/(Deficit)	(141,567)	-	2,699,506	(2,483,347)	452,400	547	527,539	
6 . Return of Surplus	-	-	-	-	(450,000)	-	(450,000)	
7 . Net Current Surplus/(Deficit)	\$ (141,567)	\$ -	\$ 2,699,506	\$ (2,483,347)	\$ 2,400	\$ 547	\$ 77,539	

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2015

December 31, 2015
(unaudited)

	Coverages and Other Accounts							Totals
	Property Fund	Faithful Perf. Bond Fund	Liability Fund	Worker's Compensation Fund	Loss Contingency Fund	General and Administrative Fund		
1 . Underwriting Income	\$ 32,408	\$ -	\$ 9,085,292	\$ 16,955,352	\$ 600,000	\$ 550,000	\$ 27,223,052	
Regular Contributions (earned)								
Supplemental Contributions	32,408	-	9,085,292	16,955,352	600,000	550,000	27,223,052	
Other Income (except investments)								
Total Income								
2 . Incurred Liabilities	132,788	-	8,444,548	15,606,630	-	-	24,183,966	
Claims (limited incurred)								
Excess Insurance (Recovery)	-	-	-	-	-	492,614	492,614	
Expenses	132,788	-	8,444,548	15,606,630	-	492,614	24,676,580	
Total Liabilities	(100,380)	-	640,744	1,348,722	600,000	57,386	2,546,472	
3 . Underwriting Surplus/(Deficit)								
4 . Adjustments								
Investment Income	-	-	(16)	-	(366)	307	(75)	
Transfers	-	-	-	-	-	-	-	
Total Adjustments	-	-	(16)	-	(366)	307	(75)	
5 . Gross Operating Surplus/(Deficit)	(100,380)	-	640,728	1,348,722	599,634	57,693	2,546,397	
6 . Return of Surplus	-	-	-	-	(600,000)	-	(600,000)	
7 . Net Current Surplus/(Deficit)	\$ (100,380)	\$ -	\$ 640,728	\$ 1,348,722	\$ (366)	\$ 57,693	\$ 1,946,397	

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Residual Legacy Account (Fund Years - 1995-2004)

**December 31, 2015
(unaudited)**

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ (17,171)	\$ (1,275)	\$ (99,174)	\$ (2,407,721)	\$ (2,525,341)
Case Reserves				3,510,000	3,510,000
Imprest Account					-
IBNR Reserve				125,000	125,000
Subtotal	<u>(17,171)</u>	<u>(1,275)</u>	<u>(99,174)</u>	<u>1,227,279</u>	<u>1,109,659</u>
Excess Insurance Received					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Incurring Claims	<u>(17,171)</u>	<u>(1,275)</u>	<u>(99,174)</u>	<u>1,227,279</u>	<u>\$ 1,109,659</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2005

**December 31, 2015
(unaudited)**

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 18,924	\$ -	\$ 6,858,899	\$ 6,700,314	\$ 13,578,137
Case Reserves				1,224,716	1,224,716
Imprest Account					-
IBNR Reserve				67,000	67,000
Subtotal	<u>18,924</u>	<u>-</u>	<u>6,858,899</u>	<u>7,992,030</u>	<u>14,869,853</u>
Excess Insurance Received			899,192		899,192
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>899,192</u>	<u>-</u>	<u>899,192</u>
Incurred Claims	<u>\$ 18,924</u>	<u>\$ -</u>	<u>\$ 5,959,707</u>	<u>\$ 7,992,030</u>	<u>\$ 13,970,661</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2006

December 31, 2015
(unaudited)

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 391,312	\$ -	\$ 13,098,428	\$ 11,154,003	\$ 24,643,743
Case Reserves			78,283	1,552,675	1,630,958
Imprest Account					-
IBNR Reserve				126,000	126,000
Subtotal	<u>391,312</u>	<u>-</u>	<u>13,176,711</u>	<u>12,832,678</u>	<u>26,400,701</u>
Excess Insurance Received			5,967,342	115,936	6,083,278
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>5,967,342</u>	<u>115,936</u>	<u>6,083,278</u>
Incurred Claims	<u>\$ 391,312</u>	<u>\$ -</u>	<u>\$ 7,209,369</u>	<u>\$ 12,716,742</u>	<u>\$ 20,317,423</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2007

December 31, 2015
(unaudited)

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 53,201	\$ (12,050)	\$ 8,591,807	\$ 10,064,533	\$ 18,697,491
Case Reserves			25,180	2,977,975	3,003,155
Imprest Account					-
IBNR Reserve				19,000	19,000
Subtotal	<u>53,201</u>	<u>(12,050)</u>	<u>8,616,987</u>	<u>13,061,508</u>	<u>21,719,646</u>
Excess Insurance Received			40,313		40,313
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>40,313</u>	<u>-</u>	<u>40,313</u>
Incurred Claims	<u>\$ 53,201</u>	<u>\$ (12,050)</u>	<u>\$ 8,576,674</u>	<u>\$ 13,061,508</u>	<u>\$ 21,679,333</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2008

December 31, 2015
(unaudited)

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 272,970	\$ -	\$ 10,255,722	\$ 9,265,484	\$ 19,794,176
Case Reserves			16,042	2,909,476	2,925,518
Imprest Account					-
IBNR Reserve			10,000	99,000	109,000
Subtotal	<u>272,970</u>	<u>-</u>	<u>10,281,764</u>	<u>12,273,960</u>	<u>22,828,694</u>
Excess Insurance Received			3,429,318		3,429,318
Recoverable Subtotal	<u>-</u>	<u>-</u>	<u>3,429,318</u>	<u>-</u>	<u>3,429,318</u>
Incurred Claims	<u>\$ 272,970</u>	<u>\$ -</u>	<u>\$ 6,852,446</u>	<u>\$ 12,273,960</u>	<u>\$ 19,399,376</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2009

December 31, 2015
(unaudited)

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 36,523	\$ -	\$ 11,566,692	\$ 7,794,866	\$ 19,398,081
Case Reserves			32,648	2,208,723	2,241,371
Imprest Account					-
IBNR Reserve				262,000	262,000
Subtotal	<u>36,523</u>	<u>-</u>	<u>11,599,340</u>	<u>10,265,589</u>	<u>21,901,452</u>
Excess Insurance Received			3,086,070		3,086,070
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>3,086,070</u>	<u>-</u>	<u>3,086,070</u>
Incurred Claims	<u>\$ 36,523</u>	<u>\$ -</u>	<u>\$ 8,513,270</u>	<u>\$ 10,265,589</u>	<u>\$ 18,815,382</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2010

**December 31, 2015
(unaudited)**

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 3,753	\$ -	\$ 9,611,187	\$ 7,048,937	\$ 16,663,877
Case Reserves			533,109	3,059,890	3,592,999
Imprest Account					-
IBNR Reserve			28,000	114,000	142,000
Subtotal	<u>3,753</u>	<u>-</u>	<u>10,172,296</u>	<u>10,222,827</u>	<u>20,398,876</u>
Excess Insurance Received					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Incurred Claims	<u>\$ 3,753</u>	<u>\$ -</u>	<u>\$ 10,172,296</u>	<u>\$ 10,222,827</u>	<u>\$ 20,398,876</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2011

December 31, 2015
(unaudited)

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 168,580	\$ -	\$ 8,157,680	\$ 9,311,124	\$ 17,637,384
Case Reserves	1,000		66,617	6,330,340	6,397,957
Imprest Account					-
IBNR Reserve			82,000	52,000	134,000
Subtotal	<u>169,580</u>	<u>-</u>	<u>8,306,297</u>	<u>15,693,464</u>	<u>24,169,341</u>
Excess Insurance Received					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Incurred Claims	<u>\$ 169,580</u>	<u>\$ -</u>	<u>\$ 8,306,297</u>	<u>\$ 15,693,464</u>	<u>\$ 24,169,341</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2012

**December 31, 2015
(unaudited)**

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 94,289	\$ 124,984	\$ 11,527,616	\$ 8,484,668	\$ 20,231,557
Case Reserves			2,662,355	8,981,321	11,643,676
Imprest Account					-
IBNR Reserve			100,000	384,000	484,000
Subtotal	<u>94,289</u>	<u>124,984</u>	<u>14,289,971</u>	<u>17,849,989</u>	<u>32,359,233</u>
Excess Insurance Received			437,510		437,510
Recoverable Subtotal	<u>-</u>	<u>-</u>	<u>437,510</u>	<u>-</u>	<u>437,510</u>
Incurred Claims	<u>\$ 94,289</u>	<u>\$ 124,984</u>	<u>\$ 13,852,461</u>	<u>\$ 17,849,989</u>	<u>\$ 31,921,723</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2013

**December 31, 2015
(unaudited)**

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ (22,619)	\$ (1,032)	\$ 7,181,380	\$ 7,771,665	\$ 14,929,394
Case Reserves			496,445	7,633,708	8,130,153
Imprest Account					-
IBNR Reserve			474,000	1,040,000	1,514,000
Subtotal	<u>(22,619)</u>	<u>(1,032)</u>	<u>8,151,825</u>	<u>16,445,373</u>	<u>24,573,547</u>
Excess Insurance Received					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Incurred Claims	<u>(22,619)</u>	<u>(1,032)</u>	<u>8,151,825</u>	<u>16,445,373</u>	<u>24,573,547</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2014

**December 31, 2015
(unaudited)**

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 153,926	\$ -	\$ 4,800,498	\$ 5,580,069	\$ 10,534,493
Case Reserves	7,700		3,302,904	8,494,836	11,805,440
Imprest Account					-
IBNR Reserve			865,000	2,798,000	3,663,000
Subtotal	<u>161,626</u>	<u>-</u>	<u>8,968,402</u>	<u>16,872,905</u>	<u>26,002,933</u>
Excess Insurance Received					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Incurred Claims	<u>\$ 161,626</u>	<u>\$ -</u>	<u>\$ 8,968,402</u>	<u>\$ 16,872,905</u>	<u>\$ 26,002,933</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2015

**December 31, 2015
(unaudited)**

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 120,288	\$ -	\$ 3,299,897	\$ 1,033,442	\$ 4,453,627
Case Reserves	12,500		2,959,651	12,526,188	15,498,339
Imprest Account					-
IBNR Reserve			2,185,000	2,047,000	4,232,000
Subtotal	<u>132,788</u>	<u>-</u>	<u>8,444,548</u>	<u>15,606,630</u>	<u>24,183,966</u>
Excess Insurance Received					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Incurred Claims	<u>\$ 132,788</u>	<u>\$ -</u>	<u>\$ 8,444,548</u>	<u>\$ 15,606,630</u>	<u>\$ 24,183,966</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2005

December 31, 2015
(unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:	\$	\$	\$
Liability			
Worker's Compensation			
Subtotal	<u> </u>	<u> </u>	<u> </u>
2. <u>Administrative Expenses</u>			
Administrator	104,879		104,879
Deputy Administrator	35,538		35,538
Legal	36,730		36,730
Treasurer	29,589		29,589
Other (itemize)			-
Actuary	31,207		31,207
Auditor	17,480		17,480
Claims Administrator	38,115		38,115
Miscellaneous	18,549		18,549
Subtotal Administration	<u>312,087</u>	<u>-</u>	<u>312,087</u>
Total Expenses =1+2	<u>\$ 312,087</u>	<u>\$ -</u>	<u>\$ 312,087</u>

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2006

December 31, 2015
(unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:	\$	\$	\$
Liability			-
Worker's Compensation			
Subtotal	<u> </u>	<u> -</u>	<u> -</u>
2. <u>Administrative Expenses</u>			
Administrator	107,500		107,500
Deputy Administrator	36,425		36,425
Legal	32,307		32,307
Treasurer	30,335		30,335
Other (itemize)			-
Actuary	31,987		31,987
Auditor	17,917		17,917
Claims Administrator	46,618		46,618
Miscellaneous	20,397		20,397
Subtotal Administration	<u>323,486</u>	<u> -</u>	<u>323,486</u>
Total Expenses =1+2	<u>\$ 323,486</u>	<u>\$ -</u>	<u>\$ 323,486</u>

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2007

December 31, 2015
(unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:	\$	\$	\$
Liability			
Worker's Compensation			
Subtotal	<u> </u>	<u> </u>	<u> </u>
2. <u>Administrative Expenses</u>			
Administrator	110,188		110,188
Deputy Administrator	37,336		37,336
Legal	33,112		33,112
Treasurer	31,088		31,088
Other (itemize)			
Actuary	32,787		32,787
Auditor	18,365		18,365
Claims Administrator	47,783		47,783
Miscellaneous	15,762		15,762
Subtotal Administration	<u>326,421</u>	<u>-</u>	<u>326,421</u>
Total Expenses =1+2	<u>\$ 326,421</u>	<u>\$ -</u>	<u>\$ 326,421</u>

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2008

December 31, 2015
(unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1 . <u>Excess Insurance (itemize)</u>			
Insurance Premiums:	\$	\$	\$
Liability			
Worker's Compensation			
Subtotal	<u> </u>	<u> </u>	<u> </u>
2 . <u>Administrative Expenses</u>			
Administrator	112,942		112,942
Deputy Administrator	38,269		38,269
Legal	33,941		33,941
Treasurer	31,865		31,865
Other (itemize)			
Actuary	33,606		33,606
Auditor	18,824		18,824
Claims Administrator	48,978		48,978
Miscellaneous	16,489		16,489
Subtotal Administration	<u>334,914</u>	<u>-</u>	<u>334,914</u>
Total Expenses =1+2	<u>\$ 334,914</u>	<u>\$ -</u>	<u>\$ 334,914</u>

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2009

December 31, 2015
(unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:	\$	\$	\$
Liability			
Worker's Compensation			
Subtotal	<u> </u>	<u> </u>	<u> </u>
2. <u>Administrative Expenses</u>			
Administrator	116,330		116,330
Deputy Administrator	39,417		39,417
Legal	34,960		34,960
Treasurer	32,822		32,822
Other (itemize)			
Actuary	34,615		34,615
Auditor	19,389		19,389
Claims Administrator	50,447		50,447
Miscellaneous	16,910		16,910
Subtotal Administration	<u>344,890</u>	<u>-</u>	<u>344,890</u>
Total Expenses =1+2	<u>\$ 344,890</u>	<u>\$ -</u>	<u>\$ 344,890</u>

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2010

December 31, 2015
(unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:	\$	\$	\$
Liability			
Worker's Compensation			
Subtotal	<u> </u>	<u> </u>	<u> </u>
2. <u>Administrative Expenses</u>			
Administrator	118,804		118,804
Deputy Administrator	40,205		40,205
Legal	35,309		35,309
Treasurer	33,478		33,478
Other (itemize)	-		
Actuary	35,307		35,307
Auditor	19,777		19,777
Claims Administrator	51,456		51,456
Miscellaneous	15,801		15,801
Subtotal Administration	<u>350,137</u>	<u>-</u>	<u>350,137</u>
Total Expenses =1+2	<u>\$ 350,137</u>	<u>\$ -</u>	<u>\$ 350,137</u>

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2011

December 31, 2015
(unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1 . <u>Excess Insurance (itemize)</u>			
Insurance Premiums:	\$	\$	\$
Liability			
Worker's Compensation			
Subtotal	<u> </u>	<u> </u>	<u> </u>
2 . <u>Administrative Expenses</u>			
Administrator	118,657		118,657
Deputy Administrator	40,205		40,205
Legal	35,660		35,660
Treasurer	33,478		33,478
Other (itemize)	-		
Actuary	35,307		35,307
Auditor	19,777		19,777
Claims Administrator	51,456		51,456
Miscellaneous	19,961		19,961
Subtotal Administration	<u>354,501</u>	<u>-</u>	<u>354,501</u>
Total Expenses =1+2	<u>\$ 354,501</u>	<u>\$ -</u>	<u>\$ 354,501</u>

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2012

December 31, 2015
(unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:	\$	\$	\$
Liability			
Worker's Compensation			
Subtotal	<u> </u>	<u> </u>	<u> </u>
2. <u>Administrative Expenses</u>			
Administrator	121,030		121,030
Deputy Administrator	41,010		41,010
Legal	36,372		36,372
Treasurer	34,147		34,147
Other (itemize)			
Actuary	36,013		36,013
Auditor	20,172		20,172
Claims Administrator	52,577		52,577
Miscellaneous	24,147		24,147
Subtotal Administration	<u>365,468</u>	<u>-</u>	<u>365,468</u>
Total Expenses =1+2	<u>\$ 365,468</u>	<u>\$ -</u>	<u>\$ 365,468</u>

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2013

December 31, 2015
(unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:	\$	\$	\$
Liability			
Worker's Compensation			
Subtotal	<u> </u>	<u> </u>	<u> </u>
2. <u>Administrative Expenses</u>			
Administrator	123,451		123,451
Deputy Administrator	41,830		41,830
Legal	37,099		37,099
Treasurer	34,830		34,830
Other (itemize)			
Actuary	36,733		36,733
Auditor	20,575		20,575
Claims Administrator	53,629		53,629
Miscellaneous	84,122		84,122
Subtotal Administration	<u>432,269</u>	<u>-</u>	<u>432,269</u>
Total Expenses =1+2	<u>\$ 432,269</u>	<u>\$ -</u>	<u>\$ 432,269</u>

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2014

December 31, 2015
(unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:	\$	\$	\$
Liability			
Worker's Compensation			
Subtotal	<u> </u>	<u> </u>	<u> </u>
2. <u>Administrative Expenses</u>			
Administrator	125,930		125,930
Deputy Administrator	42,667		42,667
Legal	37,841		37,841
Treasurer	35,532		35,532
Other (itemize)			
Actuary	37,468		37,468
Auditor	20,987		20,987
Claims Administrator	54,702		54,702
Miscellaneous	94,433		94,433
Subtotal Administration	<u>449,560</u>	<u>-</u>	<u>449,560</u>
Total Expenses =1+2	<u>\$ 449,560</u>	<u>\$ -</u>	<u>\$ 449,560</u>

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2015

December 31, 2015
(unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:	\$	\$	\$
Liability			
Worker's Compensation			
Subtotal	<u> </u>	<u> </u>	<u> </u>
2. <u>Administrative Expenses</u>			
Administrator	147,771		147,771
Deputy Administrator	50,154		50,154
Legal	38,598		38,598
Treasurer	36,237		36,237
Other (itemize)			
Actuary	38,217		38,217
Auditor	-	21,407	21,407
Claims Administrator	51,146	4,650	55,796
Miscellaneous	104,284	150	104,434
Subtotal Administration	<u>466,407</u>	<u>26,207</u>	<u>492,614</u>
Total Expenses =1+2	<u>\$ 466,407</u>	<u>\$ 26,207</u>	<u>\$ 492,614</u>

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Program Summary

Fund Years - Legacy (1995-2004) to 2015

December 31, 2015

(unaudited)

	Coverages		
	Liability	Worker's Compensation Insurance	Property
1. <u>Limits</u>	The Residual Claim Fund's limits shall be equal to the per occurrence self-insured retention of the member joint insurance funds. The amount of any claim in excess of the member joint insurance fund's self insured retention shall be the responsibility of the applicable excess insurer or reinsurer, the member joint insurance fund, or the member local unit as the case may be in accordance with the member joint insurance fund's coverage documents and plan of risk management.		
2. <u>Fund Retention</u>	The Residual Claims Fund shall retain the entire risk.		
Specific	Note: See 1. Above		
Aggregate			
3. <u>Excess Insurers (list all insurers and amount insured)</u>	N/A	N/A	N/A
	Note: See 1. Above		
4. <u>Number of Participants</u>	17	17	14
5. <u>Incurred Liabilities</u>	156,273,259	220,070,777	1,458,029
6. <u>Exposure Units</u>	N/A	N/A	N/A
7. <u>Liabilities/Units</u>	N/A	N/A	N/A

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund
State Required Supporting Schedule - Annual Report

Analysis of Cash and Investments

December 31, 2015
(unaudited)

Bank	Description	Account Amount	Cost
Wells Fargo Operating	Operating	5,000,614	5,000,614
Wells Fargo Operating Sweep	Operating	7,564,553	7,564,553
Wells Fargo Advantage Treasury	Investment	51,585	51,585
Cash Income	Investment	22,500	22,500
F.H.L.M.C.	Investment	1,068,533	1,070,578
F.N.M.A.	Investment	3,511,080	3,500,132
U.S Treasury Notes	Investment	49,746,232	49,807,461
		66,965,097	67,017,423
Add: Deposit in Transit			
Less: Outstanding Checks / Transfers		(454,987)	(454,987)
		<u>\$ 66,510,110</u>	<u>66,562,436</u>

Municipal Excess Liability Residual Claims Fund
State Required Supporting Schedule - Annual Report

Analysis of Assessments Receivable

December 31, 2015
(unaudited)

Fund Year 2015	\$ <u>14,941,641</u>
----------------	----------------------

Municipal Excess Liability Residual Claims Fund
State Required Supporting Schedule - Annual Report
Analysis of Accrued Interest / Other Accounts Receivable

December 31, 2015
(unaudited)

Accrued Interest Receivable	\$	<u>83,280</u>
Due from Central Jersey JIF - Net of Loss Reserves		74,470
Due from Brick Township - Net of Loss Reserves		30,478
Due from Member JIF's - Advances		184,567
Due from Member JIF's - Reinsurance Refunds		1,715,512
Due from Claims Account Excess Transfer		<u>285,931</u>
Sub-total Other Accounts Receivable		<u>2,290,958</u>
 Total Other Receivables	 \$	 <u><u>2,374,238</u></u>

Analysis of Administrative Expenses Payable

December 31, 2015
(unaudited)

Fund Year 2014:		
Accounting and Auditing Services	\$	21,407
Claims Administrator		4,650
Miscellaneous Expenses		<u>150</u>
	\$	<u><u>26,207</u></u>

Analysis of Miscellaneous Liabilities

December 31, 2015
(unaudited)

Due to Member JIF'S Reimbursement Fund Year 2015 Activity	\$	<u>2,215,275</u>
	\$	<u><u>2,215,275</u></u>

MUNICIPAL EXCESS LIABILITY

RESIDUAL CLAIMS FUND

REPORT PURSUANT TO GOVERNMENT AUDITING STANDARDS

FOR THE YEAR ENDED DECEMBER 31, 2015

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkocz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

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

Board of Commissioners
Municipal Excess Liability
Residual Claims Fund
Parsippany, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Departments of Community Affairs and Insurance, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Municipal Excess Liability Residual Claims Fund, as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated May 19, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Municipal Excess Liability Residual Claims 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 the Municipal Excess Liability Residual Claims Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipal Excess Liability Residual Claims Fund's internal control.

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



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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipal Excess Liability Residual Claims Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

However, we noted certain immaterial instances of noncompliance or other matters that we have reported to the management of the Fund in the accompanying comments and recommendation section of this report.

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 Municipal Excess Liability Residual Claims Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ferraioli, Wielkocz, Cerullo & Cova, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

May 19, 2016



MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND

COMMENTS AND RECOMMENDATIONS

During our audit of the Fund's accounting records, we noted the following:

1. It was noted during the course of our audit that the Residual Legacy Account (Fund Years 1995-2004), 2006, 2007, 2011, 2013 and 2014 fund years for worker's compensation and the 2005, 2006, 2007, 2010, 2011 and 2012 fund years for the liability and 2005, 2006, 2007, 2008, 2009, 2011, 2012, 2014 and 2015 fund years for property and 2012 fund year for faithful performance bond experienced a deficit. The deficits were caused by paid claims and loss reserves in excess of the projected amounts used to establish the budget. The loss reserves consist of two estimates, an estimate of the amount of loss from known claims and an estimate of the claims incurred but not reported as of the financial statement date. The budget and loss reserves should be monitored on a continuing basis to determine the need, if any, for additional assessments.

Management's Response:

Management will monitor fund position and reserve changes quarterly. If additional contributions are eventually adjudged to be necessary, the Executive Committee would take the necessary action.

2. There exists a deficit in the fund year 2015- Loss Contingency Fund of \$366 that should be eliminated.

Management's Response:

The Fund will obtain approval to make a transfer from the General and Administrative Fund to the Loss Contingency Fund to cover the deficit.