

MUNICIPAL EXCESS LIABILITY

RESIDUAL CLAIMS FUND

REPORT OF AUDIT

FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND

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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, 2018 and 2017, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 opinions.

Opinions

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, 2018 and 2017, 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 [DATE] 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, Wielkotz, Cerullo & Cuva, P.A.

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

May 10, 2019

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, 2018 and 2017. Please read it in conjunction with the basic financial statements that follow this section.

Overview of Basic Financial Statements

The Fund's basic financial statements are prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises where applicable. The primary purpose of the Fund is to provide 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, 2018 and 2017.

Summary of Statement of Net Position

	2018	2017	Change \$	Change %
Assets				
Cash, Cash Equivalents, Investments, and Interest Receivable	\$ 75,102,914	\$ 93,289,301	\$ (18,186,387)	-19.5%
Assessments/ Contributions Receivable	\$ 21,228,628	\$ -	\$ 21,228,628	100.0%
Other Accounts Receivable	\$ 2,147,712	\$ 2,106,073	\$ 41,639	2.0%
Total Assets	<u>\$ 98,479,254</u>	<u>\$ 95,395,374</u>	<u>\$ 3,083,880</u>	<u>3.2%</u>
Liabilities and Fund Equity				
Liabilities				
Accounts Payable and Other Liabilities	\$ 22,717	\$ 97,478	\$ (74,761)	-76.7%
Fund Equity Dividends Payable	\$ 633,000	\$ 620,000	\$ 13,000	2.1%
Loss Reserves	\$ 86,715,207	\$ 82,719,511	\$ 3,995,696	4.8%
Total Liability	<u>\$ 87,370,924</u>	<u>\$ 83,436,989</u>	<u>\$ 3,933,935</u>	<u>4.7%</u>
Unrestricted Net Position	<u>\$ 11,108,330</u>	<u>\$ 11,958,385</u>	<u>\$ (850,055)</u>	<u>-7.1%</u>

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

	2018	2017	Change \$	Change %
Operating Revenue				
Assessments and Other Income	\$ 21,848,628	\$ 26,246,781	\$ (4,398,153)	-16.8%
Operating Expenses				
Net Claims and Claims Adjustment Expenses	\$ 22,771,533	\$ 25,805,789	\$ (3,034,256)	-11.8%
Professional, Claims, and Administrative Services	\$ 511,439	\$ 513,160	\$ (1,721)	-0.3%
Total Operating Expenses	\$ 23,282,972	\$ 26,318,949	\$ (3,035,977)	-11.5%
Operating Income/(Loss)	\$ (1,434,344)	\$ (72,168)	\$ (1,362,176)	1887.5%
Investment Income	\$ 1,217,289	\$ 682,643	\$ 534,646	78.3%
Return of Surplus	\$ 633,000	\$ 620,000	\$ 13,000	2.1%
Increase/(Decrease) In Net Position	<u>\$ (850,055)</u>	<u>\$ (9,525)</u>	<u>\$ (840,530)</u>	<u>-8824.5%</u>

The Municipal Excess Liability Residual Claims Fund's (RCF) total assets increased by 3.2% during the reporting period. Cash, Cash Equivalents, Investments, and Interest Receivable decreased 19.5% due to Assessments/Contributions Receivable increase of 100%, while Other Accounts Receivable increased by 2.0%.

The RCF's total liabilities increased by 4.7% primarily due to a 4.8% increase in loss reserves.

Assessments and Other Income decreased 16.8%, reflecting a decreased current budget for claims. Net Claims and Claims Adjustment Expenses decreased by 11.8%. Consequently, net position decreased \$850,055.

Investment income increased 78.3%. The RCF's combined surplus for all years was \$11,108,330 in 2018 compared to \$11,958,385 at the end of 2017.

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and Cash Equivalents	\$ 16,211,442	\$ 35,182,461
Investments	58,717,516	57,896,252
Assessments / Contributions Receivable	21,228,628	-
Other Accounts Receivable	2,147,712	2,106,073
Accrued Interest Receivable	<u>173,956</u>	<u>210,588</u>
TOTAL ASSETS	\$ <u>98,479,254</u>	\$ <u>95,395,374</u>
 LIABILITIES AND RESERVES		
Accounts Payable	\$ 22,717	\$ 22,272
Other Liabilities	-	75,206
Fund Equity Dividends Payable	633,000	620,000
Loss Reserves	<u>86,715,207</u>	<u>82,719,511</u>
TOTAL LIABILITIES AND RESERVES	87,370,924	83,436,989
 NET POSITION		
Unrestricted	<u>11,108,330</u>	<u>11,958,385</u>
TOTAL LIABILITIES, RESERVES AND NET POSITION	\$ <u>98,479,254</u>	\$ <u>95,395,374</u>

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Operating Revenue:</u>		
Assessments From Participating Joint Insurance Funds	\$ 21,848,628	\$ 26,246,781
Total Operating Revenue	<u>21,848,628</u>	<u>26,246,781</u>
 <u>Operating Expenses:</u>		
Provision for Claims and Claim Adjustment Expense	22,771,533	25,805,789
Professional Services	405,829	397,884
Claims Administration	59,211	58,050
Other Expenses - Administration	46,399	57,226
Total Operating Expenses	<u>23,282,972</u>	<u>26,318,949</u>
Operating Income/(Loss)	(1,434,344)	(72,168)
 Non-operating Revenue/Expenses:		
Investment Income	1,217,289	682,643
Return of Surplus	<u>(633,000)</u>	<u>(620,000)</u>
Change in Net Position	(850,055)	(9,525)
Total Net Position - January 1,	<u>11,958,385</u>	<u>11,967,910</u>
Total Net Position - December 31,	<u>\$ 11,108,330</u>	<u>\$ 11,958,385</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Receipts from Member Contributions	\$	\$ 26,246,781
Payment of Claims	(18,184,476)	(18,696,451)
Payments to Vendors	(586,200)	(442,408)
	<u>(18,770,676)</u>	<u>7,107,922</u>
Net Cash Provided (Used) by Operating Activities		
Cash Flows from Investing Activities:		
Purchase of Investments of Investment Securities	(58,717,516)	(57,896,252)
Proceeds from Maturity of Investment Securities	57,896,252	57,500,314
Investment Income	1,253,921	666,436
	<u>432,657</u>	<u>270,498</u>
Net Cash Provided (Used) by Investing Activities		
Cash Flows from Noncapital Financing Activities:		
Fund Equity Distribution to Participating Members	(633,000)	(620,000)
	<u>(633,000)</u>	<u>(620,000)</u>
Net Cash (Used) by Noncapital Financing Activities		
Net Increase (Decrease) in Cash	(18,971,019)	6,758,420
Cash and Cash Equivalents - January 1	<u>35,182,461</u>	<u>28,424,041</u>
Cash and Cash Equivalents - December 31	<u>\$ 16,211,442</u>	<u>\$ 35,182,461</u>
Reconciliation of Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ (1,434,344)	\$ (72,168)
Adjustment to Reconcile Operating Income/ (Loss) to Net Cash Provided/(Used) by Operating Activities		
Changes in Assets and Liabilities:		
(Increase)/Decrease in Assessments Receivable	(21,228,628)	
(Increase)/Decrease in Other Accounts Receivable	(41,639)	4,211,378
Increase/(Decrease) in Accounts Payable	445	(4,454)
Increase/(Decrease) in Other Liabilities	(75,206)	(1,929,792)
Increase/(Decrease) in Dividends Payable	13,000	10,000
Increase/(Decrease) in Loss Reserves	3,995,696	4,892,958
	<u>(18,770,676)</u>	<u>7,107,922</u>
Net Cash Provided (Used) by Operating Activities		

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

Notes to Financial Statements

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

The Municipal Excess Liability Residual Claims Fund has fifteen 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 2018 fund years are the 2001 through 2014 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, 2018
(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, 2018, 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, 2018, the Central Jersey Joint Insurance Fund owed the Fund a total of \$10,000.

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(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, 2018, the Fund owed the Township of Brick a total of \$1,071 due to refunds received by the Fund.

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, 2018
(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, 2018
(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, 2018. 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, 2018 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	2,304,216			2,304,216
Losses Incurred but not Reported ("IBNR")	<u>2,304,216</u>	<u>—</u>	<u>—</u>	<u>2,304,216</u>

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(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	592,988			592,988
Losses Incurred but not Reported ("IBNR")		<u>0</u>	<u>0</u>	
	<u>592,988</u>			<u>592,988</u>
<u>2006 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	747,786			747,786
Losses Incurred but not Reported ("IBNR")	3,000			3,000
	<u>750,786</u>	<u>0</u>	<u>0</u>	<u>750,786</u>
<u>2007 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	2,239,876			2,239,876
Losses Incurred but not Reported ("IBNR")	17,000			17,000
	<u>2,256,876</u>	<u>0</u>	<u>0</u>	<u>2,256,876</u>
<u>2008 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	2,784,051			2,784,051
Losses Incurred but not Reported ("IBNR")	30,000			30,000
	<u>2,814,051</u>	<u>0</u>	<u>0</u>	<u>2,814,051</u>
<u>2009 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	2,019,531	100		2,019,431
Losses Incurred but not Reported ("IBNR")	60,000			60,000
	<u>2,079,531</u>	<u>100</u>	<u>0</u>	<u>2,079,431</u>
<u>2010 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	2,066,913			2,066,913
Losses Incurred but not Reported ("IBNR")	70,000			70,000
	<u>2,136,913</u>	<u>0</u>	<u>0</u>	<u>2,136,913</u>

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(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	5,515,147	4,910	100,110	5,410,127
Losses Incurred but not Reported ("IBNR")	<u>55,000</u>	<u> </u>	<u> </u>	<u>55,000</u>
	<u>5,570,147</u>	<u>4,910</u>	<u>100,110</u>	<u>5,465,127</u>
<u>2012 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	6,638,060		222,672	6,415,388
Losses Incurred but not Reported ("IBNR")	<u>240,000</u>	<u> </u>	<u> </u>	<u>240,000</u>
	<u>6,878,060</u>	<u>0</u>	<u>222,672</u>	<u>6,655,388</u>
<u>2013 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	4,496,816	1,201	53,548	4,442,067
Losses Incurred but not Reported ("IBNR")	<u>489,000</u>	<u> </u>	<u> </u>	<u>489,000</u>
	<u>4,985,816</u>	<u>1,201</u>	<u>53,548</u>	<u>4,931,067</u>
<u>2014 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	4,799,058	2,111	692,806	4,104,141
Losses Incurred but not Reported ("IBNR")	<u>1,055,000</u>	<u> </u>	<u>31,000</u>	<u>1,024,000</u>
	<u>5,854,058</u>	<u>2,111</u>	<u>723,806</u>	<u>5,128,141</u>
<u>2015 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	6,001,283	2,729	217,145	5,781,409
Losses Incurred but not Reported ("IBNR")	<u>2,506,000</u>	<u> </u>	<u>77,000</u>	<u>2,429,000</u>
	<u>8,507,283</u>	<u>2,729</u>	<u>294,145</u>	<u>8,210,409</u>
<u>2016 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	5,401,254	50	669,246	4,731,958
Losses Incurred but not Reported ("IBNR")	<u>2,440,000</u>	<u> </u>	<u>181,000</u>	<u>2,259,000</u>
	<u>7,841,254</u>	<u>50</u>	<u>850,246</u>	<u>6,990,958</u>

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(continued)

NOTE 3: LOSS RESERVES, (continued)

<u>2017 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	12,022,489	56,721	3,931,327	8,034,441
Losses Incurred but not Reported ("IBNR")	<u>4,003,000</u>		<u>557,000</u>	<u>3,446,000</u>
	<u>16,025,489</u>	<u>56,721</u>	<u>4,488,327</u>	<u>11,480,441</u>

<u>2018 Fund Year</u>	<u>Total</u>	<u>Property</u>	<u>Liability</u>	<u>Worker's Compensation</u>
Case Reserves	13,321,739	300,315	4,076,644	8,944,780
Losses Incurred but not Reported ("IBNR")	<u>4,796,000</u>		<u>2,284,000</u>	<u>2,512,000</u>
	<u>18,117,739</u>	<u>300,315</u>	<u>6,360,644</u>	<u>11,456,780</u>

<u>All Fund Years at December 31,</u>	<u>2018</u>	<u>2017</u>
Case Reserves	70,951,207	67,663,511
Losses Incurred but not Reported ("IBNR")	<u>15,764,000</u>	<u>15,056,000</u>
Total Loss Reserves	<u>86,715,207</u>	<u>82,719,511</u>

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

	<u>2018</u>	<u>2017</u>
Unpaid Claims and claim adjustment expenses, beginning of year	<u>82,719,511</u>	<u>77,826,553</u>
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fund year	18,117,739	20,132,091
Increase/(Decrease) in provision for insured events of prior fund years	<u>4,653,794</u>	<u>5,673,698</u>
Total incurred claims and claim adjustment expenses	<u>22,771,533</u>	<u>25,805,789</u>
	<u>105,491,044</u>	<u>103,632,342</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fund year	0	3,657,318
Claims and claim adjustment expenses attributable to insured events of prior fund years	<u>18,775,837</u>	<u>17,255,513</u>
Total payments	<u>18,775,837</u>	<u>20,912,831</u>
Total unpaid claims and claim adjustment expenses, end of year	<u>86,715,207</u>	<u>82,719,511</u>

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(continued)

NOTE 3: LOSS RESERVES, (continued)

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, 2018, \$93,017,207 claims and claim adjustment expenses are presented at their net present value of \$86,715,207. These claims are discounted at an annual rate of 1.79%.

At December 31, 2017, \$88,038,511 claims and claim adjustment expenses are presented at their net present value of \$82,719,511. These claims are discounted at an annual rate of 1.79%.

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, 2018, \$-0- of the Fund's bank balance of \$16,220,809 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.

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(continued)

NOTE 5: INVESTMENTS, (continued)

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.

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, 2018 consisted of the following:

	<u>Market Value/ Carrying Amount</u>	<u>Book Value Cost</u>
U.S. Treasury Notes	56,476,724	56,887,831
Cash Income/Money Market	<u>2,240,792</u>	<u>2,240,792</u>
	<u>58,717,516</u>	<u>59,128,623</u>

NOTE 6: FUND EQUITY DISTRIBUTION PAYABLE

During 2018, the Fund declared a distribution of fund equity of \$633,000 from the closed year account. The distribution was approved by the State Department of Banking and Insurance. At December 31, 2018, the 2018 distribution was not disbursed to the members and could be utilized to offset 2019 assessments.

NOTE 7: NET POSITION

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

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(continued)

NOTE 7: NET POSITION, (continued)

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

<u>Fund Year 2005 - Property</u>	13,632
Fund Year 2005 - Liability	2,400,985
Fund Year 2006 - Property	372,147
Fund Year 2006 - Liability	1,648,385
Fund Year 2006 - Worker's Compensation	790,841
Fund Year 2007 - Property	40,949
Fund Year 2007 - Liability	2,823,212
Fund Year 2007 - Worker's Compensation	2,216,451
Fund Year 2008 - Property	264,493
Fund Year 2008 - Worker's Compensation	1,413,073
Fund Year 2009 - Property	21,226
Fund Year 2010 - Liability	646,723
Fund Year 2011 - Property	127,062
Fund Year 2011 - Liability	89,799
Fund Year 2011 - Worker's Compensation	3,572,193
Fund Year 2012 - Property	73,313
Fund Year 2012 - Worker's Compensation	4,336,002
Fund Year 2012 - Faithful Performance Bond	102,967
Fund Year 2013 - Worker's Compensation	923,051
Fund Year 2014 - Property	64,886
Fund Year 2014 - Worker's Compensation	2,552,364
Fund Year 2015 - Property	332,485
Fund Year 2016 - Property	16,300
Fund Year 2016 - Worker's Compensation	54,721
Fund Year 2017 - Property	19,341
Fund Year 2017 - Worker's Compensation	2,415,867
Fund Year 2018 - Property	9,680

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 2018, there were no Intertrust Fund Transfers.

MUNICIPAL EXCESS LIABILITY RESIDUAL CLAIMS FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(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 \$39,000 for legal work as the Fund Attorney at December 31, 2018. The Fund also incurred \$6,454.61 in expenses for third party claims administration of liability claims during 2018.

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: 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.

NOTE 12: SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through May 10, 2019, the date which the financial statements were available to be issued and no additional items were noted for disclosure.

Supplemental Schedules

ANNUAL FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

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 216
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: Robert Law
Secretary: Gregory Franz

Paul Tomasko Joseph Wolk
John Clarke Brian Bigler
Tom Nolan

EXECUTIVE COMMITTEE ALTERNATES

David Matchett Sherry Sims
Joseph Catenaro Veronica Laureigh
Richard Hirsch William Northgrave
Jon Rheinhardt Megan Champney
Tom Merchel

State of New Jersey
County of Morris

Robert Law, Chairman, and Gregory Franz, 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, 2018 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 _____, 2019

Municipal Excess Liability Residual Claims Fund

Historical Operating Results Analysis

All Fund Years

December 31, 2018
(unaudited)

1 . <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	455,088,419	
Supplemental Contributions			
Other Income (except investments)			
Total Income			\$ 455,088,419
2 . <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		364,294,651	
Case Reserves		77,253,207	
Imprest Account		-	
IBNR Reserve		15,764,000	
Subtotal			\$ 457,311,858
Less Excess Insurance:			
Received		13,975,681	
Recoverable		-	
Subtotal			13,975,681
Limited Incurred Claims (claims-excess)			443,336,177
<u>Expenses:</u>			
Excess Insurance Premiums		500,000	
Administrative		8,368,110	
Subtotal Expenses			8,868,110
Total Incurred Liabilities (limited claims and expenses)			452,204,287
3 . <u>Underwriting Surplus/(Deficit) = 1-2</u>			2,884,132
4 . <u>Investment Income (Earned)</u>			25,351,704
5 . <u>Gross Operating Surplus/(Deficit) = 3+4</u>			28,235,836
6 . <u>Return of Surplus:</u>			
Paid		22,796,506	
Authorized and Unpaid		633,000	
Subtotal Return of Surplus			23,429,506
7 . <u>Net Current Surplus/(Deficit) = 5-6</u>			\$ 4,806,330

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Historical Balance Sheet

All fund Years

December 31, 2018
(unaudited)

1 . <u>Assets:</u>			
Cash and Investments	\$ 74,928,958	\$ 74,928,958	
<u>Receivables :</u>			
Assessments	21,228,628		
Other	2,321,668		
Total Receivables		23,550,296	
Prepaid Expenses			
Other Assets			
<u>Total Assets</u>			\$ 98,479,254
2 . <u>Liabilities:</u>			
<u>Claims:</u>			
Case Reserves	77,253,207		
Less Excess Insurance Recoverable	-		
IBNR Reserve	15,764,000		
Subtotal Claims		93,017,207	
<u>Expenses (unpaid)</u>			
Excess Insurance	-		
Administrative	22,717		
Subtotal Expenses		22,717	
<u>Other Liabilities:</u>			
Unearned Contributions			
Authorized Return of Surplus	633,000		
Miscellaneous Liabilities	-		
Subtotal		633,000	
<u>Total Liabilities</u>			<u>93,672,924</u>
<u>Net Current Surplus/(Deficit) = 1-2</u>			\$ <u><u>4,806,330</u></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, 2018
(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>			18,034,244
5 . <u>Gross Operating Surplus/(Deficit) = 3+4</u>			22,610,375
6 . <u>Return of Surplus:</u>			
Paid		17,136,506	
Authorized and Unpaid		633,000	
Subtotal Return of Surplus			17,769,506
7 . <u>Net Current Surplus/(Deficit) = 5-6</u>	\$		4,840,869

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, 2018
(unaudited)

1 . <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$		
Supplemental Contributions			
Other Income (except investments)			
Total Income			\$ -
2 . <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid	(5,237,852)		
Case Reserves	2,367,216		
Imprest Account	-		
IBNR Reserve	-		
Subtotal		\$ (2,870,636)	
Less Excess Insurance:			
Received	-		
Recoverable	-		
Subtotal			
Limited Incurred Claims (claims-excess)		(2,870,636)	
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative			
Subtotal Expenses		-	
Total Incurred Liabilities (limited claims and expenses)			(2,870,636)
3 . <u>Underwriting Surplus/(Deficit) = 1-2</u>			2,870,636
4 . <u>Investment Income (Earned)</u>			121,894
5 . <u>Gross Operating Surplus/(Deficit) = 3+4</u>			2,992,530
6 . <u>Return of Surplus:</u>			
Paid			
Authorized and Unpaid			
Subtotal Return of Surplus			-
7 . <u>Net Current Surplus/(Deficit) = 5-6</u>			\$ 2,992,530

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2005

December 31, 2018
(unaudited)

1 . <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	12,817,958	
Supplemental Contributions			
Other Income (except investments)			
Total Income		<hr/>	\$ 12,817,958
2 . <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		13,785,787	
Case Reserves		625,988	
Imprest Account		-	
IBNR Reserve		-	
Subtotal		<hr/>	\$ 14,411,775
Less Excess Insurance:			
Received		899,192	
Recoverable		-	
Subtotal		<hr/>	899,192
Limited Incurred Claims (claims-excess)			<hr/> 13,512,583
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		312,087	
Subtotal Expenses		<hr/>	312,087
Total Incurred Liabilities (limited claims and expenses)			<hr/> 13,824,670
3 . <u>Underwriting Surplus/(Deficit) = 1-2</u>			(1,006,712)
4 . <u>Investment Income (Earned)</u>			<hr/> 1,114,357
5 . <u>Gross Operating Surplus/(Deficit) = 3+4</u>			107,645
6 . <u>Return of Surplus:</u>			
Paid		335,000	
Authorized and Unpaid			
Subtotal Return of Surplus		<hr/>	<hr/> 335,000
7 . <u>Net Current Surplus/(Deficit) = 5-6</u>			<hr/> <hr/> \$ (227,355)

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2006

December 31, 2018
(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		22,866,642	
Case Reserves		795,786	
Imprest Account		-	
IBNR Reserve		3,000	
Subtotal	\$		23,665,428
Less Excess Insurance:			
Received		6,083,278	
Recoverable		-	
Subtotal			6,083,278
Limited Incurred Claims (claims-excess)			17,582,150
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		323,486	
Subtotal Expenses			323,486
Total Incurred Liabilities (limited claims and expenses)			17,905,636
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			(2,604,519)
4. <u>Investment Income (Earned)</u>			783,811
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			(1,820,708)
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>(2,160,708)</u>

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2007

December 31, 2018
(unaudited)

1 . <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	18,226,495	
Supplemental Contributions			
Other Income (except investments)			
Total Income			\$ 18,226,495
2 . <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		20,501,647	
Case Reserves		2,422,876	
Imprest Account		-	
IBNR Reserve		17,000	
Subtotal	\$		22,941,523
Less Excess Insurance:			
Received		40,313	
Recoverable		-	
Subtotal			40,313
Limited Incurred Claims (claims-excess)			22,901,210
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		326,421	
Subtotal Expenses			326,421
Total Incurred Liabilities (limited claims and expenses)			23,227,631
3 . <u>Underwriting Surplus/(Deficit) = 1-2</u>			(5,001,136)
4 . <u>Investment Income (Earned)</u>			882,514
5 . <u>Gross Operating Surplus/(Deficit) = 3+4</u>			(4,118,622)
6 . <u>Return of Surplus:</u>			
Paid		350,000	
Authorized and Unpaid			
Subtotal Return of Surplus			350,000
7 . <u>Net Current Surplus/(Deficit) = 5-6</u>	\$		(4,468,622)

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2008

December 31, 2018
(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		21,303,525	
Case Reserves		2,996,051	
Imprest Account		-	
IBNR Reserve		30,000	
Subtotal	\$		24,329,576
Less Excess Insurance:			
Received		3,429,318	
Recoverable		-	
Subtotal			3,429,318
Limited Incurred Claims (claims-excess)			20,900,258
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		334,914	
Subtotal Expenses			334,914
Total Incurred Liabilities (limited claims and expenses)			21,235,172
3 . <u>Underwriting Surplus/(Deficit) = 1-2</u>			(1,532,651)
4 . <u>Investment Income (Earned)</u>			753,204
5 . <u>Gross Operating Surplus/(Deficit) = 3+4</u>			(779,447)
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>	\$		(1,154,447)

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Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2009

December 31, 2018
(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		20,904,463	
Case Reserves		2,177,531	
Imprest Account		-	
IBNR Reserve		60,000	
Subtotal	\$	<hr/>	23,141,994
Less Excess Insurance:			
Received		3,086,070	
Recoverable		-	
Subtotal		<hr/>	3,086,070
Limited Incurred Claims (claims-excess)			<hr/> 20,055,924
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		344,890	
Subtotal Expenses		<hr/>	344,890
Total Incurred Liabilities (limited claims and expenses)			<hr/> 20,400,814
3 . <u>Underwriting Surplus/(Deficit) = 1-2</u>			2,680,727
4 . <u>Investment Income (Earned)</u>			<hr/> 685,798
5 . <u>Gross Operating Surplus/(Deficit) = 3+4</u>			3,366,525
6 . <u>Return of Surplus:</u>			
Paid		380,000	
Authorized and Unpaid			
Subtotal Return of Surplus		<hr/>	380,000
7 . <u>Net Current Surplus/(Deficit) = 5-6</u>	\$		<hr/> <hr/> 2,986,525

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Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2010

December 31, 2018
(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		17,636,862	
Case Reserves		2,231,913	
Imprest Account		-	
IBNR Reserve		70,000	
Subtotal	\$	<hr/>	19,938,775
Less Excess Insurance:			
Received		-	
Recoverable		-	
Subtotal		<hr/>	-
Limited Incurred Claims (claims-excess)			<hr/> 19,938,775
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		350,137	
Subtotal Expenses		<hr/>	350,137
Total Incurred Liabilities (limited claims and expenses)			<hr/> 20,288,912
3 . <u>Underwriting Surplus/(Deficit) = 1-2</u>			1,275,128
4 . <u>Investment Income (Earned)</u>			<hr/> 455,735
5 . <u>Gross Operating Surplus/(Deficit) = 3+4</u>			1,730,863
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/> 1,330,863

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Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2011

December 31, 2018
(unaudited)

1 . <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	23,778,245	
Supplemental Contributions			
Other Income (except investments)			
Total Income		<hr/>	\$ 23,778,245
2 . <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		21,006,589	
Case Reserves		5,949,147	
Imprest Account		-	
IBNR Reserve		55,000	
Subtotal		<hr/>	\$ 27,010,736
Less Excess Insurance:			
Received		-	
Recoverable		-	
Subtotal		<hr/>	-
Limited Incurred Claims (claims-excess)			<hr/> 27,010,736
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		354,501	
Subtotal Expenses		<hr/>	354,501
Total Incurred Liabilities (limited claims and expenses)			<hr/> 27,365,237
3 . <u>Underwriting Surplus/(Deficit) = 1-2</u>			(3,586,992)
4 . <u>Investment Income (Earned)</u>			<hr/> 370,639
5 . <u>Gross Operating Surplus/(Deficit) = 3+4</u>			(3,216,353)
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/> \$ (3,616,353)

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Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2012

December 31, 2018
(unaudited)

1 . <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	29,802,024	
Supplemental Contributions			
Other Income (except investments)			
Total Income			\$ 29,802,024
2 . <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		25,080,892	
Case Reserves		7,181,060	
Imprest Account		-	
IBNR Reserve		240,000	
Subtotal	\$		32,501,952
Less Excess Insurance:			
Received		437,510	
Recoverable		-	
Subtotal			437,510
Limited Incurred Claims (claims-excess)			32,064,442
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		366,275	
Subtotal Expenses			366,275
Total Incurred Liabilities (limited claims and expenses)			32,430,717
3 . <u>Underwriting Surplus/(Deficit) = 1-2</u>			(2,628,693)
4 . <u>Investment Income (Earned)</u>			365,893
5 . <u>Gross Operating Surplus/(Deficit) = 3+4</u>			(2,262,800)
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>	\$		(2,662,800)

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Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2013

December 31, 2018
(unaudited)

1 . <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	24,974,946	
Supplemental Contributions			
Other Income (except investments)			
Total Income		<hr/>	\$ 24,974,946
2 . <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		18,608,448	
Case Reserves		4,905,816	
Imprest Account		-	
IBNR Reserve		489,000	
Subtotal	\$	<hr/>	24,003,264
Less Excess Insurance:			
Received		-	
Recoverable		-	
Subtotal		<hr/>	-
Limited Incurred Claims (claims-excess)			<hr/> 24,003,264
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		432,325	
Subtotal Expenses		<hr/>	432,325
Total Incurred Liabilities (limited claims and expenses)			<hr/> 24,435,589
3 . <u>Underwriting Surplus/(Deficit) = 1-2</u>			539,357
4 . <u>Investment Income (Earned)</u>			<hr/> 438,146
5 . <u>Gross Operating Surplus/(Deficit) = 3+4</u>			977,503
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/> \$ 577,503

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Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2014

December 31, 2018

(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		18,881,878	
Case Reserves		5,250,058	
Imprest Account		-	
IBNR Reserve		1,055,000	
Subtotal	\$		25,186,936
Less Excess Insurance:			
Received		-	
Recoverable		-	
Subtotal			-
Limited Incurred Claims (claims-excess)			25,186,936
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		450,648	
Subtotal Expenses			450,648
Total Incurred Liabilities (limited claims and expenses)			25,637,584
3 . <u>Underwriting Surplus/(Deficit) = 1-2</u>			1,228,877
4 . <u>Investment Income (Earned)</u>			435,145
5 . <u>Gross Operating Surplus/(Deficit) = 3+4</u>			1,664,022
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>	\$		1,214,022

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Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2015

December 31, 2018
(unaudited)

1 . <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	27,223,055	
Supplemental Contributions			
Other Income (except investments)			
Total Income			\$ 27,223,055
2 . <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		13,652,951	
Case Reserves		6,726,283	
Imprest Account		-	
IBNR Reserve		2,506,000	
Subtotal	\$		22,885,234
Less Excess Insurance:			
Received		-	
Recoverable		-	
Subtotal			-
Limited Incurred Claims (claims-excess)			22,885,234
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		492,614	
Subtotal Expenses			492,614
Total Incurred Liabilities (limited claims and expenses)			23,377,848
3 . <u>Underwriting Surplus/(Deficit) = 1-2</u>			3,845,207
4 . <u>Investment Income (Earned)</u>			420,941
5 . <u>Gross Operating Surplus/(Deficit) = 3+4</u>			4,266,148
6 . <u>Return of Surplus:</u>			
Paid		600,000	
Authorized and Unpaid			
Subtotal Return of Surplus			600,000
7 . <u>Net Current Surplus/(Deficit) = 5-6</u>	\$		3,666,148

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Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2016

December 31, 2018
(unaudited)

1 . <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	24,571,400	
Supplemental Contributions			
Other Income (except investments)			
Total Income			\$ 24,571,400
2 . <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		13,845,771	
Case Reserves		6,055,254	
Imprest Account		-	
IBNR Reserve		2,440,000	
Subtotal	\$		22,341,025
Less Excess Insurance:			
Received		-	
Recoverable		-	
Subtotal			-
Limited Incurred Claims (claims-excess)			22,341,025
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		517,128	
Subtotal Expenses			517,128
Total Incurred Liabilities (limited claims and expenses)			22,858,153
3 . <u>Underwriting Surplus/(Deficit) = 1-2</u>			1,713,247
4 . <u>Investment Income (Earned)</u>			234,762
5 . <u>Gross Operating Surplus/(Deficit) = 3+4</u>			1,948,009
6 . <u>Return of Surplus:</u>			
Paid		610,000	
Authorized and Unpaid			
Subtotal Return of Surplus			610,000
7 . <u>Net Current Surplus/(Deficit) = 5-6</u>	\$		1,338,009

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Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2017

December 31, 2018
(unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	26,246,781	
Supplemental Contributions			
Other Income (except investments)			
Total Income			\$ 26,246,781
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		10,197,203	
Case Reserves		13,135,489	
Imprest Account		-	
IBNR Reserve		4,003,000	
Subtotal	\$		27,335,692
Less Excess Insurance:			
Received		-	
Recoverable		-	
Subtotal			-
Limited Incurred Claims (claims-excess)			27,335,692
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		506,538	
Subtotal Expenses			506,538
Total Incurred Liabilities (limited claims and expenses)			27,842,230
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			(1,595,449)
4. <u>Investment Income (Earned)</u>			251,722
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			(1,343,727)
6. <u>Return of Surplus:</u>			
Paid		620,000	
Authorized and Unpaid			
Subtotal Return of Surplus			620,000
7. <u>Net Current Surplus/(Deficit) = 5-6</u>	\$		(1,963,727)

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Municipal Excess Liability Residual Claims Fund

Fund Year Operating Results Analysis

Fund Year - 2018

December 31, 2018
(unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	21,848,628	
Supplemental Contributions			
Other Income (except investments)			
Total Income			\$ 21,848,628
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		-	
Case Reserves		14,432,739	
Imprest Account		-	
IBNR Reserve		4,796,000	
Subtotal	\$	19,228,739	
Less Excess Insurance:			
Received		-	
Recoverable		-	
Subtotal			-
Limited Incurred Claims (claims-excess)		19,228,739	
<u>Expenses:</u>			
Excess Insurance Premiums			
Administrative		508,915	
Subtotal Expenses		508,915	
Total Incurred Liabilities (limited claims and expenses)			19,737,654
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			2,110,974
4. <u>Investment Income (Earned)</u>			2,899
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			2,113,873
6. <u>Return of Surplus:</u>			
Paid			
Authorized and Unpaid			
Subtotal Return of Surplus			-
7. <u>Net Current Surplus/(Deficit) = 5-6</u>	\$		2,113,873

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, 2018
 (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)	(21,077)	(8,623)	(48,261)	(2,792,675)	-	-	-	(2,870,636)
Excess Insurance (Recovery)	-	-	-	-	-	-	-	-
Expenses	-	-	-	-	-	-	-	-
Total Liabilities	(21,077)	(8,623)	(48,261)	(2,792,675)	-	-	-	(2,870,636)
3 . Underwriting Surplus/(Deficit)	21,077	8,623	48,261	2,792,675	-	-	-	2,870,636
4 . Adjustments								
Investment Income	575	138	21,934	99,094	-	153	-	121,894
Transfers	-	-	-	-	-	-	-	-
Total Adjustments	575	138	21,934	99,094	-	153	-	121,894
5 . Gross Operating Surplus/(Deficit)	21,652	8,761	70,195	2,891,769	-	153	-	2,992,530
6 . Return of Surplus								
7 . Net Current Surplus/(Deficit)	\$ 21,652	\$ 8,761	\$ 70,195	\$ 2,891,769	\$ -	\$ 153	\$ -	\$ 2,992,530

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2005

December 31, 2018
(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	-	6,076,713	7,416,946	-	-	13,512,583	-
Total Income	18,924	-	6,076,713	7,416,946	-	312,087	13,824,670	-
2 . Incurred Liabilities								
Claims (limited incurred)								
Excess Insurance (Recovery) Expenses	(14,028)	-	(2,446,449)	595,852	500,000	357,913	(1,006,712)	
Total Liabilities	396	-	45,464	951,305	109,407	7,785	1,114,357	
3 . Underwriting Surplus/(Deficit)	-	-	45,464	-	-	-	-	
4 . Adjustments	396	-	45,464	951,305	109,407	7,785	1,114,357	
Investment Income Transfers	-	-	-	-	-	-	-	
Total Adjustments	(13,632)	-	(2,400,985)	1,547,157	609,407	365,698	107,645	
5 . Gross Operating Surplus/(Deficit)	-	-	-	-	-	(335,000)	(335,000)	
6 . Return of Surplus	-	-	-	-	-	-	-	
7 . Net Current Surplus/(Deficit)	\$ (13,632)	\$ -	\$ (2,400,985)	\$ 1,547,157	\$ 609,407	\$ 30,698	\$ (227,355)	

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2006

December 31, 2018
(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	-	7,151,893	10,038,945	-	-	17,582,150	
Claims (limited incurred)								
Excess Insurance (Recovery)	-	-	-	-	-	323,486	323,486	
Expenses	391,312	-	7,151,893	10,038,945	-	323,486	17,905,636	
Total Liabilities	(372,147)	22,249	(1,754,406)	(1,351,729)	500,000	351,514	(2,604,519)	
3 . Underwriting Surplus/(Deficit)								
4 . Adjustments	-	3,721	106,021	560,888	85,963	27,218	783,811	
Investment Income								
Transfers	-	-	-	-	-	-	-	
Total Adjustments	-	3,721	106,021	560,888	85,963	27,218	783,811	
5 . Gross Operating Surplus/(Deficit)	(372,147)	25,970	(1,648,385)	(790,841)	585,963	378,732	(1,820,708)	
6 . Return of Surplus	-	-	-	-	-	(340,000)	(340,000)	
7 . Net Current Surplus/(Deficit)	\$ (372,147)	\$ 25,970	\$ (1,648,385)	\$ (790,841)	\$ 585,963	\$ 38,732	\$ (2,160,708)	

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2007

December 31, 2018
(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	58,247	(18,914)	8,742,884	14,118,993	-	-	22,901,210	
2 . Incurred Liabilities								
Claims (limited incurred)								
Excess Insurance (Recovery) Expenses	-	-	-	-	-	326,421	326,421	
Total Liabilities	58,247	(18,914)	8,742,884	14,118,993	-	326,421	23,227,631	
3 . Underwriting Surplus/(Deficit)	(42,959)	24,200	(3,018,442)	(2,827,514)	500,000	363,579	(5,001,136)	
4 . Adjustments								
Investment Income	2,010	1,523	195,230	611,063	64,852	7,836	882,514	
Transfers	-	-	-	-	-	-	-	
Total Adjustments	2,010	1,523	195,230	611,063	64,852	7,836	882,514	
5 . Gross Operating Surplus/(Deficit)	(40,949)	25,723	(2,823,212)	(2,216,451)	564,852	371,415	(4,118,622)	
6 . Return of Surplus	-	-	-	-	-	(350,000)	(350,000)	
7 . Net Current Surplus/(Deficit)	\$ (40,949)	\$ 25,723	(2,823,212)	(2,216,451)	\$ 564,852	\$ 21,415	\$ (4,468,622)	

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2008

December 31, 2018
(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	-	6,870,908	13,756,380	-	-	20,900,258	
Claims (limited incurred)								
Excess Insurance (Recovery) Expenses	-	-	-	-	-	334,914	334,914	
Total Liabilities	272,970	-	6,870,908	13,756,380	-	334,914	21,235,172	
3 . Underwriting Surplus/(Deficit)	(264,493)	-	193,899	(1,977,143)	500,000	15,086	(1,532,651)	
4 . Adjustments								
Investment Income	-	-	165,016	564,070	19,323	4,795	753,204	
Transfers	-	-	-	-	-	-	-	
Total Adjustments	-	-	165,016	564,070	19,323	4,795	753,204	
5 . Gross Operating Surplus/(Deficit)	(264,493)	-	358,915	(1,413,073)	519,323	19,881	(779,447)	
6 . Return of Surplus	-	-	-	-	(375,000)	-	(375,000)	
7 . Net Current Surplus/(Deficit)	\$ (264,493)	\$ -	\$ 358,915	\$ (1,413,073)	\$ 144,323	\$ 19,881	\$ (1,154,447)	

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2009

December 31, 2018
(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								
2 . Incurred Liabilities	49,324	-	8,422,518	11,584,082	-	-	20,055,924	
Claims (limited incurred)								
Excess Insurance (Recovery)	-	-	-	-	-	344,890	344,890	
Expenses	49,324	-	8,422,518	11,584,082	-	344,890	20,400,814	
Total Liabilities								
3 . Underwriting Surplus/(Deficit)	(22,253)	-	1,782,713	390,157	500,000	30,110	2,680,727	
4 . Adjustments	1,027	-	200,930	464,242	13,308	6,291	685,798	
Investment Income								
Transfers	-	-	-	-	-	-	-	
Total Adjustments	1,027	-	200,930	464,242	13,308	6,291	685,798	
5 . Gross Operating Surplus/(Deficit)	(21,226)	-	1,983,643	854,399	513,308	36,401	3,366,525	
6 . Return of Surplus	-	-	-	-	(380,000)	-	(380,000)	
7 . Net Current Surplus/(Deficit)	\$ (21,226)	\$ -	\$ 1,983,643	\$ 854,399	\$ 133,308	\$ 36,401	\$ 2,986,525	

Municipal Excess Liability Residual Claims Fund
 Fund Year Account Operating Results Analysis

Fund Year - 2010
 December 31, 2018
 (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	\$ 107,789	\$ 1,010	\$ 9,215,026	\$ 11,360,215	\$ 500,000	\$ 380,000	\$ 21,564,040	
Regular Contributions (earned)								
Supplemental Contributions								
Other Income (except investments)								
Total Income	107,789	1,010	9,215,026	11,360,215	500,000	380,000	21,564,040	
2 . Incurred Liabilities								
Claims (limited incurred)	(63)	-	9,637,007	10,301,831	-	-	19,938,775	
Excess Insurance (Recovery)						350,137	350,137	
Expenses	-	-	-	-	-	350,137	20,288,912	
Total Liabilities	(63)	-	9,637,007	10,301,831	-	350,137	20,288,912	
3 . Underwriting Surplus/(Deficit)	107,852	1,010	(421,981)	1,058,384	500,000	29,863	1,275,128	
4 . Adjustments								
Investment Income	6,324	64	75,258	359,347	11,888	2,854	455,735	
Transfers	-	-	-	-	-	-	-	
Total Adjustments	6,324	64	75,258	359,347	11,888	2,854	455,735	
5 . Gross Operating Surplus/(Deficit)	114,176	1,074	(346,723)	1,417,731	511,888	32,717	1,730,863	
6 . Return of Surplus	-	-	-	-	(400,000)	-	(400,000)	
7 . Net Current Surplus/(Deficit)	\$ 114,176	\$ 1,074	\$ (346,723)	\$ 1,417,731	\$ 111,888	\$ 32,717	\$ 1,330,863	

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2011

December 31, 2018
(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)	174,415	-	8,335,757	18,500,564	-	-	-	27,010,736
Total Income	-	-	-	-	-	354,501	-	354,501
2 . Incurred Liabilities	174,415	-	8,335,757	18,500,564	-	354,501	-	27,365,237
Claims (limited incurred)	(127,486)	14,176	(163,247)	(3,855,934)	500,000	45,499		(3,586,992)
Excess Insurance (Recovery) Expenses	424	1,143	73,448	283,741	9,185	2,698		370,639
Total Liabilities	424	1,143	73,448	283,741	9,185	2,698		370,639
3 . Underwriting Surplus/(Deficit)	(127,062)	15,319	(89,799)	(3,572,193)	509,185	48,197		(3,216,353)
4 . Adjustments	-	-	-	-	(400,000)	-		(400,000)
Investment Income Transfers	-	-	-	-	109,185	48,197		(3,616,353)
Total Adjustments	-	-	-	-	109,185	48,197		(3,616,353)
5 . Gross Operating Surplus/(Deficit)								
6 . Return of Surplus								
7 . Net Current Surplus/(Deficit)	\$ (127,062)	\$ 15,319	\$ (89,799)	\$ (3,572,193)	\$ 109,185	\$ 48,197	\$	\$ (3,616,353)

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2012

December 31, 2018
(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								
Other Income (except investments)								
Total Income	29,304	22,026	10,967,322	17,883,372	500,000	400,000	29,802,024	
2 . Incurred Liabilities								
Claims (limited incurred)	102,686	124,984	9,358,973	22,477,799	-	-	32,064,442	
Excess Insurance (Recovery) Expenses	-	-	-	-	-	366,275	366,275	
Total Liabilities	102,686	124,984	9,358,973	22,477,799	-	366,275	32,430,717	
3 . Underwriting Surplus/(Deficit)	(73,382)	(102,958)	1,608,349	(4,594,427)	500,000	33,725	(2,628,693)	
4 . Adjustments								
Investment Income	9	(9)	100,860	258,425	4,512	2,096	365,893	
Transfers	-	-	-	-	-	-	-	
Total Adjustments	9	(9)	100,860	258,425	4,512	2,096	365,893	
5 . Gross Operating Surplus/(Deficit)	(73,373)	(102,967)	1,709,209	(4,336,002)	504,512	35,821	(2,262,800)	
6 . Return of Surplus	-	-	-	-	(400,000)	-	(400,000)	
7 . Net Current Surplus/(Deficit)	\$ (73,373)	\$ (102,967)	\$ 1,709,209	\$ (4,336,002)	\$ 104,512	\$ 35,821	\$ (2,662,800)	

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2013

December 31, 2018
(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	44,165	326,323	8,475,769	15,228,689	500,000	400,000	24,974,946	
2 . Incurred Liabilities								
Claims (limited incurred)	22,174	(1,032)	7,526,491	16,455,631	-	-	24,003,264	
Excess Insurance (Recovery) Expenses	-	-	-	-	-	432,325	432,325	
Total Liabilities	22,174	(1,032)	7,526,491	16,455,631	-	432,325	24,435,589	
3 . Underwriting Surplus/(Deficit)	21,991	327,355	949,278	(1,226,942)	500,000	(32,325)	539,357	
4 . Adjustments								
Investment Income	1,886	14,143	83,581	303,891	6,233	28,412	438,146	
Transfers	-	-	-	-	(5,000)	5,000	-	
Total Adjustments	1,886	14,143	83,581	303,891	1,233	33,412	438,146	
5 . Gross Operating Surplus/(Deficit)	23,877	341,498	1,032,859	(923,051)	501,233	1,087	977,503	
6 . Return of Surplus	-	-	-	-	(400,000)	-	(400,000)	
7 . Net Current Surplus/(Deficit)	\$ 23,877	\$ 341,498	\$ 1,032,859	\$ (923,051)	\$ 101,233	\$ 1,087	\$ 577,503	

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2014

December 31, 2018
(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	84,945	-	7,988,380	17,113,611	-	-	25,186,936	
2 . Incurred Liabilities								
Claims (limited incurred)	-	-	-	-	-	450,648	450,648	
Excess Insurance (Recovery) Expenses	84,945	-	7,988,380	17,113,611	-	450,648	25,637,584	
Total Liabilities	(64,894)	-	3,631,060	(2,786,641)	500,000	(50,648)	1,228,877	
3 . Underwriting Surplus/(Deficit)								
4 . Adjustments								
Investment Income	8	-	196,343	234,277	2,479	2,038	435,145	
Transfers	-	-	-	-	(50,000)	50,000	-	
Total Adjustments	8	-	196,343	234,277	(47,521)	52,038	435,145	
5 . Gross Operating Surplus/(Deficit)	(64,886)	-	3,827,403	(2,552,364)	452,479	1,390	1,664,022	
6 . Return of Surplus								
	-	-	-	-	(450,000)	-	(450,000)	
7 . Net Current Surplus/(Deficit)	\$ (64,886)	\$ -	\$ 3,827,403	\$ (2,552,364)	\$ 2,479	\$ 1,390	\$ 1,214,022	

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2015

December 31, 2018
(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	\$ 16,955,355	\$ 600,000	\$ 550,000	\$ 27,223,055	
Regular Contributions (earned)								
Supplemental Contributions	32,408	-	9,085,292	16,955,355	600,000	550,000	27,223,055	
Other Income (except investments)								
Total Income								
2 . Incurred Liabilities								
Claims (limited incurred)	364,893	-	7,526,080	14,994,261	-	-	22,885,234	
Excess Insurance (Recovery)								
Expenses	-	-	-	-	-	492,614	492,614	
Total Liabilities	364,893	-	7,526,080	14,994,261	-	492,614	23,377,848	
3 . Underwriting Surplus/(Deficit)	(332,485)	-	1,559,212	1,961,094	600,000	57,386	3,845,207	
4 . Adjustments								
Investment Income	-	-	69,956	348,821	(366)	2,530	420,941	
Transfers	-	-	-	-	366	(366)	-	
Total Adjustments	-	-	69,956	348,821	-	2,164	420,941	
5 . Gross Operating Surplus/(Deficit)	(332,485)	-	1,629,168	2,309,915	600,000	59,550	4,266,148	
6 . Return of Surplus	-	-	-	-	(600,000)	-	(600,000)	
7 . Net Current Surplus/(Deficit)	\$ (332,485)	\$ -	\$ 1,629,168	\$ 2,309,915	\$ -	\$ 59,550	\$ 3,666,148	

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2016

December 31, 2018
(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	\$ 2,579	\$ -	\$ 11,152,491	\$ 12,191,330	\$ 625,000	\$ 600,000	\$ 24,571,400	
Regular Contributions (earned)								
Supplemental Contributions	2,579	-	11,152,491	12,191,330	625,000	600,000	24,571,400	
Other Income (except investments)								
Total Income								
2 . Incurred Liabilities	18,886	-	9,910,446	12,411,693	-	-	22,341,025	
Claims (limited incurred)								
Excess Insurance (Recovery)	-	-	-	-	-	517,128	517,128	
Expenses	18,886	-	9,910,446	12,411,693	-	517,128	22,858,153	
Total Liabilities	(16,307)	-	1,242,045	(220,363)	625,000	82,872	1,713,247	
3 . Underwriting Surplus/(Deficit)								
4 . Adjustments	7	-	65,575	165,642	(223)	3,761	234,762	
Investment Income								
Transfers	-	-	-	-	-	-	-	
Total Adjustments	7	-	65,575	165,642	(223)	3,761	234,762	
5 . Gross Operating Surplus/(Deficit)	(16,300)	-	1,307,620	(54,721)	624,777	86,633	1,948,009	
6 . Return of Surplus	-	-	-	-	(610,000)	-	(610,000)	
7 . Net Current Surplus/(Deficit)	\$ (16,300)	\$ -	\$ 1,307,620	\$ (54,721)	\$ 14,777	\$ 86,633	\$ 1,338,009	

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2017

December 31, 2018
(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)	\$ 55,406	\$ 43,629	\$ 10,309,122	\$ 14,603,624	\$ 625,000	\$ 610,000	\$	\$ 26,246,781
Supplemental Contributions								
Other Income (except investments)								
Total Income	\$ 55,406	\$ 43,629	\$ 10,309,122	\$ 14,603,624	\$ 625,000	\$ 610,000	\$	\$ 26,246,781
2 . Incurred Liabilities								
Claims (limited incurred)	75,697	(36,010)	10,125,512	17,170,493	-	-	-	27,335,692
Excess Insurance (Recovery) Expenses	-	-	-	-	-	506,538	-	506,538
Total Liabilities	\$ 75,697	\$ (36,010)	\$ 10,125,512	\$ 17,170,493	\$ -	\$ 506,538	\$ -	\$ 27,842,230
3 . Underwriting Surplus/(Deficit)	(20,291)	79,639	183,610	(2,566,869)	625,000	103,462		(1,595,449)
4 . Adjustments								
Investment Income Transfers	950	954	93,009	151,002	1,776	4,031		251,722
Total Adjustments	\$ 950	\$ 954	\$ 93,009	\$ 151,002	\$ 1,776	\$ 4,031	\$	\$ 251,722
5 . Gross Operating Surplus/(Deficit)	(19,341)	80,593	276,619	(2,415,867)	626,776	107,493		(1,343,727)
6 . Return of Surplus	-	-	-	-	(620,000)	-		(620,000)
7 . Net Current Surplus/(Deficit)	\$ (19,341)	\$ 80,593	\$ 276,619	\$ (2,415,867)	\$ 6,776	\$ 107,493	\$	\$ (1,963,727)

Municipal Excess Liability Residual Claims Fund

Fund Year Account Operating Results Analysis

Fund Year - 2018

December 31, 2018
(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)	\$ 290,635	\$ 30,418	\$ 6,854,208	\$ 13,403,367	\$ 650,000	\$ 620,000	\$	\$ 21,848,628
Supplemental Contributions	290,635	30,418	6,854,208	13,403,367	650,000	620,000		21,848,628
Other Income (except investments)	300,315	-	6,360,644	12,567,780	-	508,915		19,228,739
Total Income	300,315	-	6,360,644	12,567,780	-	508,915		508,915
2 . Incurred Liabilities								
Claims (limited incurred)	(9,680)	30,418	493,564	835,587	650,000	111,085		2,110,974
Excess Insurance (Recovery) Expenses								
Total Liabilities	(9,680)	30,418	493,564	835,587	650,000	111,085		2,110,974
3 . Underwriting Surplus/(Deficit)								
4 . Adjustments								
Investment Income	-	-	-	-	-	2,899		2,899
Transfers	-	-	-	-	-	-		-
Total Adjustments	-	-	-	-	-	2,899		2,899
5 . Gross Operating Surplus/(Deficit)	(9,680)	30,418	493,564	835,587	650,000	113,984		2,113,873
6 . Return of Surplus								
7 . Net Current Surplus/(Deficit)	\$ (9,680)	\$ 30,418	\$ 493,564	\$ 835,587	\$ 650,000	\$ 113,984	\$	\$ 2,113,873

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Residual Legacy Account (Fund Years - 1995-2004)

**December 31, 2018
(unaudited)**

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ (21,077)	\$ (8,623)	\$ (48,261)	\$ (5,159,891)	\$ (5,237,852)
Case Reserves				2,367,216	2,367,216
Imprest Account					-
IBNR Reserve					-
Subtotal	<u>(21,077)</u>	<u>(8,623)</u>	<u>(48,261)</u>	<u>(2,792,675)</u>	<u>(2,870,636)</u>
Excess Insurance Received					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Incurring Claims	<u>(21,077)</u>	<u>(8,623)</u>	<u>(48,261)</u>	<u>(2,792,675)</u>	<u>(2,870,636)</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2005

December 31, 2018
(unaudited)

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 18,924	\$ -	\$ 6,975,905	\$ 6,790,958	\$ 13,785,787
Case Reserves				625,988	625,988
Imprest Account					-
IBNR Reserve					-
Subtotal	<u>18,924</u>	<u>-</u>	<u>6,975,905</u>	<u>7,416,946</u>	<u>14,411,775</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>\$ 6,076,713</u>	<u>\$ 7,416,946</u>	<u>\$ 13,512,583</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2006

December 31, 2018
(unaudited)

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 391,312	\$ -	\$ 13,119,235	\$ 9,356,095	\$ 22,866,642
Case Reserves				795,786	795,786
Imprest Account					-
IBNR Reserve				3,000	3,000
Subtotal	<u>391,312</u>	<u>-</u>	<u>13,119,235</u>	<u>10,154,881</u>	<u>23,665,428</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>\$ 7,151,893</u>	<u>\$ 10,038,945</u>	<u>\$ 17,582,150</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2007

December 31, 2018
(unaudited)

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 58,247	\$ (18,914)	\$ 8,783,197	\$ 11,679,117	\$ 20,501,647
Case Reserves				2,422,876	2,422,876
Imprest Account					-
IBNR Reserve				17,000	17,000
Subtotal	<u>58,247</u>	<u>(18,914)</u>	<u>8,783,197</u>	<u>14,118,993</u>	<u>22,941,523</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>\$ 58,247</u>	<u>\$ (18,914)</u>	<u>\$ 8,742,884</u>	<u>\$ 14,118,993</u>	<u>\$ 22,901,210</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2008

**December 31, 2018
(unaudited)**

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 272,970	\$ -	\$ 10,300,226	\$ 10,730,329	\$ 21,303,525
Case Reserves				2,996,051	2,996,051
Imprest Account					-
IBNR Reserve				30,000	30,000
Subtotal	<u>272,970</u>	<u>-</u>	<u>10,300,226</u>	<u>13,756,380</u>	<u>24,329,576</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>\$ 6,870,908</u>	<u>\$ 13,756,380</u>	<u>\$ 20,900,258</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2009

December 31, 2018
(unaudited)

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 49,224	\$ -	\$ 11,508,588	\$ 9,346,651	\$ 20,904,463
Case Reserves	100			2,177,431	2,177,531
Imprest Account					-
IBNR Reserve	49,324			60,000	60,000
Subtotal		-	11,508,588	11,584,082	23,141,994
Excess Insurance Received			3,086,070		3,086,070
Recoverable					-
Subtotal	-	-	3,086,070	-	3,086,070
Incurred Claims	\$ 49,324	\$ -	\$ 8,422,518	\$ 11,584,082	\$ 20,055,924

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2010

December 31, 2018
(unaudited)

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ (63)	\$ -	\$ 9,637,007	\$ 7,999,918	\$ 17,636,862
Case Reserves				2,231,913	2,231,913
Imprest Account					-
IBNR Reserve				70,000	70,000
Subtotal	(63)	-	9,637,007	10,301,831	19,938,775
Excess Insurance Received					-
Recoverable					-
Subtotal	-	-	-	-	-
Incurred Claims	(63)	-	9,637,007	10,301,831	19,938,775

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2011

**December 31, 2018
(unaudited)**

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 169,505	\$ -	\$ 8,235,647	\$ 12,601,437	\$ 21,006,589
Case Reserves	4,910		100,110	5,844,127	5,949,147
Imprest Account					-
IBNR Reserve				55,000	55,000
Subtotal	<u>174,415</u>	<u>-</u>	<u>8,335,757</u>	<u>18,500,564</u>	<u>27,010,736</u>
Excess Insurance Received					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Incurred Claims	<u>\$ 174,415</u>	<u>\$ -</u>	<u>\$ 8,335,757</u>	<u>\$ 18,500,564</u>	<u>\$ 27,010,736</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2012

December 31, 2018
(unaudited)

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 102,686	\$ 124,984	\$ 9,573,811	\$ 15,279,411	\$ 25,080,892
Case Reserves			222,672	6,958,388	7,181,060
Imprest Account					-
IBNR Reserve				240,000	240,000
Subtotal	<u>102,686</u>	<u>124,984</u>	<u>9,796,483</u>	<u>22,477,799</u>	<u>32,501,952</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>\$ 102,686</u>	<u>\$ 124,984</u>	<u>\$ 9,358,973</u>	<u>\$ 22,477,799</u>	<u>\$ 32,064,442</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2013

**December 31, 2018
(unaudited)**

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 20,973	\$ (1,032)	\$ 7,472,943	\$ 11,115,564	\$ 18,608,448
Case Reserves	1,201		53,548	4,851,067	4,905,816
Imprest Account					-
IBNR Reserve				489,000	489,000
Subtotal	<u>22,174</u>	<u>(1,032)</u>	<u>7,526,491</u>	<u>16,455,631</u>	<u>24,003,264</u>
Excess Insurance Received					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Incurred Claims	<u>\$ 22,174</u>	<u>\$ (1,032)</u>	<u>\$ 7,526,491</u>	<u>\$ 16,455,631</u>	<u>\$ 24,003,264</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2014

**December 31, 2018
(unaudited)**

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 82,834	\$ -	\$ 7,264,574	\$ 11,534,470	\$ 18,881,878
Case Reserves	2,111		692,806	4,555,141	5,250,058
Imprest Account					-
IBNR Reserve			31,000	1,024,000	1,055,000
Subtotal	<u>84,945</u>	<u>-</u>	<u>7,988,380</u>	<u>17,113,611</u>	<u>25,186,936</u>
Excess Insurance Received					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Incurred Claims	<u>\$ 84,945</u>	<u>\$ -</u>	<u>\$ 7,988,380</u>	<u>\$ 17,113,611</u>	<u>\$ 25,186,936</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2015

**December 31, 2018
(unaudited)**

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 362,164	\$ -	\$ 7,231,935	\$ 6,058,852	\$ 13,652,951
Case Reserves	2,729		217,145	6,506,409	6,726,283
Imprest Account					-
IBNR Reserve			77,000	2,429,000	2,506,000
Subtotal	<u>364,893</u>	<u>-</u>	<u>7,526,080</u>	<u>14,994,261</u>	<u>22,885,234</u>
Excess Insurance Received					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Incurred Claims	<u>\$ 364,893</u>	<u>\$ -</u>	<u>\$ 7,526,080</u>	<u>\$ 14,994,261</u>	<u>\$ 22,885,234</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2016

December 31, 2018
(unaudited)

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 18,836	\$ -	\$ 9,060,200	\$ 4,766,735	\$ 13,845,771
Case Reserves	50		669,246	5,385,958	6,055,254
Imprest Account					-
IBNR Reserve	18,886		181,000	2,259,000	2,440,000
Subtotal		-	9,910,446	12,411,693	22,341,025
Excess Insurance Received					-
Recoverable					-
Subtotal	-	-	-	-	-
Incurred Claims	\$ 18,886	\$ -	\$ 9,910,446	\$ 12,411,693	\$ 22,341,025

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2017

**December 31, 2018
(unaudited)**

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ 18,976	\$ (36,010)	\$ 5,637,185	\$ 4,577,052	\$ 10,197,203
Case Reserves	56,721		3,931,327	9,147,441	13,135,489
Imprest Account					-
IBNR Reserve			557,000	3,446,000	4,003,000
Subtotal	<u>75,697</u>	<u>(36,010)</u>	<u>10,125,512</u>	<u>17,170,493</u>	<u>27,335,692</u>
Excess Insurance Received					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Incurred Claims	<u>\$ 75,697</u>	<u>\$ (36,010)</u>	<u>\$ 10,125,512</u>	<u>\$ 17,170,493</u>	<u>\$ 27,335,692</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Claims Analysis

Fund Year - 2018

**December 31, 2018
(unaudited)**

	Coverages				Totals
	Property	Faithful Perf. Bond Fund	Liability	Worker's Compensation Insurance	
Paid Claims	\$ -	\$ -	\$ -	\$ -	\$ -
Case Reserves	300,315		4,076,644	10,055,780	14,432,739
Imprest Account					-
IBNR Reserve			2,284,000	2,512,000	4,796,000
Subtotal	<u>300,315</u>	<u>-</u>	<u>6,360,644</u>	<u>12,567,780</u>	<u>19,228,739</u>
Excess Insurance Received					-
Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Incurred Claims	<u>300,315</u>	<u>-</u>	<u>6,360,644</u>	<u>12,567,780</u>	<u>19,228,739</u>

Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2005

December 31, 2018
(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, 2018
(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, 2018
(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>

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Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2008

December 31, 2018
(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, 2018
(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>

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Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2010

December 31, 2018
(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, 2018
(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>

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Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2012

December 31, 2018
(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	37,179		37,179
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>366,275</u>	<u>-</u>	<u>366,275</u>
Total Expenses =1+2	<u>\$ 366,275</u>	<u>\$ -</u>	<u>\$ 366,275</u>

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Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2013

December 31, 2018
(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	37,155		37,155
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>432,325</u>	<u>-</u>	<u>432,325</u>
Total Expenses =1+2	<u>\$ 432,325</u>	<u>\$ -</u>	<u>\$ 432,325</u>

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Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2014

December 31, 2018
(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	38,930		38,930
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>450,649</u>	<u>-</u>	<u>450,649</u>
Total Expenses =1+2	<u>\$ 450,649</u>	<u>\$ -</u>	<u>\$ 450,649</u>

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Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2015

December 31, 2018
(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	55,796		55,796
Miscellaneous	104,434		104,434
Subtotal Administration	<u>492,614</u>	<u>-</u>	<u>492,614</u>
Total Expenses =1+2	<u>\$ 492,614</u>	<u>\$ -</u>	<u>\$ 492,614</u>

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Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2016

December 31, 2018
(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	169,674		169,674
Deputy Administrator	57,657		57,657
Legal	39,370		39,370
Treasurer	36,963		36,963
Other (itemize)			
Actuary	38,981		38,981
Auditor	21,835		21,835
Claims Administrator	56,912		56,912
Miscellaneous	95,736		95,736
Subtotal Administration	<u>517,128</u>	<u>-</u>	<u>517,128</u>
Total Expenses =1+2	<u>\$ 517,128</u>	<u>\$ -</u>	<u>\$ 517,128</u>

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Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2017

December 31, 2018
(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	192,813		192,813
Deputy Administrator	65,179		65,179
Legal	40,157		40,157
Treasurer	37,702		37,702
Other (itemize)			
Actuary	39,761		39,761
Auditor	22,272		22,272
Claims Administrator	58,050		58,050
Miscellaneous	50,604		50,604
Subtotal Administration	<u>506,538</u>	<u>-</u>	<u>506,538</u>
Total Expenses =1+2	<u>\$ 506,538</u>	<u>\$ -</u>	<u>\$ 506,538</u>

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Municipal Excess Liability Residual Claims Fund

Fund Year Expense Analysis

Fund Year - 2018

December 31, 2018
(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	196,667		196,667
Deputy Administrator	66,482		66,482
Legal	39,000		39,000
Treasurer	38,456		38,456
Other (itemize)			
Actuary	40,556		40,556
Auditor	-	22,717	22,717
Claims Administrator	59,211		59,211
Miscellaneous	45,826		45,826
Subtotal Administration	<u>486,198</u>	<u>22,717</u>	<u>508,915</u>
Total Expenses =1+2	<u>\$ 486,198</u>	<u>\$ 22,717</u>	<u>\$ 508,915</u>

See Independent Auditor's Report

Municipal Excess Liability Residual Claims Fund

Program Summary

Fund Years - Legacy (1995-2004) to 2018

December 31, 2018

(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.		
<u>Specific</u>	Note: See 1. Above		
<u>Aggregate</u>			
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>	175,300,861	265,958,815	2,076,501
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, 2018
(unaudited)

Bank	Description	Account Amount	Cost
Investors Bank	Operating	16,220,809	16,220,809
Wilmington Trust: Money Market	Investment	2,240,792	2,240,792
U.S Treasury Notes	Investment	56,476,724	56,887,831
		74,938,325	75,349,432
Add: Deposit in Transit		3	3
Less: Outstanding Checks / Transfers		(9,370)	(9,370)
		<u>\$ 74,928,958</u>	<u>75,340,065</u>

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

Analysis of Assessments Receivable

December 31, 2018
(unaudited)

Fund Year 2018 \$ 21,228,628

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

December 31, 2018
(unaudited)

Accrued Interest Receivable	\$	<u>173,956</u>
Due from Central Jersey JIF - Net of Loss Reserves		10,000
Due from Brick Township - Net of Loss Reserves		(1,071)
Due from Member JIF's - Advances		35,412
Due from Member JIF's - Reinsurance Refunds		108,575
Due from Genesis Reinsurance Corporation Worker's Comp.		1,728,196
Due from Claims Account Excess Transfer/JIF's Closed Year		<u>266,600</u>
Sub-total Other Accounts Receivable		<u>2,147,712</u>
 Total Other Receivables	 \$	 <u><u>2,321,668</u></u>

Analysis of Administrative Expenses Payable

December 31, 2018
(unaudited)

Fund Year 2018:		
Accounting and Auditing Services	\$	<u>22,717</u>
	\$	<u><u>22,717</u></u>

MUNICIPAL EXCESS LIABILITY

RESIDUAL CLAIMS FUND

REPORT PURSUANT TO GOVERNMENT AUDITING STANDARDS

FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

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, 2018, and the related notes to the financial statements, and have issued our report thereon dated May 10, 2019.

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, Wielkotz, Cerullo & Cuva, P.A.

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

May 10, 2019



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 2006, 2007, 2008, 2011, 2012, 2013, 2014, 2016 and 2017 fund years for worker's compensation and the 2005, 2006, 2007, 2010 and 2011 fund years for the liability and 2005, 2006, 2007, 2008, 2009, 2011, 2012, 2014, 2015, 2016, 2017 and 2018 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.