

Municipal Excess Liability
Joint Insurance Fund
Parsippany, New Jersey

Annual Comprehensive Financial Report
For the Years Ended December 31, 2025 and 2024

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
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INTRODUCTORY SECTION



Municipal Excess Liability Joint Insurance Fund

9 Campus Drive, Suite 216
Parsippany, New Jersey 07054
Tel (201) 881-7632
Fax (201) 881-7633

May 15, 2026

Board of Fund Commissioners
Municipal Excess Liability Joint Insurance Fund
9 Campus Drive, Suite 216
Parsippany, NJ 07054

Dear Fund Commissioners:

The Annual Comprehensive Financial Report (ACFR) of the Municipal Excess Liability Joint Insurance Fund (MEL) for the year ended December 31, 2025 is hereby respectfully submitted. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the MEL. We believe the data, as presented, are accurate in all material respects; that they are presented in a manner designed to fairly set forth the financial position and results of the operations of the MEL as measured by the financial activity of its various membership years; and that all disclosures necessary to enable the reader to gain the maximum understanding of the MEL's financial affairs have been included.

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section contains this transmittal letter, substantive highlights of the year, a list of the MEL's members, a list of the MEL's officers and an organizational chart. The financial section includes a management discussion and analysis of the financial activities, the basic financial statements, as well as the independent auditors' opinion on the basic financial statements. State schedules are provided pursuant to the specifications of the New Jersey Department of Banking and Insurance, which, along with the Department of Community Affairs, exercises regulatory control over the MEL. The statistical section includes selected data covering the last ten years that the MEL has been operational.

The MEL was formed under State statutes which authorize local government entities to pool resources to meet risk management needs. Specifically, along with local joint insurance funds, the MEL administers a program of self-funding and commercial insurance, and reinsurance that provides protection to members in the areas of property, workers' compensation, and automobile, general, and optional excess professional liability. The MEL performs a number of tasks in accomplishing this mission, including contracting for support services such as claims and litigation management, loss control services and training, financial management and reporting, actuarial services, and general management.

The MEL's economic condition and its outlook continue to be strong. The MEL has provided its members with stable assessments, a long history of dividends, comprehensive insurance, and responsive service. These factors have resulted in steady growth. While the MEL is not expected to continue to grow at its historic rate because its market share is now so large, marginal growth or at least membership stability is expected.

MEL Initiatives

During 2024, the Fund received the final report from Benchmark Analytics in identifying areas of success with the Police Accreditation process. In 2025, the board awarded a contract to Benchmark Analytics for Phase II. The Fund was able to secure a grant from Safety National, the MEL's excess workers' compensation carrier, to support the study.

In response to a large jury award involving stormwater, the MEL's excess carrier provided funding for a "Stormwater Professional Assistance Program". This unique project essentially operated as a grant in that the MEL's commercial carriers agreed to provide funding for assistance with design immunity to reduce the risk of stormwater claims being filed against members. Fund Attorney said the funding must be put toward preventative types of insurance and/or education.

The MEL completed and distributed the 2nd edition of *The Power of Collaboration, Risk Management for Local Officials*.

The MEL's Bylaws were amended during 2025 to make the bylaws consistent with state regulations and actual practice. The board also adopted a new procedure in the event of a conflict of interest in the Fund's procurement procedures. The procedure outlines general responsibilities of MEL fund professionals, potential scenarios of conflicts of interest as well as identified the MEL sub-committees responsible for the evaluation of a submitted bid(s).

The MEL board agreed to have an Amicus Brief prepared in the matter of J.H. v. Warren Hills. That decision would expand the scope of the Child Sexual Assault Act which would impact MEL members.

While there continue to be many issues that are increasing claims cost for New Jersey public entities, management is confident that the MEL and its affiliated JIFs are in a strong position due to decades of conservative financial practices. In addition, the MEL has significantly increased its rating structure in response to the various pressures faced by members. Namely: 1) the increased cost of workers' compensation claims resulting from recent changes in the public employee pension plans that will reduce the plans' contribution for total disability claims; 2). liability claims are increasing because of the changes in the statute of limitations for sexual molestation lawsuits and the reluctance of the NJ Court System to grant summary judgements when Title 59 immunities should apply. Management also expects another sharp increase in excess and reinsurance premiums, especially for property insurance. Fortunately, MEL members are experiencing a lower rate of other employee accidents because of improved safety program.

Financial Management and Control

The financial statements have been prepared in conformity with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board and necessarily include amounts based upon reliable estimates and judgments. The MEL's books are maintained on a full accrual basis. A summary of significant accounting policies is discussed in more detail in the notes to the financial statements found in the financial section. The MEL's financial statements differ from the State schedules listed in the supplementary data section as Schedules A through F, as discussed in Note 11 to the financial statements.

Internal Accounting Structure

The MEL's accounting system is organized so that each membership year, and line of coverage within each year, can be evaluated separately. The assets, liabilities, revenues, and expenses of each year and line of coverage are reported separately on a full accrual basis. This practice is necessary because the composition of the MEL's membership, and the extent of participation within each line of coverage, varies from year to year.

The MEL's management is responsible for establishing and maintaining an internal control system designed to ensure that assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal accounting controls are designed to provide reasonable assurance that these objectives are being met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management. All internal control decisions are made within the above framework. Management believes that the MEL's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Investment Management

The Joint Cash Management and Investment program (the “JCMI”) was formulated under P.L. 2018 Chapter 40 of the New Jersey Statutes which allowed Joint Insurance Funds to pool their funds and broaden the investments that they are permitted to use. The law provides conservative restrictions as to these investments. Specifically, the investment must be purchased at fair market value, guaranteed as interest and principal, and must have a credit rating of A3 or higher by Moody’s Investor Service, or an A- or higher by Standard and Poor’s Corporation. The maturity cannot be greater than 20 years. In addition, only 50% of the investment portfolio may be comprised of such long-term investments, without prior approval of the New Jersey Department of Community Affairs.

As of December 31, 2025, the MEL's portfolio consisted of the following:

	Amount	Percentage of Total
Checking Accounts/Money Market	\$ 57,186,945	46.99%
New Jersey Cash Management	17,101,360	14.05%
JCMI	47,414,932	38.96%
	\$ 121,703,237	100.00%

Nisivoccia LLP, independent accountants, provide an independent, objective review of the fairness of the MEL's reported financial position and results of operations. Their audit includes procedures they deem necessary to express an opinion as to the fairness of the financial statements. Their opinion is included in the financial section of this report.

Acknowledgments

Our sincere appreciation is expressed to the members of the MEL Audit Committee for the leadership they provided in the expansion and improvement of the MEL's financial reporting format.

Our appreciation is also extended to each MEL commissioner, and particularly to Executive and Advisory Committee members, for their commitment to risk management and intergovernmental risk pooling.

Respectfully submitted,

Joseph P. Hrubash

Joseph P. Hrubash, Executive Director

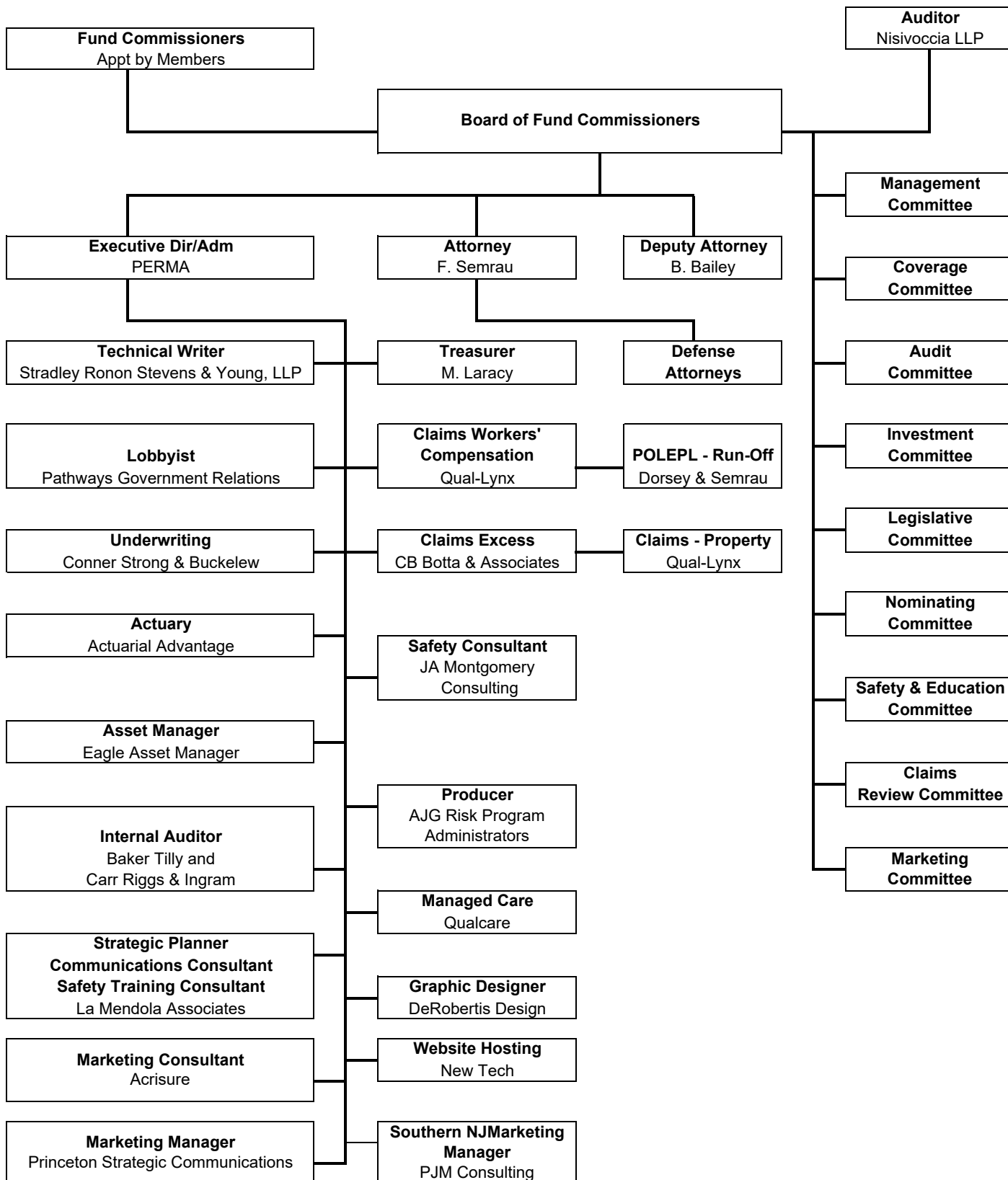
MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
ROSTER OF OFFICIALS AND CONSULTANTS
DECEMBER 31, 2025

Paul Tomasko	Fund Chairman
John Clarke	Fund Secretary
Greg Franz	Fund Commissioner
Michael Mevoli	Fund Commissioner
Thomas Nolan	Fund Commissioner
Bernard Rutkowski	Fund Commissioner
Veronica Laureigh	Fund Commissioner
Megan Champney Kweselait	Fund Commissioner
Meghan Jack	Fund Commissioner
Adam Brewer	Fund Commissioner
Jim Ulrich	Fund Commissioner
Robert McFarland	Fund Commissioner
Michael Razzo	Fund Commissioner
Joy Tozzi	Fund Commissioner
Susan Dansen	Fund Commissioner
Joseph Criscuola	Fund Commissioner
Frank Elenio	Fund Commissioner
James Pacanowski	Fund Commissioner
Vincent Quatrone	Fund Commissioner
Perma Risk Management Services	Administrator
Joseph P. Hrubash	Executive Director
Cathleen Kiernan	Deputy Executive Director
Matthew Laracy	Treasurer
Dorsey & Semrau, Esqs.	Attorney
Huntington Bailey	Deputy Attorney
Nisivoccia LLP	Auditor
The Actuarial Advantage	Actuary
CB Botta & Associates	Claims Administrators - Excess Liability
Dorsey & Semrau	Claims Administrators – Public Official/EPL
Qual-Lynx	Claims Administrators – Excess Property
Qual-Lynx	Claims Administrators - Worker’s Compensation
QualCare	Managed Care Provider
Conner Strong & Buckelew	Underwriting Manager
AJG Risk Program Administrators	Producer
Baker Tilly	Internal Auditor – Insurance Component
Carr Riggs & Ingram	Internal Auditor – Financial Component

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
ROSTER OF OFFICIALS AND CONSULTANTS
DECEMBER 31, 2025
(Continued)

Eagle Asset Management	Asset Management
Pathways Governmental Relations LLC	Lobbyist
Stradley Ronon Stevens & Young, LLP	Technical Writer
JA Montgomery Risk Control	Safety Consultant and MSI Training
LaMendola Associates	Independent Strategic Planner & Communication Consultant, and Safety Trainer Consultant
Princeton Strategic Communications	Marketing Manager
Acrisure	Marketing Consultant
PJM Consultants	Southern New Jersey Marketing Consultant
DeRobertis Design	Graphic Designer
New Tech	Website – Monthly Hosting
BIS Safety Software Inc.	Learning Management System
Origami Risk LLC	Risk Management Information System
Benchmark Analytics	Police Accreditation Consulting Services
The Canning Group	Qualified Purchasing Agent
Thomas J. Germinario, Esq.	Special Legal Counsel Services
Matthew Giacobbe, Esq.	Special Legal Counsel Services
Dughi, Hewit & Domalewski P.C	Special Legal Counsel Services

**MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
2025 ORGANIZATIONAL CHART**



MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
MEMBERSHIP LISTING
AS OF DECEMBER 31, 2025

Atlantic County Municipal Joint Insurance Fund (39 Municipalities)
Bergen County Municipal Joint Insurance Fund (38 Municipalities)
Burlington County Municipal Joint Insurance Fund (28 Municipalities)
Camden County Municipal Joint Insurance Fund (38 Members)
Central Jersey Joint Insurance Fund (18 Municipalities)
Gloucester/Salem/Cumberland Counties Municipalities Joint Insurance Fund (35 Municipalities)
Mid Jersey Municipal Joint Insurance Fund (17 Municipalities)
Monmouth Municipal Joint Insurance Fund (41 Municipalities)
Morris County Municipal Joint Insurance Fund (46 Municipalities)
New Jersey First Responders Joint Insurance Fund (35 Districts)
New Jersey Public Housing Authorities Joint Insurance Fund (90 Authorities)
New Jersey Self Insurers' Joint Insurance Fund (4 Municipalities and 1 Regional Fire and Rescue Squad)
New Jersey Utility Authorities Joint Insurance Fund (76 Authorities)
Ocean County Municipal Joint Insurance Fund (31 Municipalities)
Professional Municipal Management Joint Insurance Fund (4 Municipalities)
Public Alliance Insurance Coverage Fund (19 Municipalities and 1 County)
South Bergen Municipal Joint Insurance Fund (23 Municipalities)
Suburban Metro Municipal Joint Insurance Fund (formerly Suburban Essex) - (12 Member Entities)
Suburban Municipal Joint Insurance Fund (12 Municipalities)

FINANCIAL SECTION



Independent Auditors' Report

The Honorable Chairperson and Members
of the Board of Fund Commissioners
Municipal Excess Liability Joint Insurance Fund
Parsippany, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Municipal Excess Liability Joint Insurance Fund (the "Fund") as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Fund, as of December 31, 2025 and 2024, and the changes in financial position, and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

The Honorable Chairperson and Members
of the Board of Fund Commissioners
Municipal Excess Liability Joint Insurance Fund
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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Fund's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the accompanying Comparative Reconciliation of Claims Liabilities by Fund and Ten-Year Claims Development Information Schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

The Honorable Chairperson and Members
of the Board of Fund Commissioners
Municipal Excess Liability Joint Insurance Fund
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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fund's basic financial statements. The accompanying combining supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying combining supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, supplementary data schedules and the statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2026 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
May 15, 2026

Nisivoccia LLP

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
Management Discussion and Analysis

This section of the annual financial report of the Fund presents a discussion and analysis of the financial performance of the Fund for the years ended December 31, 2025 and 2024. Please read it in conjunction with the basic financial statements, the notes, and supplementary schedules that follow this section.

Overview of Basic Financial Statements

The Fund's basic financial statements are prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises where applicable. The primary purpose of the Fund is to provide excess property and casualty insurance for joint insurance funds that are members of the Fund. The Fund maintains separate enterprise funds by incurred years and line of coverage. The basic financial statements are presented on an accrual basis of accounting. The three basic financial statements presented are as follows:

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

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

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

Financial Highlights

The following tables summarize the financial position and results of operations for the Fund as of and for the years ended December 31, 2025, 2024 and 2023.

<u>SUMMARY OF STATEMENT OF NET POSITION</u>	2025	2024	24-25 Percent Change	2023	23-24 Percent Change
ASSETS:					
Cash and Cash Equivalents	\$ 121,703,237	\$ 83,731,717	45.35%	\$ 82,719,141	1.22%
Assessments Receivable	6,409,350	9,279,089	-30.93%	4,617,713	100.95%
Supplemental Underwriting Income Receivable		9,300,000	-100.00%	16,000,000	-41.88%
Investment in Joint Venture	1,184,076	(147,226)	904.26%	(1,464,491)	89.95%
Other Assets	4,242,257	4,476,899	-5.24%	4,968,084	-9.89%
Total	<u>133,538,920</u>	<u>106,640,479</u>	25.22%	<u>106,840,447</u>	-0.19%
LIABILITIES:					
Loss Reserves	94,532,691	74,977,471	26.08%	72,509,242	3.40%
Other Liabilities	31,718,195	19,403,789	63.46%	21,949,680	-11.60%
Total	<u>126,250,886</u>	<u>94,381,260</u>	33.77%	<u>94,458,922</u>	-0.08%
NET POSITION	<u>\$ 7,288,034</u>	<u>\$ 12,259,219</u>	-40.55%	<u>\$ 12,381,525</u>	-0.99%

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

	2025	2024	24-25 Percent Change	2023	23-24 Percent Change
Operating Revenue:					
Assessments and Other Income	\$ 94,451,539	\$ 85,070,804	11.03%	\$ 66,461,441	28.00%
Operating Expenses:					
Provision for Claims & Claims Expense	38,285,288	30,414,447	25.88%	18,629,197	63.26%
Assessment for Participation in RCF	26,249,764	18,342,124	43.11%	13,205,577	38.90%
Insurance Premiums	32,569,228	32,958,909	-1.18%	27,871,850	18.25%
Administrative and Operating Expenses	8,309,816	7,989,748	4.01%	7,458,317	7.13%
Total Operating Expenses	105,414,096	89,705,228	17.51%	67,164,941	33.56%
Operating Income/(Loss)	(10,962,557)	(4,634,424)	-136.55%	(703,500)	-558.77%
Non-Operating Income/(Expenses):					
Change in Investment in Joint Venture	1,331,302	1,317,265	1.07%	1,000,685	31.64%
Investment Income	4,660,070	3,194,853	45.86%	3,243,310	-1.49%
Increase/(Decrease) in Net Position	\$ (4,971,185)	\$ (122,306)	-3964.55%	\$ 3,540,495	-103.45%

The Fund's asset base increased by 25.22% during the reporting period primarily due to a 45.35% increase in Cash and Cash Equivalents, and a 904.26% increase in "Investment in Joint Venture" that represents the Fund's share of net position in the Municipal Excess Liability Residual Claims Fund (RCF), offset by a 100.00% decrease in supplemental underwriting income receivable.

The Fund's liabilities increased by 33.77% primarily due to a 26.08% increase in loss reserves.

For 2025, assessments and other income increased 11.03%. The provision for claims and claims expense increased 25.88%. Insurance premiums decreased 1.18%, and administrative and operating expenses increased 4.01%. Investment income increased by 45.86%. For 2025, the Fund continued the policy started in 2004 of not issuing dividends. The Fund emphasized capital accumulation over continuity of dividends for the members.

The Fund's combined net position for all years is \$7,288,034 in 2025 compared to \$12,259,219 at the end of 2024; a decrease of 40.55%. Net position values for both reporting periods include the cumulative effect of the discounting of loss reserves.

The future financial position of the Fund will be impacted by medical costs trends that impact upon workers' compensation costs. To address this cost area, the Fund continues to reevaluate its managed care contracts and procedures and closely monitor claims as well as offer accredited safety programs to its members.

BASIC FINANCIAL STATEMENTS

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
STATEMENT OF NET POSITION

	December 31	
	2025	2024
<u>ASSETS:</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 121,703,237	\$ 83,731,717
Assessments Receivable	6,409,350	9,279,089
Supplemental Underwriting Income Receivable		9,300,000
Accounts Receivable	93,307	75,231
Notes Receivable	411,663	547,550
Insurance Receivables	323,733	809,523
Excess Insurance Receivable		528,175
Intangible Assets	593,833	
Prepaid Expenses	107,724	
Investment in Joint Venture	1,184,076	(147,226)
Total Current Assets	130,826,923	104,124,059
Long-Term Assets:		
Notes Receivable	2,711,997	2,516,420
Total Long-Term Assets	2,711,997	2,516,420
Total Assets	133,538,920	106,640,479
<u>LIABILITIES:</u>		
Loss Reserves	94,532,691	74,977,471
Accounts Payable - Vendors	430,775	424,882
Other Liabilities - SBITA	593,833	
Due to Municipal Excess Liability Residual Claims Fund	30,693,587	18,978,907
Total Liabilities	126,250,886	94,381,260
<u>NET POSITION:</u>		
Unrestricted	7,288,034	12,259,219
Total Net Position	\$ 7,288,034	\$ 12,259,219

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

	Year Ended December 31	
	2025	2024
Operating Revenue:		
Assessments from Participating Members	\$ 94,451,539	\$ 85,070,804
Total Operating Revenue	<u>94,451,539</u>	<u>85,070,804</u>
Operating Expenses:		
Provision for Claims and Claim Adjustment Expense (Net of Reinsurance of \$2,367,671 and \$-0- for 2025 and 2024, respectively)	38,285,288	30,414,447
Assessment for Participation in Municipal Excess Liability:		
Residual Claims Fund	21,370,790	13,547,200
Residual Claims Fund - Additional Assessment	4,878,974	4,794,924
Insurance Premiums	32,569,228	32,958,909
Claims Administration	1,434,759	1,390,068
Other Contractual Services	2,975,838	2,659,796
Non-Contractual Expenses	199,561	506,842
Administration	2,071,092	1,966,653
EPL Credits	265,550	226,600
Managed Care	591,573	579,974
Reinsurance Manager	344,025	337,279
Risk Management Fees	427,418	322,536
Total Operating Expenses	<u>105,414,096</u>	<u>89,705,228</u>
Operating Income/(Loss)	(10,962,557)	(4,634,424)
Non-Operating Income/(Expenses):		
Change in Investment in Joint Venture	1,331,302	1,317,265
Investment Income/(Loss)	4,660,070	3,194,853
Change in Net Position	(4,971,185)	(122,306)
Net Position - Beginning of Year	<u>12,259,219</u>	<u>12,381,525</u>
Net Position - End of Year	<u>\$ 7,288,034</u>	<u>\$ 12,259,219</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
STATEMENT OF CASH FLOWS

	<u>Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Assessments Collected	\$ 97,321,278	\$ 80,409,428
Supplemental Underwriting Income	9,300,000	6,700,000
Claims Expense	(18,730,068)	(27,946,218)
Professional and Administrative Expenses	(8,489,413)	(9,685,012)
Insurance Premiums	(32,083,438)	(32,332,298)
Municipal Excess Liability Residual Claims Fund	<u>(14,006,909)</u>	<u>(19,328,177)</u>
Net Cash Provided/(Used) by Operating Activities	<u>33,311,450</u>	<u>(2,182,277)</u>
Cash Flows from Investing Activities:		
Investment Income	<u>4,660,070</u>	<u>3,194,853</u>
Net Cash Provided/(Used) by Investing Activities	<u>4,660,070</u>	<u>3,194,853</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	37,971,520	1,012,576
Cash and Cash Equivalents, January 1	<u>83,731,717</u>	<u>82,719,141</u>
Cash and Cash Equivalents, December 31	<u><u>\$ 121,703,237</u></u>	<u><u>\$ 83,731,717</u></u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:		
Operating Income/(Loss)	\$ (10,962,557)	\$ (4,634,424)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities:		
Changes in Assets and Liabilities:		
(Increase)/Decrease in Assets:		
Assessments Receivable	2,869,739	(4,661,376)
Supplemental Underwriting Income Receivable	9,300,000	6,700,000
Insurance Receivables	485,790	626,611
Excess Insurance Receivable	528,175	291,382
Accounts Receivable	(18,076)	160,701
Notes Receivable	(59,690)	(587,509)
Increase/(Decrease) in Liabilities:		
Loss Reserves	19,555,220	2,468,229
Accounts Payable	5,893	246,577
Other Liabilities		(1,515,033)
Due to Municipal Excess Liability Residual Claims Fund	<u>11,714,680</u>	<u>(1,277,435)</u>
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ 33,311,450</u></u>	<u><u>\$ (2,182,277)</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1: NATURE OF OPERATIONS

The Municipal Excess Liability Joint Insurance Fund (the "Fund") was created on December 16, 1986, in accordance with P.L. 1983, C.372, entitled "An act concerning joint insurance funds for local units of government, and supplementing Chapter 10 of Title 40A of the New Jersey statutes". The Fund is both an insured and self-administered group of joint insurance funds established for the purpose of providing low-cost insurance coverage for the members in order to keep local property taxes and fees at a minimum for the municipalities and authorities who form the membership of the joint insurance funds. The participating joint insurance funds must be able to prove satisfactorily to the Fund their compliance with funding and underlying coverage criteria as annually agreed and approved by the Fund. The Fund has 20 members. The following coverages are offered by the Fund to its members:

- a) Excess Workers' Compensation and Employers' Liability
- b) Excess Liability Other than Motor Vehicles
- c) Excess Motor Vehicle
- d) Excess Public Officials'/Employment Practices Liability
- e) Excess Property
- f) Cyber Liability

Fund members are subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities. The Fund considers anticipated investment income when determining if a deficiency exists.

A participating member must remain in the Fund for the full term of membership unless terminated earlier by a majority vote of the Fund Commissioners or a two-thirds vote of the Executive Committee for nonpayment of assessments or continued noncompliance after written notice to comply with the bylaws or other obligations. Termination may occur only after proper notice has been given, in accordance with the Fund's bylaws.

The Executive Director and Administrator are responsible for the overall administration of the Fund. Fees paid to the Executive Director and Administrator encompasses all administrative duties which are performed at their offices. Accordingly, the Fund does not maintain any capital assets or incur any payroll expense.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The more significant of the Fund's accounting policies are described on the next pages.

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Reporting Entity

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. The combined financial statements include all funds of the Fund over which the Fund exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Fund is not includable in any other reporting entity on the basis of such criteria.

Basis of Accounting

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 the measurement focus. Operating revenue, such as charges for services, result from exchange transactions 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 and the changes in joint ventures.

Investments

The Fund generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Income Taxes

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

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Assessments

The gross claim fund assessment is determined by the actuary and, when combined with expense and premium projections, constitutes the Fund's budget. Assessments for participating joint insurance funds are determined by underwriting criteria established by the Board of Commissioners.

Unpaid Claims Liabilities

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

Reinsurance

The Fund uses reinsurance agreements to reduce its exposure to large losses on certain types of insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Fund as direct insurer of the risks reinsured. The Fund does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. Reinsurance premiums amounted to \$32,569,228 and \$32,958,909 for the years ended December 31, 2025 and 2024, respectively. The amount deducted from claims liabilities for reinsurance was \$2,387,004 and \$15,027,369 at December 31, 2025 and 2024, respectively.

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.

Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

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, 2025. This estimate is based on the estimated ultimate cost of settling the claims considering the historical experience of the Fund, various other industry statistics, including the effects of inflation and other societal or economic factors. 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 and reinsurance coverages. 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, 2025 and 2024, which have been estimated by the Fund's Actuary and Servicing Agents, are as follows:

	<u>2025</u>	<u>2024</u>
Case Reserves	\$ 24,171,313	\$ 18,098,986
Less Discount	(17,245,575)	(15,327,369)
Losses Incurred but not Reported	<u>87,606,953</u>	<u>72,205,854</u>
Total Loss Reserves	<u>\$ 94,532,691</u>	<u>\$ 74,977,471</u>

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

	<u>2025</u>	<u>2024</u>
Unpaid Claims and Claim Adjustment Expenses, Beginning of Year	<u>\$ 74,977,471</u>	<u>\$ 72,509,242</u>
Incurred Claims and Claim Adjustment Expenses:		
Provision for Insured Events of the Current Period	38,465,472	31,068,750
(Decrease)/Increase in Provision for Insured Events of Prior Years	<u>(180,184)</u>	<u>(654,303)</u>
Total Incurred Claims and Claim Adjustment Expenses	<u>38,285,288</u>	<u>30,414,447</u>
Payments:		
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Period	6,616,085	3,563,679
Claims and Claim Adjustment Expenses Attributable to Insured Events of Prior Years	<u>12,113,983</u>	<u>24,382,539</u>
Total Payments	<u>18,730,068</u>	<u>27,946,218</u>
Total Unpaid Claims and Claim Adjustment Expenses, End of Year	<u>\$ 94,532,691</u>	<u>\$ 74,977,471</u>

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE 3: LOSS RESERVES (Cont'd)

The Fund has elected to discount its loss reserves. The 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, 2025, \$111,778,266 of unpaid claims and claim adjustment expenses are presented at their net present value of \$94,532,691. These claims are discounted at an annual rate of 3.00%.

At December 31, 2024, \$90,304,840 of unpaid claims and claim adjustment expenses are presented at their net present value of \$74,977,471. These claims are discounted at an annual rate of 3.00%.

The Fund maintains contracts for insurance including excess insurance covering losses in excess of an amount established between the Fund and the insurer up to the limits of coverage set forth in the contract on a specific occurrence, or per accident or annual aggregate basis. The Fund also maintains a contract for reinsurance for Liability other than motor vehicle covering losses in excess of an amount established between the Fund and the Reinsurer up to the limits of coverage set forth in the contract on a specific occurrence or aggregate basis.

A contingent liability exists with respect to insurance coverage which would become an actual liability in the event the insuring companies, or any of them, might be unable to meet their obligations to the Fund under existing reinsurance agreements.

NOTE 4: CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in deposits, money market accounts, short-term investments with original maturities of three months or less. In addition, certain short-term money market investments are reported at amortized costs and included in the financial statements as cash equivalents.

GASB requires disclosure of the level of custodial credit risk assumed by the Fund in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Fund ensures that any deposit or investments matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Fund limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed in Note 5.

Custodial Credit Risk – The Fund's policy with respect to custodial credit risk requires that the Fund ensures that Fund's cash and cash equivalents are only deposited in financial institutions in which New Jersey insurance funds are permitted to invest their cash and cash equivalents.

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE 4: CASH AND CASH EQUIVALENTS (Cont'd)

New Jersey statutes require public depositories to maintain collateral deposits or public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds; and in addition

If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the federal reserve system and has capital funds of not less than \$25,000,000.

As of December 31, 2025 and 2024, cash and cash equivalents of the Fund consisted of the following:

	Dec. 31, 2025	Dec. 31, 2024
Checking Accounts	\$ 57,186,945	\$ 22,660,382
Cash Management Funds	17,101,360	16,404,117
JCMI	47,414,932	44,667,218
	\$ 121,703,237	\$ 83,731,717

The carrying amount of the Fund's cash and cash equivalents as of December 31, 2025 and 2024 were \$121,703,237 and \$83,731,717, respectively. The bank balances as of December 31, 2025 and 2024 were \$122,710,647 and \$84,183,156, respectively. The \$17,101,360 and \$16,404,117 invested with the State of New Jersey Cash Management Fund is uninsured and unregistered. The \$47,414,932 and \$44,667,218 are invested with BNY Mellon and is uninsured and unregistered.

JOINT CASH MANAGEMENT AND INVESTMENT PROGRAM

The Joint Cash Management and Investment program (the "JCMI") was formulated under P.L. 2018 Chapter 40 of the New Jersey Statutes which allowed Joint Insurance Funds to pool their funds and broaden the investments that they are permitted to use. The law provides conservative restrictions as to these investments. Specifically, the investment must be purchased at fair market value, guaranteed as interest and principal, and must have a credit rating of A3 or higher by Moody's Investor Service, or an A- or higher by Standard and Poor's Corporation. The maturity cannot be greater than 20 years. In addition, only 50% of the investment portfolio may be comprised of such long-term investments, without prior approval of the New Jersey Department of Community Affairs.

The JCMI Operating Committee is constituted as follows: Treasurer of the Fund, of the New Jersey Municipal Environmental Risk Management Fund, of the Municipal Excess Liability Residual Claims Fund, and one treasurer representing all local participating Joint Insurance Funds plus the Chair of the Fund Investment Committee or its designee from the Investment Committee.

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE 4: CASH AND CASH EQUIVALENTS (Cont'd)

JOINT CASH MANAGEMENT AND INVESTMENT PROGRAM (Cont'd)

The Investment Committee's decisions are made at the recommendation of an experienced and licensed Financial Advisor, Asset Manager, presented to the JCMI Operations Committee for approval; all within the guidelines set forth by the law. The results of the operation will be reported on a "unitized" type basis whereby each participating Fund and their investment will be tracked, charted and reported on a monthly basis. That, too, will be maintained, compensated for, monitored and information provided by the JCMI.

In addition to the monthly reporting, the JCMI will also report as follows:

Quarterly - The Asset Manager will provide the JCMI Operations Committee, the Fund and each participating Joint Insurance Fund with detailed information about the program including asset allocation, investment performance, future investment strategies, and other matters of interest to the JCMI Operations Committee. The Financial Advisor shall provide the JCMI Operations Committee with detailed information about the Municipal Bond Anticipation Notes purchased, the rate purchased and the savings to the issuer based on the cover bid made.

Annually - The Custodian will provide an annual summary of all transactions in each fiscal year, together with a report of investment performance for the year by portfolio, to the JCMI Operations Committee and each participating Joint Insurance Fund. Investment objectives will be reviewed to determine if they are being met.

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE 4: CASH AND CASH EQUIVALENTS (Cont'd)JOINT CASH MANAGEMENT AND INVESTMENT PROGRAM (Cont'd)

Below is a listing of the total shares for each Joint Insurance Fund in the JCMI program.

Joint Insurance Fund Participant:

Municipal Excess Liability Residual Claims Fund	\$ 71,858,832
Municipal Excess Liability Joint Insurance Fund	47,414,932
Morris County Municipal Joint Insurance Fund	28,995,848
Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund	27,903,037
New Jersey Municipal Environmental Risk Management Fund	27,609,507
Atlantic County Municipal Joint Insurance Fund	22,341,179
Camden County Municipal Joint Insurance Fund	21,443,620
Burlington County Municipal Joint Insurance Fund	13,756,389
South Bergen Municipal Joint Insurance Fund	15,496,362
Municipal Reinsurance Health Insurance Fund	11,858,372
Ocean County Municipal Joint Insurance Fund	10,612,413
Bergen County Municipal Joint Insurance Fund	9,237,557
Central Jersey Joint Insurance Fund	9,108,741
New Jersey Utility Authorities Joint Insurance Fund	2,273,893
Suburban Metro Municipal Joint Insurance Fund	5,661,034
Monmouth County Municipal Joint Insurance Fund	5,176,390
Professional Municipal Management Joint Insurance Fund	5,107,982
Suburban Municipal Joint Insurance Fund	4,959,814
Bergen Municipal Employee Benefits Fund	-0-
New Jersey Public Housing Authorities Joint Insurance Fund	1,279,462
	<u>\$ 342,095,362</u>

NOTE 5: INVESTMENTS

New Jersey statutes permit the Fund to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bears a fixed rate of interest not dependent on any index or other external factor;

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE 5: INVESTMENTS (Cont'd)

- (4) Bonds or other obligations of local units or bonds or other obligations of school districts of which the local units are part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- (9) Debt obligations of federal agencies or government corporations with maturities not to exceed 10 years from the date of purchase, excluding mortgage backed or derivative obligations, provided that the investments are purchased through the State Division of Investment and are invested consistent with the rules and regulations of the State Investment Council.

The Fund did not have any investments at December 31, 2025 and 2024.

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
 (Continued)

NOTE 6: NET POSITION

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

The Fund had statutory basis accumulated deficit net position accounts as follows:

Fund Year 2022 - Liability	\$ 4,500,530
Fund Year 2022 - Worker's Compensation	4,683,221
Fund Year 2022 - Public Officials Employment Practices	40,966
Fund Year 2022 - Faithful Performance Bond	155,240
Fund Year 2023 - Property	1,340,564
Fund Year 2023 - Worker's Compensation	2,351,110
Fund Year 2023 - Faithful Performance Bond	1,659,105
Fund Year 2024 - Worker's Compensation	1,057,649
Fund Year 2024 - Faithful Performance Bond	161,138
Fund Year 2025 - Faithful Performance Bond	503,651

In addition, at December 31, 2025 the Fund had an overall deficit in MEL Aggregate Excess Loss Fund Contingency of \$21,317,662, Fund Year 2022 of \$8,028,641, and Fund Year 2023 of \$3,858,248. The Fund has no current plans to assess the membership to eliminate deficit balances.

NOTE 7: INSURANCE RECEIVABLES

Insurance receivables consist of funds due from an insurance company for claim reimbursements.

NOTE 8: MEMBERSHIP IN JOINT INSURANCE FUND

In 1995, the Fund became a member of the Municipal Excess Liability Residual Claims Fund (the "Residual Fund"). The Residual Fund is a risk-sharing public entity risk pool that is a self-administered group of joint insurance funds established for the purpose of assuming and discharging the liabilities associated with loss reserves of participating members. The transfer of these loss reserves to the Residual Fund results in the closing of those fund years and the unencumbering of the net position related to those closed fund years. Each member appoints an official to represent their respective joint insurance fund for the purpose of creating a governing body from which officers for the Residual Fund are elected. As a member of the Residual Fund, the Fund could be subject to supplemental assessments in the event of deficiencies. If the assets of the Residual Fund were to be exhausted, members would become jointly and severally liable for the Residual Fund's liabilities.

The Residual Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessments are related to the total assessment of the membership for that fund year.

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE 8: MEMBERSHIP IN JOINT INSURANCE FUND (Cont'd)

During 2025, the Residual Fund assumed the obligation for discharging the Fund's liabilities for claims and losses for the 2021 Fund Year. Loss reserves totaling \$21,370,790 at December 31, 2025, were assumed as of December 31, 2025 in exchange for the Fund's assessment for participation in the Residual Fund of \$21,370,790.

During 2024, the Residual Fund assumed the obligation for discharging the Fund's liabilities for claims and losses for the 2020 Fund Year. Loss reserves totaling \$13,547,200 at December 31, 2024, were assumed as of December 31, 2024 in exchange for the Fund's assessment for participation in the Residual Fund of \$13,547,200.

The December 31, 2025 audit report of the Residual Fund is not filed as of the date of this audit. Selected, summarized unaudited financial information for the Residual Fund as of December 31, 2024 is as follows:

Total Assets	\$ 136,171,862
Net Position/(Deficit)	<u>\$ (4,639,700)</u>
Total Revenue	<u>\$ 42,604,228</u>
Total Expenses	<u>\$ 41,755,914</u>
Change in Net Position	<u>\$ 128,314</u>
Member Dividends	<u>\$ 720,000</u>

The Fund's equity interest in the Residual Fund was \$1,184,076 and \$(147,226) as of December 31, 2025 and 2024, respectively.

Financial statements for the Residual Fund are available at the office of the Residual Fund's Executive Director:

PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, New Jersey, 07054
(201) 881-7632

NOTE 9: 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.

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE 10: NOTES RECEIVABLE

On December 17, 2015 the Fund entered into an advanced loan agreement with the Borough of Bogota. Whereas the Fund contributed \$1,500,000 to the Borough of Bogota as part of an overall settlement. The Borough is on a payment plan to reimburse the Fund over the next 20 years in \$75,000 installments plus interest with the first installment payment being made on or before December 31, 2016.

On January 28, 2020, the Fund entered into a repayment agreement with the Borough of Palisades Park for \$245,000. The municipality will make annual installments to the Fund in the amount of \$35,000 initiating on February 1, 2020 and terminating on February 1, 2026, together with interest equal to the rate of interest the Fund is currently receiving on its investments.

In 2022 the Fund entered into a Promissory Note with the Township of Mahwah. The total amount of the settlement was \$750,000. The Township of Mahwah agreed to pay the Fund in installments of \$107,143 over seven years.

On March 9, 2023, the Fund entered into a repayment agreement with the Township of Little Falls for \$271,250. The municipality will make annual installments to the Fund in the amount of \$54,250 initiating on January 1, 2024 and terminating on January 1, 2028, together with interest equal to the rate of interest the Fund is currently receiving on its investments.

On June 27, 2023, the Fund entered into a repayment agreement with the Township of Englewood for \$33,203. The municipality will make biannual installments to the Fund in the amount of \$5,534 initiating on January 1, 2024 and terminating on January 1, 2026, together with interest equal to the rate of interest the Fund is currently receiving on its investments.

In 2024, the Fund entered into a repayment agreement with the Township of Sea Girt for \$653,475. The municipality will make annual installments to the Fund in the amount of \$65,347 initiating on January 1, 2024 and terminating on January 1, 2032, together with interest equal to the rate of interest the Fund is currently receiving on its investments.

In 2024, the Fund entered into a repayment agreement with the Township of Saddle Brook for \$147,500. The municipality will make annual installments to the Fund in the amount of \$14,750 initiating on February 1, 2025 and terminating on February 1, 2035, together with interest equal to the rate of interest the Fund is currently receiving on its investments.

In 2024, the Fund entered into a repayment agreement with the Borough of South Bound Brook for \$388,680. The municipality will make annual installments to the Fund in the amount of \$55,526 initiating on January 1, 2025 and terminating on January 1, 2032, together with interest equal to the rate of interest the Fund is currently receiving on its investments.

In 2025, the Fund entered into a repayment agreement with the Township of Readington for \$630,462. The municipality will make annual installments to the Fund in the amount of \$63,046 initiating on January 1, 2026 and terminating on January 1, 2035, together with interest equal to the rate of interest the Fund is currently receiving on its investments.

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Continued)

NOTE 10: NOTES RECEIVABLE (Cont'd)

In 2025, the Fund entered into a repayment agreement with the Borough of Brielle for \$46,244. The municipality will make annual installments to the Fund in the amount of \$5,138 initiating on January 1, 2026 and terminating on January 1, 2035, together with interest equal to the rate of interest the Fund is currently receiving on its investments.

NOTE 11: RELATIONSHIP WITH STATE SCHEDULES

The information in the Fund's financial statements differs 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 Fund's equity interest in a joint venture and the discounting of loss reserves at the financial statement date. The Supplementary Schedules do not reflect the equity interest in a joint venture and the discounting of loss reserves.

NOTE 12: AGGREGATE EXCESS LOSS FUND CONTINGENCY

The Fund has adopted a retrospective rating premium approach to implement experience rated assessments for liability and workers' compensation coverages. The Fund billed 85% of the experience rated assessment in the first year and, should a member joint insurance fund exceed that amount, an additional assessment would be calculated based on each member joint insurance fund's retrospective rating modification. The retrospective rating modification is an experience rated factor, and any additional assessments would be capped at 100%, 115% or 125% of that factor. If a member joint insurance fund's liability and workers' compensation loss funds stay within the 85% threshold, there would not be an additional assessment. In 2025, the Board made a decision to cancel and collect on the 15% balance due.

NOTE 13: SUBSEQUENT EVENTS

While there are many issues that are increasing claims cost for New Jersey public entities, management is confident that the MEL and its affiliated JIFs are in a strong position because of decades of conservative financial practices. Management continues to evaluate the impact of the COVID-19 pandemic on workers' compensation. Workers' compensation claims are also expected to increase because of recent changes in the public employee pension plans that will reduce the plans' contribution in total disability claims. Fortunately, MEL members are experiencing a lower rate of other employee accidents because of improved safety programs. Liability claims are increasing because of the recent change in the statute of limitations for sexual molestation lawsuits and the reluctance of the NJ Court System to grant summary judgements when Title 59 immunities should apply. Fortunately, the rates for excess and reinsurance appear to be stabilizing.

REQUIRED SUPPLEMENTARY INFORMATION

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
COMPARATIVE RECONCILIATION OF CLAIMS LIABILITIES BY FUND
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Property		Liability		Faithful Performance Bond		Worker's Compensation		Public Officials/ Employment Practices		Totals	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Unpaid claims and claim adjustment expenses at beginning of year	\$ (9,037,439)	\$ (3,084,657)	\$ 41,785,858	\$ 35,407,915	\$ 41,063	\$ 46,410	\$ 31,969,670	\$ 30,683,621	\$ 10,218,319	\$ 9,455,953	\$ 74,977,471	\$ 72,509,242
Incurred claims and claim adjustment expenses:												
Provision for insured events of the current period	11,902,667	5,631,952	14,053,060	13,816,669	951,744	425,964	10,588,395	10,251,281	969,606	942,884	38,465,472	31,068,750
Increases/(decreases) in provision for insured events of prior years	47,387	(1,298,307)	3,540,428	590,607	(22,412)	471,145	(2,718,100)	(237,230)	(1,027,487)	(180,518)	(180,184)	(654,303)
Total incurred claims and claim adjustment expenses	11,950,054	4,333,645	17,593,488	14,407,276	929,332	897,109	7,870,295	10,014,051	(57,881)	762,366	38,285,288	30,414,447
Payments:												
Claims and claim adjustment expenses attributable to insured events of the current period	5,617,546	3,157,303			950,000	399,621	48,539	6,755			6,616,085	3,563,679
Claims and claim adjustment expenses attributable to insured events of the current period	(6,096,386)	7,129,124	13,678,569	8,029,333	(21,050)	502,835	4,552,850	8,721,247			12,113,983	24,382,539
Total payments	(478,840)	10,286,427	13,678,569	8,029,333	928,950	902,456	4,601,389	8,728,002			18,730,068	27,946,218
Unpaid claims and claim adjustment expenses at end of year	\$ 3,391,455	\$ (9,037,439)	\$ 45,700,777	\$ 41,785,858	\$ 41,445	\$ 41,063	\$ 35,238,576	\$ 31,969,670	\$ 10,160,438	\$ 10,218,319	\$ 94,532,691	\$ 74,977,471

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION

Fiscal Period Ended December 31, 2025 and Policy Period Ended December 31,

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Required contribution and investment revenue:										
Earned	\$ 43,909,018	\$ 51,794,039	\$ 47,072,218	\$ 49,538,126	\$ 57,313,232	\$ 63,664,844	\$ 65,005,792	\$ 68,630,030	\$ 87,355,632	\$ 95,058,297
Ceded	19,994,332	21,610,971	20,917,638	18,974,820	19,696,045	21,648,186	27,491,851	27,876,929	32,958,909	32,569,965
	23,914,686	30,183,068	26,154,580	30,563,306	37,617,187	42,016,658	37,513,941	40,753,101	54,396,723	62,488,332
Unallocated expenses	5,759,865	7,199,155	7,437,710	6,769,895	6,960,304	7,202,475	7,433,890	7,586,072	7,830,502	8,338,791
Estimated claims and expenses, end of policy year:										
Incurred	14,769,676	12,465,172	15,617,783	16,845,118	41,746,222	43,015,600	29,489,723	29,909,599	31,068,750	38,465,472
Ceded	274,112	37,544	1,183,686	1,510,952	15,401,256	12,843,371	270,000			
Net Incurred	14,495,564	12,427,628	14,434,097	15,334,166	26,344,966	30,172,229	29,219,723	29,909,599	31,068,750	38,465,472
Paid (cumulative) as of:										
End of policy year	3,243,964	905,149	2,760,147	2,834,668	3,266,005	(539,070)	2,494,355	5,142,438	3,563,679	6,616,085
One year later	5,700,905	3,145,885	6,174,859	5,045,367	11,739,266	13,745,740	8,765,509	10,581,483	7,070,185	
Two years later	7,106,871	4,199,779	6,679,857	6,435,118	9,416,495	18,956,889	10,796,111	13,384,024		
Three years later	10,690,019	4,982,816	8,145,928	8,032,654	10,736,900	26,432,829	18,116,033			
Four years later	12,293,016	5,774,902	11,286,457	10,513,518	20,173,852	24,917,843				
Five years later	12,293,016	6,566,988	11,286,457	10,513,518	20,173,852					
Six years later	12,293,016	6,566,988	11,286,457	10,513,518						
Seven years later	12,293,016	6,566,988	11,286,457							
Eight years later	12,293,016	6,566,988								
Nine years later	12,293,016									
Reestimated ceded claims and expenses	28,488,899	9,333,074	14,636,624	12,726,387	31,279,092	23,511,001	3,218,973	386,230	381,621	
Reestimated incurred claims and expense:										
End of policy year	14,495,564	12,427,628	14,434,097	15,334,166	26,344,966	30,172,229	29,219,723	29,909,599	31,068,750	38,465,472
One year later	17,375,790	12,902,178	16,519,142	17,747,025	26,209,703	30,070,571	28,099,013	32,994,461	32,538,758	
Two years later	18,680,599	14,206,403	19,151,500	20,132,939	27,862,697	28,828,319	31,439,340	33,660,758		
Three years later	19,488,140	13,886,610	18,813,678	20,842,308	29,274,047	30,849,022	35,054,030			
Four years later	12,293,016	5,774,902	11,286,457	10,513,518	20,173,852	24,917,843				
Five years later	12,293,016	6,566,988	11,286,457	10,513,518						
Six years later	12,293,016	6,566,988	11,286,457	10,513,518						
Seven years later	12,293,016	6,566,988	11,286,457							
Eight years later	12,293,016	6,566,988								
Nine years later	12,293,016									
Increase/(decrease) in estimated incurred claims and expense from end of policy year	\$ (2,202,548)	\$ (5,860,640)	\$ (3,147,640)	\$ (4,820,648)	\$ (6,171,114)	\$ (5,254,386)	\$ 5,834,307	\$ 3,751,159	\$ 1,470,008	\$ -0-

COMBINING SUPPLEMENTARY SCHEDULES

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
COMBINING SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025

	Fund Year					Total
	Aggregate Excess Loss Fund Contingency	Surplus Trigger	2022	2023	2024	
Operating Revenue:						
Assessments from Participating Members						
Total Operating Revenue						\$ 94,451,539
Operating Expenses:						
Provision for Claims and Claim Adjustment Expense	\$ (5,931,181)		\$ 3,614,691	\$ 666,298	\$ 1,470,008	\$ 38,285,288
Assessment for Participation in Municipal Excess Liability:						
Residual Claims Fund	21,370,790					21,370,790
Residual Claims Fund - Additional Assessment	4,878,974		(737)			4,878,974
Insurance Premiums						32,569,228
Claims Administration						1,434,759
Other Contractual Services					(34,305)	2,975,838
Non-Contractual Expenses					830	199,561
Administration	1,750					2,071,092
EPL Credits			750	1,250	750	265,550
Managed Care						591,573
Reinsurance Manager						344,025
Risk Management Fees						427,418
Total Operating Expenses	20,320,333		3,614,704	667,548	1,437,283	79,374,228
Operating Income/(Loss)	(20,320,333)		(3,614,704)	(667,548)	(1,437,283)	(10,962,557)
Non-Operating Income/(Expenses):						
Change in Investment in Joint Venture	1,331,302					1,331,302
Investment Income/(Loss)	496,230	\$ 137,724	699,824	1,007,159	1,712,375	4,660,070
Change in Net Position	(18,492,801)		137,724	339,611	275,092	(4,971,185)
Net Position/(Deficit) - Beginning of Year	(1,640,785)		(2,059,100)	(833,341)	13,752,371	12,259,219
Net Position/(Deficit) - End of Year	\$ (20,133,586)	\$ 3,177,798	\$ (4,973,980)	\$ (493,730)	\$ 14,027,463	\$ 7,288,034

SUPPLEMENTARY DATA
(UNAUDITED)

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
HISTORICAL BALANCE SHEET
ALL FUND YEARS
DECEMBER 31, 2025
(Unaudited)

1. <u>Assets:</u>			
Cash and Investments (1)	\$ 121,703,237		
		\$ 121,703,237	
<u>Receivables (1):</u>			
Excess Insurance			
Assessments	6,409,350		
Other	4,134,533		
Total Receivables		10,543,883	
Prepaid Expenses (1)		107,724	
Other Assets (1)			
<u>Total Assets</u>			\$ 132,354,844
2. <u>Liabilities:</u>			
<u>Claims:</u>			
Case Reserves	24,171,313		
IBNR Reserve (2)	87,606,953		
Subtotal Claims		111,778,266	
<u>Expenses (unpaid) (1):</u>			
Excess Insurance			
Administrative	430,775		
Subtotal Expenses		430,775	
<u>Other Liabilities:</u>			
Unearned Contributions			
Authorized Return of Surplus			
Miscellaneous Liabilities (1)	31,287,420		
Subtotal		31,287,420	
<u>Total Liabilities</u>			143,496,461
NET CURRENT SURPLUS/(DEFICIT) = 1-2			\$ (11,141,617)

Notes: (1) attach schedule itemizing these categories
(2) attach an opinion from the actuary

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - MEL SURPLUS TRIGGER
DECEMBER 31, 2025
(Unaudited)

1.	<u>Underwriting Income:</u>		
	Regular Contributions (earned)	\$ 2,978,484	
	Supplemental Contributions		
	Other Income (except investments)		
	Total Income		\$ 2,978,484
2.	<u>Incurred Liabilities:</u>		
	<u>Claims:</u>		
	Paid		
	Case Reserves		
	IBNR Reserve		
	Subtotal		
	Less Excess Insurance:		
	Received		
	Receivable		
	Recoverable		
	Subtotal		
	Limited Incurred Claims (claims-excess)		
	<u>Expenses:</u>		
	Excess Insurance Premiums		
	Administrative		
	Workers Compensation		
	Property Grant		
	Subtotal Expenses		
	<u>Total Incurred Liabilities</u>		
	(limited claims and expenses)		
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>		2,978,484
4.	<u>Investment Income (Earned)</u>		199,314
4a.	<u>Transfer</u>		
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>		3,177,798
6.	<u>Return of Surplus:</u>		
	Paid		
	Authorized and Unpaid		
	Subtotal Return of Surplus		
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>		\$ 3,177,798

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
FUND YEAR OPERATING RESULTS ANALYSIS

FUND YEAR - 2022
DECEMBER 31, 2025
(Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	62,985,674	
Supplemental Contributions			
Premium Deferral Cancellation			
Other Income (except investments)			
Total Income			\$ 62,985,674
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid		19,715,855	
Case Reserves		9,561,496	
IBNR Reserve		12,050,314	
Subtotal			\$ 41,327,665
Less Excess Insurance:			
Received		1,599,820	
Receivable			
Recoverable		1,619,153	
Subtotal			3,218,973
Limited Incurred Claims (claims-excess)			38,108,692
<u>Expenses:</u>			
Excess Insurance Premiums		27,491,851	
Administrative		6,583,837	
Workers' Compensation		557,453	
EPL Credits		292,600	
Subtotal Expenses			34,925,741
<u>Total Incurred Liabilities</u>			73,034,433
(limited claims and expenses)			
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			(10,048,759)
4. <u>Investment Income (Earned)</u>			2,020,118
4a <u>Transfers</u>			
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			(8,028,641)
6. <u>Return of Surplus:</u>			
Paid			
Authorized and Unpaid			
Subtotal Return of Surplus			
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			\$ (8,028,641)

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2023
DECEMBER 31, 2025
(Unaudited)

1.	<u>Underwriting Income:</u>		
	Regular Contributions (earned)	\$ 66,471,055	
	Supplemental Contributions		
	Deferred Premium Cancellation		
	Other Income (except investments)		
	Total Income		\$ 66,471,055
2.	<u>Incurred Liabilities:</u>		
	<u>Claims:</u>		
	Paid	13,384,024	
	Case Reserves	5,400,883	
	IBNR Reserve	18,626,600	
	Subtotal		\$ 37,411,507
	Less Excess Insurance:		
	Received		
	Receivable		
	Recoverable	386,230	
	Subtotal		386,230
	Limited Incurred Claims (claims-excess)		37,025,277
	<u>Expenses:</u>		
	Excess Insurance Premiums	27,876,929	
	Administrative	6,694,520	
	Worker's Compensation	568,602	
	EPL Credits	322,950	
	Subtotal Expenses		35,463,001
	<u>Total Incurred Liabilities</u>		72,488,278
	(limited claims and expenses)		
3.	<u>Underwriting Surplus/(Deficit) = 1-2</u>		(6,017,223)
4.	<u>Investment Income (Earned)</u>		2,158,975
5.	<u>Gross Operating Surplus/(Deficit) = 3+4</u>		(3,858,248)
6.	<u>Return of Surplus:</u>		
	Paid		
	Authorized and Unpaid		
7.	<u>Net Current Surplus/(Deficit) = 5-6</u>		\$ (3,858,248)

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2024
DECEMBER 31, 2025
(Unaudited)

1. <u>Underwriting Income:</u>		
Regular Contributions (earned)	\$ 85,074,568	
Supplemental Contributions		
Premium Deferral Cancellation		
Other Income (except investments)		
Total Income		\$ 85,074,568
2. <u>Incurred Liabilities:</u>		
<u>Claims:</u>		
Paid	7,070,185	
Case Reserves	4,102,629	
IBNR Reserve	26,651,143	
Subtotal		\$ 37,823,957
Less Excess Insurance:		
Received		
Receivable		
Recoverable	381,621	
Subtotal		381,621
Limited Incurred Claims (claims-excess)		37,442,336
<u>Expenses:</u>		
Excess Insurance Premiums	32,958,909	
Administrative	7,023,178	
Workers Compensation	579,974	
Property Grant	227,350	
Subtotal Expenses		40,789,411
<u>Total Incurred Liabilities</u>		78,231,747
(limited claims and expenses)		
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>		6,842,821
4. <u>Investment Income (Earned)</u>		2,281,064
4a. <u>Transfer</u>		_____
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>		9,123,885
6. <u>Return of Surplus:</u>		
Paid		
Authorized and Unpaid		
Subtotal Return of Surplus		_____
7. <u>Net Current Surplus/(Deficit) = 5-6</u>		\$ 9,123,885

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
FUND YEAR OPERATING RESULTS ANALYSIS
FUND YEAR - 2025
DECEMBER 31, 2025
(Unaudited)

1. <u>Underwriting Income:</u>			
Regular Contributions (earned)	\$	94,451,539	
Supplemental Contributions			
Premium Deferral Cancellation			
Other Income (except investments)			
Total Income			\$ 94,451,539
2. <u>Incurred Liabilities:</u>			
<u>Claims:</u>			
Paid	6,616,085		
Case Reserves	7,493,309		
IBNR Reserve	30,278,896		
Subtotal			\$ 44,388,290
Less Excess Insurance:			
Received			
Receivable			
Recoverable			
Subtotal			
Limited Incurred Claims (claims-excess)			44,388,290
<u>Expenses:</u>			
Excess Insurance Premiums	32,569,965		
Administrative	7,484,418		
Worker's Compensation	591,573		
EPL Credits	262,800		
Subtotal Expenses			40,908,756
<u>Total Incurred Liabilities</u>			
(limited claims and expenses)			85,297,046
3. <u>Underwriting Surplus/(Deficit) = 1-2</u>			
			9,154,493
4. <u>Investment Income (Earned)</u>			
			606,758
5. <u>Gross Operating Surplus/(Deficit) = 3+4</u>			
			9,761,251
6. <u>Return of Surplus:</u>			
Paid			
Authorized and Unpaid			
Subtotal Return of Surplus			
7. <u>Net Current Surplus/(Deficit) = 5-6</u>			
			\$ 9,761,251

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
 FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS

FUND YEAR - 2022

DECEMBER 31, 2025

(Unaudited)

	Coverages and Other Accounts							Total
	Property	Liability	Worker's Compensation	Optional Excess Public Officials/ Employment Practices	Faithful Performance Bond	Loss Fund Contingency	General and Administrative	
1. <u>Underwriting Income</u>								
Regular Contributions (earned)	\$ 21,032,714	\$ 18,288,332	\$ 13,038,241	\$ 3,275,801	\$ 240,455	\$ 344,787	\$ 6,765,344	\$ 62,985,674
Supplemental Contributions								
Premium Deferral Cancellation								
Other Income (except investments)								
Total Income	21,032,714	18,288,332	13,038,241	3,275,801	240,455	344,787	6,765,344	62,985,674
2. <u>Incurred Liabilities</u>								
Claims (limited incurred)	5,577,040	16,417,855	14,453,944	1,266,936	392,917			38,108,692
Expenses	14,842,342	7,202,449	4,146,591	2,150,522			6,583,837	34,925,741
Total Liabilities	20,419,382	23,620,304	18,600,535	3,417,458	392,917		6,583,837	73,034,433
3. <u>Underwriting Surplus/(Deficit)</u>	613,332	(5,331,972)	(5,562,294)	(141,657)	(152,462)	344,787	181,507	(10,048,759)
4. <u>Adjustments</u>								
Investment Income	180,195	831,443	879,073	100,691	(2,777)	38,288	(6,795)	2,020,118
Transfers								
Total Adjustments	180,195	831,443	879,073	100,691	(2,777)	38,288	(6,795)	2,020,118
5. Gross Operating Surplus	793,527	(4,500,529)	(4,683,221)	(40,966)	(155,239)	383,075	174,712	(8,028,641)
6. Return of Surplus								
7. Net Current Surplus	\$ 793,527	\$ (4,500,529)	\$ (4,683,221)	\$ (40,966)	\$ (155,239)	\$ 383,075	\$ 174,712	\$ (8,028,641)

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS

FUND YEAR - 2023

DECEMBER 31, 2025

(Unaudited)

	Coverages and Other Accounts								Total
	Property	Liability	Worker's Compensation	Optional Excess		Faithful Performance Bond	Loss Fund Contingency	General and Administrative	
				Public Officials/ Employment Practices					
1. <u>Underwriting Income</u>									
Regular Contributions (earned)	\$ 23,855,655	\$ 17,471,630	\$ 14,549,429	\$ 3,253,066	\$ 239,478	\$ 351,654	\$ 6,750,143	\$ 66,471,055	
Supplemental Contributions									
Premium Deferral Cancellation									
Other Income (except investments)									
Total Income	<u>23,855,655</u>	<u>17,471,630</u>	<u>14,549,429</u>	<u>3,253,066</u>	<u>239,478</u>	<u>351,654</u>	<u>6,750,143</u>	<u>66,471,055</u>	
2. <u>Incurred Liabilities</u>									
Claims (limited incurred)	6,795,577	14,075,398	13,281,708	973,359	1,899,235			37,025,277	
Expenses	18,405,306	3,963,351	4,336,154	2,063,670			6,694,520	35,463,001	
Total Liabilities	<u>25,200,883</u>	<u>18,038,749</u>	<u>17,617,862</u>	<u>3,037,029</u>	<u>1,899,235</u>		<u>6,694,520</u>	<u>72,488,278</u>	
3. <u>Underwriting Surplus/(Deficit)</u>	<u>(1,345,228)</u>	<u>(567,119)</u>	<u>(3,068,433)</u>	<u>216,037</u>	<u>(1,659,757)</u>	<u>351,654</u>	<u>55,623</u>	<u>(6,017,223)</u>	
4. <u>Adjustments</u>									
Investment Income Transfers	4,664	1,294,881	717,323	99,191	652	36,903	5,361	2,158,975	
Total Adjustments	<u>4,664</u>	<u>1,294,881</u>	<u>717,323</u>	<u>99,191</u>	<u>652</u>	<u>36,903</u>	<u>5,361</u>	<u>2,158,975</u>	
5. Gross Operating Surplus	<u>(1,340,564)</u>	<u>727,762</u>	<u>(2,351,110)</u>	<u>315,228</u>	<u>(1,659,105)</u>	<u>388,557</u>	<u>60,984</u>	<u>(3,858,248)</u>	
6. Return of Surplus									
7. Net Current Surplus	<u>\$ (1,340,564)</u>	<u>\$ 727,762</u>	<u>\$ (2,351,110)</u>	<u>\$ 315,228</u>	<u>\$ (1,659,105)</u>	<u>\$ 388,557</u>	<u>\$ 60,984</u>	<u>\$ (3,858,248)</u>	

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
JOINT INSURANCE FUND
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS
FUND YEAR - 2024
DECEMBER 31, 2025
(Unaudited)

	Coverages and Other Accounts							Total
	Property	Liability	Worker's Compensation	Public Officials/ Employment Practices	Faithful Performance Bond	Loss Fund Contingency	General and Administrative	
1. <u>Underwriting Income</u>								
Regular Contributions (earned)	\$ 36,076,394	\$ 20,216,747	\$ 17,610,483	\$ 3,443,954	\$ 239,616	\$ 283,212	\$ 7,204,162	\$ 85,074,568
Supplemental Contributions								
Premium Deferral Cancellation								
Other Income (except investments)								
Total Income	36,076,394	20,216,747	17,610,483	3,443,954	239,616	283,212	7,204,162	85,074,568
2. <u>Incurred Liabilities</u>								
Claims (limited incurred)	5,050,250	16,207,506	14,729,969	1,049,611	405,000			37,442,336
Expenses	22,529,309	4,242,384	4,738,844	2,255,696			7,023,178	40,789,411
Total Liabilities	27,579,559	20,449,890	19,468,813	3,305,307	405,000		7,023,178	78,231,747
3. <u>Underwriting Surplus/(Deficit)</u>	8,496,835	(233,143)	(1,858,330)	138,647	(165,384)	283,212	180,984	6,842,821
4. <u>Adjustments</u>								
Investment Income	102,765	1,137,427	800,681	126,333	4,246	30,833	78,779	2,281,064
Transfers								
Total Adjustments	102,765	1,137,427	800,681	126,333	4,246	30,833	78,779	2,281,064
5. Gross Operating Surplus	8,599,600	904,284	(1,057,649)	264,980	(161,138)	314,045	259,763	9,123,885
6. Return of Surplus								
7. Net Current Surplus	\$ 8,599,600	\$ 904,284	\$ (1,057,649)	\$ 264,980	\$ (161,138)	\$ 314,045	\$ 259,763	\$ 9,123,885

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS

FUND YEAR - 2025

DECEMBER 31, 2025

(Unaudited)

	Coverages and Other Accounts								Total	
	Property	Liability	Worker's Compensation	Optional Excess				Loss Fund Contingency		General and Administrative
				Public Officials/ Employment Practices	Faithful Performance Bond					
1. <u>Underwriting Income</u>										
Regular Contributions (earned)	\$ 38,866,554	\$ 21,080,732	\$ 18,831,096	\$ 3,659,700	\$ 1,292,389	\$ 2,997,940	\$ 7,723,128	\$ 94,451,539		
Supplemental Contributions										
Premium Deferral Cancellation										
Other Income (except investments)										
Total Income	<u>38,866,554</u>	<u>21,080,732</u>	<u>18,831,096</u>	<u>3,659,700</u>	<u>1,292,389</u>	<u>2,997,940</u>	<u>7,723,128</u>	<u>94,451,539</u>		
2. <u>Incurred Liabilities</u>										
Claims (limited incurred)	12,104,308	16,360,128	13,843,269	1,128,785	951,800			44,388,290		
Expenses	21,040,232	4,133,022	5,173,952	2,231,882	845,250		7,484,418	40,908,756		
Total Liabilities	<u>33,144,540</u>	<u>20,493,150</u>	<u>19,017,221</u>	<u>3,360,667</u>	<u>1,797,050</u>		<u>7,484,418</u>	<u>85,297,046</u>		
3. <u>Underwriting Surplus/(Deficit)</u>	<u>5,722,014</u>	<u>587,582</u>	<u>(186,125)</u>	<u>299,033</u>	<u>(504,661)</u>	<u>2,997,940</u>	<u>238,710</u>	<u>9,154,493</u>		
4. <u>Adjustments</u>										
Investment Income	80,309	268,351	206,992	9,438	1,010	5,542	35,116	606,758		
Transfers										
Total Adjustments	<u>80,309</u>	<u>268,351</u>	<u>206,992</u>	<u>9,438</u>	<u>1,010</u>	<u>5,542</u>	<u>35,116</u>	<u>606,758</u>		
5. Gross Operating Surplus	<u>5,802,323</u>	<u>855,933</u>	<u>20,867</u>	<u>308,471</u>	<u>(503,651)</u>	<u>3,003,482</u>	<u>273,826</u>	<u>9,761,251</u>		
6. Return of Surplus										
7. Net Current Surplus	<u>\$ 5,802,323</u>	<u>\$ 855,933</u>	<u>\$ 20,867</u>	<u>\$ 308,471</u>	<u>\$ (503,651)</u>	<u>\$ 3,003,482</u>	<u>\$ 273,826</u>	<u>\$ 9,761,251</u>		

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND

FUND YEAR CLAIMS ANALYSIS

FUND YEAR - 2022

DECEMBER 31, 2025

(Unaudited)

	Coverages					Total
	Property	Liability	Worker's Compensation	Public Officials' Employment Practice	Faithful Performance	
Paid Claims	\$ 7,028,014	\$ 10,388,671	\$ 1,916,853	\$	\$ 382,317	\$ 19,715,855
Case Reserves	168,179	743,788	7,964,229	\$ 674,700	10,600	9,561,496
IBNR Reserve		6,885,216	4,572,862	592,236		12,050,314
Subtotal	7,196,193	18,017,675	14,453,944	1,266,936	392,917	41,327,665
Excess Insurance						
Received		1,599,820				1,599,820
Receivable						
Recoverable	1,619,153					1,619,153
Subtotal	1,619,153	1,599,820				3,218,973
Incurred Claims	5,577,040	16,417,855	14,453,944	1,266,936	392,917	\$ 38,108,692
Number of Claims	122	312	343		6	
Cost/Claim	\$ 45,713	\$ 52,621	\$ 42,140	\$ -0-	\$ 65,486	

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2023
DECEMBER 31, 2025
(Unaudited)

	Coverages					Total
	Property	Liability	Worker's Compensation	Public Officials' Employment Practice	Faithful Performance	
Paid Claims	\$ 7,181,807	\$ 1,255,944	\$ 3,062,682		\$ 1,883,591	\$ 13,384,024
Case Reserves		400,000	4,985,239		15,644	5,400,883
IBNR Reserve		12,419,454	5,233,787	\$ 973,359		18,626,600
Subtotal	7,181,807	14,075,398	13,281,708	973,359	1,899,235	37,411,507
Excess Insurance:						
Received						
Receivable						
Recoverable	386,230					386,230
Subtotal	386,230					386,230
Incurred Claims	6,795,577	14,075,398	13,281,708	973,359	1,899,235	\$ 37,025,277
Number of Claims	157	263	208		9	
Cost/Claim	\$ 43,284	\$ 53,519	\$ 63,854	\$ -0-	\$ 211,026	

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2024
DECEMBER 31, 2025
(Unaudited)

	Coverages					Total
	Property	Liability	Worker's Compensation	Public Officials' Employment Practice	Faithful Performance	
Paid Claims	\$ 5,381,869	\$ 693	\$ 1,308,002	\$	\$ 379,621	\$ 7,070,185
Case Reserves			4,077,250		25,379	4,102,629
IBNR Reserve	50,002	16,206,813	9,344,717	\$ 1,049,611		26,651,143
Subtotal	5,431,871	16,207,506	14,729,969	1,049,611	405,000	37,823,957
Excess Insurance:						
Received						
Receivable						
Recoverable	381,621					381,621
Subtotal	381,621					381,621
Incurred Claims	5,050,250	16,207,506	14,729,969	1,049,611	405,000	\$ 37,442,336
Number of Claims	164	243	161		7	
Cost/Claim	\$ 30,794	\$ 66,698	\$ 91,490	\$ -0-	\$ 57,857	

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
FUND YEAR CLAIMS ANALYSIS
FUND YEAR - 2025
DECEMBER 31, 2025
(Unaudited)

	Coverages					Total
	Property	Liability	Worker's Compensation	Public Officials' Employment Practice	Faithful Performance	
Paid Claims	\$ 5,617,546		\$ 48,539	\$	\$ 950,000	\$ 6,616,085
Case Reserves	6,021,212		1,470,297		1,800	7,493,309
IBNR Reserve	465,550	\$ 16,360,128	12,324,433	\$ 1,128,785		30,278,896
Subtotal	12,104,308	16,360,128	13,843,269	1,128,785	951,800	44,388,290
Excess Insurance						
Received						
Receivable						
Recoverable						
Subtotal						
Incurred Claims	12,104,308	16,360,128	13,843,269	1,128,785	951,800	\$ 44,388,290
Number of Claims	99	190	80		5	
Cost/Claim	\$ 122,266	\$ 86,106	\$ 173,041	#DIV/0!	\$ 190,360	

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
FUND YEAR EXPENSE ANALYSIS
FUND YEAR - 2022
DECEMBER 31, 2025
(Unaudited)

	Paid	Unpaid	Total
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Property	\$ 14,842,342		\$ 14,842,342
Liability	6,909,849		6,909,849
Worker's Compensation	3,589,138		3,589,138
Public Officials'/Employment Practice	2,150,522		2,150,522
Subtotal Excess	27,491,851		27,491,851
2. <u>Administrative Expenses</u>			
Claims Administration	1,360,956		1,360,956
Safety and Education	1,581,511		1,581,511
Administration	1,540,690		1,540,690
Actuary	54,456		54,456
Attorney	66,606		66,606
Auditor	30,631		30,631
Treasurer	26,701		26,701
Other Consultants	530,882		530,882
Reinsurance Manager	324,182		324,182
Internal Audit	60,652		60,652
Brokerage Expense	590,609		590,609
Non-Contracted Expenses	158,046		158,046
Risk Management Consultant	257,915		257,915
Subtotal Administrative	6,583,837		6,583,837
3. <u>Worker's Compensation</u>			
Managed Care	557,453		557,453
Subtotal Worker's Compensation	557,453		557,453
4. <u>Liability</u>			
EPL Credits	292,600		292,600
Subtotal Liability	292,600		292,600
Total Expenses = 1+2+3+4	\$ 34,925,741	\$ -0-	\$ 34,925,741

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
FUND YEAR EXPENSE ANALYSIS
FUND YEAR - 2023
DECEMBER 31, 2025
(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Property	\$ 18,405,306		\$ 18,405,306
Liability	3,640,401		3,640,401
Worker's Compensation	3,767,552		3,767,552
Public Officials'/Employment Practice	2,063,670		2,063,670
Subtotal Excess	<u>27,876,929</u>		<u>27,876,929</u>
2. <u>Administrative Expenses</u>			
Claims Administration	1,352,585		1,352,585
Safety and Education	1,621,408		1,621,408
Administration	1,928,091		1,928,091
Actuary	54,247		54,247
Attorney	66,575		66,575
Auditor	31,110		31,110
Treasurer	27,235		27,235
Reinsurance Manager	330,665		330,665
Other Consultants	640,548		640,548
Internal Audit	63,878		63,878
Non-Contracted Expenses	295,268		295,268
Risk Management Consultant	282,910		282,910
Subtotal Administrative	<u>6,694,520</u>		<u>6,694,520</u>
3. <u>Worker's Compensation</u>			
Managed Care	568,602		568,602
Subtotal Worker's Compensation	<u>568,602</u>		<u>568,602</u>
4. <u>Liability</u>			
EPL Credits	322,950		322,950
Subtotal Liability	<u>322,950</u>		<u>322,950</u>
Total Expenses = 1+2+3+4	<u>\$ 35,463,001</u>	<u>\$ -0-</u>	<u>\$ 35,463,001</u>

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
FUND YEAR EXPENSE ANALYSIS
FUND YEAR - 2024
DECEMBER 31, 2025
(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Property	\$ 22,529,309		\$ 22,529,309
Liability	4,015,034		4,015,034
Worker's Compensation	4,158,870		4,158,870
Public Officials Liability	2,255,696		2,255,696
Subtotal Excess	<u>32,958,909</u>		<u>32,958,909</u>
2. <u>Administrative Expenses</u>			
Claims Administration	1,390,068		1,390,068
Safety and Education	1,715,748		1,715,748
Administration	1,966,653		1,966,653
Actuary	55,332		55,332
Attorney	198,381		198,381
Auditor	31,868		31,868
Treasurer	27,779		27,779
Other Consultants	422,846		422,846
Internal Audit	30,096	\$ 499	30,595
Non-Contracted Expenses	440,019		440,019
Risk Management Consultant	743,889		743,889
Subtotal Administrative	<u>7,022,679</u>	<u>499</u>	<u>7,023,178</u>
3. <u>Worker's Compensation</u>			
Managed Care	<u>579,974</u>		<u>579,974</u>
Subtotal Workers' Compensation	<u>579,974</u>		<u>579,974</u>
4. <u>Liability</u>			
EPL Credits	<u>227,350</u>		<u>227,350</u>
Subtotal Liability	<u>227,350</u>		<u>227,350</u>
Total Expenses = 1+2+3+4	<u>\$ 40,788,912</u>	<u>\$ 499</u>	<u>\$ 40,789,411</u>

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND

FUND YEAR EXPENSE ANALYSIS

FUND YEAR - 2025

DECEMBER 31, 2025

(Unaudited)

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
1. <u>Excess Insurance (itemize)</u>			
Insurance Premiums:			
Property	\$ 21,040,232		\$ 21,040,232
Liability	3,870,222		3,870,222
Worker's Compensation	4,582,379		4,582,379
Public Officials Liability	2,231,882		2,231,882
Faithful Performance	845,250		845,250
Subtotal Excess	<u>32,569,965</u>		<u>32,569,965</u>
2. <u>Administrative Expenses</u>			
Claims Administration	1,379,601	\$ 55,158	1,434,759
Safety and Education Administration	1,582,929	227,105	1,810,034
Actuary	2,071,092		2,071,092
Attorney	56,440		56,440
Auditor	392,889	10,275	403,164
Treasurer	771,443	32,367	803,810
Other Consultants	27,779		27,779
Internal Audit	586,709	27,191	613,900
Non-Contracted Expenses	12,305	54,154	66,459
Risk Management Consultant	172,955	24,026	196,981
Subtotal Administrative	<u>7,054,142</u>	<u>430,276</u>	<u>7,484,418</u>
3. <u>Worker's Compensation</u>			
Managed Care	591,573		591,573
Subtotal Worker's Compensation	<u>591,573</u>		<u>591,573</u>
4. <u>Liability</u>			
EPL Credits	262,800		262,800
Subtotal Liability	<u>262,800</u>		<u>262,800</u>
Total Expenses = 1+2+3+4	<u>\$ 40,478,480</u>	<u>\$ 430,276</u>	<u>\$ 40,908,756</u>

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
PROGRAM SUMMARY
FUND YEAR - 2025
DECEMBER 31, 2025
(Unaudited)

COVERAGES

	Liability	Worker's Compensation	Property	Crime	Public Officials/ Employment Practices
1. Limits	\$5,000,000 CSL for general liability, automotive liability, and police professional. \$5,000,000 combined annual aggregate for general liability and police professional per municipality. Automotive liability is unaggregated. An optional \$2,000,000, \$5,000,000, \$10,000,000 or \$15,000,000 per occurrence and \$2,000,000, \$5,000,000, \$10,000,000 or \$15,000,000 aggregate is also available.	Cov. A - Statutory Cov. B - \$5,000,000	\$125 million per occurrence	\$1,000,000 per loss Statutory Positions Covered By Endorsement, subject to application and approval process.	Optional limits of \$1,000,000, \$2,000,000, \$3,000,000, \$4,000,000 or \$8,000,000 are available excess of AIG/Lexington Insurance Policies issued to members by the affiliated local Joint Insurance Fund
2. Fund Retention Specific	The difference between the underlying limits from \$200,000 to \$600,000 per occurrence and \$5,000,000	\$1,700,000 excess of JIF \$300,000 (local retention may vary)	\$2,400,000 excess of JIF \$100,000	\$950,000 excess of JIF Self insured retention of \$50,000 JIF SIR does not provide coverage for statutory positions	None
3. Excess Insurers (list all insurers and amount insured)	Munich Re offers optional limits up to \$15,000,000 excess of \$5,000,000 Chubb provides a per member option for a shared aggregate limit of \$10,000,000 excess of \$20,000,000 (if member JIF extends)	Safety National provides statutory limits above over a \$2,000,000 JIF & MEL self insured retention and \$5,000,000 for employers liability.	Lexington Insurance Various insurers & Layered Quotas	None	Munich Re & Great American offer optional excess public officials employment practices liability to the members of Municipal Excess Liability Joint Insurance Fund up to \$8,000,000 excess of \$2,000,000
4. Number of Participants	19	19	19	19	19
5. Incurred Liabilities	\$20,493,150	\$19,017,221	\$33,144,540	\$1,797,050	\$3,360,667
6. Exposure Units (population or students) (A) Sq. Footage (First Responders) Units (Housing Authority JIF)	5,337,033 Population 575,727 6,885	\$3,974,964,079 Payroll	\$23,771,427,643 Property Value	38,792 Full time Employees	5,337,033 Population
7. Liabilities/Unit	\$3.84	\$0.00	\$0.00	\$46.33	\$1.59

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
STATE REQUIRED SUPPORTING
SCHEDULE - ANNUAL REPORT
ANALYSIS OF CASH AND INVESTMENTS
DECEMBER 31, 2025
(Unaudited)

<u>Bank</u>	<u>Account Description</u>	<u>Amount</u>
TD Bank-Claims-QL	Claims	\$ 679,515
Citizens Bank-Claims-QL	Claims	180,866
Citizens Bank-Claims-CB	Claims	41,064
TD Bank-Claims-CB	Claims	391,539
BNY Mellon	Investment	47,414,932
New Jersey Cash Management Fund	Cash Management	17,101,360
Citizens Bank-TPA	Checking	4,827,479
TD Bank	Checking	52,073,892
		<u>122,710,647</u>
Add: Deposit in Transit		136,115
Less: Outstanding Checks		<u>1,143,525</u>
		<u><u>\$ 121,703,237</u></u>

ANALYSIS OF ASSESSMENTS RECEIVABLE
DECEMBER 31, 2025
(Unaudited)

Fund Year - MEL - Closed Years	\$ 5,025
Fund Year 2025	<u>6,404,325</u>
	<u><u>\$ 6,409,350</u></u>

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
STATE REQUIRED SUPPORTING
SCHEDULE - ANNUAL REPORT
ANALYSIS OF OTHER RECEIVABLES
DECEMBER 31, 2025
(Unaudited)

Fund Year - MEL - Aggregate Excess Loss Fund Contingency:

Notes Receivable Borough of South Bound Brook	\$ 333,155	
Notes Receivable Township of Mahwah	428,571	
Notes Receivable Borough of Bogota	750,000	
Notes Receivable Township of Sea Girt	588,127	
Notes Receivable Township of Saddle Brook	132,750	
Notes Receivable Township of Readington	630,462	
Notes Receivable Borough of Palisades Park	35,000	
Notes Receivable Borough of Englewood	16,601	
Notes Receivable Borough of Little Falls	162,750	
Notes Receivable Borough of Brielle	46,244	
	\$ 3,123,660	

Fund Year - 1925

Intangible Asset - SBITA Agreement	593,833
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Fund Year - 1988

Genesis Insurance Receivable - Workers Compensation	173,413
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Fund Year - 2023

Genesis Insurance Receivable - Workers Compensation	150,320
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Fund Year - 2020

Other Receivable - Workers Compensation	3,358
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Fund Year - 2025

Other Receivable - Due from RCF	89,949
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\$ 4,134,533

ANALYSIS OF PREPAID EXPENSESDECEMBER 31, 2025

(Unaudited)

Fund Year 2025:

Origami Software Subscription Prepaid	\$ 107,724
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MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
STATE REQUIRED SUPPORTING
SCHEDULE - ANNUAL REPORT
ANALYSIS OF ADMINISTRATIVE EXPENSES PAYABLE
DECEMBER 31, 2025
(Unaudited)

Fund Year 2024:			
Non-Contracted Expenses		\$	499
Fund Year 2025:			
Claims Administration	\$	55,158	
Safety and Education		227,105	
Attorney		10,275	
External Auditor		32,367	
Other Consultants		27,191	
Internal Auditor		54,154	
Non-Contracted Expenses		<u>24,026</u>	
			<u>430,276</u>
			<u>\$ 430,775</u>

ANALYSIS OF MISCELLANEOUS LIABILITIES
DECEMBER 31, 2025
(Unaudited)

Fund Year - 2025:			
SBITA Lease Liability		\$	593,833
Fund Year - MEL - Aggregate Excess Loss Fund Contingency:			
Due to Municipal Excess Liability Residual Claims Fund			15,239,876
Fund Year - 2021:			
Due to Municipal Excess Liability Residual Claims Fund			<u>15,453,711</u>
			<u>\$ 31,287,420</u>

REPORT PURSUANT TO GOVERNMENT AUDITING STANDARDS

Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable Chairperson and Members
of the Board of Fund Commissioners
Municipal Excess Liability Joint Insurance Fund
Parsippany, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”), the financial statements of the Municipal Excess Liability Joint Insurance Fund (the “Fund”) as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Fund’s basic financial statements, and have issued our report thereon dated May 15, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund’s internal control over financial reporting (internal control) as a basis for designing 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 Fund’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund’s internal control.

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

Our consideration of the 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 or significant deficiencies may exist that were not identified.

The Honorable Chairperson and Members
of the Board of Fund Commissioners
Municipal Excess Liability Joint Insurance Fund
Page 2

Report on Compliance and Other Matters

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

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 Fund'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 Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey
May 15, 2026

Nisivoccia LLP

STATISTICAL SECTION (Unaudited)

This part of the Fund's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Fund's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the Fund's financial performance and well-being have changed over time.

Revenue Capacity (Not Applicable)

These schedules contain information to help the reader assess the factors affecting the Fund's ability to generate its revenue.

Debt Capacity (Not Applicable)

These schedules present information to help the reader assess the affordability of the Fund's current levels of outstanding debt and the Fund's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Fund's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

These schedules contain information about the Fund's operations and resources to help the reader understand how the Fund's financial information relates to the services the Fund provides and the activities it performs.

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND

NET POSITION BY COMPONENT

LAST TEN YEARS
(Unaudited)

	December 31,				
	2016	2017	2018	2019	2020
Business-Type Activities Unrestricted	\$ 29,998,611	\$ 30,788,695	\$ 27,761,506	\$ 26,272,636	\$ 16,251,657
Total Business-Type Activities Net Position	\$ 29,998,611	\$ 30,788,695	\$ 27,761,506	\$ 26,272,636	\$ 16,251,657

	December 31,				
	2021	2022	2023	2024	2025
Business-Type Activities Unrestricted	\$ 15,157,816	\$ 8,841,030	\$ 12,381,525	\$ 12,259,219	\$ 7,288,034
Total Business-Type Activities Net Position	\$ 15,157,816	\$ 8,841,030	\$ 12,381,525	\$ 12,259,219	\$ 7,288,034

Source - Insurance Fund Financial Records.

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
SCHEDULE OF CHANGE IN NET POSITION
LAST TEN YEARS
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue:										
Assessments from Participating Members	\$43,450,989	\$44,367,354	\$44,109,647	\$47,310,501	\$ 51,144,687	\$ 51,794,039	\$63,002,188	\$66,461,441	\$85,070,804	\$94,451,539
Supplemental Underwriting Income						15,283,111	15,996,558			
Deferred Premium Cancellation	597,183	371,100	927,981	1,754,444	962,896	(168,038)	(2,964,674)	1,000,685	1,317,265	4,660,070
Investment Income/(Loss)	4,794,438	94,118	(824,443)	668,349	394,808	(5,743,677)	(2,685,411)	3,243,310	3,194,853	1,331,302
Change in Investment in Joint Venture										
Total Revenue	48,842,610	44,832,572	44,213,185	49,733,294	52,502,391	61,165,435	73,348,661	70,705,436	89,582,922	100,442,911
Expenses:										
Provision for Claims and Claim Adjustment Expense	(97,461)	5,653,871	11,543,780	13,346,801	23,875,263	23,973,349	23,953,209	18,629,197	30,414,447	38,285,288
Assessment for Participation in Municipal Excess Liability:										
Residual Claims Fund	12,247,851	12,458,867	7,811,361	12,190,987	11,949,635	9,333,074	13,211,400	12,715,423	13,547,200	21,370,790
Residual Claims Fund - Additional Assessment										
Insurance Premiums	19,987,434	19,930,759	20,926,903	18,974,820	19,697,503	476,394	7,175,297	490,154	4,794,924	4,878,974
Claims Administration	1,142,848	1,153,273	1,168,601	1,193,587	1,312,707	21,610,909	27,533,487	27,871,850	32,958,909	32,569,228
Other Contractual Services	2,513,117	2,596,844	3,119,579	2,815,051	3,013,344	1,146,799	1,359,980	1,352,585	1,390,068	1,434,759
Non-Contractual Expenses	193,597	240,292	279,776	285,270	287,044	3,045,645	3,592,962	3,264,125	3,577,049	2,975,838
Administration	1,124,916	1,147,468	1,317,570	1,336,443	1,374,469	211,357	156,400	310,554	506,842	1,135,159
EPL Credits			350,844	327,608	254,832	1,363,050	1,542,338	1,926,443	1,966,653	2,071,092
Insurance Brokerage Expense	508,472	518,641	529,014	539,594	550,387	334,250	291,850	321,700	226,600	265,550
Risk Management Fees	336,323	342,473	192,946	212,003	208,186	550,387	590,609			
Total Expenses	37,957,097	44,042,488	47,240,374	51,222,164	62,523,370	62,259,276	79,665,447	82,910	322,536	427,418
Change in Net Position	\$ 10,885,513	\$ 790,084	\$ (3,027,189)	\$ (1,488,870)	\$ (10,020,979)	\$ (1,093,841)	\$ (6,316,786)	\$ 3,540,495	\$ (122,306)	\$ (4,971,185)

Source - Insurance Fund Financial Records.

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
MEMBER GROWTH ANALYSIS - BY FUND YEAR
FOR THE TEN-YEAR PERIOD ENDED DECEMBER 31, 2025
(Unaudited)

	2016	2017	2018	2019	2020
Total number of members	19	19	19	19	19
Total employees	34,072	34,552	33,891	35,559	35,932
Total annual payrolls	\$ 2,835,141,051	\$ 2,929,818,008	\$ 2,979,452,834	\$ 3,162,926,354	\$ 3,234,701,535
Total member assessments	\$ 43,405,565	\$ 44,505,992	\$ 44,099,209	\$ 47,314,276	\$ 48,166,203
Total number of claims	618	576	816	765	3,252
Total reported losses	\$ 14,760,884	\$ 8,784,189	\$ 15,401,240	\$ 15,043,589	\$ 23,928,180
	2021	2022	2023	2024	2025
Total number of members	20	20	20	19	19
Total employees	36,193	37,316	38,469	39,142	38,792
Total annual payrolls	\$ 3,585,394,140	\$ 3,540,391,904	\$ 3,532,008,169	\$ 3,718,519,225	\$ 3,974,964,079
Total member assessments	\$ 51,794,039	\$ 62,985,674	\$ 66,472,055	\$ 85,074,568	\$ 94,451,539
Total number of claims	2,068	783	637	575	374
Total reported losses	\$ 25,657,208	\$ 26,058,378	\$ 18,398,677	\$ 10,791,193	\$ 14,109,394

Note - Reported losses have not been discounted.

Source - Joint Insurance Fund - Executive Director's Office and Third Party Claims Administrator

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
REPORTED LOSS HISTORY - BY FUND YEAR
FOR THE TEN-YEAR PERIOD ENDED DECEMBER 31, 2025
(Unaudited)

During its years of existence, the Fund has incurred the following reported losses (paid claims plus case reserves from claims incurred by Fund members). The claims reflect both the impact of increase in membership, the delay in claims reaching the Fund's coverages, and the changes in the average cost per claim. These amounts do not include incurred but not reported ("IBNR") claim estimates.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Property	\$ 3,868,266	\$ 2,262,516	\$ 4,228,948	\$ 3,458,793	\$ 5,922,492	\$ 7,470,355	\$ 5,577,040	\$ 6,795,577	\$ 5,000,248	\$ 11,638,758
Liability	7,084,244	2,111,680	4,674,692	3,257,710	6,457,480	6,994,321	9,532,639	1,655,944	693	
Workers' Compensation	3,575,933	4,409,993	6,204,068	8,061,401	11,250,082	9,598,211	9,881,082	8,047,921	5,385,252	1,518,836
Faithful Performance Bond	232,441		67,532	239,998	52,064	144,635	392,917	1,899,235	405,000	951,800
Public Officials' Liability			226,000	25,687	246,062	1,449,686	674,700			
Total	\$ 14,760,884	\$ 8,784,189	\$ 15,401,240	\$ 15,043,589	\$ 23,928,180	\$ 25,657,208	\$ 26,058,378	\$ 18,398,677	\$ 10,791,193	\$ 14,109,394
Total number of claims	618	576	816	765	3,252	2,068	783	637	575	374
Average cost per claim	\$ 23,885	\$ 15,250	\$ 18,874	\$ 19,665	\$ 7,358	\$ 12,407	\$ 33,280	\$ 28,883	\$ 18,767	\$ 37,726

Note - Reported losses have not been discounted.

Source - Joint Insurance Fund- Third Party Claims Administrator

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND
REPORTED CLAIM ACTIVITY - BY FUND YEAR
FOR THE TEN-YEAR PERIOD ENDED DECEMBER 31, 2025
(Unaudited)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Property	136	61	189	139	282	260	122	157	164	99
Liability	321	384	385	381	334	344	312	263	243	190
Workers' Compensation	157	131	130	117	2,628	1,453	343	208	161	80
Faithful Performance Bond	4		1	3	2	8	6	9	7	5
Public Officials' Liability			111	125	6	3				
Total	<u>618</u>	<u>576</u>	<u>816</u>	<u>765</u>	<u>3,252</u>	<u>2,068</u>	<u>783</u>	<u>637</u>	<u>575</u>	<u>374</u>
Claims settled in full	520	454	692	643	3,131	1,924	634	421	348	152
Claims pending	98	122	124	122	121	144	149	216	227	222
Total	<u>618</u>	<u>576</u>	<u>816</u>	<u>765</u>	<u>3,252</u>	<u>2,068</u>	<u>783</u>	<u>637</u>	<u>575</u>	<u>374</u>