

MUNICIPAL EXCESS LIABILITY  
JOINT INSURANCE FUND  
AUDITORS' MANAGEMENT REPORT ON  
ADMINISTRATIVE FINDINGS - FINANCIAL,  
COMPLIANCE AND PERFORMANCE  
YEAR ENDED DECEMBER 31, 2025

May 15, 2026

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 auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Municipal Excess Liability Joint Insurance Fund (the "Fund") for the year ended December 31, 2025, and have issued our report thereon dated May 15, 2026.

As part of our audit, we performed procedures required by the New Jersey Department of Community Affairs, Division of Local Government Services, and the findings and results thereof are disclosed on the following pages. This letter does not affect our report dated May 15, 2026 on the financial statements of the Fund.

We will review the status of comments, if any, made during our next audit engagement. We have already discussed any comments and suggestions made with various management personnel, and we will be pleased to discuss them in further detail at your convenience or to perform any additional study of these matters.

*Nisivoccia LLP*

MUNICIPAL EXCESS LIABILITY JOINT INSURANCE FUND  
COMMENTS AND RECOMMENDATIONS

Suggestions to Management:

Net Position

The Fund has experienced a decline in Net Position in seven of the last eight years. The decrease in Net Position is attributable to a number of factors including natural disasters, the Covid Pandemic, low interest rates and changes in exposures as a result of legislation/regulation. We suggest that the Fund continue to monitor its operations, making changes as necessary.

Municipal Excess Liability Residual Claims Fund

The Fund is a member of the Municipal Excess Liability Residual Claims Fund (the "Residual Fund"), and the financial position and results of the operations of the Residual Fund could affect the Fund's financial position. As a member of the Residual Fund, the Fund could be subject to supplemental assessments in the event of deficiencies. Our review of the most recent audited financial statements of the Residual Fund reflects a \$4,639,700 deficit in Net Position of the Residual Fund at December 31, 2024. We suggest that the Fund continue to monitor the Residual Fund's operations and evaluate the possibility of any supplemental assessments that might be assessed to the Fund.

Governmental Accounting Standards Board Statement No. 103 - Financial Reporting Model Improvements

Management's Discussion and Analysis:

This Statement requires that the information presented in Management's Discussion and Analysis ("MD&A") be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government.

Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position:

This Statement requires that the Statement of Revenues, Expenses, and Changes in Net Position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses.

Status of Prior Year Comments and Recommendations

None.