

FIRST RESPONDER JOINT INSURANCE FUND
Financial Statements
December 31, 2019 and 2018
With Independent Auditor's Reports

First Responder Joint Insurance Fund
Table of Contents
December 31, 2019 and 2018

Management's Discussion and Analysis	1-2
Independent Auditor's Report	3-4
Financial Statements	
Balance Sheets	5
Statements of Revenue, Expenses, and Changes in Fund Surplus	6
Statements of Cash Flows	7
Notes to Financial Statements	8-14
Supplemental Schedules	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15-16
Ten Year Claims Development Information	17
Schedules of Changes in Claim Liabilities by Line of Coverage	18
Combining Schedule of Net Income and Changes in Fund Surplus for Fund Years 2009 Through 2019	19
Combined Cumulative Operating Results Analysis for Fund Years 2009 Through 2019	20
2009 Fund Year – Cumulative Operating Results Analysis	21
2010 Fund Year – Cumulative Operating Results Analysis	22
2011 Fund Year – Cumulative Operating Results Analysis	23
2012 Fund Year – Cumulative Operating Results Analysis	24
2013 Fund Year – Cumulative Operating Results Analysis	25
2014 Fund Year – Cumulative Operating Results Analysis	26
2015 Fund Year – Cumulative Operating Results Analysis	27
2016 Fund Year – Cumulative Operating Results Analysis	28
2017 Fund Year – Cumulative Operating Results Analysis	29
2018 Fund Year – Cumulative Operating Results Analysis	30
2019 Fund Year – Cumulative Operating Results Analysis	31
2018 Fund Year – Cumulative Expense Analysis	32
2019 Fund Year – Cumulative Expense Analysis	33
Other Information	
Comments and Recommendations	34

First Responder Joint Insurance Fund
Management's Discussion and Analysis
December 31, 2019 and 2018

This section of First Responder Joint Insurance Fund's (the "Fund") annual financial report presents a discussion and analysis of the financial performance of the Fund for the years ended December 31, 2019 and 2018. Please read it in conjunction with the financial statements which follow this section. The following table summarizes the financial position and results of operations of the Fund for 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Assets		
Cash, investments and accrued interest	\$ 7,761,652	\$ 7,069,589
Other assets	39,011	-
	<u>\$ 7,800,663</u>	<u>\$ 7,069,589</u>
Liabilities and Fund Surplus		
Reserves for unpaid claims	\$ 2,223,151	\$ 2,744,566
Other liabilities	806,989	774,759
Fund surplus	4,770,523	3,550,264
	<u>\$ 7,800,663</u>	<u>\$ 7,069,589</u>
Revenue and Expenses		
Revenue	\$ 3,762,041	\$ 3,695,628
Investment and other income	190,073	110,828
	<u>3,952,114</u>	<u>3,806,456</u>
Claims expense, net	1,019,486	1,911,184
Insurance premiums	1,065,259	927,659
Administrative expense	647,110	627,992
	<u>2,731,855</u>	<u>3,466,835</u>
Net income	1,220,259	339,621
Fund surplus, beginning of year	3,550,264	3,210,643
Fund surplus, end of year	<u>\$ 4,770,523</u>	<u>\$ 3,550,264</u>

Overview of the Financial Statements

The Fund's financial statements are prepared on the basis of accounting principles generally accepted in the United States of America for governmental and insurance companies, where applicable. The primary purpose of the Fund is to provide emergency first responder local units and contracting units of government with a joint self-insurance fund. The Fund provides insurance coverage for auto liability, general liability, property, and workers' compensation. The Fund operates under the provisions of New Jersey Statutes (N.J.S.A. 40A:10-36 et seq) and has 37 members in the Fund as of each of the years ended December 31, 2019 and 2018. The three basic financial statements presented within the financial statements are as follows:

First Responder Joint Insurance Fund

Management's Discussion and Analysis

December 31, 2019 and 2018

- Balance Sheet – This statement presents information reflecting the Fund's assets, liabilities and Fund surplus. Fund surplus represents the amount of total assets less total liabilities.
- Statement of Revenue, Expenses and Changes in Fund Surplus – This statement reflects the operating revenues and expenses, as well as non-operating revenue and expenses during the operating year. The major source of operating revenue is derived from regular member contributions while major sources of operating expenses are claims paid, changes in case reserves, changes in the incurred but not reported claims and insurance and reinsurance premiums. The change in fund surplus is similar to the net profit or loss for any other insurance company.
- Statement of Cash Flows – This statement presents changes in cash and cash equivalents resulting from operating activities, investing activities and financing activities.

Financial Highlights

- The Fund's total revenue for its eleventh year of operations is \$3,762,041, an increase of 1.8% over 2018, representing 37 members. For Fund year 2009, the Fund had two aggregate loss funds. The aggregate loss funds are 125% of each loss fund, workers' compensation and liability including property. Effective 2010, the Fund's aggregate protection is based on the total combined loss funds and is calculated at 125% of the total loss fund. Aggregate protection is provided for the loss funds via the Municipal Excess Liability Fund ("MEL") and as required by the Department of Banking and Insurance regulations. The cost for aggregate protection is included in the reinsurance/excess section of the budget.
- Claims' case reserves represent a life to date estimate as to the expected liability for the reported claims and incurred but not reported claims ("IBNR"). Computing the claims liability does not result in achieving an exact amount. Claims' case reserves must be estimated due to the complex factors that determine the liability. Some of these factors are changes in legal doctrine, inflation, historical settlements, claim frequency, damage awards and other statistical techniques.

Contacting the Fund's Management

This financial report is designed to provide the First Responder Joint Insurance Fund members and the Department of Banking and Insurance of the State of New Jersey with a general overview of the Fund's finances and to demonstrate the Fund's accountability for the public funds it receives. If you have any questions about this report or need additional financial information, please contact the Fund Administrator of the First Responder Joint Insurance Fund at the office of the Fund located at 51 Everett Drive, Suite 40-B, West Windsor, NJ 08550, or by phone at (609) 275-1155.

INDEPENDENT AUDITOR'S REPORT

To the Fund Commissioners,
First Responder Joint Insurance Fund:

Report on the Financial Statements

We have audited the accompanying financial statements of First Responder Joint Insurance Fund (the "Fund") which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of revenue, expenses, and changes in fund surplus and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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 as prescribed by the State of New Jersey, Department of Community Affairs and Banking and Insurance. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of First Responder Joint Insurance Fund as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 - 2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplemental information on pages 16 - 33 is presented for purposes of additional analysis and is 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. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2020 on our consideration of First Responder Joint Insurance Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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 First Responder Joint Insurance 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 First Responder Joint Insurance Fund's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Withum Smith & Brown, PC".

May 1, 2020

First Responder Joint Insurance Fund
Balance Sheets
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash	\$ 6,137,832	\$ 5,513,219
Investments	1,616,808	1,549,503
Accrued interest	7,012	6,867
Assessments receivable	37,732	-
Prepaid expenses	<u>1,279</u>	<u>-</u>
	<u>\$ 7,800,663</u>	<u>\$ 7,069,589</u>
Liabilities and Fund Surplus		
Liabilities		
Loss reserves		
Case reserves	\$ 1,550,027	\$ 1,747,564
IBNR reserves	<u>673,124</u>	<u>997,002</u>
Total loss reserves	<u>2,223,151</u>	<u>2,744,566</u>
Other		
Assessments collected in advance	58,803	136,175
Administrative expenses payable	202,626	180,378
Excess insurance premiums payable	<u>545,560</u>	<u>458,206</u>
	<u>806,989</u>	<u>774,759</u>
Total liabilities	3,030,140	3,519,325
Fund surplus	<u>4,770,523</u>	<u>3,550,264</u>
	<u>\$ 7,800,663</u>	<u>\$ 7,069,589</u>

The Notes to Financial Statements are an integral part of these statements.

First Responder Joint Insurance Fund
Statements of Revenue, Expenses, and Changes in Fund Surplus
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue		
Underwriting income - regular contributions	\$ 3,762,041	\$ 3,695,628
Expenses		
Claims		
Paid	1,540,901	1,125,270
Increase (decrease) in case reserves	(197,537)	240,082
Increase (decrease) in IBNR reserves	(323,878)	545,832
Total claims	<u>1,019,486</u>	<u>1,911,184</u>
Insurance and reinsurance premiums	1,065,259	927,659
Administrative expenses	<u>647,110</u>	<u>627,992</u>
	<u>1,712,369</u>	<u>1,555,651</u>
Total expenses	<u>2,731,855</u>	<u>3,466,835</u>
Operating income	<u>1,030,186</u>	<u>228,793</u>
Interest and other income, net	153,856	112,637
Change in fair value of investments, net	<u>36,217</u>	<u>(1,809)</u>
Total non-operating income	<u>190,073</u>	<u>110,828</u>
Net income	1,220,259	339,621
Fund surplus, beginning of year	<u>3,550,264</u>	<u>3,210,643</u>
Fund surplus, end of year	<u>\$ 4,770,523</u>	<u>\$ 3,550,264</u>

The Notes to Financial Statements are an integral part of these statements.

First Responder Joint Insurance Fund
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating activities		
Underwriting income - regular contributions received	\$ 3,646,937	\$ 3,831,803
Claims paid	(1,540,901)	(1,125,270)
Excess insurance premium paid	(977,905)	(805,419)
Administrative expenses paid	(626,141)	(614,659)
Net cash provided by operating activities	<u>501,990</u>	<u>1,286,455</u>
Investing activities		
Maturity/sale of investment securities	423,790	373,248
Purchase of investment securities	(455,416)	(397,247)
Investment income, net	<u>154,249</u>	<u>114,591</u>
Net cash provided by investing activities	<u>122,623</u>	<u>90,592</u>
Net increase in cash	624,613	1,377,047
Cash		
Beginning of year	<u>5,513,219</u>	<u>4,136,172</u>
End of year	<u>\$ 6,137,832</u>	<u>\$ 5,513,219</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 1,030,186	\$ 228,793
Adjustments to reconcile operating income to net cash provided by operating activities		
Decrease in due from reinsurer	-	130,553
Increase in assessments receivable	(37,732)	
Decrease (increase) in prepaid expenses	(1,279)	1,297
Increase (decrease) in case and IBNR reserves	(521,415)	785,914
Increase (decrease) in assessments collected in advance	(77,372)	136,175
Increase in administrative expenses payable	22,248	12,036
Increase (decrease) in excess insurance premium payable	<u>87,354</u>	<u>(8,313)</u>
Net cash provided by operating activities	<u>\$ 501,990</u>	<u>\$ 1,286,455</u>

The Notes to Financial Statements are an integral part of these statements.

First Responder Joint Insurance Fund
Notes to Financial Statements
December 31, 2019 and 2018

1. OPERATIONS

First Responder Joint Insurance Fund (the "Fund") is an insurance fund formed under the provisions of and in accordance with P.L. 1983, c. 372 (N.J.S.A. 40A:10-36 et seq.) of the New Jersey statutes. The Fund was formed effective January 1, 2009, membership is comprised of New Jersey fire districts and its initial membership consisted of 9 members. As of each of the years ended December 31, 2019 and 2018, the Fund had 37 members.

The Fund's general objective is to provide members with a long-term alternative to the conventional insurance market as a means of stabilizing the otherwise cyclical nature of insurance expenditures. The bylaws of the Fund, as supplemented by the Risk Management Plan, set forth the various procedures which are to be followed in the organization, administration, and operation of the Fund.

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 investment income when determining deficiencies.

The Administrator is responsible for the overall administration of the Fund. Fees paid to the Administrator cover all administrative costs; accordingly, the Fund does not maintain any fixed assets nor incur any employee payroll expense.

The Fund offers its members coverage for property, general and auto liability, workers' compensation, environmental and management liability. The Fund also participates in the Municipal Excess Liability Fund which provides excess insurance coverage.

The Fund's liability, self-insured retention or SIR, for claims is limited to the following coverage and amounts:

<u>Coverage</u>	<u>Fund Years</u>	<u>Per Occurrence</u>	<u>Aggregate Projection</u>
Workers' Compensation ("WC")	2009	\$ 200,000	125% of WC loss fund
Liability and Property	2009	\$200,000/\$50,000	125% of package loss funds
Workers' Compensation	2010-2019	\$ 200,000	125% of total loss funds
General Liability	2010-2019	\$ 200,000	125% of total loss funds
Auto Liability	2010-2019	\$ 200,000	125% of total loss funds
Property	2009-2016	\$ 50,000	125% of total loss funds
Property	2017-2019	\$ 100,000	125% of total loss funds

Losses in excess of the above amounts are covered by reinsurance and excess insurance contracts. Package includes general liability, auto liability and property.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund are prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units and insurance companies, where applicable. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the significant accounting policies is set forth below.

First Responder Joint Insurance Fund
Notes to Financial Statements
December 31, 2019 and 2018

Basis of Accounting

The Financial Accounting Standards Board ("FASB") issued new guidance that created Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), in the Accounting Standards Codification ("ASC"). ASC 606 supersedes the prior revenue recognition requirements (codified as ASC 605, *Revenue Recognition*). ASC 606 established a core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. In doing so, companies need to use more judgment and make more estimates than under prior guidance. Judgments include identifying performance obligations in the contract, estimating the amount of consideration to include in the transaction price, and allocating the transaction price to each performance obligation. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers* ("ASC 340-40"), which requires the deferral of incremental costs (primarily commissions) of obtaining a contract with a customer. All references to the "new guidance" include ASC 606 and/or ASC 340-40.

The Fund adopted the requirements of the new guidance as of January 1, 2019, utilizing the modified retrospective method of transition. No adjustment to fund surplus as of January 1, 2019 was necessary. The Fund applied the new guidance using the practical expedient provided in ASC 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Adoption of the new guidance resulted in minimal changes to the Fund's accounting policies for revenue recognition, trade receivables, unbilled receivables deferred costs and deferred revenues.

The Fund recognizes revenue as it fulfills its obligations under its agreements, the Fund performs the following steps (i) identify contracts with customers; (ii) identify performance obligations; (iii) determine the transaction price; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Fund satisfies each performance obligation.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in Topic 606. The Fund's sole performance obligation is annual coverage provided to its members. Member assessments are recorded on the accrual basis. The member assessments of the participating municipalities are determined by the Fund Administrator and then certified by vote of the Fund's executive committee. There are no advance sums collected for the revenue streams except any prepayments recorded as a liability. Revenue is recognized in the year the coverage is in effect and is recognized ratably over the period the service is provided.

Revenue Recognition

Member assessments and investment income are recorded on the accrual basis. The member assessments of the joint insurance fund are determined by the Fund Administrator and then certified by vote of the Fund's Executive Committee.

Investments

The investments in government backed fixed maturities are carried at fair value. Fair value has been supplied by the custodian.

Assessments Receivable

Assessments receivable is comprised of member installments due to the Fund for the current year which remain unpaid at the end of the fiscal year. Per the Fund's by-laws, past due assessments shall bear interest at a rate determined annually by the Executive Committee. The interest rate assessed for each of the years ending December 31, 2019 and 2018 was 2% plus prime as determined by New Jersey Asset & Rebate Management Program and U.S. Bank, N.A., or its successors. Assessments receivable are written off when they are deemed to be uncollectible. Interest on delinquent assessments may be waived at the discretion of the Executive Committee.

First Responder Joint Insurance Fund
Notes to Financial Statements
December 31, 2019 and 2018

Claims Liabilities

The Fund establishes claims liabilities for the Fund's Self-Insured Retention ("SIR"), loss and claim allocated loss adjustment expense ("ALAE") 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. 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 coverage 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 and historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. The Fund does not discount claim liabilities. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Reinsurance

The Fund purchases reinsurance and/or excess insurance in accordance with the Risk Management Plan. Although reinsurance/excess insurance does not discharge the primary liability of the Fund as direct insurer of the risk of loss, the Fund does not report the claim payments or liabilities under reinsurance/excess insurance contracts unless it is probable that those liabilities will not be covered by reinsurers. A contingent liability may exist with respect to reinsurance which would become an actual liability in the event any of the insurance companies might be unable to meet their obligations to the Fund.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. In addition, certain actuarial assumptions have been made in the preparation of these financial statements. Actual results could differ from those estimates. Significant estimates included in these financial statements are fair market value of investments, case reserves and IBNR reserves.

Income Taxes

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

Fair Value of Financial Instruments

According to professional standards, the Fund measures its fair value under generally accepted accounting principles and provides disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs using a fair value hierarchy based on three levels of inputs of which the first two are considered observable and the last unobservable, that may be used to measure fair value which are the following:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

First Responder Joint Insurance Fund
Notes to Financial Statements
December 31, 2019 and 2018

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

3. CASH

Deposits

At December 31, 2019 and 2018, the carrying amounts of the Fund's deposits and the corresponding bank balances were as follows:

	2019		2018	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Operating checking account	\$ 6,131,977	\$ 6,143,506	\$ 5,503,839	\$ 5,517,198
Money market account	5,855	5,855	9,380	9,380
	<u>\$ 6,137,832</u>	<u>\$ 6,149,361</u>	<u>\$ 5,513,219</u>	<u>\$ 5,526,578</u>

The operating checking account and money market account are deposited in public depositories which are fully insured up to \$250,000 per institution by the Federal Deposit Insurance Corporation and in excess of \$250,000 are fully collateralized by the bank through the Government Unit Deposit Protection Act.

The Fund considers all highly liquid investments with maturities of less than three months from date of initial maturity to be cash equivalents.

4. INVESTMENTS

At December 31, 2019 and 2018, the Fund invested only in notes backed by the Federal Government. These notes are triple A rated (AAA) by Moody's with interest rates ranging from 1.25% to 2.75% and 1.0% to 3.50% as of December 31, 2019 and 2018, respectively. The maturity dates range from 10/31/2020 to 11/30/2024 as of December 31, 2019 and from 5/31/2019 to 1/31/2023 as of December 31, 2018. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments that are in the possession of an outside party. At December 31, 2019 and 2018, all of the Fund's investments are under the custody of New Jersey Asset and Rebate Management Program ("NJ/ARM"), who is the Fund's investment advisor.

Investments are stated at fair value. The difference between fair value and amortized cost is recorded as unrealized gain (loss) at December 31 each year. The amounts are as follows:

	2019	2018
Face value	\$ 1,605,000	\$ 1,575,000
Unamortized premium, net	(6,121)	(7,208)
Unrealized gain (loss)	<u>17,929</u>	<u>(18,289)</u>
Fair value	<u>\$ 1,616,808</u>	<u>\$ 1,549,503</u>

First Responder Joint Insurance Fund
Notes to Financial Statements
December 31, 2019 and 2018

Investment income consisted of the following for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Realized loss	\$ (2,375)	\$ (1,523)
Amortization of premium, net	(33,873)	(431)
Interest income	<u>190,104</u>	<u>114,591</u>
Investment income, net	<u>\$ 153,856</u>	<u>\$ 112,637</u>

5. FAIR VALUE ACCOUNTING

Recurring Fair Value Measurements

The Fund has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The following tables summarize assets which have been accounted for at fair value on a recurring basis as of December 31, 2019 and 2018, along with the basis for the determination of fair value:

<u>2019</u>				
<u>Basis for Valuation</u>				
	<u>Quoted Prices</u>	<u>Observable</u>	<u>Unobservable</u>	
<u>Total</u>	<u>in Active</u>	<u>Measurement</u>	<u>Measurement</u>	
	<u>Markets</u>	<u>Criteria</u>	<u>Criteria</u>	
Investments - US Treasury Notes	<u>\$ 1,616,808</u>	<u>\$ 1,616,808</u>	<u>\$ -</u>	<u>\$ -</u>

<u>2018</u>				
<u>Basis for Valuation</u>				
	<u>Quoted Prices</u>	<u>Observable</u>	<u>Unobservable</u>	
<u>Total</u>	<u>in Active</u>	<u>Measurement</u>	<u>Measurement</u>	
	<u>Markets</u>	<u>Criteria</u>	<u>Criteria</u>	
Investments - US Treasury Notes	<u>\$ 1,549,503</u>	<u>\$ 1,549,503</u>	<u>\$ -</u>	<u>\$ -</u>

For applicable assets and liabilities subject to this pronouncement, the Fund will value such assets and liabilities using quoted market prices in active markets for identical assets and liabilities to the extent possible. To the extent that such market prices are not available, the Fund will next attempt to value such assets and liabilities using observable measurement criteria, including quoted market prices of similar assets and liabilities in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Fund will develop measurement criteria based on the best information available.

U.S. Government backed fixed rate notes are valued at the closing price reported on the active market on which individual securities are traded along with comparable bond ratings under Moody's and S&P.

First Responder Joint Insurance Fund
Notes to Financial Statements
December 31, 2019 and 2018

The valuation methods for these investments are consistent for the years ended December 31, 2019 and 2018.

6. 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. This estimate is based on the estimated ultimate cost of settling the claims considering the historical experience of the members, various other industry statistics, including the effects of inflation and other societal or economic factors, and the Fund's retention level. Management believes that the liability for unpaid losses is adequate to cover the ultimate cost of reported and unreported claims incurred but not yet paid. However, the ultimate cost may be more or less than the estimated liability. The Fund has created a loss reserve for any potential unreported losses which have taken place but in which the Fund has not received notices or reports of losses ("IBNR").

Loss reserves at December 31, 2019 **and 2018** which have been estimated by the Fund's Actuary and Claims Servicing Organization of the members (less member deductibles) are as follows:

	<u>2019</u>	<u>2018</u>
Case reserves	\$ 1,550,027	\$ 1,747,564
Reserves for losses incurred but not reported	<u>673,124</u>	<u>997,002</u>
	<u>\$ 2,223,151</u>	<u>\$ 2,744,566</u>

The following represents changes in the aggregate reserves and claim adjustment expenses for the Fund during the years ended December 31:

	<u>2019</u>	<u>2018</u>
Unpaid claim liabilities, beginning of year	\$ <u>2,744,566</u>	\$ <u>1,958,652</u>
Incurred claims		
Provision for insured events of current year	1,412,892	1,877,499
Increase (decrease) in provision for insured events of prior years	<u>(393,406)</u>	<u>33,685</u>
Total increase in incurred claims	<u>1,019,486</u>	<u>1,911,184</u>
Claim payments		
Payments on claims for insured events of current year	541,984	599,061
Payments, net, on claims for insured events of prior years	<u>998,917</u>	<u>526,209</u>
Total payments, net	<u>1,540,901</u>	<u>1,125,270</u>
Unpaid claim liabilities, end of year	<u>\$ 2,223,151</u>	<u>\$ 2,744,566</u>

First Responder Joint Insurance Fund
Notes to Financial Statements
December 31, 2019 and 2018

7. SUBSEQUENT EVENTS

The Fund has evaluated subsequent events occurring after the balance sheet date through the date of May 1, 2020, which is the date the financial statements were available to be issued. Based on this evaluation, the Fund has determined that no subsequent events have occurred which require adjustment to or disclosure in the financial statements other than the following:

Management is currently evaluating the potential impact of the COVID-19 virus to the Fund. While any impact is not readily determinable as of the date of these financial statements, management continues to monitor and will keep the Fund's members apprised of any potential impact as it is known.

SUPPLEMENTAL SCHEDULES

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

To the Fund Commissioners,
First Responder Joint Insurance Fund:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of First Responder Joint Insurance Fund, which comprise the balance sheet as of December 31, 2019, and the related statements of revenue, expenses, and changes in fund surplus and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated May 1, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WithumSmith+Brown, PC

May 1, 2020

First Responder Joint Insurance Fund
Ten Year Claims Development Information
December 31, 2019

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Underwriting income - regular contributions	\$ 1,823,176	\$ 1,939,927	\$ 2,159,616	\$ 2,638,629	\$ 3,110,375	\$ 3,746,076	\$ 3,888,767	\$ 3,804,161	\$ 3,695,628	\$ 3,762,041
Investment income	<u>7,642</u>	<u>12,571</u>	<u>9,173</u>	<u>43,394</u>	<u>74,692</u>	<u>24,744</u>	<u>77,391</u>	<u>58,440</u>	<u>49,044</u>	<u>34,807</u>
	<u>\$ 1,830,818</u>	<u>\$ 1,952,498</u>	<u>\$ 2,168,789</u>	<u>\$ 2,682,023</u>	<u>\$ 3,185,067</u>	<u>\$ 3,770,820</u>	<u>\$ 3,966,158</u>	<u>\$ 3,862,601</u>	<u>\$ 3,744,672</u>	<u>\$ 3,796,848</u>
Insurance and reinsurance premiums	\$ 520,366	\$ 577,686	625,095	\$ 706,725	\$ 815,527	\$ 877,144	\$ 1,056,018	\$ 974,402	\$ 1,033,070	\$ 1,111,901
Administrative	<u>364,554</u>	<u>391,478</u>	<u>421,703</u>	<u>482,137</u>	<u>561,046</u>	<u>630,053</u>	<u>645,971</u>	<u>642,164</u>	<u>632,345</u>	<u>663,636</u>
	<u>\$ 884,920</u>	<u>\$ 969,164</u>	<u>\$ 1,046,798</u>	<u>\$ 1,188,862</u>	<u>\$ 1,376,573</u>	<u>\$ 1,507,197</u>	<u>\$ 1,701,989</u>	<u>\$ 1,616,566</u>	<u>\$ 1,665,415</u>	<u>\$ 1,775,537</u>
Estimated incurred claims, end of policy year	<u>\$ 798,844</u>	<u>\$ 866,066</u>	<u>\$ 983,458</u>	<u>\$ 1,148,001</u>	<u>\$ 1,276,000</u>	<u>\$ 2,134,857</u>	<u>\$ 1,468,416</u>	<u>\$ 1,884,001</u>	<u>\$ 1,877,498</u>	<u>\$ 1,412,893</u>
Cumulative paid claims as of										
End of policy year	490,087	538,647	691,759	376,252	458,973	979,438	517,855	805,334	599,061	541,984
One year later	730,971	710,463	983,458	681,591	566,562	1,603,585	721,652	1,020,944	1,303,928	
Two years later	798,844	741,552	983,457	855,056	573,090	1,906,961	869,011	1,130,895		
Three years later	798,844	826,731	983,458	863,228	592,049	1,990,535	957,709			
Four years later	798,844	804,237	983,458	910,419	626,685	2,085,820				
Five years later	798,844	804,237	983,458	955,450	626,800					
Six years later	798,844	792,765	963,457	955,450						
Seven years later	798,844	792,765	983,457							
Eight years later	798,844	792,765								
Nine years later	798,844									
Cumulative incurred claims as of										
End of policy year	798,844	866,066	983,458	1,148,001	1,276,000	2,134,857	1,468,416	1,884,001	1,877,498	1,412,893
One year later	798,844	866,066	983,458	1,138,688	795,869	2,134,857	1,067,927	1,864,280	1,877,498	
Two years later	798,844	816,066	983,458	1,069,689	775,735	2,134,857	1,211,185	1,559,401		
Three years later	798,844	866,067	983,458	1,014,688	719,594	2,134,857	1,046,875			
Four years later	798,844	804,237	983,458	1,088,688	685,755	2,134,857				
Five years later	798,844	804,237	983,458	1,032,476	699,514					
Six years later	798,844	792,765	983,458	1,032,476						
Seven years later	798,844	792,765	983,458							
Eight years later	798,844	792,765								
Nine years later	<u>798,844</u>									
Decrease in cumulative incurred claims from end of policy year	<u>\$ -</u>	<u>\$ (73,301)</u>	<u>\$ -</u>	<u>\$ (115,525)</u>	<u>\$ (576,486)</u>	<u>\$ -</u>	<u>\$ (421,541)</u>	<u>\$ (324,600)</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

First Responder Joint Insurance Fund
Schedules of Changes in Claim Liabilities by Line of Coverage
Years Ended December 31, 2019 and 2018

	2019				
	Total	Workers' Compensation	Liability	Property	Auto Liability
Unpaid claim liabilities, beginning of year	\$ 2,744,566	\$ 2,537,995	\$ 73,780	\$ 70,240	\$ 62,551
Incurring claims					
Provision for insured events of current year	1,412,892	1,144,224	51,561	166,548	50,559
Increase (decrease) in provision for insured events of prior years	(393,406)	(294,654)	(56,630)	5,083	(47,205)
Increase (decrease) in incurred claims	1,019,486	849,570	(5,069)	171,631	3,354
Claim payments					
Payments on claims for insured events of current year	541,984	395,719	-	145,015	1,250
Payments, net, on claims for insured events of prior years	998,917	923,659	-	72,840	2,418
Total payments	1,540,901	1,319,378	-	217,855	3,668
Unpaid claim liabilities, end of year	\$ 2,223,151	\$ 2,068,187	\$ 68,711	\$ 24,016	\$ 62,237
	2018				
	Total	Workers' Compensation	Liability	Property	Auto Liability
Unpaid claim liabilities, beginning of year	\$ 1,958,652	\$ 1,750,245	\$ 89,704	\$ 70,744	\$ 47,959
Incurring claims					
Provision for insured events of current year	1,877,499	1,519,437	51,648	254,140	52,274
Increase (decrease) in provision for insured events of prior years	33,685	136,476	(67,557)	(12,464)	(22,770)
Increase (decrease) in incurred claims	1,911,184	1,655,913	(15,909)	241,676	29,504
Claim payments					
Payments on claims for insured events of current year	599,061	407,767	-	186,382	4,912
Payments, net, on claims for insured events of prior years	526,209	460,396	15	55,798	10,000
Total payments	1,125,270	868,163	15	242,180	14,912
Unpaid claim liabilities, end of year	\$ 2,744,566	\$ 2,537,995	\$ 73,780	\$ 70,240	\$ 62,551

See Independent Auditor's Report.

First Responder Joint Insurance Fund
Combining Schedule of Net Income and Changes in Fund Surplus for
Fund Years 2009 through 2019
Year Ended December 31, 2019

<u>Fund Year</u>	<u>Fund Surplus 1/1/2019</u>	<u>Net Income</u>	<u>Less Surplus Returned to Members</u>	<u>Fund Surplus 12/31/2019</u>
2009	\$ -	\$ -	\$ -	\$ -
2010	88,792	2,258	-	91,050
2011	185,474	5,098	-	190,572
2012	134,728	3,808	-	138,536
2013	442,469	18,228	-	460,697
2014	1,092,895	16,130	-	1,109,025
2015	123,061	5,729	-	128,790
2016	1,015,866	201,429	-	1,217,295
2017	354,343	332,291	-	686,634
2018	112,636	26,900	-	139,536
2019	-	608,388	-	608,388
	<u>\$ 3,550,264</u>	<u>\$ 1,220,259</u>	<u>\$ -</u>	<u>\$ 4,770,523</u>

See Independent Auditor's Report.

First Responder Joint Insurance Fund
Combined Cumulative Operating Results Analysis for
Fund Years 2009 through 2019
December 31, 2019

Revenue	
Underwriting income - regular contributions	<u>\$ 31,618,234</u>
Expenses	
Claims	
Paid	10,651,384
Case reserves	1,550,026
IBNR reserves	<u>673,124</u>
	12,874,534
Insurance and reinsurance premiums	8,523,015
Administrative expenses	<u>5,658,125</u>
	<u>27,055,674</u>
Operating income	<u>4,562,560</u>
Interest and other income	394,313
Transfers	<u>(186,350)</u>
Non-operating income, net	<u>207,963</u>
Net income and fund surplus	<u><u>\$ 4,770,523</u></u>

See Independent Auditor's Report.

First Responder Joint Insurance Fund
2009 Fund Year
Cumulative Operating Results Analysis
December 31, 2019

	<u>Workers'</u> <u>Compensation</u>	<u>Liability</u>	<u>Property</u>	<u>Auto Liability</u>	<u>Administrative</u>	<u>Totals</u>
Revenue						
Underwriting income - regular contributions	\$ 605,468	\$ 87,280	\$ 67,804	\$ 37,628	\$ 251,660	\$ 1,049,840
Expenses						
Claims						
Paid	471,704	1,252	774	-	-	473,730
Case reserves	-	-	-	-	-	-
IBNR reserves	-	-	-	-	-	-
Claims - net	<u>471,704</u>	<u>1,252</u>	<u>774</u>	<u>-</u>	<u>-</u>	<u>473,730</u>
Other						
Insurance and reinsurance premiums	126,201	63,987	22,618	12,274	-	225,080
Administrative expenses	-	-	-	-	223,036	223,036
Total other expenses	<u>126,201</u>	<u>63,987</u>	<u>22,618</u>	<u>12,274</u>	<u>223,036</u>	<u>448,116</u>
Total expenses	<u>597,905</u>	<u>65,239</u>	<u>23,392</u>	<u>12,274</u>	<u>223,036</u>	<u>921,846</u>
Operating income	<u>7,563</u>	<u>22,041</u>	<u>44,412</u>	<u>25,354</u>	<u>28,624</u>	<u>127,994</u>
Non-operating income						
Investment income	840	283	519	292	413	2,347
Miscellaneous income	-	-	-	-	3	3
Total non-operating income	<u>840</u>	<u>283</u>	<u>519</u>	<u>292</u>	<u>416</u>	<u>2,350</u>
Net income	8,403	22,324	44,931	25,646	29,040	130,344
Transfers	<u>(8,403)</u>	<u>(22,324)</u>	<u>(44,931)</u>	<u>(25,646)</u>	<u>(29,040)</u>	<u>(130,344)</u>
Fund surplus	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

First Responder Joint Insurance Fund
2010 Fund Year
Cumulative Operating Results Analysis
December 31, 2019

	<u>Workers'</u> <u>Compensation</u>	<u>Liability</u>	<u>Property</u>	<u>Auto Liability</u>	<u>Administrative</u>	<u>Totals</u>
Revenue						
Underwriting income - regular contributions	\$ 703,617	\$ 347,202	\$ 225,301	\$ 103,165	\$ 443,891	\$ 1,823,176
Expenses						
Claims						
Paid	687,331	-	102,793	8,720	-	798,844
Case reserves	-	-	-	-	-	-
IBNR reserves	-	-	-	-	-	-
Claims - net	<u>687,331</u>	<u>-</u>	<u>102,793</u>	<u>8,720</u>	<u>-</u>	<u>798,844</u>
Other						
Insurance and reinsurance premiums	144,535	241,997	87,614	46,220	-	520,366
Administrative expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>364,554</u>	<u>364,554</u>
Total other expenses	<u>144,535</u>	<u>241,997</u>	<u>87,614</u>	<u>46,220</u>	<u>364,554</u>	<u>884,920</u>
Total expenses	<u>831,866</u>	<u>241,997</u>	<u>190,407</u>	<u>54,940</u>	<u>364,554</u>	<u>1,683,764</u>
Operating income (loss)	<u>(128,249)</u>	<u>105,205</u>	<u>34,894</u>	<u>48,225</u>	<u>79,337</u>	<u>139,412</u>
Non-operating income						
Investment income	572	3,234	1,088	1,501	1,247	7,642
Miscellaneous income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total non-operating income	<u>572</u>	<u>3,234</u>	<u>1,088</u>	<u>1,501</u>	<u>1,248</u>	<u>7,643</u>
Net income (loss)	(127,677)	108,439	35,982	49,726	80,585	147,055
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,005)</u>	<u>(56,005)</u>
Fund surplus (deficit)	<u>\$ (127,677)</u>	<u>\$ 108,439</u>	<u>\$ 35,982</u>	<u>\$ 49,726</u>	<u>\$ 24,580</u>	<u>\$ 91,050</u>

See Independent Auditor's Report.

First Responder Joint Insurance Fund
2011 Fund Year
Cumulative Operating Results Analysis
December 31, 2019

	<u>Workers'</u> <u>Compensation</u>	<u>Liability</u>	<u>Property</u>	<u>Auto Liability</u>	<u>Administrative</u>	<u>Totals</u>
Revenue						
Underwriting income - regular contributions	\$ 767,903	\$ 333,799	\$ 255,326	\$ 121,133	\$ 461,766	\$ 1,939,927
Expenses						
Claims						
Paid	572,165	629	189,938	30,033	-	792,765
Case reserves	-	-	-	-	-	-
IBNR reserves	-	-	-	-	-	-
Claims - net	<u>572,165</u>	<u>629</u>	<u>189,938</u>	<u>30,033</u>	<u>-</u>	<u>792,765</u>
Other						
Insurance and reinsurance premiums	154,708	269,844	100,315	52,819	-	577,686
Administrative expenses	-	-	-	-	391,478	391,478
Total other expenses	<u>154,708</u>	<u>269,844</u>	<u>100,315</u>	<u>52,819</u>	<u>391,478</u>	<u>969,164</u>
Total expenses	<u>726,873</u>	<u>270,473</u>	<u>290,253</u>	<u>82,852</u>	<u>391,478</u>	<u>1,761,929</u>
Operating income (loss)	<u>41,030</u>	<u>63,326</u>	<u>(34,927)</u>	<u>38,281</u>	<u>70,288</u>	<u>177,998</u>
Non-operating income						
Investment income	2,631	3,340	61	2,023	4,516	12,571
Miscellaneous income	-	-	-	-	3	3
Total non-operating income	<u>2,631</u>	<u>3,340</u>	<u>61</u>	<u>2,023</u>	<u>4,519</u>	<u>12,574</u>
Net income (loss)	43,661	66,666	(34,866)	40,304	74,807	190,572
Transfers	-	-	-	-	-	-
Fund surplus (deficit)	<u>\$ 43,661</u>	<u>\$ 66,666</u>	<u>\$ (34,866)</u>	<u>\$ 40,304</u>	<u>\$ 74,807</u>	<u>\$ 190,572</u>

See Independent Auditor's Report.

First Responder Joint Insurance Fund
2012 Fund Year
Cumulative Operating Results Analysis
December 31, 2019

	<u>Workers'</u> <u>Compensation</u>	<u>Liability</u>	<u>Property</u>	<u>Auto Liability</u>	<u>Administrative</u>	<u>Totals</u>
Revenue						
Underwriting income - regular contributions	\$ 870,184	\$ 355,205	\$ 307,621	\$ 119,536	\$ 507,070	2,159,616
Expenses						
Claims						
Paid	829,348	-	139,876	14,233	-	983,457
Case reserves	-	-	-	-	-	-
IBNR reserves	-	-	-	-	-	-
Claims - net	829,348	-	139,876	14,233	-	983,457
Other						
Insurance and reinsurance premiums	178,884	268,188	128,704	49,319	-	625,095
Administrative expenses	-	-	-	-	421,703	421,703
Total other expenses	178,884	268,188	128,704	49,319	421,703	1,046,798
Total expenses	1,008,232	268,188	268,580	63,552	421,703	2,030,255
Operating income (loss)	(138,048)	87,017	39,041	55,984	85,367	129,361
Non-operating income						
Investment income	49	2,803	1,276	1,806	3,239	9,173
Miscellaneous income	-	-	-	-	2	2
Total non-operating income	49	2,803	1,276	1,806	3,241	9,175
Net income (loss)	(137,999)	89,820	40,317	57,790	88,608	138,536
Transfers	-	-	-	-	-	-
Fund surplus (deficit)	\$ (137,999)	\$ 89,820	\$ 40,317	\$ 57,790	\$ 88,608	\$ 138,536

See Independent Auditor's Report.

First Responder Joint Insurance Fund
2013 Fund Year
Cumulative Operating Results Analysis
December 31, 2019

	<u>Workers'</u> <u>Compensation</u>	<u>Liability</u>	<u>Property</u>	<u>Auto Liability</u>	<u>Administrative</u>	<u>Totals</u>
Revenue						
Underwriting income - regular contributions	\$ 1,090,452	\$ 422,616	\$ 389,775	\$ 160,522	\$ 575,264	\$ 2,638,629
Expenses						
Claims						
Paid	841,762	-	112,688	1,000	-	955,450
Case reserves	77,026	-	-	-	-	77,026
IBNR reserves	-	-	-	-	-	-
Claims - net	<u>918,788</u>	<u>-</u>	<u>112,688</u>	<u>1,000</u>	<u>-</u>	<u>1,032,476</u>
Other						
Insurance and reinsurance premiums	199,405	308,434	140,871	58,015	-	706,725
Administrative expenses	-	-	-	-	482,137	482,137
Total other expenses	<u>199,405</u>	<u>308,434</u>	<u>140,871</u>	<u>58,015</u>	<u>482,137</u>	<u>1,188,862</u>
Total expenses	<u>1,118,193</u>	<u>308,434</u>	<u>253,559</u>	<u>59,015</u>	<u>482,137</u>	<u>2,221,338</u>
Operating income (loss)	<u>(27,741)</u>	<u>114,182</u>	<u>136,216</u>	<u>101,507</u>	<u>93,127</u>	<u>417,291</u>
Non-operating income						
Investment income	6,621	8,877	11,605	7,885	8,406	43,394
Miscellaneous income	-	-	-	-	12	12
Total non-operating income	<u>6,621</u>	<u>8,877</u>	<u>11,605</u>	<u>7,885</u>	<u>8,418</u>	<u>43,406</u>
Net income (loss)	<u>(21,120)</u>	<u>123,059</u>	<u>147,821</u>	<u>109,392</u>	<u>101,545</u>	<u>460,697</u>
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund surplus (deficit)	<u>\$ (21,120)</u>	<u>\$ 123,059</u>	<u>\$ 147,821</u>	<u>\$ 109,392</u>	<u>\$ 101,545</u>	<u>\$ 460,697</u>

See Independent Auditor's Report.

First Responder Joint Insurance Fund
2014 Fund Year
Cumulative Operating Results Analysis
December 31, 2019

	<u>Workers'</u> <u>Compensation</u>	<u>Liability</u>	<u>Property</u>	<u>Auto Liability</u>	<u>Administrative</u>	<u>Totals</u>
Revenue						
Underwriting income - regular contributions	\$ 1,347,635	\$ 495,942	\$ 490,339	\$ 197,882	\$ 578,577	\$ 3,110,375
Expenses						
Claims						
Paid	436,968	644	161,963	27,225	-	626,800
Case reserves	70,232	-	2,482	-	-	72,714
IBNR reserves	-	-	-	-	-	-
Claims - net	<u>507,200</u>	<u>644</u>	<u>164,445</u>	<u>27,225</u>	<u>-</u>	<u>699,514</u>
Other						
Insurance and reinsurance premiums	211,477	351,469	181,241	71,340	-	815,527
Administrative expenses	-	-	-	-	561,046	561,046
Total other expenses	<u>211,477</u>	<u>351,469</u>	<u>181,241</u>	<u>71,340</u>	<u>561,046</u>	<u>1,376,573</u>
Total expenses	<u>718,677</u>	<u>352,113</u>	<u>345,686</u>	<u>98,565</u>	<u>561,046</u>	<u>2,076,087</u>
Operating income	<u>628,958</u>	<u>143,829</u>	<u>144,653</u>	<u>99,317</u>	<u>17,531</u>	<u>1,034,288</u>
Non-operating income						
Investment income	47,169	9,313	9,542	6,465	2,203	74,692
Miscellaneous income	-	-	-	-	45	45
Total non-operating income	<u>47,169</u>	<u>9,313</u>	<u>9,542</u>	<u>6,465</u>	<u>2,248</u>	<u>74,737</u>
Net income	676,127	153,142	154,195	105,782	19,779	1,109,025
Transfers	-	-	-	-	-	-
Fund surplus	<u>\$ 676,127</u>	<u>\$ 153,142</u>	<u>\$ 154,195</u>	<u>\$ 105,782</u>	<u>\$ 19,779</u>	<u>\$ 1,109,025</u>

See Independent Auditor's Report.

First Responder Joint Insurance Fund
2015 Fund Year
Cumulative Operating Results Analysis
December 31, 2019

	<u>Workers'</u> <u>Compensation</u>	<u>Liability</u>	<u>Property</u>	<u>Auto Liability</u>	<u>Administrative</u>	<u>Totals</u>
Revenue						
Underwriting income - regular contributions	\$ 1,946,082	\$ 510,526	\$ 468,903	\$ 171,484	\$ 649,081	\$ 3,746,076
Expenses						
Claims						
Paid	1,914,869	2,901	155,070	12,980	-	2,085,820
Case reserves	49,037	-	-	-	-	49,037
IBNR reserves	-	-	-	-	-	-
Claims - net	<u>1,963,906</u>	<u>2,901</u>	<u>155,070</u>	<u>12,980</u>	<u>-</u>	<u>2,134,857</u>
Other						
Insurance and reinsurance premiums	225,242	353,146	226,695	72,061	-	877,144
Administrative expenses	-	-	-	-	630,053	630,053
Total other expenses	<u>225,242</u>	<u>353,146</u>	<u>226,695</u>	<u>72,061</u>	<u>630,053</u>	<u>1,507,197</u>
Total expenses	<u>2,189,148</u>	<u>356,047</u>	<u>381,765</u>	<u>85,041</u>	<u>630,053</u>	<u>3,642,054</u>
Operating income (loss)	<u>(243,066)</u>	<u>154,479</u>	<u>87,138</u>	<u>86,443</u>	<u>19,028</u>	<u>104,022</u>
Non-operating income						
Investment income	6,745	7,570	4,464	4,242	1,723	24,744
Miscellaneous income	-	-	-	-	24	24
Total non-operating income	<u>6,745</u>	<u>7,570</u>	<u>4,464</u>	<u>4,242</u>	<u>1,747</u>	<u>24,768</u>
Net income (loss)	<u>(236,321)</u>	<u>162,049</u>	<u>91,602</u>	<u>90,685</u>	<u>20,775</u>	<u>128,790</u>
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund surplus (deficit)	<u>\$ (236,321)</u>	<u>\$ 162,049</u>	<u>\$ 91,602</u>	<u>\$ 90,685</u>	<u>\$ 20,775</u>	<u>\$ 128,790</u>

See Independent Auditor's Report.

First Responder Joint Insurance Fund
2016 Fund Year
Cumulative Operating Results Analysis
December 31, 2019

	<u>Workers'</u> <u>Compensation</u>	<u>Liability</u>	<u>Property</u>	<u>Auto Liability</u>	<u>Administrative</u>	<u>Totals</u>
Revenue						
Underwriting income - regular contributions	\$ 1,987,230	\$ 539,600	\$ 501,733	\$ 184,924	\$ 675,280	\$ 3,888,767
Expenses						
Claims						
Paid	775,329	10,811	161,927	9,642	-	957,709
Case reserves	67,323	-	-	-	-	67,323
IBNR reserves	21,843	-	-	-	-	21,843
Claims - net	<u>864,495</u>	<u>10,811</u>	<u>161,927</u>	<u>9,642</u>	<u>-</u>	<u>1,046,875</u>
Other						
Insurance and reinsurance premiums	283,319	408,816	279,998	83,885	-	1,056,018
Administrative expenses	-	-	-	-	645,971	645,971
Total other expenses	<u>283,319</u>	<u>408,816</u>	<u>279,998</u>	<u>83,885</u>	<u>645,971</u>	<u>1,701,989</u>
Total expenses	<u>1,147,814</u>	<u>419,627</u>	<u>441,925</u>	<u>93,527</u>	<u>645,971</u>	<u>2,748,864</u>
Operating income	<u>839,416</u>	<u>119,973</u>	<u>59,808</u>	<u>91,397</u>	<u>29,309</u>	<u>1,139,903</u>
Non-operating income						
Investment income	58,306	6,822	4,739	5,045	2,479	77,391
Miscellaneous income	-	-	-	-	1	1
Total non-operating income	<u>58,306</u>	<u>6,822</u>	<u>4,739</u>	<u>5,045</u>	<u>2,480</u>	<u>77,392</u>
Net income	897,722	126,795	64,547	96,442	31,789	1,217,295
Transfers	-	-	-	-	-	-
Fund surplus	<u>\$ 897,722</u>	<u>\$ 126,795</u>	<u>\$ 64,547</u>	<u>\$ 96,442</u>	<u>\$ 31,789</u>	<u>\$ 1,217,295</u>

See Independent Auditor's Report.

First Responder Joint Insurance Fund
2017 Fund Year
Cumulative Operating Results Analysis
December 31, 2019

	<u>Workers'</u> <u>Compensation</u>	<u>Liability</u>	<u>Property</u>	<u>Auto Liability</u>	<u>Administrative</u>	<u>Totals</u>
Revenue						
Underwriting income - regular contributions	\$ 1,903,019	\$ 521,154	\$ 540,800	\$ 169,331	\$ 669,857	\$ 3,804,161
Expenses						
Claims						
Paid	950,319	500	165,677	14,399	-	1,130,895
Case reserves	378,197	-	-	-	-	378,197
IBNR reserves	48,713	1,596	-	-	-	50,309
Claims - net	1,377,229	2,096	165,677	14,399	-	1,559,401
Other						
Insurance and reinsurance premiums	241,428	381,885	273,136	77,953	-	974,402
Administrative expenses	-	-	-	-	642,164	642,164
Total other expenses	241,428	381,885	273,136	77,953	642,164	1,616,566
Total expenses	1,618,657	383,981	438,813	92,352	642,164	3,175,967
Operating income	284,362	137,173	101,987	76,979	27,693	628,194
Non-operating income						
Investment income	37,989	6,774	6,281	3,631	3,765	58,440
Miscellaneous income	-	-	-	-	-	-
Total non-operating income	37,989	6,774	6,281	3,631	3,765	58,440
Net income	322,351	143,947	108,268	80,610	31,458	686,634
Transfers	-	-	-	-	-	-
Fund surplus	\$ 322,351	\$ 143,947	\$ 108,268	\$ 80,610	\$ 31,458	\$ 686,634

See Independent Auditor's Report.

First Responder Joint Insurance Fund
2018 Fund Year
Cumulative Operating Results Analysis
December 31, 2019

	<u>Workers'</u> <u>Compensation</u>	<u>Liability</u>	<u>Property</u>	<u>Auto Liability</u>	<u>Administrative</u>	<u>Totals</u>
Revenue						
Underwriting income - regular contributions	\$ 1,815,927	\$ 532,848	\$ 529,930	\$ 156,190	\$ 660,733	\$ 3,695,628
Expenses						
Claims						
Paid	1,037,807	-	258,791	7,330	-	1,303,928
Case reserves	463,707	-	-	-	-	463,707
IBNR reserves	143,604	15,554	-	12,928	-	172,086
Claims - net	<u>1,645,118</u>	<u>15,554</u>	<u>258,791</u>	<u>20,258</u>	<u>-</u>	<u>1,939,721</u>
Other						
Insurance and reinsurance premiums	238,857	436,847	282,992	74,374	-	1,033,070
Administrative expenses	-	-	-	-	632,345	632,345
Total other expenses	<u>238,857</u>	<u>436,847</u>	<u>282,992</u>	<u>74,374</u>	<u>632,345</u>	<u>1,665,415</u>
Total expenses	<u>1,883,975</u>	<u>452,401</u>	<u>541,783</u>	<u>94,632</u>	<u>632,345</u>	<u>3,605,136</u>
Operating income (loss)	<u>(68,048)</u>	<u>80,447</u>	<u>(11,853)</u>	<u>61,558</u>	<u>28,388</u>	<u>90,492</u>
Non-operating income						
Investment income	30,205	5,426	5,313	2,463	5,637	49,044
Miscellaneous income	-	-	-	-	-	-
Total non-operating income	<u>30,205</u>	<u>5,426</u>	<u>5,313</u>	<u>2,463</u>	<u>5,637</u>	<u>49,044</u>
Net income (loss)	<u>(37,843)</u>	<u>85,873</u>	<u>(6,540)</u>	<u>64,021</u>	<u>34,025</u>	<u>139,536</u>
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund surplus	<u>\$ (37,843)</u>	<u>\$ 85,873</u>	<u>\$ (6,540)</u>	<u>\$ 64,021</u>	<u>\$ 34,025</u>	<u>\$ 139,536</u>

See Independent Auditor's Report.

First Responder Joint Insurance Fund
2019 Fund Year
Cumulative Operating Results Analysis
December 31, 2019

	<u>Workers'</u> <u>Compensation</u>	<u>Liability</u>	<u>Property</u>	<u>Auto Liability</u>	<u>Administrative</u>	<u>Totals</u>
Revenue						
Underwriting income - regular contributions	\$ 1,838,404	\$ 527,438	\$ 569,298	\$ 152,644	\$ 674,257	\$ 3,762,041
Expenses						
Claims						
Paid	395,719	-	145,015	1,250	-	541,984
Case reserves	420,981	-	20,534	508	-	442,023
IBNR reserves	327,524	51,561	1,000	48,801	-	428,886
Claims - net	1,144,224	51,561	166,549	50,559	-	1,412,893
Other						
Insurance and reinsurance premiums	279,151	452,823	307,024	72,903	-	1,111,901
Administrative expenses	-	-	-	-	663,636	663,636
Total other expenses	279,151	452,823	307,024	72,903	663,636	1,775,537
Total expenses	1,423,375	504,384	473,573	123,462	663,636	3,188,430
Operating income	415,029	23,054	95,725	29,182	10,621	573,611
Non-operating income						
Investment income	17,097	4,824	5,266	1,364	6,256	34,807
Miscellaneous expense	-	-	-	-	(30)	(30)
Total non-operating income	17,097	4,824	5,266	1,364	6,226	34,777
Net income	432,126	27,878	100,991	30,546	16,847	608,388
Transfers	-	-	-	-	-	-
Fund surplus	\$ 432,126	\$ 27,878	\$ 100,991	\$ 30,546	\$ 16,847	\$ 608,388

See Independent Auditor's Report.

First Responder Joint Insurance Fund
2018 Fund Year
Cumulative Expense Analysis
December 31, 2019

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
Actuary	\$ 13,583	\$ -	\$ 13,583
Administrator	184,781	-	184,781
Attorney	33,190	-	33,190
Auditor	9,180	-	9,180
Claims service	26,335	-	26,335
Treasurer	3,600	-	3,600
Non - contracted expenses	8,641	-	8,641
Loss control and safety	46,663	-	46,663
Website	4,118	-	4,118
RMC fees	286,504	-	286,504
Contingency	-	15,750	15,750
	<u>\$ 616,595</u>	<u>\$ 15,750</u>	<u>\$ 632,345</u>

See Independent Auditor's Report.

First Responder Joint Insurance Fund
2019 Fund Year
Cumulative Expense Analysis
December 31, 2019

	<u>Paid</u>	<u>Unpaid</u>	<u>Total</u>
Actuary	\$ 13,923	\$ -	\$ 13,923
Administrator	172,427	15,675	188,102
Attorney	29,558	5,292	34,850
Auditor	-	9,363	9,363
Claims service	18,465	19,277	37,742
Treasurer	4,200	-	4,200
Non - contracted expenses	7,256	7,744	15,000
Loss control and safety	43,844	3,986	47,830
Website	3,723	1,277	5,000
RMC fees	289,114	2,762	291,876
Contingency	-	15,750	15,750
	<u>\$ 582,510</u>	<u>\$ 81,126</u>	<u>\$ 663,636</u>

See Independent Auditor's Report.

First Responder Joint Insurance Fund
Comments and Recommendations
December 31, 2019 and 2018

None.

See Independent Auditor's Report.