

**SCHOOL POOL FOR EXCESS LIABILITY LIMITS
JOINT INSURANCE FUND
REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED
JUNE 30, 2024 AND 2023**



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
School Pool For Excess Liability
Limits Joint Insurance Fund
P.O. Box 449
6000 Sagemore Drive, Suite 6203
Marlton, New Jersey 08053

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the School Pool For Excess Liability Limits Joint Insurance Fund (the "Fund") as of and for the fiscal years ended June 30, 2024 and 2023, 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 respective financial position of the Fund as of June 30, 2024 and 2023 and the changes in its financial position and its cash flows for the fiscal years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, 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.

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 opinion. 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 generally accepted auditing standards in the United States of America and *Government Auditing Standards* 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 generally accepted auditing standards in the United States of America and *Government Auditing Standards*, 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 other required supplementary information listed in the table of contents 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, 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Trustees
School Pool For Excess Liability
Limits Joint Insurance Fund

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements and are presented for purposes of additional analysis. The accompanying supplementary schedules listed in the table of contents are the responsibility of management and were derived from and relate 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 accompanying supplementary 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 February 28, 2025, on our consideration of the Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Respectfully Submitted,

Bowman & Company LLP

Bowman & Company LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
February 28, 2025

**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 AUDITOR'S REPORT

Board of Trustees
School Pool For Excess Liability
Limits Joint Insurance Fund
P.O. Box 449
6000 Sagemore Drive, Suite 6203
Marlton, New Jersey 08053

We have audited, in accordance with the 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, and audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the School Pool For Excess Liability Limits Joint Insurance Fund (the "Fund"), as of June 30, 2024, and for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated February 28, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, 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 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 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 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 significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*, and audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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* and audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

Bowman & Company LLP

Bowman & Company LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey.
February 28, 2025

School Pool For Excess Liability Limits Joint Insurance Fund

Management's Discussion and Analysis - Unaudited

This section of the annual financial report of the School Pool For Excess Liability Limits Joint Insurance Fund (the "Fund") presents a discussion and analysis of the financial performance of the Fund for the fiscal years ended June 30, 2024, 2023, and 2022. Please read it in conjunction with the basic financial statements that follow this section.

Overview of Basic Financial Statements

The Fund's basic financial statements are prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises where applicable. The primary purpose of the Fund is to provide property and casualty insurance coverage for school districts 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:

Comparative Statements of Net Position – These statements present information reflecting the Fund's assets, liabilities, reserves, and net position. Net position represents the amount of total assets, less total liabilities and reserves.

Comparative Statements of Revenues, Expenses, and Changes in Net Position – These statements reflect the Fund's operating revenues and expenses, as well as non-operating items during the reporting period. The change in net position for an enterprise fund is similar to net profit or loss for any other insurance company.

Comparative Statements of Cash Flows – The comparative statements of cash flows are 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 net position and results of operations for the Fund as of and for the fiscal years ended June 30, 2024, 2023, and 2022.

Statement Of Net Position				2023 to 2024 Change	
	6/30/2024	6/30/2023	6/30/2022	Amount	Percentage
Assets					
Cash And Cash Equivalents	\$ 11,076,981	\$ 6,464,888	\$ 6,506,303	\$ 4,612,093	71.3%
Investments	-	3,000,000	2,500,000	(3,000,000)	-100.0%
Other Assets	756,158	3,936,258	4,252,921	(3,180,100)	-80.8%
Total Assets	11,833,139	13,401,146	13,259,224	(1,568,007)	-11.7%
Liabilities And Reserves & Net Position					
Liabilities And Reserves					
Loss Reserves	1,091,949	3,268,940	3,519,924	(2,176,991)	-66.6%
Other Liabilities	216,033	936,643	1,485,255	(720,610)	-76.9%
Total Liabilities And Reserves	1,307,982	4,205,583	5,005,179	(2,897,601)	-68.9%
Net Position - Unrestricted	\$ 10,525,157	\$ 9,195,563	\$ 8,254,045	\$ 1,329,594	14.5%

Statement Of Revenues, Expenses, And Changes In Net Position Summary				2023 to 2024 Change	
	6/30/2024	6/30/2023	6/30/2022	Amount	Percentage
Operating Revenue					
Regular Contributions & Other Income	\$ 16,822,533	\$ 17,207,477	\$ 15,526,708	\$ (384,944)	-2.2%
Operating Expenses					
Provision For Claims And Claims					
Adjustment Expenses (Recoveries)	(2,199,700)	(196,124)	861,493	(2,003,576)	-1021.6%
Insurance Premiums	16,572,947	15,571,513	13,431,104	1,001,434	6.4%
Professional & Contractual Services	1,741,430	1,262,647	1,173,505	478,783	37.9%
Total Operating Expenses	16,114,677	16,638,036	15,466,102	(523,359)	-3.1%
Operating Income	707,856	569,441	60,606	138,415	24.3%
Investment Income	621,738	372,077	83,772	249,661	67.1%
Change In Net Position	\$ 1,329,594	\$ 941,518	\$ 144,378	\$ 388,076	41.2%

Financial Highlights Continued

During the fiscal year, the Fund continued its long-term success in controlling administrative and operating costs. The Fund saw a 17.6% increase in the Fund's overall Budget. Reinsurance costs increased 24.4% while Group Insurance costs increased 6.0% and Student Accident held flat with a 0.0% increase. Operating Expenses decreased 5.2%, which is primarily a result of removing the funding for Coverage Counsel (\$25,000) and reducing the funding for two Budget line items: Property Appraiser (\$9,300) and Safety Director (\$75,000).

The Fund reported a deficit for the 2023-2024, 2013-2014, 2010-2011, 2009-2010, and 2008-2009 Fund Year. This deficit was caused by current ultimate loss projections costs exceeding actuarial expectations. The ultimate liability to the applicable fund years were capped as a result of aggregate excess liability insurance protection.

Economic Conditions

The increase of 67.1% (\$249,661) in Investment Income is the result of current market conditions. The Fund regularly monitors investment maturities in reference to liabilities and market conditions. The Fund currently has investments in Certificate of Deposit.

Although the trend improved, reinsurance costs globally have continued to develop in an extended hard marketplace. Global property markets, in particular, continue to experience significant rate pressure because of catastrophic hurricane, fire, flood and hail loss events averaging between \$50+ billion annually from in 2018-2023. Global property market rates increased at a slower pace as capacity has stabilized. The United States continued to experience a materially greater number of annual weather-related / natural disaster property loss events in 2023-2024, compared to the historic average annual of eight (8) such events. The liability market continues to see pricing pressures as a result of various high dollar verdicts that are becoming more frequent across coverage lines, specifically in the area of sexual abuse and molestation. In the State of NJ, coverage for such losses has become materially restrictive and more difficult to secure due to the reviver law that provides broad expansion of the applicable statute of limitations with regard to reporting. Cyber Liability losses worldwide are driving material increases in premiums and this trend is expected to continue in some regard for stronger coverage packages. Some cyber coverage packages are seeing price stabilization or reduction as immature capacity enters the market, but the buyer needs to note that many of these pricing opportunities come with diminished coverages overall and limited services in the event of a loss. Workers' compensation costs remain relatively stable but continue to be influenced by medical inflation and increased indemnity awards. Generally, extended periods of economic stability are accompanied by corresponding stability in overall workers' compensation loss experience, but the post-Covid 19 work environment and changing workplace landscape has brought with it some upticks in Workers' compensation loss trends that will continue to be closely monitored for longer term potential impact. Employment practice exposures are always a material concern and exposures continue to grow because of the development and expansion of laws in this area. The Fund monitors these economic conditions and continues an emphasis on employer & employee training to reduce accidents and claims.

Contacting the Fund's Management

This financial report is designed to provide the School Pool For Excess Liability Limits 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, contact the Executive Director of the School Pool For Excess Liability Limits at the Fund office located 6000 at Sagemore Drive, Suite 6203, Marlton, New Jersey 08053 or by phone at (856) 446-9132.

SCHOOL POOL FOR EXCESS LIABILITY LIMITS JOINT INSURANCE FUND
COMPARATIVE STATEMENTS OF NET POSITION
AS OF JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Cash And Cash Equivalents	\$ 11,076,981	\$ 6,464,888
Investments	-	3,000,000
Interest Receivable	-	8,115
Excess Insurance Receivable	28,933	187,482
Aggregate Loss Fund Contingency		
Prospective Supplemental Contributions	716,573	3,730,009
Prepaid Expenses	<u>10,652</u>	<u>10,652</u>
Total Assets	<u>11,833,139</u>	<u>13,401,146</u>
 <u>LIABILITIES AND RESERVES</u>		
Liabilities:		
Claims Payable	62,467	814,554
Accrued Expenses	<u>153,566</u>	<u>122,089</u>
Total Liabilities	<u>216,033</u>	<u>936,643</u>
Claims Reserves:		
Case Reserves	1,543,746	3,757,319
Provision For Excess Insurance Recoverable	<u>(451,797)</u>	<u>(488,379)</u>
Net Claims Reserves	<u>1,091,949</u>	<u>3,268,940</u>
Total Liabilities And Reserves	<u>1,307,982</u>	<u>4,205,583</u>
 <u>NET POSITION</u>		
Unrestricted	<u>\$ 10,525,157</u>	<u>\$ 9,195,563</u>

The Accompanying Notes To Financial Statements Are An Integral Part Of These Statements.

SCHOOL POOL FOR EXCESS LIABILITY LIMITS JOINT INSURANCE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Operating Revenue:		
Regular Contributions	\$ 19,835,969	\$ 17,476,580
Aggregate Loss Fund Contingency		
Prospective Supplemental Contributions Change	<u>(3,013,436)</u>	<u>(269,103)</u>
Total Operating Revenue	<u>16,822,533</u>	<u>17,207,477</u>
Operating Expenses:		
Provision For Claims And Claims Adjustment Expenses (Recoveries)	(2,199,700)	(196,124)
Insurance Premiums	16,572,947	15,571,513
Administrative Expenses:		
Actuary - The Actuarial Advantage	7,395	7,207
Attorney - Law Offices of Patrick Madden, LLC	9,503	9,492
Auditor - Bowman & Company LLP	15,602	15,296
Collaborative Network - Cloudburst Development LLC	92,490	78,004
Contingency - Various	63,029	1,836
Extranet Provider - Safe & Secure Legal Files Exchange LLC	38,502	38,503
Fund Administrator - Risk Program Administrators	4,992	4,992
General Ledger Management - Verrill & Verrill, LLC	18,500	18,130
Marketing - Various	336,585	159,157
Miscellaneous And Other Expenses - Various	158,009	56,902
Property Appraisals - Duff & Phelps, LLC	81,955	69,590
Recording Secretary - Annette Reap	2,700	1,200
Safety Director - Risk Assessment Services	85,900	12,560
Treasurer - Verrill & Verrill, LLC	8,940	8,730
Underwriting Mgr - Risk Program Administrators	805,684	764,700
Website Hosting & Maintenance - Big Boom Design	<u>11,644</u>	<u>16,348</u>
Total Operating Expenses	<u>16,114,677</u>	<u>16,638,036</u>
Operating Income	707,856	569,441
Non-Operating Revenue:		
Investment Income	<u>621,738</u>	<u>372,077</u>
Change In Net Position	1,329,594	941,518
Net Position, Beginning	<u>9,195,563</u>	<u>8,254,045</u>
Net Position, Ending	<u><u>\$ 10,525,157</u></u>	<u><u>\$ 9,195,563</u></u>

The Accompanying Notes To Financial Statements Are An Integral Part Of These Statements.

SCHOOL POOL FOR EXCESS LIABILITY LIMITS JOINT INSURANCE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities:		
Receipts From Regular Contributions	\$ 19,835,969	\$ 16,982,082
Payment For Claims	(570,829)	(256)
Payments For Insurance Premiums	(16,572,947)	(15,638,228)
Payments To Professionals And Suppliers	<u>(1,709,953)</u>	<u>(1,250,407)</u>
Net Cash Flows Provided By Operating Activities	<u>982,240</u>	<u>93,191</u>
Cash Flows From Investing Activities:		
Purchase of Investments	-	(3,000,000)
Sale of Investments	3,000,000	2,500,000
Investment Income	<u>629,853</u>	<u>365,394</u>
Net Cash Flows Provided By (Used In) Investing Activities	<u>3,629,853</u>	<u>(134,606)</u>
Net Increase (Decrease) In Cash And Cash Equivalents	4,612,093	(41,415)
Cash And Cash Equivalents, Beginning	<u>6,464,888</u>	<u>6,506,303</u>
Cash And Cash Equivalents, Ending	<u><u>\$ 11,076,981</u></u>	<u><u>\$ 6,464,888</u></u>
Reconciliation Of Operating Income To		
Cash Flows From Operating Activities:		
Operating Income	\$ 707,856	\$ 569,441
Adjustments To Reconcile Operating Income To		
Net Cash Provided By Operating Activities:		
Changes In Assets And Liabilities:		
Excess Insurance Receivable	158,549	54,243
Aggregate Loss Fund Contingency		
Prospective Supplemental Contributions	3,013,436	269,103
Claims Payable	(752,087)	361
Accrued Expenses	31,477	(54,475)
Unearned Revenue	-	(494,498)
Case Reserves	<u>(2,176,991)</u>	<u>(250,984)</u>
Net Cash Flows Provided By Operating Activities	<u><u>\$ 982,240</u></u>	<u><u>\$ 93,191</u></u>

The Accompanying Notes To Financial Statements Are An Integral Part Of These Statements.

SCHOOL POOL FOR EXCESS LIABILITY LIMITS
JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 1: ORGANIZATION AND DESCRIPTION OF THE FUND

The School Pool For Excess Liability Limits Joint Insurance Fund (the "Fund") was formed on July 1, 2001, in accordance with P.L. 1983, C.108, entitled "An Act Concerning Board of Education Insurance", under the provisions of N.J.S.A. 18A: 18B1-10. The Fund is operated in accordance with regulations of the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

The Board of Trustees and owner group delegates of the Fund may approve the membership of any New Jersey School Board Group by a two-thirds vote or may terminate any member by a two-thirds vote, after proper notice has been given. Approval of participation is granted for a specific term of three years.

During the fiscal year ended June 30, 2024, members of the Fund included the Atlantic & Cape May Counties Association of School Business Officials Joint Insurance Fund, Burlington County Insurance Pool Joint Insurance Fund, and the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund.

All members' contributions to the Fund, including a reserve for contingencies, are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The Fund provides the following excess coverages to its members:

- Property (including Crime, Inland Marine and Auto Physical Damage)
- General Liability
- Automobile Liability
- Workers' Compensation
- Educator's Legal Liability
- Boiler and Machinery (Group Purchase)
- Pollution Legal Liability (Group Purchase)
- Student Accident Insurance (Group Purchase)
- Cyber Liability (Group Purchase)
- Violent Malicious Acts (Group Purchase)
- Disaster Management (Group Purchase)
- Unmanned Aerial Systems (Group Purchase)

The Fund also provides aggregate excess insurance to its members. Each member's annual attachment point is set at the total of its current budgeted accumulated loss funding for specific retention plus an additional ten percent. The Fund maintains an aggregate excess loss contingency trust fund for losses in excess of the Fund's budgeted specific loss trust funds. Funding of the aggregate excess loss contingency trust fund is determined according to the Fund's bylaws.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant policies followed by the Fund in the preparation of the accompanying financial statements:

Component Unit

In evaluating how to define the Fund for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in Governmental Auditing Standards Board ("GASB") Statements No. 14, *The Financial Reporting Entity*, as amended. Blended component units, although legally separate entities, are in-substance part of the primary entity's operations. Each discretely presented component unit would be or is reported in a separate column in the financial statements to emphasize that it is legally separate from the primary entity.

SCHOOL POOL FOR EXCESS LIABILITY LIMITS
JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Component Unit (Cont'd)

The basic, but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the primary entity. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the primary entity is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary entity could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Fund has no component units and is not includable in any other reporting entity.

Basis of Presentation

The financial statements of the Fund have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Enterprise funds are accounted for using the accrual basis of accounting.

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. Member Assessments are recognized as revenue at the time of assessment.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the comparative statements of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governmental units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments, which may be purchased by New Jersey governmental units.

SCHOOL POOL FOR EXCESS LIABILITY LIMITS
JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash, Cash Equivalents, and Investments (Cont'd)

These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally-insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Additionally, the Fund has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Act. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

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 measurement 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.

Investment Income Allocation

Interest accruals, interest payments on cash instruments, net of investment management fees, and unrealized gains and losses on the fair value of investments are allocated every month based upon each line of coverage's share of opening cash and investment balances.

Annual Contributions

Annual contributions, as determined by the Fund's Board of Trustees, are due within 30 days of the due date fixed by the Board of Trustees, but not later than February 1. Total contributions are recognized as earned revenue evenly over the fiscal contract period or period of risk, if different.

SCHOOL POOL FOR EXCESS LIABILITY LIMITS
JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Supplemental Contributions

The Board of Trustees shall by majority vote levy upon the participants additional assessments whenever needed or so ordered by the Commissioner of Banking and Insurance to supplement the Fund's claim, loss retention or administrative accounts, after consideration of anticipated investment income, to assure the payment of the Fund's obligations. Supplemental contributions to cover a deficit are recognized as revenue upon approval whether or not actually received.

Unpaid Claims Liabilities

The Fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) 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 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. Adjustments to claims liabilities are reflected in reserves and cumulative expenses in the periods being reported upon.

A. **Reported Claims Case Reserves**

Case reserves include estimated unpaid claims cost for both future payments of losses and related allocated claim adjustment expenses as reported by the service agent, Qual-Lynx, Inc.

B. **Claims Incurred But Not Reported ("IBNR") Reserve**

In order to recognize claims incurred but not reported, a reserve is calculated by the Fund's actuary, The Actuarial Advantage, Inc.

Case and IBNR Reserve loss calculations represent the estimated liability on expected future development on claims already reported to the Fund and claims incurred but not reported and unknown loss events that are expected to become claims. The liabilities for claims and related adjustment expenses are evaluated using Fund and industry data, case basis evaluations and other statistical analyses, and represent estimates of the ultimate net cost of all losses incurred through June 30, 2024.

These liabilities are subject to variability between estimated ultimate losses determined as described and the actual experience as it emerges, including the impact of future changes in claim severity, frequency, and other factors. Management believes that the liabilities for unpaid claims above are adequate. The estimates are reviewed periodically and as adjustments to these liabilities become necessary, such adjustments are reflected in current operations.

Specific/Aggregate Excess Insurance

Specific Excess Insurance - The Fund records each claim at the estimated ultimate cost of settlement even if the costs should exceed the Fund's specific claim self-insured retention level.

Although the excess carrier is liable to the Fund for the amounts insured, the Fund remains liable to its insured for the full amount of the policies written whether or not the excess carrier meets its obligations to the Fund. Failure of the excess carrier to honor its obligations could result in losses to the Fund. The Fund's Insurance Broker evaluates the financial condition of the excess carrier and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics of the excess carrier to minimize the Fund's exposure to significant losses from excess carrier insolvencies.

SCHOOL POOL FOR EXCESS LIABILITY LIMITS
JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Specific/Aggregate Excess Insurance (Cont'd)

Aggregate Excess Insurance - The Fund secured \$2,000,000 of commercial aggregate coverage above the combined budgeted loss funds and unfunded risk windows of the Fund and its four (4) owner groups effective July 1, 2004, thus significantly reducing the likelihood of potential supplemental liabilities to each group.

The Fund has the flexibility to manage the allocation strategy for "shared" aggregate losses to minimize and/or eliminate the remaining exposure to potential supplemental liabilities. With the addition of commercial aggregate protection in 2003-2004, the loss funding was structured to maximize savings under the law of large numbers theory. The Fund and each owner group have a specific level of total funding responsibility (attachment point) that they have the flexibility of managing with or without an unfunded risk window.

The ultimate incurred losses of the Fund and each owner group are limited to each entity's specific attachment point. Aggregate loss development of the Fund and each owner group beyond their applicable attachment point is shared across all groups, eroding any available loss fund surpluses as measured at a point in time. The combined funding responsibility of the Fund and its owner groups for 2023-2024 and 2022-2023 is \$23,425,095 and \$23,253,670, respectively.

The aggregation of losses up to the required combined funding level are allocated on a shared basis to erode all available budgeted loss funds before attaching to the \$2,000,000 commercial aggregate coverage.

An individual owner group may experience a reduction to available 2023-2024 budget surplus as a result of "shared" aggregate loss allocation strategy, but the owner group's ultimate liability would not exceed their respective initial level of total funding responsibility.

The Fund ceded \$37,563 and \$6,261 of losses to excess carriers during the fiscal years ended June 30, 2024 and 2023, respectively.

Fund Transfers

All fund transfers are recognized at the time actual transfers take place.

Intra-fund transfers may be conducted by the Fund at any time. Intra-fund transfers require prior approval of the Department of Banking and Insurance and may be conducted only where each member participates in every loss retention fund account during that fund year.

The Commissioner of the Department of Banking and Insurance shall waive the full participation requirement provided the Fund demonstrates to the Department that it maintains records of each members pro-rata share of each claim or loss retention fund account, and that the transfer shall be made so that any potential dividend shall not be reduced for a member that did not participate in the account receiving the transfer.

Intra-fund transfers require thirty days prior written notification to the Department of Banking and Insurance. The Fund may seek approval from the Commissioner to make intra-fund transfers at any time from a claims or loss retention trust account from any fund year that has been completed for at least twenty-four months. The intra-fund transfer may be in any amount subject to the limitation that after the transfer, the remaining net current surplus must equal or exceed the surplus retention requirement outlined in N.J.A.C. 11:15-4.21.

The membership for each fiscal year involving intra-fund transfers must be identical between fiscal years. The Commissioner of the Department of Banking and Insurance shall waive the identical membership requirement provided the Fund demonstrates to the Department that it maintains records of each members pro-rata share of each claim or loss retention Fund account, and that the transfer shall be made so that any potential dividend shall not be reduced for a member that did not participate in the year receiving the transfer.

SCHOOL POOL FOR EXCESS LIABILITY LIMITS
JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subrogation

In the event of any payment by the Fund, the rights of recovery of the member group on whose behalf the payment was made shall be subrogated to the rights of the Fund. Subrogation and all other recoverable claim amounts, excluding excess insurance, are recognized upon receipt of cash only.

Return of Surplus/Dividends

Refunds (dividends) are recognized upon authorization of the Fund's Trustees. Any moneys for a Fund year in excess of the amount necessary to fund all obligations for that fiscal year may be declared to be refundable by the Fund no less than twenty-four months after the end of the fiscal year. The initial and any subsequent refund for any year from a Claim or Loss Retention Account may be in any amount subject to the limitation that after the transfer, the remaining net current surplus must equal or exceed the surplus retention requirement outlined in N.J.A.C. 11:15-4.21.

A full and final refund of net current surplus will not be allowed until all case reserves and all unpaid claim reserves are closed. A refund for any fiscal year shall be paid only in proportion to the members' participation (percentage of contribution to all contributions) to the Fund for such year. Payment of a refund on a previous year shall not be contingent on the members' continued membership in the Fund after that year.

Administrative Expenses

Administrative expenses are comprised mainly of compensation for services rendered by servicing organizations and appointed officials pursuant to written fee guidelines submitted and approved by a majority of the Delegates/Board of Trustees. In instances where invoices have not been submitted for specific periods, the maximum allowable contract amount has been accrued.

Income Taxes

The Fund is exempt from income taxes under Section 115 of the Internal Revenue Code.

Net Position

In accordance with the provisions of GASB 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", the Fund has classified its net position as unrestricted. This component of net position consists of net positions that do not meet the definition of "restricted" or "net investment in capital assets" and includes net position that may be allocated for specific purposes by the Board.

Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues derived from member contributions. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and investments in certificates of deposit.

Operating expenses include expenses associated with the Fund operations, including claims expense, insurance, and administrative expenses.

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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

SCHOOL POOL FOR EXCESS LIABILITY LIMITS
JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 3: CASH AND CASH EQUIVALENTS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Fund's deposits might not be recovered. Although the Fund does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the GUDPA. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation ("FDIC"). Public funds owned by the Fund in excess of FDIC-insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Fund relative to the happening of a future condition. If the Fund had any such funds, they would be shown as Uninsured and Uncollateralized.

Of the Fund's bank balance of \$13,988,668 as of June 30, 2024, \$750,000 was insured while \$13,238,667 was collateralized under GUDPA.

Of the Fund's bank balance of \$6,506,648 as of June 30, 2023, \$500,000 was insured while \$6,006,648 was collateralized under GUDPA.

New Jersey Cash Management Fund

During the fiscal year, the Fund participated in the New Jersey Cash Management Fund. The Cash Management Fund is governed by regulations of the State Investment Council, who prescribe standards designed to ensure the quality of investments in order to minimize risk to the Funds participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At June 30, 2024 and 2023, the Fund's deposits with the New Jersey Cash Management Fund were \$1,098,517 and \$22,782, respectively.

Republic Bank Account Activity

On April 26, 2024, Republic First Bank (doing business as Republic Bank) was closed by the Pennsylvania Department of Banking and Securities, which appointed the Federal Deposit Insurance Corporation ("FDIC") as receiver. To protect depositors, the FDIC entered into an agreement with Fulton Bank, National Association of Lancaster, Pennsylvania to assume substantially all of the deposits and purchase substantially all of the assets of Republic Bank. As a result of the acquisition by Fulton bank, the management of the Fund does not expect to incur any losses at this time. As of June 30, 2024, the Fund had deposits on account of \$11,344,905.

Note 4: INVESTMENTS

Custodial Credit Risk

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 or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fund, and are held by either the counterparty or the counterparty's trust department or the agent but not in the Fund's name. All of the Fund's investments in Certificates of Deposit totaling \$0 and \$3,000,000 as of June 30, 2024 and 2023, respectively, were held by either the counterparty or counterparty's trust department or agent, but not in the Fund's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In addition to the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Fund's investment policy provides that no investment or deposit shall have a maturity longer than five (5) years from date of purchase.

SCHOOL POOL FOR EXCESS LIABILITY LIMITS
JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 4: INVESTMENTS (CONT'D)

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits the investments that the Fund may purchase such as Treasury securities in order to limit the exposure of governmental units to credit risk. The Fund has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The Fund does not place a limit on the amount that may be invested in any one issuer. All of the Fund's investments are in certificates of deposit.

As of June 30, 2023, the Fund had the following investments and maturities:

<u>Investment</u>	<u>Interest Rate</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Market Value 2023</u>
Certificate Of Deposit	5.36%	7/10/2023	N/A	\$ 250,000
Certificate Of Deposit	4.20%	9/8/2023	N/A	2,500,000
Certificate Of Deposit	5.36%	12/7/2023	N/A	<u>250,000</u>
Total Investments				<u>\$ 3,000,000</u>

Fair Value Measurements of Investments

The Fund categorizes its fair value disclosures 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.

The Fund has the following recurring fair value measurements as of June 30, 2024 and 2023:

Certificates of Deposit of \$0 and \$3,000,000 as of June 30, 2024 and 2023, respectively, are valued using quoted market prices for identical assets (Level 1 inputs).

SCHOOL POOL FOR EXCESS LIABILITY LIMITS
JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 5: CHANGES IN UNPAID CLAIMS LIABILITIES

As discussed in Note 2, the Fund establishes a liability for both reported and unreported insured events, which includes estimates of future payments of losses and related allocated claim adjustment expenses.

The following represents changes in those aggregate undiscounted reported and unreported liabilities for the fiscal years ended June 30, 2024 and 2023, and for all open Fund years net of excess insurance recoveries:

	<u>2024</u>	<u>2023</u>
Total Unpaid Claim And Claim		
Adjustment Expenses - Beginning	<u>\$ 4,083,494</u>	<u>\$ 4,334,117</u>
Incurred Claims And Claims Adjustment Expenses (Recoveries):		
Provision For Insured Events Of Current Fund Year	-	218,311
Changes In Provision For Insured Events Of		
Prior Fund Years	<u>(2,199,700)</u>	<u>(414,435)</u>
Total Incurred Claims And Claims		
Adjustment Expenses (Recoveries) All Fund Years	<u>(2,199,700)</u>	<u>(196,124)</u>
Payments (Net Of Subrogation):		
Claims And Claims Adjustment Payments:		
Attributable To Insured Events Of Current Fund Year	-	-
Attributable To Insured Events Of Prior Fund Years	<u>729,378</u>	<u>54,499</u>
Total Payments All Fund Years	<u>729,378</u>	<u>54,499</u>
Total Unpaid Claim And Claim		
Adjustment Expenses - Ending	<u>\$ 1,154,416</u>	<u>\$ 4,083,494</u>
Analysis of Balance		
Claims Payable	\$ 62,467	\$ 814,554
Case Reserves (Net Of Recoverables)	<u>1,091,949</u>	<u>3,268,940</u>
	<u>\$ 1,154,416</u>	<u>\$ 4,083,494</u>

SCHOOL POOL FOR EXCESS LIABILITY LIMITS
JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 6: PROSPECTIVE SUPPLEMENTAL CONTRIBUTIONS

As of June 30, 2024 and 2023, the Fund recorded loss reserves resulting in a \$716,573 and \$3,730,009 deficit in its loss funds for all fund years, respectively. Should the reserves develop into actual paid claims, the Fund has calculated that the members will be assessed supplemental contributions as follows:

	<u>2024</u>	<u>2023</u>
Fund Year June 30, 2002		
Atlantic & Cape May Counties Association Of		
Business Officials JIF	\$ -	\$ 97,696
Burlington County Insurance Pool JIF	-	211,112
Gloucester, Cumberland, Salem School Districts JIF	-	56,521
Suburban Essex Municipal JIF	-	8,983
Total Fund Year June 30, 2002	-	374,312
Fund Year June 30, 2003		
Atlantic & Cape May Counties Association Of		
Business Officials JIF	-	63,984
Burlington County Insurance Pool JIF	17,998	138,266
Gloucester, Cumberland, Salem School Districts JIF	-	37,018
Suburban Essex Municipal JIF	-	5,884
Total Fund Year June 30, 2003	17,998	245,152
Fund Year June 30, 2005		
Burlington County Insurance Pool JIF	-	294,951
Gloucester, Cumberland, Salem School Districts JIF	-	69,417
Suburban Essex Municipal JIF	-	54,363
Total Fund Year June 30, 2005	-	418,731
Fund Year June 30, 2006		
Burlington County Insurance Pool JIF	-	197,276
Gloucester, Cumberland, Salem School Districts JIF	-	108,856
Suburban Essex Municipal JIF	-	50,031
Total Fund Year June 30, 2006	-	356,163
Fund Year June 30, 2008		
Atlantic & Cape May Counties Association Of		
Business Officials JIF	306	344
Burlington County Insurance Pool JIF	35,070	39,450
Gloucester, Cumberland, Salem School Districts JIF	4,666	5,248
Total Fund Year June 30, 2008	40,042	45,042

SCHOOL POOL FOR EXCESS LIABILITY LIMITS
JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 6: PROSPECTIVE SUPPLEMENTAL CONTRIBUTIONS (CONT'D)

	<u>2024</u>	<u>2023</u>
Fund Year June 30, 2009		
Burlington County Insurance Pool JIF	\$ 9,819	\$ 440,696
Gloucester, Cumberland, Salem School Districts JIF	4,722	209,931
Suburban Essex Municipal JIF	<u>1,410</u>	<u>62,343</u>
Total Fund Year June 30, 2009	<u>15,951</u>	<u>712,970</u>
Fund Year June 30, 2010		
Burlington County Insurance Pool JIF	22,100	97,739
Gloucester, Cumberland, Salem School Districts JIF	1,391	6,174
Suburban Essex Municipal JIF	<u>2,165</u>	<u>9,609</u>
Total Fund Year June 30, 2010	<u>25,656</u>	<u>113,522</u>
Fund Year June 30, 2011		
Burlington County Insurance Pool JIF	-	-
Gloucester, Cumberland, Salem School Districts JIF	237,176	490,911
Suburban Essex Municipal JIF	<u>76,907</u>	<u>146,088</u>
Total Fund Year June 30, 2011	<u>314,083</u>	<u>636,999</u>
Fund Year June 30, 2014		
Atlantic & Cape May Counties Association Of Business Officials JIF	8,393	345,954
Burlington County Insurance Pool JIF	<u>5,407</u>	<u>219,989</u>
Total Fund Year June 30, 2014	<u>13,800</u>	<u>565,943</u>
Fund Year June 30, 2017		
Atlantic & Cape May Counties Association Of Business Officials JIF	-	94
Burlington County Insurance Pool JIF	-	125
Gloucester, Cumberland, Salem School Districts JIF	<u>-</u>	<u>67</u>
Total Fund Year June 30, 2017	<u>-</u>	<u>286</u>
Fund Year June 30, 2018		
Atlantic & Cape May Counties Association Of Business Officials JIF	-	8,555
Burlington County Insurance Pool JIF	-	6,090
Suburban Essex Municipal JIF	<u>-</u>	<u>1,489</u>
Total Fund Year June 30, 2018	<u>-</u>	<u>16,134</u>

SCHOOL POOL FOR EXCESS LIABILITY LIMITS
JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 6: PROSPECTIVE SUPPLEMENTAL CONTRIBUTIONS (CONT'D)

	<u>2024</u>	<u>2023</u>
Fund Year June 30, 2022		
Atlantic & Cape May Counties Association Of		
Business Officials JIF	\$ -	\$ 17,400
Burlington County Insurance Pool JIF	-	5,315
Suburban Essex Municipal JIF	-	3,729
	<hr/>	<hr/>
Total Fund Year June 30, 2022	-	26,444
	<hr/>	<hr/>
Fund Year June 30, 2023		
Atlantic & Cape May Counties Association Of		
Business Officials JIF	190,664	118,693
Burlington County Insurance Pool JIF	3,829	32,302
Gloucester, Cumberland, Salem School Districts JIF	94,550	67,316
	<hr/>	<hr/>
Total Fund Year June 30, 2023	289,043	218,311
	<hr/>	<hr/>
Total Aggregate Loss Fund Contingency		
Prospective Supplemental Contributions	<u>\$ 716,573</u>	<u>\$ 3,730,009</u>
	<hr/>	<hr/>
Summary By Member		
Atlantic & Cape May Counties Association Of		
Business Officials JIF	\$ 199,363	\$ 652,720
Burlington County Insurance Pool JIF	94,223	1,683,311
Gloucester, Cumberland, Salem School Districts JIF	342,505	1,051,459
Suburban Essex Municipal JIF	80,482	342,519
	<hr/>	<hr/>
Total Aggregate Loss Fund Contingency		
Prospective Supplemental Contributions	<u>\$ 716,573</u>	<u>\$ 3,730,009</u>
	<hr/>	<hr/>

Note 7: PROVISION FOR EXCESS INSURANCE RECOVERABLE

The provision for excess insurance recoverable is the estimated amount of claims recoverable under the Fund's excess insurance contracts. This provision is subject to the variability between the estimated ultimate net cost of claims incurred and the actual loss experience as claims develop.

The provision at June 30, 2024 and 2023, represents the aggregate of claim reserves in excess of the Fund's self-insured retention limits under the excess insurance contracts.

Note 8: GROUP PURCHASE ACCOUNT

The Fund offers additional coverage to its members for Boiler and Machinery Liability, Pollution Legal Liability and Student Accident Liability. The assessments and premium expense for these coverages are treated as pass-through items in the Group Purchase Account.

SCHOOL POOL FOR EXCESS LIABILITY LIMITS
JOINT INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS

Note 9: RELATED-PARTY TRANSACTIONS

The Fund recorded loss reserves resulting in a deficit in its loss funds for all fund years in the amount of \$716,573 and \$3,730,009, as of June 30, 2024 and 2023, respectively. The Fund's members are assessed prospective supplemental contributions in the event the reserves develop into actual paid claims. See Note 6 for details.

Each member is an owner of the School Pool For Excess Liability Limits Joint Insurance Fund and pays excess insurance premiums to the Fund. Total excess insurance premiums paid to the Fund for the fiscal years ended June 30, 2024 and 2023, were as follows:

<u>Member</u>	<u>2024</u>	<u>2023</u>
Atlantic & Cape May Counties Association Of Business Officials JIF	\$ 5,446,467	\$ 5,738,397
Burlington County Insurance Pool JIF	11,565,580	8,754,375
Gloucester, Cumberland, Salem School Districts JIF	2,823,922	2,324,477
Suburban Essex Municipal JIF	-	659,331
	<u>\$ 19,835,969</u>	<u>\$ 17,476,580</u>

Note 10: SUBSEQUENT EVENTS

COVID-19 Pandemic - While there are many issues that are increasing claims cost for New Jersey public entities, management is confident that the Fund and its affiliated Joint Insurance Funds are in an exceptionally strong position because of decades of conservative financial practices. Management continues to evaluate the impact of the COVID-19 pandemic on workers' compensation on the Fund.

Claims Activity - 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, the Fund's 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 judgments when Title 59 immunities should apply.

SCHOOL POOL FOR EXCESS LIABILITY LIMITS
JOINT INSURANCE FUND
REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL POOL FOR EXCESS LIABILITY LIMITS JOINT INSURANCE FUND
RECONCILIATION OF CLAIMS LIABILITIES BY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>Educator's Legal Liability</u>	<u>Aggregate Loss Fund Contingency</u>	<u>Total</u>
Total Unpaid Claim And Claim Adjustment Expenses - Beginning	\$ -	\$ 286	\$ -	\$ 293,314	\$ -	\$ 3,789,894	\$ 4,083,494
Incurring Claims And Claims Adjustment Expenses:							
Provision For Insured Events Of Current Fund Year							-
Changes In Provision For Insured Events Of Prior Fund Years		(38,648)		43,806		(2,204,858)	(2,199,700)
Total Incurred Claims And Claims Adjustment Expenses All Fund Years		(38,648)		43,806		(2,204,858)	(2,199,700)
Payments (Net Of Subrogation):							
Claims And Claims Adjustment Payments:							
Attributable To Insured Events Of Current Fund Year		(38,362)		23,929		743,811	729,378
Attributable To Insured Events Of Prior Fund Years		(38,362)		23,929		743,811	729,378
Total Payments All Fund Years	-	(38,362)	-	23,929	-	743,811	729,378
Total Unpaid Claim And Claim Adjustment Expenses - Ending	\$ -	\$ -	\$ -	\$ 313,191	\$ -	\$ 841,225	\$ 1,154,416
Analysis Of Balance:							
Claims Payable						\$	\$ 62,467
Case Reserves (Net Of Recoverables)							1,091,949
						\$	\$ 1,154,416

SCHOOL POOL FOR EXCESS LIABILITY LIMITS JOINT INSURANCE FUND
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF JUNE 30, 2024

	FUND YEAR ENDED JUNE 30									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net Earned Required Contribution										
And Investment Revenue:										
Earned	\$ 7,744,468	\$ 8,716,251	\$ 9,096,270	\$ 9,869,462	\$ 10,953,237	\$ 12,174,705	\$ 13,065,378	\$ 15,138,060	\$ 17,881,821	\$ 19,842,473
Ceded	6,704,354	7,037,145	7,352,504	7,220,410	7,999,559	8,050,963	11,176,945	13,433,604	14,707,208	18,227,284
Net Earned	1,040,114	1,679,106	1,743,766	2,649,052	2,953,678	4,123,742	1,888,433	1,704,456	3,174,613	1,615,189
Unallocated Expenses	656,706	731,710	838,789	883,684	988,818	941,194	1,076,600	1,145,790	1,288,482	1,715,103
Estimated Claims And Expenses, End of Policy Year:										
Incurred	380,001	-	14,000	880,754	-	-	-	677,966	218,311	-
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	380,001	-	14,000	880,754	-	-	-	677,966	218,311	-
Paid (Cumulative) As Of:										
End Of Policy Year	-	-	-	-	-	-	-	-	-	-
One Year Later	-	-	-	-	-	-	-	135,191	-	-
Two Years Later	-	-	-	-	-	-	-	135,447	-	-
Three Years Later	-	-	-	-	200,000	-	-	135,447	-	-
Four Years Later	-	-	-	200,000	200,000	-	-	-	-	-
Five Years Later	-	-	7,120	200,000	200,000	-	-	-	-	-
Six Years Later	-	-	294,549	200,000	200,000	-	-	-	-	-
Seven Years Later	-	-	294,549	200,000	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
	(21,349)									
Re-Estimated Ceded Claims And Expenses	-	-	-	-	-	-	-	-	-	-
Re-Estimated Net Incurred Claims And Expenses:										
End of Policy Year	380,001	-	14,000	880,754	-	-	-	-	218,311	-
One Year Later	285,148	-	-	68,289	-	-	-	-	161,891	-
Two Years Later	-	-	18,514	198,494	200,000	-	-	-	289,043	-
Three Years Later	-	-	-	523,126	200,000	-	-	-	-	-
Four Years Later	-	-	7,406	347,109	200,000	-	-	-	-	-
Five Years Later	-	-	294,835	216,134	200,000	-	-	-	-	-
Six Years Later	-	-	294,835	200,000	-	-	-	-	-	-
Seven Years Later	-	-	294,549	-	-	-	-	-	-	-
Eight Years Later	-	-	-	-	-	-	-	-	-	-
Nine Years Later	-	-	-	-	-	-	-	-	-	-
	(21,349)									
Increase (Decrease) In Estimated Net Incurred Claims And Expenses From End Of Policy Year	\$ (401,350)	\$ -	\$ 280,549	\$ (680,754)	\$ 200,000	\$ -	\$ -	\$ 542,519	\$ (70,732)	\$ -

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to the financial statements for which *Government Auditing Standards* and audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, requires.

SCHEDULE OF FINANCIAL STATEMENT FINDINGS

None.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AS PREPARED BY MANAGEMENT

This section identifies the status of prior year audit findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

There were no findings in the prior year.

APPRECIATION

We express our appreciation for the assistance provided to us during our audit.

Respectfully submitted,

Bowman & Company LLP

Bowman & Company LLP
Certified Public Accountants
& Consultants

Dennis J. Skalkowski

Dennis J. Skalkowski Certified
Public Accountant