

CUMBERLAND COUNTY INSURANCE COMMISSION
REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015

CUMBERLAND COUNTY INSURANCE COMMISSION

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Cumberland County Insurance Commission
9 Campus Drive
Suite 216
Parsippany, NJ 07054

Report on the Financial Statements

We have audited the accompanying financial statements of the Cumberland County Insurance Commission (the "Commission"), a component unit of Cumberland County, New Jersey as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit 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 respective financial position of the Commission as of December 31, 2016 and 2015 and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information listed in the table of contents 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 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.

Other Information

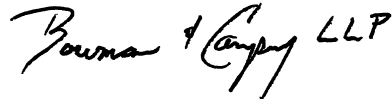
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements and are 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.

Board of Commissioners
Cumberland County Insurance Commission

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 3, 2017 on our consideration of the Commission'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 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 Commission's internal control over financial reporting and compliance.

Respectfully Submitted,



Bowman & Company LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
August 3, 2017

**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 Commissioners
Cumberland County Insurance Commission
9 Campus Drive
Suite 216
Parsippany, NJ 07054

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 in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Cumberland County Insurance Commission (the "Commission"), a component unit of Cumberland County, New Jersey as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collective comprise the Commission's basic financial statements, and have issued our report thereon dated August 3, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 Commission'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 over financial reporting 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and audit requirements as prescribed by 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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Respectfully Submitted,



Bowman & Company LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
August 3, 2017

CUMBERLAND COUNTY INSURANCE COMMISSION

Management's Discussion and Analysis - Unaudited

This section of the annual financial report of the Cumberland County Insurance Commission (the "Commission") presents a discussion and analysis of the financial performance of the Commission for the years ended December 31, 2016, 2015 and 2014. Please read it in conjunction with the basic financial statements that follow this section.

Overview of Basic Financial Statements

The Commission'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 Commission is to provide property and casualty insurance coverage for Cumberland County Proper and its' inter-agencies that are members of the Commission. The Commission 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 – This statement presents information reflecting the Commission's assets, liabilities, and net position. Net position represents the amount of total assets less total liabilities.

Comparative Statements of Revenues, Expenses, and Changes in Net Position – This statement reflects the Commission'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 year.

Financial Highlights

The following tables summarize the net position and results of operations for the Commission as of and for the years ended December 31, 2016, 2015 and 2014.

Summary Statements of Net Position	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>2016 to 2015 Change</u>	
				<u>Amount</u>	<u>Percentage</u>
Assets					
Cash & Cash Equivalents	\$3,132,290	\$2,887,795	\$2,035,438	\$ 244,495	8.5%
Investments in Joint Ventures	274,481	181,026	154,882	93,455	51.6%
Other Assets	-	-	930	-	0.0%
Total Assets	<u>3,406,771</u>	<u>3,068,821</u>	<u>2,191,250</u>	<u>337,950</u>	<u>11.0%</u>
Liabilities, Reserves & Net Position					
Liabilities					
Loss Reserves	2,116,751	1,316,254	946,600	800,497	60.8%
Other Liabilities & Reserves	11,575	30,530	41,652	(18,955)	-62.1%
Total Liabilities and Reserves	<u>2,128,326</u>	<u>1,346,784</u>	<u>988,252</u>	<u>781,542</u>	<u>58.0%</u>
Net Position - Unrestricted	<u>\$1,278,445</u>	<u>\$1,722,037</u>	<u>\$1,202,998</u>	<u>\$ (443,592)</u>	<u>-25.8%</u>

Summary Statements of Revenues, Expenses, and Changes in Net Position	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>2016 to 2015 Change</u>	
				<u>Amount</u>	<u>Percentage</u>
Operating Revenue					
Regular Contributions & Other Income	\$2,865,621	\$2,835,895	\$2,777,231	\$ 29,726	1.0%
Operating Expenses:					
Provision for Claims and Claims Expense	1,996,237	935,880	1,160,441	1,060,357	113.3%
Insurance Premiums	1,105,275	1,084,711	1,056,912	20,564	1.9%
Administrative and Operating	313,889	330,073	330,657	(16,184)	-4.9%
Total Operating Expenses	<u>3,415,401</u>	<u>2,350,664</u>	<u>2,548,010</u>	<u>1,064,737</u>	<u>45.3%</u>
Operating Income (Loss)	<u>(549,780)</u>	<u>485,231</u>	<u>229,221</u>	<u>(1,035,011)</u>	<u>-213.3%</u>
Non-Operating Revenue:					
Investment Income	12,733	7,664	1,934	5,069	66.1%
Change in Investment in Joint Venture	93,455	26,144	47,900	67,311	257.5%
Total Non-Operating Revenue	<u>106,188</u>	<u>33,808</u>	<u>49,834</u>	<u>72,380</u>	<u>214.1%</u>
Change In Net Positon	<u>\$ (443,592)</u>	<u>\$ 519,039</u>	<u>\$ 279,055</u>	<u>\$ (890,251)</u>	<u>-171.5%</u>

Financial Highlights Continued

On September 25, 2012, the Cumberland County Board of Chosen Freeholders adopted a resolution, which authorized the establishment of the Cumberland County Insurance Commission. The Commission was established under N.J.S.A. 40A:10-6, which authorizes a governing body of any local unit to establish an Insurance Commission for the purposes provided by law. This was based on the County's determination that cost savings and efficiencies can be achieved if the County Proper and its inter-agencies share the cost of insurance, claim management and services, a safety and loss control program and consolidation of insurance policies.

The Cumberland County Insurance Commission's total assets at the end of the fifth year of operations were \$3,406,771 and total liabilities and reserves were \$2,128,326 resulting in a surplus in unrestricted net position of \$1,278,445. The Investment in Joint Ventures represents the Commission's share of net position in the New Jersey Counties Excess Joint Insurance Fund.

Insurance premiums, representing the assessment paid to the New Jersey Counties Excess Joint Insurance Fund, were \$1,105,275. That Fund is a cost sharing excess fund that assumes risk on behalf of the Commission and the other members of that Fund, Atlantic County Insurance Commission, Burlington County Insurance Commission, Camden County Insurance Commission, Gloucester County Insurance Commission, Hudson County, Mercer County Insurance Fund Commission, Ocean County, Salem County Insurance Fund Commission and Union County.

In 2016, investment income was \$12,733 during the reporting period.

Economic Conditions

The future financial position of the Commission will be impacted by trends in medical costs, which affect workers compensation costs. The Commission will attempt to offset these trends by reducing accident frequency and severity, and by streamlining claims processing and management.

Contacting the Fund's Management

This financial report is designed to provide the Cumberland County Insurance Commission members and the Division of Local Government Services, Department of Community Affairs, State of New Jersey with a general overview of the Commission's finances and to demonstrate the Commission'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 Cumberland County Insurance Commission office located at 9 Campus Drive, Suite 216, Parsippany, New Jersey 07054 or by phone at (201) 881-7632.

CUMBERLAND COUNTY INSURANCE COMMISSION
COMPARATIVE STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 3,132,290	\$ 2,887,795
Investment in Joint Venture	274,481	181,026
	3,406,771	3,068,821
Total Assets	3,406,771	3,068,821
<u>LIABILITIES AND RESERVES</u>		
Liabilities:		
Accrued Administrative Expenses	10,493	27,463
Excess Insurance Payable	561	1,744
Contributions Payable	521	1,323
	11,575	30,530
Total Liabilities	11,575	30,530
Claims Reserves:		
Case Reserves	1,297,628	779,342
IBNR Reserves	873,429	573,221
Less Reserve Discount	(54,306)	(36,309)
	2,116,751	1,316,254
Total Reserves	2,116,751	1,316,254
Total Liabilities and Reserves	2,128,326	1,346,784
<u>NET POSITION</u>		
Unrestricted	\$ 1,278,445	\$ 1,722,037

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

CUMBERLAND COUNTY INSURANCE COMMISSION
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Operating Revenue:		
Regular Contributions	\$ 2,865,621	\$ 2,835,895
Operating Expenses:		
Provision for Claims and Claims Adjustment Expenses	1,996,237	935,880
Premium for Excess Insurance	1,105,275	1,084,711
Administrative Expenses:		
Actuary	8,346	8,183
Attorney	6,110	5,990
Auditor	6,234	6,100
Claims Administrator	50,600	56,000
Fund Administrator	92,731	90,866
Miscellaneous Expenses (Recovery)	(2,123)	14,038
Risk Management Consultants	147,117	144,117
Secretary Services	2,122	2,081
Treasurer	2,752	2,698
Total Operating Expenses	<u>3,415,401</u>	<u>2,350,664</u>
Operating Income (Loss)	<u>(549,780)</u>	<u>485,231</u>
Non-Operating Revenue:		
Change in Investment in Joint Venture	93,455	26,144
Investment Income	<u>12,733</u>	<u>7,664</u>
Total Non-Operating Revenue	<u>106,188</u>	<u>33,808</u>
Change in Net Position	(443,592)	519,039
Net Position - Beginning	<u>1,722,037</u>	<u>1,202,998</u>
Net Position - Ending	<u>\$ 1,278,445</u>	<u>\$ 1,722,037</u>

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

CUMBERLAND COUNTY INSURANCE COMMISSION
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Receipts from Regular Contributions	\$ 2,864,819	\$ 2,836,641
Payments for Claim Payments	(1,195,740)	(566,226)
Payments for Insurance Premiums	(1,106,458)	(1,082,967)
Payments to Professionals and Suppliers	(330,859)	(342,753)
	<u>231,762</u>	<u>844,695</u>
Net Cash Flows Provided by Operating Activities		
Cash Flows Provided by Investing Activities:		
Investment Income	12,733	7,664
	<u>12,733</u>	<u>7,664</u>
Net Increase in Cash and Cash Equivalents	244,495	852,359
Cash and Cash Equivalents - Beginning	2,887,795	2,035,436
	<u>2,887,795</u>	<u>2,035,436</u>
Cash and Cash Equivalents - Ending	<u>\$ 3,132,290</u>	<u>\$ 2,887,795</u>
Reconciliation of Operating Income (Loss) to		
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ (549,780)	\$ 485,231
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
Contributions Receivable	-	930
Contributions Payable	(802)	(183)
Accrued Administrative Expenses	(16,970)	(12,681)
Excess Insurance Payable	(1,183)	1,744
Claims Reserves	800,497	369,654
	<u>800,497</u>	<u>369,654</u>
Net Cash Flows Provided by Operating Activities	<u>\$ 231,762</u>	<u>\$ 844,695</u>
Supplemental Disclosure - Noncash Activity:		
Change in Investment in Joint Venture	<u>\$ 93,455</u>	<u>\$ 26,144</u>

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

CUMBERLAND COUNTY INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 1: ORGANIZATION AND DESCRIPTION OF THE COMMISSION

Effective September 25, 2012, the Cumberland County Insurance Commission (the "Commission") was formed in accordance with P.L. 1992, C.51, entitled "An Act Concerning Insurance Funds for Local Units of Government", and supplementing Chapter 10 of Title 40A:10-6. The Commission is operated in accordance with regulations of the Division of Local Government Services, Department of Community Affairs, State of New Jersey for the purpose of securing significant savings in insurance cost as well as providing stability in coverage.

The Board of Commissioners of the Commission may approve subsequent membership by a majority vote of the Commissioners or may terminate any member by a majority vote, after proper notice has been given. Early terminations require prior approval by the Commissioners.

During 2016, members of the Commission included the Cumberland County, Cumberland County Improvement Authority and Cumberland County Utility Authority.

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

The Commission offers the following primary insurance coverage to its members:

- Workers' Compensation including Employers' Liability.
- General Liability other than motor vehicles.
- Property damage other than motor vehicles.
- Automobile Liability and damage.

Through membership in the New Jersey Counties Excess Joint Insurance Fund (the "NJCEJIF"), the Commission offers the following ancillary insurance coverage to its members:

- Public Officials Liability/Employment Practices Liability
- Crime
- Pollution Liability
- Medical Professional Liability
- Employed Lawyers Liability
- Cyber Liability

The Commission provides coverage on a self-insured basis and secures excess insurance in a form and an amount from an insurance company acceptable to the Commissioner of Insurance.

PROPERTY AND CASUALTY INSURANCE

The limits of Commission liability per occurrence for property and casualty coverages net of member entity deductibles for 2016 were as follows:

Property	\$100,000
Auto	\$250,000
General Liability	\$250,000
Workers' Compensation	\$300,000

CUMBERLAND COUNTY INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 1: ORGANIZATION AND DESCRIPTION OF THE COMMISSION (CONT'D)

Coverage in excess of the Commission's retention limits is provided through the Commission's membership in the New Jersey Counties Excess Joint Insurance Fund.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant policies followed by the Cumberland County Insurance Commission in the preparation of the accompanying financial statements:

Component Unit

In evaluating how to define the Commission 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 GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. 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.

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 Commission has no component units and is a component unit of Cumberland County, New Jersey.

Basis of Presentation

The financial statements of the Commission 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 Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

CUMBERLAND COUNTY INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS

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

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 statement 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 municipal units. 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 Commission has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection 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.

CUMBERLAND COUNTY INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS

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

Annual Contributions

Annual contributions are based on loss funds as determined by the Commission's actuary and are received in three installments. Total contributions are recognized as earned revenue evenly over the fiscal contract period or period of risk, if different. All past due contributions bear interest at the rate established annually by the Commissioners.

Supplemental Contributions

The Commissioners shall, by majority vote, levy upon the participating county agencies additional assessments wherever needed to supplement the Commission's claim, loss retention or administrative accounts, after consideration of anticipated investment income, to assure the payment of the Commission's obligations. Supplemental contributions to cover a deficit are recognized as revenue upon approval whether or not actually received.

Interest Income Allocation

Interest income was allocated based on the ratio of monthly average invested cash balances by line of coverage to the total amount invested applied to interest income credited for the month.

Unpaid Claims Liabilities

The Commission 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, Inservco, Inc.

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

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

CUMBERLAND COUNTY INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS

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

Unpaid Claims Liabilities (Cont'd)

Case and IBNR Reserves represent the estimated liability on expected future development on claims already reported to the Commission plus claims incurred but not yet reported and unknown loss events that are expected to become claims. The liabilities for claims and related adjustment expenses are evaluated using Commission and industry data, case basis evaluations and other statistical analyses, and represent estimates of the ultimate net cost of all losses incurred through December 31, 2016. 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 cumulative operations.

Excess Coverage

Coverage in excess of the Commission's self-insured retention limit is provided through the Commission's membership in the New Jersey Counties Excess Joint Insurance Fund as described in Note 6.

Subrogation

Subrogation and all other recoverable claim amounts, excluding excess insurance, are recognized upon receipt of cash only.

Refunds

As per Article VIII of the Commission's Rules and Regulations, any monies for a Fund year in excess of the amount necessary to fund all obligations for that fiscal year as certified by an actuary may be declared to be refundable by the Commission. A refund for any fiscal year shall be paid only in proportion to the member's participation in the Commission for such year. Payment of a refund shall not be contingent on the member's continued membership in the Commission. The Commission may apply a refund to any arrearage owed by the member to the Commission. Otherwise, at the option of the member, the refund may be retained by the Commission and applied towards the member's next annual contribution.

Administrative Expenses

Administrative expenses are comprised mainly of compensation for services rendered by servicing organizations submitted and approved by a majority of the Commissioners. In instances where invoices have not been submitted for specific periods, the maximum allowable contract amount has been accrued.

CUMBERLAND COUNTY INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS

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

Income Taxes

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

Net Position

In accordance with the provisions of the Governmental Accounting Standards Board Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", the Commission 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 Commissioners.

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 on investments in debt securities and positive changes in the Commission's investment in the New Jersey Counties Excess Joint Insurance Fund.

Operating expenses include expenses associated with the fund operations, including claims expense, insurance and administrative expenses. Non-operating expenses include negative changes in the Commission's investment in the New Jersey Counties Excess Joint Insurance 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Commission's deposits might not be recovered. Although the Commission 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 Governmental Unit Deposit Protection Act (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 Commission 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 Commission relative to the happening of a future condition. If the Commission had any such funds, they would be shown as Uninsured and Uncollateralized.

Of the Commission's bank balance of \$3,136,391 as of December 31, 2016, \$250,000 was insured while \$2,886,391 was collateralized under GUDPA.

CUMBERLAND COUNTY INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 3: CASH AND CASH EQUIVALENTS (CONT'D)

Custodial Credit Risk Related to Deposits (Cont'd)

Of the Commission's bank balance of \$2,900,365 as of December 31, 2015, \$250,000 was insured while \$2,650,365 was collateralized under GUDPA.

Note 4: INVESTMENT IN JOINT VENTURE

As discussed in Note 6, the Commission is a member of the New Jersey Counties Excess Joint Insurance Fund. The NJCEJIF is carrying the individual fund year surplus as unrestricted net position on the Statement of Net Position. The allocations of those funds attributed to the NJCEJIF's individual members are based on the member's percentage of assessments. The Commission's allocated share of surplus for the years ended December 31, 2016 and 2015 was \$274,481 and \$181,026, respectively.

Note 5: CHANGES IN UNPAID CLAIMS LIABILITIES

As discussed in Note 2, the Commission 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 years ended December 31, 2016 and 2015 and for all open Fund years net of excess insurance recoveries:

	<u>2016</u>	<u>2015</u>
Total unpaid claim and claim adjustment expenses all fund years - Beginning	\$ 1,316,254	\$ 946,600
Incurred claims and claims adjustment expenses:		
Provision for insured events of current fund year	1,117,396	942,768
Changes in provision for insured events of prior fund years	878,841	(6,888)
Total incurred claims and claims adjustment expenses all fund years	1,996,237	935,880
Payments (Net of Recoveries):		
Claims and claim adjustments expenses:		
Attributable to insured events of current fund year	398,955	263,386
Attributable to insured events of prior fund years	796,785	302,840
Total Payments all fund years	1,195,740	566,226
Total unpaid claim and claim adjustment expenses all fund years - Ending	\$ 2,116,751	\$ 1,316,254

CUMBERLAND COUNTY INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 6: MEMBERSHIP IN JOINT INSURANCE FUNDS

New Jersey Counties Excess Joint Insurance Fund

Effective September 25, 2012, the Commission became a member of the New Jersey Counties Excess Joint Insurance Fund. The NJCEJIF is a risk-sharing public entity risk pool that is a self-administered group of county insurance fund commissions established for the purpose of providing excess insurance coverage to participating members. Each member appoints an official to represent their respective insurance fund commission for the purpose of creating a governing body from which officers for the NJCEJIF are elected.

As a member of the NJCEJIF, the Commission could be subject to supplemental assessments in the event of deficiencies. If the assets of the NJCEJIF were to be exhausted, members would become jointly and severally liable for the NJCEJIF's liabilities.

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

Selected Financial Information

Selected, summarized financial information for the New Jersey Counties Excess Joint Insurance Fund as of December 31, 2016 is as follows:

Total Assets	<u><u>\$ 20,258,515</u></u>
Total Liabilities	<u><u>\$ 11,943,354</u></u>
Net Position	<u><u>\$ 8,315,161</u></u>
Total Revenue	<u><u>\$ 21,323,391</u></u>
Total Expenses	<u><u>\$ 18,722,402</u></u>
Change In Net Position	<u><u>\$ 2,450,989</u></u>
Return of Surplus	<u><u>\$ 150,000</u></u>

Financial statements for the New Jersey Counties Excess Joint Insurance Fund are available at the office of the Fund's Executive Director:

PERMA
9 Campus Drive, Suite 216
Parsippany, NJ 07054
(201) 881-7632

CUMBERLAND COUNTY INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 7: RELATED PARTY TRANSACTIONS

As disclosed in note 6, the Commission is a member of the New Jersey Counties Excess Liability Joint Insurance Fund and accordingly has an ownership interest in the NJCEJIF. Excess insurance premiums paid to the NJCEJIF for the years ended December 31, 2016 and 2015 were \$1,105,275 and \$1,084,711, respectively.

CUMBERLAND COUNTY INSURANCE COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION

CUMBERLAND COUNTY INSURANCE COMMISSION
RECONCILIATION OF CLAIMS LIABILITIES BY FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>Total</u>
Total unpaid claims and claim adjustment expenses - Beginning	\$ 10,288	\$ 447,786	\$ 52,509	\$ 805,671	\$ 1,316,254
Incurred claims and claims adjustment expenses: Provision for insured events of current fund year	279,344	246,533	36,589	554,930	1,117,396
Changes in provision for insured events of prior fund years	(3,924)	791,788	55,932	35,045	878,841
Total incurred claims and claims adjustment expenses all fund years	275,420	1,038,321	92,521	589,975	1,996,237
Payments (Net of Recoveries): Claims and claims adjustment expenses: Attributable to insured events of current fund year	265,992	2,360	1,277	129,326	398,955
Attributable to insured events of prior fund years	(3,684)	351,179	9,992	439,298	796,785
Total payments all fund years	262,308	353,539	11,269	568,624	1,195,740
Total unpaid claims and claim adjustment expenses - Ending	\$ 23,400	\$ 1,132,568	\$ 133,761	\$ 827,022	\$ 2,116,751

CUMBERLAND COUNTY INSURANCE COMMISSION
FIVE-YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF DECEMBER 31, 2016

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net Earned Required Contribution and Investment Revenue:					
Earned	\$ 506,644	\$ 2,578,936	\$ 2,783,656	\$ 2,841,744	\$ 2,868,232
Ceded	169,580	920,110	1,056,912	1,804,711	1,105,275
	<u>337,064</u>	<u>1,658,826</u>	<u>1,726,744</u>	<u>1,037,033</u>	<u>1,762,957</u>
Unallocated Expenses	<u>23,781</u>	<u>312,792</u>	<u>330,617</u>	<u>324,072</u>	<u>319,887</u>
Estimated Claims and Expenses, End of Policy Year:					
Incurred	65,696	772,867	1,197,481	942,768	1,117,396
Ceded					
Net Incurred	<u>65,696</u>	<u>772,867</u>	<u>1,197,481</u>	<u>942,768</u>	<u>1,117,396</u>
Paid (Cumulative) as of:					
End of Policy Year	1,302	197,321	605,627	263,386	398,955
One Year Later	31,540	407,115	782,315	514,933	
Two Years Later	33,942	530,130	893,729		
Three Years Later	37,078	960,291			
Four Years Later	<u>40,743</u>				
Reestimated Incurred Claims and Expenses:					
End of Policy Year	65,696	772,867	1,197,481	942,768	1,117,396
One Year Later	59,974	741,577	1,076,030	1,455,396	
Two Years Later	54,223	859,751	1,246,517		
Three Years Later	50,614	1,065,348			
Four Years Later	<u>40,743</u>				
Change in Estimated Incurred Claims and Expenses from End of Policy Year	<u>\$ (24,953)</u>	<u>\$ 292,481</u>	<u>\$ 49,036</u>	<u>\$ 512,628</u>	<u>\$ -</u>

CUMBERLAND COUNTY INSURANCE COMMISSION
SUPPLEMENTARY INFORMATION

CUMBERLAND COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2016 ACCOUNT OPERATING RESULTS ANALYSIS
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2016

	<u>Coverages and Other Accounts</u>						<u>Total</u>
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>NJCEJIF</u>	<u>Expense & Contingency</u>	
Underwriting Income:							
Regular Contributions	\$ 99,370	\$ 278,302	\$ 48,125	\$ 947,787	\$ 1,105,275	\$ 386,762	\$ 2,865,621
Total Income	99,370	278,302	48,125	947,787	1,105,275	386,762	2,865,621
Incurred Liabilities:							
Claims	279,344	246,533	36,589	554,930	1,105,275	319,887	1,117,396
Expenses				1,105,275		319,887	1,425,162
Total Liabilities	279,344	246,533	36,589	554,930	1,105,275	319,887	2,542,558
Underwriting Surplus (Deficit)	(179,974)	31,769	11,536	392,857	-	66,875	323,063
Adjustments:							
Investment Income		589	100	1,748	3	171	2,611
Permanent Transfers							-
Total Adjustments	-	589.00	100.00	1,748.00	3.00	171.00	2,611
Gross Surplus (Deficit)	(179,974)	32,358	11,636	394,605	3	67,046	325,674
Return of Surplus							-
Net Surplus (Deficit)							
Before Unallocated Investment	\$ (179,974)	\$ 32,358	\$ 11,636	\$ 394,605	\$ 3	\$ 67,046	\$ 325,674
Investment in Joint Venture							60,304
Net Surplus							\$ 385,978

CUMBERLAND COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2015 ACCOUNT OPERATING RESULTS ANALYSIS
FOR THE PERIOD JANUARY 1, 2015 TO DECEMBER 31, 2016

	<u>Coverages and Other Accounts</u>						<u>Total</u>
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>NJCEJIF</u>	<u>Expense & Contingency</u>	
Underwriting Income:							
Regular Contributions	\$ 100,883	\$ 282,540	\$ 48,858	\$ 927,435	\$ 1,084,710	\$ 391,469	\$ 2,835,895
Total Income	100,883	282,540	48,858	927,435	1,084,710	391,469	2,835,895
Incurred Liabilities:							
Claims	29,995	720,675	43,818	660,908	1,084,711	324,072	1,455,396
Expenses							1,408,783
Total Liabilities	29,995	720,675	43,818	660,908	1,084,711	324,072	2,864,179
Underwriting Surplus (Deficit)	70,888	(438,135)	5,040	266,527	(1)	67,397	(28,284)
Adjustments:							
Investment Income	456	1,278	152	3,505	158	300	5,849
Permanent Transfers							-
Total Adjustments	456.00	1,278.00	152.00	3,505.00	158.00	300.00	5,849
Gross Surplus (Deficit) Return of Surplus	71,344	(436,857)	5,192	270,032	157	67,697	(22,435)
Net Surplus (Deficit) Before Unallocated Investment	\$ 71,344	\$ (436,857)	\$ 5,192	\$ 270,032	\$ 157	\$ 67,697	\$ (22,435)
Investment in Joint Venture							41,016
Net Surplus							\$ 18,581

CUMBERLAND COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2014 ACCOUNT OPERATING RESULTS ANALYSIS
FOR THE PERIOD JANUARY 1, 2014 TO DECEMBER 31, 2016

	<u>Coverages and Other Accounts</u>						
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>NJCEJIF</u>	<u>Expense & Contingency</u>	<u>Total</u>
Underwriting Income:							
Regular Contributions	\$ 98,905	\$ 277,000	\$ 47,900	\$ 909,250	\$ 1,056,912	\$ 387,264	\$ 2,777,231
Total Income	98,905	277,000	47,900	909,250	1,056,912	387,264	2,777,231
Incurred Liabilities:							
Claims	402,443	216,867	116,039	511,168	1,056,912	330,617	1,246,517
Expenses					1,056,912	330,617	1,387,529
Total Liabilities	402,443	216,867	116,039	511,168	1,056,912	330,617	2,634,046
Underwriting Surplus (Deficit)	(303,538)	60,133	(68,139)	398,082	-	56,647	143,185
Adjustments:							
Investment Income		1,908	158	4,098	27	234	6,425
Permanent Transfers							-
Total Adjustments	-	1,908.00	158.00	4,098.00	27	234.00	6,425
Gross Surplus (Deficit)	(303,538)	62,041	(67,981)	402,180	27	56,881	149,610
Return of Surplus							-
Net Surplus (Deficit)							
Before Unallocated Investment	\$ (303,538)	\$ 62,041	\$ (67,981)	\$ 402,180	\$ 27	\$ 56,881	\$ 149,610
Investment in Joint Venture							91,296
Net Surplus							\$ 240,906

CUMBERLAND COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2013 ACCOUNT OPERATING RESULTS ANALYSIS
FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2016

	<u>Coverages and Other Accounts</u>						<u>Total</u>
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>NJCEJIF</u>	<u>Expense & Contingency</u>	
Underwriting Income:							
Regular Contributions	\$ 72,486	\$ 274,500	\$ 45,900	\$ 887,500	\$ 920,110	\$ 370,837	\$ 2,571,333
Total Income	72,486	274,500	45,900	887,500	920,110	370,837	2,571,333
Incurred Liabilities:							
Claims	40,274	319,774	12,879	692,421	920,110	312,792	1,065,348
Expenses							1,232,902
Total Liabilities	40,274	319,774	12,879	692,421	920,110	312,792	2,298,250
Underwriting Surplus (Deficit)	32,212	(45,274)	33,021	195,079	-	58,045	273,083
Adjustments:							
Investment Income	328	1,654	427	4,627	74	493	7,603
Permanent Transfers							-
Total Adjustments	328.00	1,654.00	427.00	4,627.00	74.00	493.00	7,603
Gross Surplus (Deficit)	32,540	(43,620)	33,448	199,706	74	58,538	280,686
Return of Surplus							-
Net Surplus (Deficit)	\$ 32,540	\$ (43,620)	\$ 33,448	\$ 199,706	\$ 74	\$ 58,538	\$ 280,686
Before Unallocated Investment							
Investment in Joint Venture							74,487
Net Surplus							\$ 355,173

CUMBERLAND COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2012 ACCOUNT OPERATING RESULTS ANALYSIS
FOR THE PERIOD SEPTEMBER 25, 2012 (DATE OF INCEPTION) TO DECEMBER 31, 2016

	<u>Coverages and Other Accounts</u>						
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>NJCEJIF</u>	<u>Expense & Contingency</u>	<u>Total</u>
Underwriting Income:							
Regular Contributions	\$ 13,037	\$ 61,586	\$ 7,816	\$ 176,278	\$ 169,580	\$ 73,709	\$ 502,006
CEL Dividend					2,109		2,109
Total Income	13,037	61,586	7,816	176,278	171,689	73,709	504,115
Incurred Liabilities:							
Claims		2,796		37,947			40,743
Expenses					169,580	23,781	193,361
Total Liabilities	-	2,796	-	37,947	169,580	23,781	234,104
Underwriting Surplus	13,037	58,790	7,816	138,331	2,109	49,928	270,011
Adjustments:							
Investment Income	128	579	77	1,416	7	322	2,529
Permanent Transfers							-
Total Adjustments	128.00	579.00	77.00	1,416.00	7.00	322.00	2,529
Gross Surplus	13,165	59,369	7,893	139,747	2,116	50,250	272,540
Return of Surplus					2,109		2,109
Net Surplus	\$ 13,165	\$ 59,369	\$ 7,893	\$ 139,747	\$ 7	\$ 50,250	\$ 270,431
Before Unallocated Investment							7,376
Investment in Joint Venture							7,376
Net Surplus							\$ 277,807

CUMBERLAND COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2016 CLAIMS ANALYSIS
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2016

	<u>Coverages</u>				
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>Total</u>
Paid Claims (Net of Recoveries) \$	265,992	\$ 2,360	\$ 1,277	\$ 129,326	\$ 398,955
Case Reserves	12,384	65,525	2,000	120,572	200,481
IBNR Reserves	984	184,115	33,723	319,102	537,924
Reserve Discount	(16)	(5,467)	(411)	(14,070)	(19,964)
Subtotal	279,344	246,533	36,589	554,930	1,117,396
Excess Insurance Received Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ 279,344	\$ 246,533	\$ 36,589	\$ 554,930	\$ 1,117,396
Number of Claims	13	32	6	91	142
Average Cost Per Claim	\$ 21,488	\$ 7,704	\$ 6,098	\$ 6,098	\$ 7,869

CUMBERLAND COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2015 CLAIMS ANALYSIS
FOR THE PERIOD JANUARY 1, 2015 TO DECEMBER 31, 2016

	<u>Coverages</u>				
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>Total</u>
Paid Claims (Net of Recoveries) \$	19,947	\$ 80,858	\$ 28,241	\$ 385,887	\$ 514,933
Case Reserves	10,060	440,908		241,217	692,185
IBNR Reserves		213,234	15,759	42,896	271,889
Reserve Discount	(12)	(14,325)	(182)	(9,092)	(23,611)
Subtotal	29,995	720,675	43,818	660,908	1,455,396
Excess Insurance Received Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ 29,995	\$ 720,675	\$ 43,818	\$ 660,908	\$ 1,455,396
Number of Claims	6	64	9	110	189
Average Cost Per Claim	\$ 4,999	\$ 11,261	\$ 4,869	\$ 6,008	\$ 7,701

CUMBERLAND COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2014 CLAIMS ANALYSIS
FOR THE PERIOD JANUARY 1, 2014 TO DECEMBER 31, 2016

	<u>Coverages</u>				<u>Total</u>
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	
Paid Claims (Net of Recoveries)	\$ 402,443	\$ 32,286	\$ 33,496	\$ 425,504	\$ 893,729
Case Reserves		170,795	67,511	76,359	314,665
IBNR Reserves		17,919	15,992	12,137	46,048
Reserve Discount		(4,133)	(960)	(2,832)	(7,925)
Subtotal	402,443	216,867	116,039	511,168	1,246,517
Excess Insurance Received Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ 402,443	\$ 216,867	\$ 116,039	\$ 511,168	\$ 1,246,517
Number of Claims	20	64	15	100	199
Average Cost Per Claim	\$ 20,122	\$ 3,389	\$ 7,736	\$ 5,112	\$ 6,264

CUMBERLAND COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2013 CLAIMS ANALYSIS
FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2016

	<u>Coverages</u>				<u>Total</u>
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	
Paid Claims (Net of Recoveries) \$	40,274	\$ 255,777	\$ 12,550	\$ 651,690	\$ 960,291
Case Reserves		60,223		30,073	90,296
IBNR Reserves		5,000	332	12,236	17,568
Reserve Discount		(1,226)	(3)	(1,578)	(2,807)
Subtotal	40,274	319,774	12,879	692,421	1,065,348
Excess Insurance Received Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ 40,274	\$ 319,774	\$ 12,879	\$ 692,421	\$ 1,065,348
Number of Claims	16	40	5	97	158
Average Cost Per Claim	\$ 2,517	\$ 7,994	\$ 2,576	\$ 7,138	\$ 6,743

CUMBERLAND COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2012 CLAIMS ANALYSIS
FOR THE PERIOD SEPTEMBER 25, 2012 (DATE OF INCEPTION) TO DECEMBER 31, 2016

	<u>Coverages</u>				
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>Total</u>
Paid Claims (Net of Recoveries)	-	\$ 2,796	-	\$ 37,947	\$ 40,743
Case Reserves					-
IBNR Reserves					-
Reserve Discount					-
Subtotal	-	2,796	-	37,947	40,743
Excess Insurance Received Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	-	\$ 2,796	-	\$ 37,947	\$ 40,743
Number of Claims	-	11	-	13	24
Average Cost Per Claim	-	\$ 254	-	\$ 2,919	\$ 1,698

CUMBERLAND COUNTY INSURANCE COMMISSION
 STATEMENT OF FUND YEAR 2016 PROGRAM SUMMARY
 FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2016

	<u>Coverages</u>				
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers' Compensation</u>	
Limits	\$260,000,000	\$20,250,000 / \$25,250,000	\$20,250,000 / \$25,250,000	STATUTORY	
Fund Retention	\$100,000	\$250,000	\$250,000	\$300,000	
Excess Insurers	Zurich Mitsui Sumitomo Scottsdale Starr	NJCEJIF Underwriters at Lloyds National Casualty	NJCEJIF Underwriters at Lloyds National Casualty	NJCEJIF Wesco Safety National	
Number of Participants	3	3	3	3	
Incurring Liabilities:					
Claims (Schedule C-1)	\$ 279,344	\$ 246,533	\$ 36,589	\$ 554,930	
Administrative Expenses (1)	23,142	64,812	11,208	220,725	
	\$ 302,486	\$ 311,345	\$ 47,797	\$ 775,655	

(1) Allocated on the basis of assessments and transfers by coverage.

CUMBERLAND COUNTY INSURANCE COMMISSION
 STATEMENT OF FUND YEAR 2015 PROGRAM SUMMARY
 FOR THE PERIOD JANUARY 1, 2015 TO DECEMBER 31, 2016

	<u>Coverages</u>				
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers' Compensation</u>	
Limits	\$260,000,000	\$20,250,000 / \$25,250,000	\$20,250,000 / \$25,250,000	STATUTORY	
Fund Retention	\$100,000	\$250,000	\$250,000	\$300,000	
Excess Insurers	Zurich Mitsui Sumitomo Scottsdale Starr	NJCEJIF Underwriters at Lloyds National Casualty	NJCEJIF Underwriters at Lloyds National Casualty	NJCEJIF Wesco Safety National	
Number of Participants	4	4	4	4	
Incurring Liabilities:					
Claims (Schedule C-2)	\$ 29,995	\$ 720,675	\$ 43,818	\$ 660,908	
Administrative Expenses (1)	24,044	67,340	11,645	221,043	
	\$ 54,039	\$ 788,015	\$ 55,463	\$ 881,951	

(1) Allocated on the basis of assessments and transfers by coverage.

CUMBERLAND COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2014 PROGRAM SUMMARY
FOR THE PERIOD JANUARY 1, 2014 TO DECEMBER 31, 2016

	<u>Coverages</u>				
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers' Compensation</u>	
Limits	\$260,000,000	\$20,500,000	\$20,500,000		STATUTORY
Fund Retention	\$100,000	\$250,000	\$250,000	\$300,000	
Excess Insurers	Zurich RSUI Scottsdale	NJCEJIF Underwriters at Lloyds National Casualty	NJCEJIF Underwriters at Lloyds National Casualty	NJCEJIF Wesco Safety National	
Number of Participants	3	3	3	3	3
Incurred Liabilities:					
Claims (Schedule C-3)	\$ 402,443	\$ 216,867	\$ 116,039	\$ 511,168	
Administrative Expenses (1)	24,530	68,700	11,880	225,507	
	<u>\$ 426,973</u>	<u>\$ 285,567</u>	<u>\$ 127,919</u>	<u>\$ 736,675</u>	

(1) Allocated on the basis of assessments and transfers by coverage.

CUMBERLAND COUNTY INSURANCE COMMISSION
 STATEMENT OF FUND YEAR 2013 PROGRAM SUMMARY
 FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2016

	<u>Coverages</u>				
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers' Compensation</u>	
Limits	\$260,000,000	\$20,500,000	\$20,500,000	STATUTORY	
Fund Retention	\$100,000	\$250,000	\$250,000	\$300,000	
Excess Insurers	Zurich RSUI	NJCEJIF Underwriters at Lloyds Starr Indemnity	NJCEJIF Underwriters at Lloyds Starr Indemnity	NJCEJIF Wesco Safety National	
Number of Participants	3	3	3	3	
Incurred Liabilities:					
Claims (Schedule C-4)	\$ 40,274	\$ 319,774	\$ 12,879	\$ 692,421	
Administrative Expenses (1)	17,708	67,059	11,213	216,812	
	\$ 57,982	\$ 386,833	\$ 24,092	\$ 909,233	

(1) Allocated on the basis of assessments and transfers by coverage.

CUMBERLAND COUNTY INSURANCE COMMISSION
 STATEMENT OF FUND YEAR 2012 PROGRAM SUMMARY
 FOR THE PERIOD SEPTEMBER 25, 2012 (DATE OF INCEPTION) TO DECEMBER 31, 2016

	<u>Coverages</u>				
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers' Compensation</u>	
Limits	\$260,000,000	\$20,500,000	\$20,500,000		STATUTORY
Fund Retention	\$100,000	\$250,000	\$250,000	\$300,000	
Excess Insurers	Lexington RSUI	NJCEJIF Star	NJCEJIF Star	NJCEJIF Star	NJCEJIF Star
Number of Participants	3	3	3	3	3
Incurring Liabilities:					
Claims (Schedule C-5)	\$ -	\$ 2,796	\$ -	\$ -	\$ 37,947
Administrative Expenses (1)	1,198	5,661	718	718	16,203
	<u>\$ 1,198</u>	<u>\$ 8,457</u>	<u>\$ 718</u>	<u>\$ 718</u>	<u>\$ 54,150</u>

(1) Allocated on the basis of assessments and transfers by coverage.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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.

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
Certified Public Accountants
& Consultants



James J. Miles, Jr.
Certified Public Accountant