

**CUMBERLAND COUNTY INSURANCE COMMISSION**  
**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**DECEMBER 31, 2018 AND 2017**

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, 2018 and 2017, 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, 2018 and 2017 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 October 10, 2019 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

Voorhees, New Jersey  
October 10, 2019

**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, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 10, 2019.

**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

Voorhees, New Jersey  
October 10, 2019

# **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, 2018, 2017 and 2016. 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, 2018, 2017 and 2016.

Summary Statements of Net Position	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>2017 to 2018 Change</u>	
				<u>Amount</u>	<u>Percentage</u>
<b>Assets</b>					
Cash & Cash Equivalents	\$ 3,715,770	\$3,691,793	\$3,132,290	\$ 23,977	0.6%
Investments in Joint Ventures	697,403	482,602	274,481	214,801	44.5%
Other Assets & Receivables	29,250	-	-	29,250	100.0%
<b>Total Assets</b>	<b>4,442,423</b>	<b>4,174,395</b>	<b>3,406,771</b>	<b>268,028</b>	<b>6.4%</b>
<b>Liabilities, Reserves &amp; Net Position</b>					
<b>Liabilities</b>					
Loss Reserves	3,306,909	2,032,580	2,116,751	1,274,329	62.7%
Other Liabilities & Reserves	28,967	29,369	11,575	(402)	-1.4%
<b>Total Liabilities and Reserves</b>	<b>3,335,876</b>	<b>2,061,949</b>	<b>2,128,326</b>	<b>1,273,927</b>	<b>61.8%</b>
<b>Net Position - Unrestricted</b>	<b>\$ 1,106,547</b>	<b>\$2,112,446</b>	<b>\$1,278,445</b>	<b>\$(1,005,899)</b>	<b>-47.6%</b>

Summary Statements of Revenues, Expenses, and Changes in Net Position	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>2017 to 2018 Change</u>	
				<u>Amount</u>	<u>Percentage</u>
<b>Operating Revenue</b>					
Regular Contributions	\$ 2,967,953	\$2,949,936	\$2,865,621	\$ 18,017	0.6%
<b>Operating Expenses:</b>					
Provision for Claims and Claims Expense	2,720,528	887,849	1,996,237	1,832,679	206.4%
Insurance Premiums	1,167,461	1,112,498	1,105,275	54,963	4.9%
Administrative and Operating	324,049	337,840	313,889	(13,791)	-4.1%
<b>Total Operating Expenses</b>	<b>4,212,038</b>	<b>2,338,187</b>	<b>3,415,401</b>	<b>1,873,851</b>	<b>80.1%</b>
<b>Operating Income (Loss)</b>	<b>(1,244,085)</b>	<b>611,749</b>	<b>(549,780)</b>	<b>(1,855,834)</b>	<b>-303.4%</b>
<b>Non-Operating Revenue:</b>					
Investment Income	23,385	14,131	12,733	9,254	65.5%
Change in Investment in Joint Venture New Jersey Counties Excess Joint Insurance Fund Dividend	214,801	208,121	93,455	6,680	3.2%
	17,961	-	-	17,961	100.0%
<b>Total Non-Operating Revenue</b>	<b>256,147</b>	<b>222,252</b>	<b>106,188</b>	<b>33,895</b>	<b>15.3%</b>
<b>Return of Surplus</b>	<b>(17,961)</b>	<b>-</b>	<b>-</b>	<b>(17,961)</b>	<b>100.0%</b>
<b>Change In Net Positon</b>	<b>\$(1,005,899)</b>	<b>\$ 834,001</b>	<b>\$ (443,592)</b>	<b>\$(1,839,900)</b>	<b>-220.6%</b>

## **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 seventh year of operations were \$4,442,423 and total liabilities and reserves were \$3,335,876 resulting in a surplus in unrestricted net position of \$1,106,547. 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 (the "Fund"), were \$1,167,461. The Fund is a cost sharing excess fund that assumes risk on behalf of the Commission and the other members of the Fund that consists of 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 and Union County Insurance Fund Commission.

In 2018, investment income was \$23,385 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 Commission'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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 3,715,770	\$ 3,691,793
Investment in Joint Venture	697,403	482,602
Contributions Receivable	7,403	-
Surplus Return Receivable	17,961	-
Prepaid Insurance	3,886	-
	<u>4,442,423</u>	<u>4,174,395</u>
 <u>LIABILITIES AND RESERVES</u>		
Liabilities:		
Accrued Administrative Expenses	11,006	18,080
Authorized Return of Surplus	17,961	-
Excess Insurance Payable	-	11,289
	<u>28,967</u>	<u>29,369</u>
 Claims Reserves:		
Case Reserves	2,515,805	1,428,313
IBNR Reserves	866,731	658,343
Less Reserve Discount	(75,627)	(54,076)
	<u>3,306,909</u>	<u>2,032,580</u>
Total Liabilities and Reserves	<u>3,335,876</u>	<u>2,061,949</u>
 <u>NET POSITION</u>		
Unrestricted	<u>\$ 1,106,547</u>	<u>\$ 2,112,446</u>

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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Operating Revenue:		
Regular Contributions	\$ 2,967,953	\$ 2,949,936
Operating Expenses:		
Provision for Claims and Claims Adjustment Expenses	2,720,528	887,849
Premium for Excess Insurance	1,167,461	1,112,498
Administrative Expenses:		
Actuary	7,098	8,512
Attorney	6,357	6,232
Auditor	6,485	6,398
Claims Administrator	50,600	50,600
Fund Administrator	96,520	94,612
Miscellaneous Expenses	4,801	19,397
Risk Management Consultants	147,117	147,117
Secretary Services	2,208	2,165
Treasurer	2,863	2,807
Total Operating Expenses	<u>4,212,038</u>	<u>2,338,187</u>
Operating Income (Loss)	<u>(1,244,085)</u>	<u>611,749</u>
Non-Operating Revenue:		
Change in Investment in Joint Venture	214,801	208,121
Investment Income	23,385	14,131
New Jersey Counties Excess Joint Insurance Fund Dividend	<u>17,961</u>	<u>-</u>
Total Non-Operating Revenue	<u>256,147</u>	<u>222,252</u>
Change in Net Position	(987,938)	834,001
Net Position - Beginning	<u>2,112,446</u>	<u>1,278,445</u>
Return of Surplus	<u>(17,961)</u>	<u>-</u>
Net Position - Ending	<u>\$ 1,106,547</u>	<u>\$ 2,112,446</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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Receipts from Regular Contributions	\$ 2,960,550	\$ 2,949,415
Payments for Claim Payments	(1,446,199)	(972,020)
Payments for Insurance Premiums	(1,178,750)	(1,101,770)
Payments to Professionals and Suppliers	(335,009)	(330,253)
	<u>592</u>	<u>545,372</u>
Net Cash Flows Provided by Operating Activities		
Cash Flows Provided by Investing Activities:		
Investment Income	<u>23,385</u>	<u>14,131</u>
Net Increase in Cash and Cash Equivalents	23,977	559,503
Cash and Cash Equivalents - Beginning	<u>3,691,793</u>	<u>3,132,290</u>
Cash and Cash Equivalents - Ending	<u>\$ 3,715,770</u>	<u>\$ 3,691,793</u>
Reconciliation of Operating Income (Loss) to		
Cash Flows from Operating Activities:		
Operating Income (Loss)	\$ (1,244,085)	\$ 611,749
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
Contributions Receivable	(7,403)	-
Surplus Return Receivable	(17,961)	-
Contributions Payable	-	(521)
Accrued Administrative Expenses	(7,074)	7,587
Excess Insurance Payable	(11,289)	10,728
Authorized Return of Surplus	17,961	-
Claims Reserves	1,274,329	(84,171)
	<u>592</u>	<u>545,372</u>
Net Cash Flows Provided by Operating Activities		
Supplemental Disclosure - Noncash Activity:		
Change in Investment in Joint Venture	<u>\$ 214,801</u>	<u>\$ 208,121</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 2018, members of the Commission included 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 2018 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*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. 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 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 municipal units. 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.



**CUMBERLAND COUNTY INSURANCE COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**

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

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

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.

**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 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.

**CUMBERLAND COUNTY INSURANCE COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**

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

**Unpaid Claims Liabilities (Cont'd)**

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.

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, 2018. 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 year as certified by an actuary may be declared to be refundable by the Commission. A refund for any 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 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 \$3,722,396 as of December 31, 2018, \$250,000 was insured while \$3,472,396 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 \$3,691,793 as of December 31, 2017, \$250,000 was insured while \$3,441,793 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, 2018 and 2017 was \$697,403 and \$482,602, 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, 2018 and 2017 and for all open Fund years net of excess insurance recoveries:

	<u>2018</u>	<u>2017</u>
Total unpaid claim and claim adjustment expenses all fund years - Beginning	\$ 2,032,580	\$ 2,116,751
Incurred claims and claims adjustment expenses:		
Provision for insured events of current fund year	1,357,356	1,049,350
Changes in provision for insured events of prior fund years	<u>1,363,172</u>	<u>(161,501)</u>
Total incurred claims and claims adjustment expenses all fund years	<u>2,720,528</u>	<u>887,849</u>
Payments (Net of Recoveries):		
Claims and claim adjustments expenses:		
Attributable to insured events of current fund year	494,414	331,798
Attributable to insured events of prior fund years	<u>951,785</u>	<u>640,222</u>
Total Payments all fund years	<u>1,446,199</u>	<u>972,020</u>
Total unpaid claim and claim adjustment expenses all fund years - Ending	<u>\$ 3,306,909</u>	<u>\$ 2,032,580</u>

**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, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Total Assets	<u>\$ 27,849,300</u>	<u>\$24,018,573</u>
Total Liabilities	<u>\$ 12,930,080</u>	<u>\$13,262,954</u>
Net Position	<u>\$ 14,919,220</u>	<u>\$10,755,619</u>
Total Revenue	<u>\$ 21,536,267</u>	<u>\$21,104,436</u>
Total Expenses	<u>\$ 16,582,656</u>	<u>\$18,753,988</u>
Change In Net Position	<u>\$ 4,453,611</u>	<u>\$ 2,150,448</u>
Return of Surplus	<u>\$ 500,000</u>	<u>\$ 200,000</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 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, 2018 and 2017 were \$1,167,461 and \$1,112,498, respectively.

**Note 8: RETURN OF SURPLUS**

As of December 31, 2018, the Board of Commissioners approved the payment of dividends to the Commission's members in the amount of \$17,961 from the fund years 2013 and 2014.

**CUMBERLAND COUNTY INSURANCE COMMISSION**  
**REQUIRED SUPPLEMENTARY INFORMATION**

CUMBERLAND COUNTY INSURANCE COMMISSION  
RECONCILIATION OF CLAIMS LIABILITIES BY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<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	\$ 10,709	\$ 775,709	\$ 101,051	\$ 1,145,111	\$ 2,032,580
Incurred claims and claims adjustment expenses:					
Provision for insured events of current fund year	115,579	310,890	38,547	892,340	1,357,356
Changes in provision for insured events of prior fund years	(2,126)	1,372,689	(92,158)	84,767	1,363,172
Total incurred claims and claims adjustment expenses all fund years	113,453	1,683,579	(53,611)	977,107	2,720,528
Payments (Net of Recoveries):					
Claims and claims adjustment expenses:					
Attributable to insured events of current fund year	72,473	400	1,659	419,882	494,414
Attributable to insured events of prior fund years	1,531	441,270	8,893	500,091	951,785
Total payments all fund years	74,004	441,670	10,552	919,973	1,446,199
Total unpaid claims and claim adjustment expenses - Ending	\$ 50,158	\$ 2,017,618	\$ 36,888	\$ 1,202,245	\$ 3,306,909



CUMBERLAND COUNTY INSURANCE COMMISSION  
SEVEN-YEAR CLAIMS DEVELOPMENT INFORMATION  
AS OF DECEMBER 31, 2018

	FUND YEAR ENDED DECEMBER 31						
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net Earned Required Contribution and Investment Revenue:							
Earned	\$ 508,988	\$ 2,591,723	\$ 2,797,527	\$ 2,847,113	\$ 2,877,487	\$ 2,957,557	\$ 2,972,176
Ceded	169,580	920,110	1,056,912	1,804,711	1,105,275	1,112,498	1,167,461
	<u>339,408</u>	<u>1,671,613</u>	<u>1,740,615</u>	<u>1,042,402</u>	<u>1,772,212</u>	<u>1,845,059</u>	<u>1,804,715</u>
Unallocated Expenses	<u>23,781</u>	<u>312,792</u>	<u>330,617</u>	<u>324,072</u>	<u>319,927</u>	<u>332,744</u>	<u>329,095</u>
Estimated Claims and Expenses, End of Policy Year:							
Incurred	65,696	772,867	1,197,481	942,768	1,117,396	1,049,350	1,357,356
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>	<u>1,049,350</u>	<u>1,357,356</u>
Paid (Cumulative) as of:							
End of Policy Year	1,302	197,321	605,627	263,386	398,955	331,698	494,414
One Year Later	31,540	407,115	782,315	514,933	537,900	638,304	
Two Years Later	33,942	530,130	893,729	861,434	651,641		
Three Years Later	37,078	960,291	998,902	1,196,137			
Four Years Later	40,743	1,009,993	1,113,658				
Five Years Later	40,743	1,091,976					
Six Years Later	40,743						
Reestimated Incurred Claims and Expenses:							
End of Policy Year	65,696	772,867	1,197,481	942,768	1,117,396	1,049,350	1,357,356
One Year Later	59,974	741,577	1,076,030	1,455,396	869,955	1,635,753	
Two Years Later	54,223	859,751	1,246,517	1,373,356	1,007,578		
Three Years Later	50,614	1,065,348	1,260,795	1,833,714			
Four Years Later	40,743	1,219,053	1,336,113				
Five Years Later	40,473	1,322,524					
Six Years Later	40,473						
Change in Estimated Incurred Claims and Expenses from End of Policy Year	<u>\$ (25,223)</u>	<u>\$ 549,657</u>	<u>\$ 138,632</u>	<u>\$ 890,946</u>	<u>\$ (109,818)</u>	<u>\$ 586,403</u>	<u>\$ -</u>

**CUMBERLAND COUNTY INSURANCE COMMISSION**  
**SUPPLEMENTARY INFORMATION**

CUMBERLAND COUNTY INSURANCE COMMISSION  
STATEMENT OF FUND YEAR 2018 ACCOUNT OPERATING RESULTS ANALYSIS  
FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2018

Coverages and Other Accounts

	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>NJCEJIF</u>	<u>Expense &amp; Contingency</u>	<u>Total</u>
Underwriting Income:							
Regular Contributions	\$ 130,000	\$ 317,000	\$ 49,000	\$ 901,000	\$ 1,167,459	\$ 403,494	\$ 2,967,953
Incurred Liabilities:							
Claims	115,579	310,890	38,547	892,340			1,357,356
Expenses					1,167,461	329,095	1,496,556
Total Liabilities	115,579	310,890	38,547	892,340	1,167,461	329,095	2,853,912
Underwriting Surplus (Deficit)	14,421	6,110	10,453	8,660	(2)	74,399	114,041
Adjustments:							
Investment Income	387	1,068	164	2,111	120	373	4,223
Permanent Transfers							-
Total Adjustments	387	1,068	164	2,111	120	373	4,223
Gross Surplus	14,808	7,178	10,617	10,771	118	74,772	118,264
Return of Surplus							-
Net Surplus							
Before Unallocated Investment	\$ 14,808	\$ 7,178	\$ 10,617	\$ 10,771	\$ 118	\$ 74,772	118,264
Investment in Joint Venture							61,778
Net Surplus							\$ 180,042

CUMBERLAND COUNTY INSURANCE COMMISSION  
STATEMENT OF FUND YEAR 2017 ACCOUNT OPERATING RESULTS ANALYSIS  
FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2018

Coverages and Other Accounts

	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>NJCEJIF</u>	<u>Expense &amp; Contingency</u>	<u>Total</u>
Underwriting Income:							
Regular Contributions	\$ 127,103	\$ 284,000	\$ 61,664	\$ 967,000	\$ 1,112,498	\$ 397,671	\$ 2,949,936
Incurring Liabilities:							
Claims	88,272	741,265	2,153	804,063			1,635,753
Expenses					1,112,498	332,744	1,445,242
Total Liabilities	88,272	741,265	2,153	804,063	1,112,498	332,744	3,080,995
Underwriting Surplus (Deficit)	38,831	(457,265)	59,511	162,937	-	64,927	(131,059)
Adjustments:							
Investment Income	408	1,672	397	4,380	180	584	7,621
Permanent Transfers							-
Total Adjustments	408	1,672	397	4,380	180	584	7,621
Gross Surplus (Deficit)	39,239	(455,593)	59,908	167,317	180	65,511	(123,438)
Return of Surplus							-
Net Surplus (Deficit)							
Before Unallocated Investment	\$ 39,239	\$ (455,593)	\$ 59,908	\$ 167,317	\$ 180	\$ 65,511	(123,438)
Investment in Joint Venture							105,210
Net Deficit							\$ (18,228)

CUMBERLAND COUNTY INSURANCE COMMISSION  
STATEMENT OF FUND YEAR 2016 ACCOUNT OPERATING RESULTS ANALYSIS  
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2018

Coverages and Other Accounts

	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>NJCEJIF</u>	<u>Expense &amp; Contingency</u>	<u>Total</u>
Underwriting Income:							
Regular Contributions	\$ 99,370	\$ 278,302	\$ 48,125	\$ 947,787	\$ 1,105,275	\$ 386,762	\$ 2,865,621
Incurred Liabilities:							
Claims	236,113	322,807	4,178	444,480			1,007,578
Expenses					1,105,275	319,927	1,425,202
Total Liabilities	236,113	322,807	4,178	444,480	1,105,275	319,927	2,432,780
Underwriting Surplus (Deficit)	(136,743)	(44,505)	43,947	503,307	-	66,835	432,841
Adjustments:							
Investment Income		2,398	449	7,211	3	1,805	11,866
Permanent Transfers							-
Total Adjustments	-	2,398	449	7,211	3	1,805	11,866
Gross Surplus (Deficit)	(136,743)	(42,107)	44,396	510,518	3	68,640	444,707
Return of Surplus							-
Net Surplus (Deficit)							
Before Unallocated Investment	\$ (136,743)	\$ (42,107)	\$ 44,396	\$ 510,518	\$ 3	\$ 68,640	444,707
Investment in Joint Venture							168,638
Net Surplus							<u>\$ 613,345</u>

CUMBERLAND COUNTY INSURANCE COMMISSION  
STATEMENT OF FUND YEAR 2015 ACCOUNT OPERATING RESULTS ANALYSIS  
FOR THE PERIOD JANUARY 1, 2015 TO DECEMBER 31, 2018

	<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 &amp; Contingency</u>	
Underwriting Income:							
Regular Contributions	\$ 100,883	\$ 282,540	\$ 48,858	\$ 927,435	\$ 1,084,710	\$ 391,469	\$ 2,835,895
Incurring Liabilities:							
Claims	19,974	1,111,952	28,241	673,547			1,833,714
Expenses					1,084,711	324,072	1,408,783
Total Liabilities	19,974	1,111,952	28,241	673,547	1,084,711	324,072	3,242,497
Underwriting Surplus (Deficit)	80,909	(829,412)	20,617	253,888	(1)	67,397	(406,602)
Adjustments:							
Investment Income	1,087	1,525	206	6,631	159	1,610	11,218
Permanent Transfers							-
Total Adjustments	1,087	1,525	206	6,631	159	1,610	11,218
Gross Surplus (Deficit)	81,996	(827,887)	20,823	260,519	158	69,007	(395,384)
Return of Surplus							-
Net Surplus (Deficit)							
Before Unallocated Investment	\$ 81,996	\$ (827,887)	\$ 20,823	\$ 260,519	\$ 158	\$ 69,007	(395,384)
Investment in Joint Venture							59,501
Net Deficit							<u>\$ (335,883)</u>

CUMBERLAND COUNTY INSURANCE COMMISSION  
STATEMENT OF FUND YEAR 2014 ACCOUNT OPERATING RESULTS ANALYSIS  
FOR THE PERIOD JANUARY 1, 2014 TO DECEMBER 31, 2018

Coverages and Other Accounts

	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>NJCEJIF</u>	<u>Expense &amp; 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
Incurring Liabilities:							
Claims	402,443	375,994	53,488	504,188			1,336,113
Expenses					1,056,912	330,617	1,387,529
Total Liabilities	402,443	375,994	53,488	504,188	1,056,912	330,617	2,723,642
Underwriting Surplus (Deficit)	(303,538)	(98,994)	(5,588)	405,062	-	56,647	53,589
Adjustments:							
Investment Income		3,187	170	7,609	27	1,405	12,398
Permanent Transfers							-
NJCEJIF Dividend					7,898		7,898
Total Adjustments	-	3,187	170	7,609	7,925	1,405	20,296
Gross Surplus (Deficit)	(303,538)	(95,807)	(5,418)	412,671	7,925	58,052	73,885
Return of Surplus					7,898		7,898.00
Net Surplus (Deficit)							
Before Unallocated Investment	\$ (303,538)	\$ (95,807)	\$ (5,418)	\$ 412,671	\$ 27	\$ 58,052	65,987
Investment in Joint Venture							141,167
Net Surplus							<u>\$ 207,154</u>

CUMBERLAND COUNTY INSURANCE COMMISSION  
STATEMENT OF FUND YEAR 2013 ACCOUNT OPERATING RESULTS ANALYSIS  
FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2018

	<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 &amp; Contingency</u>	<u>Total</u>
Underwriting Income:							
Regular Contributions	\$ 72,486	\$ 274,500	\$ 45,900	\$ 887,500	\$ 920,110	\$ 370,837	\$ 2,571,333
Incurring Liabilities:							
Claims	40,274	315,043	12,550	954,657			1,322,524
Expenses					920,110	312,792	1,232,902
Total Liabilities	40,274	315,043	12,550	954,657	920,110	312,792	2,555,426
Underwriting Surplus (Deficit)	32,212	(40,543)	33,350	(67,157)	-	58,045	15,907
Adjustments:							
Investment Income	581	1,750	688	5,933	74	1,301	10,327
Permanent Transfers							-
NJCELJIF Dividend					10,063		10,063
Total Adjustments	581	1,750	688	5,933	10,137	1,301	20,390
Gross Surplus (Deficit)	32,793	(38,793)	34,038	(61,224)	10,137	59,346	36,297
Return of Surplus					10,063		10,063
Net Surplus (Deficit)							
Before Unallocated Investment	\$ 32,793	\$ (38,793)	\$ 34,038	\$ (61,224)	\$ 74	\$ 59,346	26,234
Investment in Joint Venture							142,670
Net Surplus							<u>\$ 168,904</u>



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, 2018

Coverages and Other Accounts

	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>NJCEJIF</u>	<u>Expense &amp; Contingency</u>	<u>Total</u>
Underwriting Income:							
Regular Contributions	\$ 13,037	\$ 61,586	\$ 7,816	\$ 176,278	\$ 169,580	\$ 73,709	\$ 502,006
Incurring 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	-	49,928	267,902
Adjustments:							
Investment Income	230	1,039	138	2,500	7	959	4,873
Permanent Transfers							-
NJCELJIF Dividend					2,109		2,109
Total Adjustments	230	1,039	138	2,500	2,116	959	6,982
Gross Surplus	13,267	59,829	7,954	140,831	2,116	50,887	274,884
Return of Surplus					2,109		2,109
Net Surplus							
Before Unallocated Investment	\$ 13,267	\$ 59,829	\$ 7,954	\$ 140,831	\$ 7	\$ 50,887	272,775
Investment in Joint Venture							18,438
Net Surplus							\$ 291,213

CUMBERLAND COUNTY INSURANCE COMMISSION  
STATEMENT OF FUND YEAR 2018 CLAIMS ANALYSIS  
FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2018

	<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)	\$ 72,473	\$ 400	\$ 1,659	\$ 419,882	\$ 494,414
Case Reserves	29,006	38,700	7,501	269,954	345,161
IBNR Reserves	14,261	277,900	29,880	211,164	533,205
Reserve Discount	(161)	(6,110)	(493)	(8,660)	(15,424)
Subtotal	115,579	310,890	38,547	892,340	1,357,356
Excess Insurance Received					-
Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	<u>\$ 115,579</u>	<u>\$ 310,890</u>	<u>\$ 38,547</u>	<u>\$ 892,340</u>	<u>\$ 1,357,356</u>
Number of Claims	<u>10</u>	<u>35</u>	<u>12</u>	<u>90</u>	<u>147</u>
Average Cost Per Claim	<u>\$ 11,558</u>	<u>\$ 8,883</u>	<u>\$ 3,212</u>	<u>\$ 9,915</u>	<u>\$ 9,234</u>

CUMBERLAND COUNTY INSURANCE COMMISSION  
STATEMENT OF FUND YEAR 2017 CLAIMS ANALYSIS  
FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2018

	<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)	\$ 81,220	\$ 74,519	\$ 2,153	\$ 480,412	\$ 638,304
Case Reserves	1	569,087		298,101	867,189
IBNR Reserves	7,068	116,231		32,426	155,725
Reserve Discount	(17)	(18,572)		(6,876)	(25,465)
Subtotal	88,272	741,265	2,153	804,063	1,635,753
Excess Insurance Received					-
Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	<u>\$ 88,272</u>	<u>\$ 741,265</u>	<u>\$ 2,153</u>	<u>\$ 804,063</u>	<u>\$ 1,635,753</u>
Number of Claims	<u>11</u>	<u>52</u>	<u>10</u>	<u>95</u>	<u>168</u>
Average Cost Per Claim	<u>\$ 8,025</u>	<u>\$ 14,255</u>	<u>\$ 215</u>	<u>\$ 8,464</u>	<u>\$ 9,737</u>

CUMBERLAND COUNTY INSURANCE COMMISSION  
STATEMENT OF FUND YEAR 2016 CLAIMS ANALYSIS  
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2018

	<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)	\$ 236,113	\$ 94,385	\$ 4,178	\$ 316,965	\$ 651,641
Case Reserves		190,668		125,691	316,359
IBNR Reserves		42,392		4,812	47,204
Reserve Discount		(4,638)		(2,988)	(7,626)
Subtotal	236,113	322,807	4,178	444,480	1,007,578
Excess Insurance Received Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	<u>\$ 236,113</u>	<u>\$ 322,807</u>	<u>\$ 4,178</u>	<u>\$ 444,480</u>	<u>\$ 1,007,578</u>
Number of Claims	<u>9</u>	<u>46</u>	<u>15</u>	<u>95</u>	<u>165</u>
Average Cost Per Claim	<u>\$ 26,235</u>	<u>\$ 7,018</u>	<u>\$ 279</u>	<u>\$ 4,679</u>	<u>\$ 6,107</u>

CUMBERLAND COUNTY INSURANCE COMMISSION  
STATEMENT OF FUND YEAR 2015 CLAIMS ANALYSIS  
FOR THE PERIOD JANUARY 1, 2015 TO DECEMBER 31, 2018

	<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)	\$ 19,974	\$ 543,124	\$ 28,241	\$ 604,798	\$ 1,196,137
Case Reserves		462,086		65,183	527,269
IBNR Reserves		115,522		5,468	120,990
Reserve Discount		(8,780)		(1,902)	(10,682)
Subtotal	19,974	1,111,952	28,241	673,547	1,833,714
Excess Insurance Received					-
Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	<u>\$ 19,974</u>	<u>\$ 1,111,952</u>	<u>\$ 28,241</u>	<u>\$ 673,547</u>	<u>\$ 1,833,714</u>
Number of Claims	<u>6</u>	<u>67</u>	<u>9</u>	<u>110</u>	<u>192</u>
Average Cost Per Claim	<u>\$ 3,329</u>	<u>\$ 16,596</u>	<u>\$ 3,138</u>	<u>\$ 6,123</u>	<u>\$ 9,551</u>

CUMBERLAND COUNTY INSURANCE COMMISSION  
STATEMENT OF FUND YEAR 2014 CLAIMS ANALYSIS  
FOR THE PERIOD JANUARY 1, 2014 TO DECEMBER 31, 2018

	<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)	\$ 402,443	\$ 180,819	\$ 53,488	\$ 476,908	\$ 1,113,658
Case Reserves		195,945		22,056	218,001
IBNR Reserves		3,011		6,347	9,358
Reserve Discount		(3,781)		(1,123)	(4,904)
Subtotal	402,443	375,994	53,488	504,188	1,336,113
Excess Insurance Received Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	<u>\$ 402,443</u>	<u>\$ 375,994</u>	<u>\$ 53,488</u>	<u>\$ 504,188</u>	<u>\$ 1,336,113</u>
Number of Claims	<u>9</u>	<u>65</u>	<u>25</u>	<u>100</u>	<u>199</u>
Average Cost Per Claim	<u>\$ 44,716</u>	<u>\$ 5,785</u>	<u>\$ 2,140</u>	<u>\$ 5,042</u>	<u>\$ 6,714</u>

CUMBERLAND COUNTY INSURANCE COMMISSION  
STATEMENT OF FUND YEAR 2013 CLAIMS ANALYSIS  
FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2018

	<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)	\$ 40,274	\$ 267,086	\$ 12,550	\$ 772,066	\$ 1,091,976
Case Reserves		48,914		192,912	241,826
IBNR Reserves		248			248
Reserve Discount		(1,205)		(10,321)	(11,526)
Subtotal	40,274	315,043	12,550	954,657	1,322,524
Excess Insurance Received					-
Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	<u>\$ 40,274</u>	<u>\$ 315,043</u>	<u>\$ 12,550</u>	<u>\$ 954,657</u>	<u>\$ 1,322,524</u>
Number of Claims	<u>12</u>	<u>45</u>	<u>9</u>	<u>97</u>	<u>163</u>
Average Cost Per Claim	<u>\$ 3,356</u>	<u>\$ 7,001</u>	<u>\$ 1,394</u>	<u>\$ 9,842</u>	<u>\$ 8,114</u>

CUMBERLAND COUNTY INSURANCE COMMISSION  
STATEMENT OF FUND YEAR 2012 CLAIMS ANALYSIS  
FOR THE PERIOD SEPTEMBER 25, 2012 (DATE OF INCEPTION) TO DECEMBER 31, 2018

	<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)	\$ -	\$ 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	<u>\$ -</u>	<u>\$ 2,796</u>	<u>\$ -</u>	<u>\$ 37,947</u>	<u>\$ 40,743</u>
Number of Claims	-	10	-	13	23
Average Cost Per Claim	<u>\$ -</u>	<u>\$ 280</u>	<u>\$ -</u>	<u>\$ 2,919</u>	<u>\$ 1,771</u>



CUMBERLAND COUNTY INSURANCE COMMISSION  
STATEMENT OF FUND YEAR 2018 PROGRAM SUMMARY  
FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2018

	<u>Coverages</u>			
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers' Compensation</u>
Limits	\$260,000,000	\$20,500,000 / \$25,500,000	\$20,500,000 / \$25,500,000	STATUTORY
Fund Retention	\$100,000	\$250,000	\$250,000	\$300,000
Excess Insurers	Zurich Mitsui Sumitomo Velocity Starr	NJCEJIF Underwriters at Lloyds Argonaut	NJCEJIF Underwriters at Lloyds Argonaut	NJCEJIF Underwriters at Lloyds Safety National
Number of Participants	3	3	3	3
Incurred Liabilities:				
Claims (Schedule C-1)	\$ 115,579	\$ 310,890	\$ 38,547	\$ 892,340
Administrative Expenses (1)	30,624	74,677	11,543	212,251
	<u>\$ 146,203</u>	<u>\$ 385,567</u>	<u>\$ 50,090</u>	<u>\$ 1,104,591</u>

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

CUMBERLAND COUNTY INSURANCE COMMISSION  
STATEMENT OF FUND YEAR 2017 PROGRAM SUMMARY  
FOR THE PERIOD JANUARY 1, 2017 TO DECEMBER 31, 2018

	<u>Coverages</u>			
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers' Compensation</u>
Limits	\$260,000,000	\$20,500,000 / \$25,500,000	\$20,500,000 / \$25,500,000	STATUTORY
Fund Retention	\$100,000	\$250,000	\$250,000	\$300,000
Excess Insurers	Zurich Mitsui Sumitomo Velocity Starr	NJCEJIF Underwriters at Lloyds National Casualty	NJCEJIF Underwriters at Lloyds National Casualty	NJCEJIF Wesco Safety National
Number of Participants	3	3	3	3
Incurred Liabilities:				
Claims (Schedule C-2)	\$ 88,272	\$ 741,265	\$ 2,153	\$ 804,063
Administrative Expenses (1)	29,375	65,635	14,251	223,483
	<u>\$ 117,647</u>	<u>\$ 806,900</u>	<u>\$ 16,404</u>	<u>\$ 1,027,546</u>

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

CUMBERLAND COUNTY INSURANCE COMMISSION  
STATEMENT OF FUND YEAR 2016 PROGRAM SUMMARY  
FOR THE PERIOD JANUARY 1, 2016 TO DECEMBER 31, 2018

	<u>Coverages</u>			
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers' Compensation</u>
Limits	\$260,000,000	\$20,500,000 / \$25,500,000	\$20,500,000 / \$25,500,000	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
Incurred Liabilities:				
Claims (Schedule C-3)	\$ 236,113	\$ 322,807	\$ 4,178	\$ 444,480
Administrative Expenses (1)	23,145	64,820	11,209	220,753
	<u>\$ 259,258</u>	<u>\$ 387,627</u>	<u>\$ 15,387</u>	<u>\$ 665,233</u>

(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, 2018

	<u>Coverages</u>			
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers' Compensation</u>
Limits	\$260,000,000	\$20,500,000 / \$25,500,000	\$20,500,000 / \$25,500,000	STATUTORY
Fund Retention	\$100,000	\$250,000	\$250,000	\$250,000
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
Incurred Liabilities:				
Claims (Schedule C-4)	\$ 19,974	\$ 1,111,952	\$ 28,241	\$ 673,547
Administrative Expenses (1)	24,044	67,340	11,645	221,043
	<u>\$ 44,018</u>	<u>\$ 1,179,292</u>	<u>\$ 39,886</u>	<u>\$ 894,590</u>

(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, 2018

	<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	\$250,000
Excess Insurers	Zurich RSUI Scottsdale Underwriters at Lloyds	NJCEJIF Underwriters at Lloyds National Casualty Markel	NJCEJIF Underwriters at Lloyds National Casualty Markel	NJCEJIF Wesco Safety National
Number of Participants	3	3	3	3
Incurred Liabilities:				
Claims (Schedule C-5)	\$ 402,443	\$ 375,994	\$ 53,488	\$ 504,188
Administrative Expenses (1)	24,530	68,700	11,880	225,507
	<u>\$ 426,973</u>	<u>\$ 444,694</u>	<u>\$ 65,368</u>	<u>\$ 729,695</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, 2018

	<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	\$250,000
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-6)	\$ 40,274	\$ 315,043	\$ 12,550	\$ 954,657
Administrative Expenses (1)	17,708	67,059	11,213	216,812
	<u>\$ 57,982</u>	<u>\$ 382,102</u>	<u>\$ 23,763</u>	<u>\$ 1,171,469</u>

(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, 2018

	<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	\$250,000
Excess Insurers	Zurich RSUI	NJCEJIF Star	NJCEJIF Star	NJCEJIF Star
Number of Participants	3	3	3	3
Incurred Liabilities:				
Claims (Schedule C-7)	\$ -	\$ 2,796	\$ -	\$ 37,947
Administrative Expenses (1)	1,198	5,661	718	16,203
	<u>\$ 1,198</u>	<u>\$ 8,457</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, 2018**



**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.

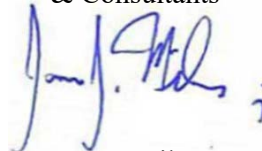
There were no findings in the prior year.

**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