

GLOUCESTER COUNTY INSURANCE COMMISSION
REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

GLOUCESTER COUNTY INSURANCE COMMISSION

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Gloucester 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 Gloucester County Insurance Commission (the "Commission") as of and for the years ended December 31, 2014 and 2013, 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.

Auditors' 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 Gloucester County Insurance Commission as of December 31, 2014 and 2013 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.

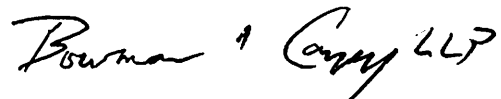
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gloucester County Insurance 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 1, 2015 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,

A handwritten signature in cursive script that reads "Bowman & Company LLP".

Bowman & Company LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
October 1, 2015

**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 AUDITORS' REPORT

Board of Commissioners
Gloucester 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 Gloucester County Insurance Commission (the "Commission") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collective comprise the Commission's basic financial statements, and have issued our report thereon dated October 1, 2015.

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.

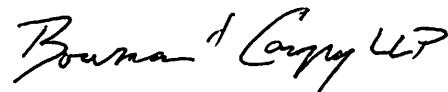
Compliance and Other Matters

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,

A handwritten signature in black ink that reads "Bowman & Company LLP". The signature is stylized and cursive.

Bowman & Company LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
October 1, 2015

GLOUCESTER COUNTY INSURANCE COMMISSION

Management's Discussion and Analysis

This section of the annual financial report of the Commission presents a discussion and analysis of the financial performance of the Commission for the years ended December 31, 2014, 2013 and 2012. 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 and dental health insurance coverage for Gloucester 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 statement of cash flows is presented on the direct method of reporting, which reflects cash flows from operating, investing and noncapital financing 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, 2014, 2013 and 2012.

Summary Statement of Net Position					
	<u>12/31/2014</u>	<u>12/31/2013</u>	<u>12/31/2012</u>	<u>Change \$</u>	<u>Change %</u>
Assets:					
Cash & Cash Equivalents	\$5,518,168	\$4,701,675	\$ 4,321,404	\$ 816,493	17.4%
Investment in Joint Venture	1,157,670	977,428	620,917	180,242	18.4%
Prepaid Expenses	150			150	100.0%
Receivables	261,474	545,807	311,085	(284,333)	-52.1%
Total Assets	<u>\$6,937,462</u>	<u>\$6,224,910</u>	<u>\$ 5,253,406</u>	<u>\$ 712,552</u>	<u>11.4%</u>
Liabilities & Net Position					
Liabilities:					
Loss Reserves	\$3,558,727	\$3,654,037	\$ 3,208,407	\$ (95,310)	-2.6%
Other Liabilities & Reserves	53,257	55,885	318,347	(2,628)	-4.7%
Total Liabilities	<u>3,611,984</u>	<u>3,709,922</u>	<u>3,526,754</u>	<u>(97,938)</u>	<u>-2.6%</u>
Net Position - Unrestricted	<u>\$3,325,478</u>	<u>\$2,514,988</u>	<u>\$ 1,726,652</u>	<u>\$ 810,490</u>	<u>32.2%</u>

Summary of Statement of Revenues, Expenditures, and Changes in Net Position					
	<u>12/31/2014</u>	<u>12/31/2013</u>	<u>12/31/2012</u>	<u>Change \$</u>	<u>Change %</u>
Operating Revenue:					
Regular Contributions and Other Income	<u>\$6,120,229</u>	<u>\$6,561,329</u>	<u>\$22,047,976</u>	<u>\$ (441,100)</u>	<u>-6.7%</u>
Operating Expenses:					
Provision for Claims and Claims Expense	1,973,950	2,876,980	16,595,852	(903,030)	-31.4%
Premium for Property and Casualty Excess Insurance Expense	2,707,764	2,559,344	2,425,887	148,420	5.8%
Stop Loss Health Coverage Fees			649,451		
Administrative and Operating Expenses	<u>659,507</u>	<u>693,188</u>	<u>1,750,050</u>	<u>(33,681)</u>	<u>-4.9%</u>
Total Operating Expenses	<u>5,341,221</u>	<u>6,129,512</u>	<u>21,421,240</u>	<u>(788,291)</u>	<u>-12.9%</u>
Operating Income	779,008	431,817	626,736	347,191	80.4%
Non-Operating Revenue:					
Investment Income		8	3,830	(8)	-100.0%
Change in Investment in Joint Venture	<u>180,242</u>	<u>356,511</u>	<u>277,524</u>	<u>(176,269)</u>	<u>-49.4%</u>
Distributions to Members	<u>(148,760)</u>	<u>-</u>	<u>-</u>	<u>(148,760)</u>	<u>100.0%</u>
Change In Net Position	<u>\$ 810,490</u>	<u>\$ 788,336</u>	<u>\$ 908,090</u>	<u>\$ 22,154</u>	<u>2.8%</u>

Financial Highlights Continued

On March 1, 2010, the Gloucester County Board of Chosen Freeholders adopted a resolution which authorized the establishment of the Gloucester 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 Gloucester County Insurance Commission's total assets at the end of the fifth year of operations were \$6,937,462, and total liabilities were \$3,611,984 resulting in unrestricted net position of \$3,325,478. 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 "CEL"), were \$2,707,764. The CEL is a cost sharing excess fund that assumes risk on behalf of the Commission and the other members of that Fund, the Burlington County Insurance Commission, Camden County Insurance Fund Commission, Cumberland County Insurance Commission, Hudson County, Mercer County Insurance Commission, Ocean County, Salem County Insurance Fund Commission and Union County.

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 Gloucester 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 Gloucester County Insurance Commission office located at 9 Campus Drive, Suite 216, Parsippany, New Jersey 07054 or by phone at (201) 881-7632.

GLOUCESTER COUNTY INSURANCE COMMISSION
COMPARATIVE STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2014 and 2013

	2014			2013		
	<u>Total</u>	<u>Health</u>	<u>Property & Casualty</u>	<u>Total</u>	<u>Health</u>	<u>Property & Casualty</u>
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 5,518,168	\$ 139,721	\$ 5,378,447	\$ 4,701,675	\$ 216,026	\$ 4,485,649
Contributions Receivable	8,478		8,478	1,365		1,365
Surplus Return Receivable	-			148,760		148,760
Reimbursements Receivable	252,996		252,996	395,682		395,682
Prepaid Expenses	150		150	-		
Investment in Joint Venture	1,157,670		1,157,670	977,428		977,428
	6,937,462	139,721	6,797,741	6,224,910	216,026	6,008,884
<u>LIABILITIES AND RESERVES</u>						
Liabilities:						
Accrued Administrative Expenses	22,607		22,607	16,597	2,640	13,957
Accrued Property and Casualty Excess Insurance	30,650		30,650	5,473		5,473
Claims Payable	-			33,815	33,815	
Total Liabilities	53,257	-	53,257	55,885	36,455	19,430
Claims Reserves:						
Case Reserves	2,213,115		2,213,115	2,547,170		2,547,170
IBNR Reserves	1,584,182	39,509	1,544,673	1,346,438	41,893	1,304,545
Less Reserve Discount	(238,570)		(238,570)	(239,571)		(239,571)
Total Reserves	3,558,727	39,509	3,519,218	3,654,037	41,893	3,612,144
Total Liabilities and Reserves	3,611,984	39,509	3,572,475	3,709,922	78,348	3,631,574
<u>NET POSITION</u>						
Unrestricted	\$ 3,325,478	\$ 100,212	\$ 3,225,266	\$ 2,514,988	\$ 137,678	\$ 2,377,310

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

GLOUCESTER COUNTY INSURANCE COMMISSION
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

	2014			2013		
	Total	Health	Property & Casualty	Total	Health	Property & Casualty
Operating Revenue:						
Regular Contributions	\$ 6,120,229	\$ 601,789	\$ 5,518,440	\$ 6,412,569	\$ 666,004	\$ 5,746,565
CEL Dividend	-			148,760		148,760
Total Operating Revenue	6,120,229	601,789	5,518,440	6,561,329	666,004	5,895,325
Operating Expenses:						
Provision for Claims and Claims Adjustment Expenses	1,973,950	568,026	1,405,924	2,876,980	553,539	2,323,441
Premium for Property and Casualty Excess Insurance	2,707,764		2,707,764	2,559,344		2,559,344
Administrative Expenses:						
Actuary	7,650		7,650	7,500		7,500
Attorney	31,215		31,215	33,847		33,847
Auditor	18,300		18,300	12,000		12,000
Claims Administrators	109,482	31,982	77,500	172,119	94,619	77,500
Fund Administrator	139,351	5,407	133,944	163,000	31,784	131,216
Miscellaneous Expenses	7,658		7,658	4,829		4,829
Postage	11		11	17.00		17
Risk Management Consultants	289,680	33,840	255,840	252,628	(5,212)	257,840
State Retiree Surcharge	-			(8,912)		(8,912)
Underwriting Manager	56,160		56,160	56,160		56,160
Total Operating Expenses	5,341,221	639,255	4,701,966	6,129,512	665,818	5,463,694
Operating Income (Loss)	779,008	(37,466)	816,474	431,817	186	431,631
Non-Operating Revenue:						
Change in Investment in Joint Venture	180,242		180,242	356,511		356,511
Investment Income	-			8	8	
Total Non-Operating Revenue	180,242		180,242	356,519	8	356,511
Change in Net Position	959,250	(37,466)	996,716	788,336	194	788,142
Net Position - Beginning of Year	2,514,988	137,678	2,377,310	1,726,652	137,484	1,589,168
Distributions to Members	(148,760)		(148,760)	-		
Net Position - End of Year	\$ 3,325,478	\$ 100,212	\$ 3,225,266	\$ 2,514,988	\$ 137,678	\$ 2,377,310

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

GLOUCESTER COUNTY INSURANCE COMMISSION
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

	2014			2013		
	<u>Total</u>	<u>Health</u>	<u>Property & Casualty</u>	<u>Total</u>	<u>Health</u>	<u>Property & Casualty</u>
Cash Flows Provided By (Used In) Operating Activities:						
Receipts From Regular Contributions	\$ 6,113,116	\$ 601,789	\$ 5,511,327	\$ 6,427,945	\$ 666,004	\$ 5,761,941
Payments For Claim Payments	(1,960,389)	(604,225)	(1,356,164)	(2,524,980)	(468,062)	(2,056,918)
Payments For Property and Casualty Excess Insurance	(2,682,587)		(2,682,587)	(2,557,719)		(2,557,719)
Payments For Stop Loss Health Coverage Fees	-			(269,221)	(269,221)	
Payments To Professionals and Suppliers	(653,647)	(73,869)	(579,778)	(695,762)	(112,335)	(583,427)
Net Cash Flows Provided By (Used In) Operating Activities	965,253	(76,305)	1,041,558	380,263	(183,614)	563,877
Cash Flows Provided By Investing Activities:						
Investment Income	-			8	8	
Cash Flows Used in Noncapital Financing Activities:						
Fund Equity Distribution to Participating Members	(148,760)		(148,760)	-		
Net Increase (Decrease) in Cash and Cash Equivalents	816,493	(76,305)	892,798	380,271	(183,606)	563,877
Cash and Cash Equivalents - Beginning of Year	4,701,675	216,026	4,485,649	4,321,404	399,632	3,921,772
Cash and Cash Equivalents - End of Year	\$ 5,518,168	\$ 139,721	\$ 5,378,447	\$ 4,701,675	\$ 216,026	\$ 4,485,649
Reconciliation of Operating Income (Loss) to Cash Flows Provided By (Used In) Operating Activities:						
Operating Income (Loss)	\$ 779,008	\$ (37,466)	\$ 816,474	\$ 431,817	\$ 186	\$ 431,631
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:						
Changes in Assets and Liabilities:						
Contributions Receivable	(7,113)		(7,113)	15,376		15,376
Surplus Return Receivable	148,760		148,760	(148,760)		(148,760)
Reimbursements Receivable	142,686		142,686	(101,338)	126,326	(227,664)
Prepaid Expenses	(150)		(150)	-		
Accrued Administrative Expenses	6,010	(2,640)	8,650	(2,574)	(56)	(2,518)
Accrued Property and Casualty Excess Insurance	25,177		25,177	1,625		1,625
Claims Payable	(33,815)	(33,815)		7,708	7,708	
Accrued State Surcharge Payable	-			(269,221)	(269,221)	
Claims Reserves	(95,310)	(2,384)	(92,926)	445,630	(48,557)	494,187
Net Cash Flows Provided By (Used In) Operating Activities	\$ 965,253	\$ (76,305)	\$ 1,041,558	\$ 380,263	\$ (183,614)	\$ 563,877
Supplemental Disclosure - Noncash Activity:						
Change in Investment in Joint Venture	\$ 180,242	\$ -	\$ 180,242	\$ 356,511	\$ -	\$ 356,511

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

GLOUCESTER COUNTY INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 1: ORGANIZATION AND DESCRIPTION OF THE COMMISSION

Effective March 1, 2010, the Gloucester 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 of the 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 2014, members of the Commission included Gloucester County, Rowan College at Gloucester County, Gloucester County Improvement Authority, Gloucester County Utility Authority and Gloucester County Library were property and casualty coverage members. Gloucester County, Gloucester County Division of Social Services and Gloucester County Library were health insurance members during 2014. All members joined the Commission on March 1, 2010.

All members' property and casualty assessments, including a reserve for contingencies, are based on annual actuarial assumptions determined by the Commission's Actuary and on monthly and quarterly adjustments determined by the Commission's Actuary and Program Manager based on actual loss experience.

All members' health coverage contributions are assessed monthly based on the members' census data, including a pro rata amount of the current estimates of projected losses, administrative expenses and the cost of stop loss insurance. The Commissioner of Insurance 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 property and casualty coverage's to its members:

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

Effective July 1, 2012, the Commission no longer offered medical and prescription coverages to any member. The Commission continues to offer dental coverage to electing members.

Through membership in the New Jersey Counties Excess Joint Insurance Fund, 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

GLOUCESTER COUNTY INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS

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

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 2014 were as follows:

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

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 (the "CEL")

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant policies followed by the Gloucester 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 government'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 government.

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 government and / or its citizens.

GLOUCESTER COUNTY INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS

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

Component Unit (Cont'd)

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 government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

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

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.

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 governments 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.

Additionally, the Commission has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. The Act was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

GLOUCESTER COUNTY INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS

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

Cash, Cash Equivalents and Investments (Cont'd)

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.

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.

Property and Casualty Assessments

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.

Health Coverage Assessments

During the period coverages were available, members were assessed monthly contributions based on a pro rata amount of the current estimates of projected losses, administrative expenses and the cost of stop loss insurance.

Supplemental Assessments

The Executive Committee 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 – Property and Casualty

The Commission establishes property and casualty 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.

GLOUCESTER COUNTY INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS

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

Unpaid Claims Liabilities – Property and Casualty (Cont'd)

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.

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, 2014. 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 and frequency and other factors.

Excess Coverage – Property and Casualty

Coverage in excess of the Commission's property and casualty self-insured retention limits is provided through the Commission's membership in the New Jersey Counties Excess Joint Insurance Fund as described in Note 7.

Subrogation – Property and Casualty

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.

GLOUCESTER COUNTY INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS

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

Administrative Expenses

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

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 Board.

Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues derived from member contributions. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and 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 Commission's operations, including claims expense, insurance and administrative expenses. Non-operating expenses include 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.

GLOUCESTER COUNTY INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS

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

Custodial Credit Risk Related to Deposits (Cont'd)

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 \$5,559,550 as of December 31, 2014, \$250,000 was insured while \$5,309,550 was collateralized under GUDPA.

Of the Commission's bank balance of \$4,904,417 as of December 31, 2013, \$250,000 was insured while \$4,654,417 was collateralized under GUDPA.

Note 4: INVESTMENT IN JOINT VENTURE

As discussed in Note 7, the Commission is a member of the New Jersey Counties Excess Joint Insurance Fund. The CEL 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 CEL'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, 2014 and 2013 was \$1,157,670 and \$977,428, respectively.

GLOUCESTER COUNTY INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS

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 Commission during the period ended December 31, 2014 or all open Commission years net of excess insurance recoveries:

	<u>Total</u>	<u>Health</u>	<u>Property and Casualty</u>
Total unpaid claim and claim adjustment expenses all Fund years - Beginning of Year	\$ 3,654,037	\$ 41,893	\$ 3,612,144
Incurring claims and claims adjustment expenses:			
Provision for insured events of current fund year	2,218,214	535,079	1,683,135
Changes in provision for insured events of prior fund years	(244,264)	32,947	(277,211)
Total incurred claims and claims adjustment expenses all Fund years	<u>5,627,987</u>	<u>609,919</u>	<u>5,018,068</u>
Payments (Net of Recoveries):			
Claims and claim adjustments expenses:			
Attributable to insured events of current fund year	839,645	497,232	342,413
Attributable to insured events of prior fund years	<u>1,229,615</u>	<u>73,178</u>	<u>1,156,437</u>
Total Payments all Fund years	<u>2,069,260</u>	<u>570,410</u>	<u>1,498,850</u>
Total unpaid claim and claim adjustment expenses all Fund years - End of Year	<u><u>\$ 3,558,727</u></u>	<u><u>\$ 39,509</u></u>	<u><u>\$ 3,519,218</u></u>

GLOUCESTER COUNTY INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 5: CHANGES IN UNPAID CLAIMS LIABILITIES (CONT'D)

The following represents changes in those aggregate undiscounted reported and unreported liabilities for the Commission during the period ended December 31, 2013 for all open Commission years net of excess insurance recoveries:

	<u>Total</u>	<u>Health</u>	<u>Property and Casualty</u>
Total unpaid claim and claim adjustment expenses all Fund years - Beginning of Year	\$ 3,208,407	\$ 90,450	\$ 3,117,957
Incurred claims and claims adjustment expenses:			
Provision for insured events of current fund year	2,657,628	556,473	2,101,155
Changes in provision for insured events of prior fund years	219,352	(2,934)	222,286
Total incurred claims and claims adjustment expenses all Fund years	<u>6,085,387</u>	<u>643,989</u>	<u>5,441,398</u>
Payments (Net of Recoveries):			
Claims and claim adjustments expenses:			
Attributable to insured events of current fund year	1,302,927	514,580	788,347
Attributable to insured events of prior fund years	<u>1,128,423</u>	<u>87,516</u>	<u>1,040,907</u>
Total Payments all Fund years	<u>2,431,350</u>	<u>602,096</u>	<u>1,829,254</u>
Total unpaid claim and claim adjustment expenses all Fund years - End of Year	<u>\$ 3,654,037</u>	<u>\$ 41,893</u>	<u>\$ 3,612,144</u>

Note 6: STATE HEALTH BENEFITS PROGRAM SURCHARGE

Chapter 8, Public Law 1993, provides for insurers of school districts that do not participate in the State Health Benefits Program (SHBP) to pay an annual surcharge to the program. The surcharge is determined by the State Treasurer and is based on a percentage of the total claims paid for the coverage of employees of the nonparticipating school districts. The surcharge is to compensate the SHBP for the excess cost of the health coverage of the school district's eligible retirees (25 or more years of credited service in a State-administered pension fund, or retired on disability with fewer years of service), who are covered in the SHBP.

As of December 31, 2014 and 2013, the Commission has accrued surcharge liabilities of \$0, respectively.

GLOUCESTER COUNTY INSURANCE COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 7: MEMBERSHIP IN JOINT INSURANCE FUNDS

New Jersey Counties Excess Joint Insurance Fund

Effective March 1, 2010, the Commission became a member of the New Jersey Counties Excess Joint Insurance Fund. The CEL 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 property and casualty 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 CEL are elected.

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

The CEL 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, 2014 is as follows:

Total Assets	<u><u>\$ 13,276,890</u></u>
Total Liabilities	<u><u>\$ 7,953,316</u></u>
Net Position	<u><u>\$ 5,323,574</u></u>
Total Revenue	<u><u>\$ 18,750,078</u></u>
Total Expenses	<u><u>\$ 17,212,883</u></u>
Change in Net Position	<u><u>\$ 1,537,195</u></u>
Surplus Returned	<u><u>\$ -</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

GLOUCESTER COUNTY INSURANCE COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION

GLoucester County Insurance Commission
RECONCILIATION OF PROPERTY AND CASUALTY CLAIMS LIABILITIES BY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<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 of Year	\$ 8,946	\$ 1,082,829	\$ 371,271	\$ 2,149,098	\$ 3,612,144
Incurred claims and claims adjustment expenses:					
Provision for insured events of current fund year	87,894	413,437	37,628	1,144,176	1,683,135
Changes in provision for insured events of prior fund years	83	3,563	4,693	(285,550)	(277,211)
Total incurred claims and claims adjustment expenses all Fund years	96,923	1,499,829	413,592	3,007,724	5,018,068
Payments:					
Claims and claims adjustment expenses:					
Attributable to insured events of current fund year	78,419	3,013	3,950	257,031	342,413
Attributable to insured events of prior fund years	9,029	289,344	101,997	756,067	1,156,437
Total payments all Fund years	87,448	292,357	105,947	1,013,098	1,498,850
Total unpaid claims and claim adjustment expenses - End of Year	\$ 9,475	\$ 1,207,472	\$ 307,645	\$ 1,994,626	\$ 3,519,218

GLOUCESTER COUNTY INSURANCE COMMISSION
RECONCILIATION OF HEALTH CLAIMS LIABILITIES BY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Dental</u>	<u>Total</u>
Total unpaid claims and claim adjustment expenses - Beginning of Year	\$ 41,893	\$ 41,893
Inurred claims and claims adjustment expenses:		
Provision for insured events of current fund year	535,079	535,079
Changes in provision for insured events of prior fund years	32,947	32,947
	<hr/>	<hr/>
Total incurred claims and claims adjustment expenses all Fund years	609,919	609,919
	<hr/>	<hr/>
Payments:		
Claims and claims adjustment expenses (Net of Recoveries):		
Attributable to insured events of current fund year	497,232	497,232
Attributable to insured events of prior fund years	73,178	73,178
	<hr/>	<hr/>
Total payments all Fund years	570,410	570,410
	<hr/>	<hr/>
Total unpaid claims and claim adjustment expenses - End of Year	<u>\$ 39,509</u>	<u>\$ 39,509</u>

GLOUCESTER COUNTY INSURANCE COMMISSION
FIVE-YEAR PROPERTY AND CASUALTY CLAIMS DEVELOPMENT INFORMATION
AS OF DECEMBER 31, 2014

	FUND YEAR ENDED DECEMBER 31				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net Earned Required Contribution and Investment Revenue:					
Earned	\$ 4,248,250	\$ 5,533,255	\$ 5,659,948	\$ 5,746,565	\$ 5,518,440
Ceded	1,583,834	2,307,853	2,425,887	2,559,344	2,707,764
	<u>2,664,416</u>	<u>3,225,402</u>	<u>3,234,061</u>	<u>3,187,221</u>	<u>2,810,676</u>
Unallocated Expenses	<u>478,405</u>	<u>549,614</u>	<u>585,191</u>	<u>583,908</u>	<u>585,279</u>
Estimated Claims and Expenses, End of Policy Year:					
Incurred	2,120,491	2,667,010	2,065,235	2,101,155	1,683,135
Ceded					
Net Incurred	<u>2,120,491</u>	<u>2,667,010</u>	<u>2,065,235</u>	<u>2,101,155</u>	<u>1,683,135</u>
Paid (Cumulative) as of:					
End of Policy Year	508,994	938,354	487,925	788,347	342,413
One Year Later	1,067,746	1,330,572	769,532	998,113	
Two Years Later	1,457,205	1,846,634	1,034,270		
Three Years Later	1,700,443	2,370,813			
Four Years Later	<u>1,858,197</u>				
Reestimated Ceded Claims and Expenses					
Reestimated Incurred Claims and Expenses:					
End of Policy Year	2,120,491	2,667,010	2,065,235	2,101,155	1,683,135
One Year Later	1,850,771	2,426,430	1,672,321	1,931,487	
Two Years Later	1,901,994	2,921,378	1,819,083		
Three Years Later	2,022,246	2,750,161			
Four Years Later	<u>1,939,158</u>				
Change in Estimated Incurred Claims and Expenses from End of Policy Year	<u>\$ (181,333)</u>	<u>\$ 83,151</u>	<u>\$ (246,152)</u>	<u>\$ (169,668)</u>	<u>\$ -</u>

GLOUCESTER COUNTY INSURANCE COMMISSION
SUPPLEMENTARY INFORMATION

GLoucester County Insurance Commission
STATEMENT OF FUND YEAR 2014 PROPERTY AND CASUALTY ACCOUNTS OPERATING RESULTS ANALYSIS
FOR THE PERIOD JANUARY 1, 2014 TO DECEMBER 31, 2014

	<u>Coverages and Other Accounts</u>					
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>CEL</u>	<u>Expense & Contingency</u>
Underwriting Income:						
Regular Contributions	\$ 243,372	\$ 774,800	\$ 68,650	\$ 1,107,261	\$ 2,707,764	\$ 616,593
						\$ 5,518,440
Incurred Liabilities:						
Claims	87,894	413,437	37,628	1,144,176		1,683,135
Expenses					2,707,764	585,279
						3,293,043
Total Liabilities	87,894	413,437	37,628	1,144,176	2,707,764	585,279
						4,976,178
Underwriting Surplus (Deficit)	155,478	361,363	31,022	(36,915)	-	31,314
						542,262
Adjustments:						
Investment Income						-
Permanent Transfers						-
Total Adjustments	-	-	-	-	-	-
Gross Surplus (Deficit)	155,478	361,363	31,022	(36,915)		31,314
Return of Surplus						542,262
						-
Net Surplus (Deficit)						
Before Unallocated Investment	\$ 155,478	\$ 361,363	\$ 31,022	\$ (36,915)	\$ -	\$ 31,314
						542,262
Investment in Joint Venture						
						231,339
Net Surplus						\$ 773,601

GLOUCESTER COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2013 PROPERTY AND CASUALTY ACCOUNTS OPERATING RESULTS ANALYSIS
FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2014

	<u>Coverages and Other Accounts</u>					
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>CEL</u>	<u>Expense & Contingency</u> <u>Total</u>
Underwriting Income:						
Regular Contributions	\$ 243,372	\$ 969,800	\$ 68,650	\$ 1,292,157	\$ 2,559,664	\$ 612,922 \$ 5,746,565
Incurred Liabilities:						
Claims	149,379	380,013	38,595	1,363,500		1,931,487
Expenses					2,559,344	583,908 3,143,252
Total Liabilities	149,379	380,013	38,595	1,363,500	2,559,344	583,908 5,074,739
Underwriting Surplus (Deficit)	93,993	589,787	30,055	(71,343)	320	29,014 671,826
Adjustments:						
Investment Income						-
Permanent Transfers						-
Total Adjustments	-	-	-	-	-	-
Gross Surplus (Deficit)	93,993	589,787	30,055	(71,343)	320	29,014 671,826
Return of Surplus						-
Net Surplus (Deficit)	\$ 93,993	\$ 589,787	\$ 30,055	\$ (71,343)	\$ 320	\$ 29,014 671,826
Before Unallocated Investment						
Investment in Joint Venture						255,411
Net Surplus						\$ 927,237

GLOUCESTER COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2012 PROPERTY AND CASUALTY ACCOUNTS OPERATING RESULTS ANALYSIS
FOR THE PERIOD JANUARY 1, 2012 TO DECEMBER 31, 2014

	<u>Coverages and Other Accounts</u>					
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>CEL</u>	<u>Expense & Contingency</u>
Underwriting Income:						
Regular Contributions	\$ 239,354	\$ 969,800	\$ 68,650	\$ 1,292,157	\$ 2,425,887	\$ 621,214
CEL Dividend					41,957	
					41,957	\$ 5,617,062
						41,957
Total Income	239,354	969,800	68,650	1,292,157	2,467,844	621,214
						5,659,019
Incurred Liabilities:						
Claims	57,908	309,148	273,245	1,178,782		
Expenses					2,425,887	585,191
						1,819,083
						3,011,078
Total Liabilities	57,908	309,148	273,245	1,178,782	2,425,887	585,191
						4,830,161
Underwriting Surplus (Deficit)	181,446	660,652	(204,595)	113,375	41,957	36,023
						828,858
Adjustments:						
Investment Income	84	368	23	422		32
Permanent Transfers						929
						-
Total Adjustments	84	368	23	422	-	32
						929
Gross Surplus (Deficit)	181,530	661,020	(204,572)	113,797	41,957	36,055
Return of Surplus					41,957	
						829,787
						41,957
Net Surplus (Deficit)	\$ 181,530	\$ 661,020	\$ (204,572)	\$ 113,797	\$ -	\$ 36,055
Before Unallocated Investment						
						787,830
Investment in Joint Venture						166,969
Net Surplus						\$ 954,799

GLOUCESTER COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2011 PROPERTY AND CASUALTY ACCOUNTS OPERATING RESULTS ANALYSIS
FOR THE PERIOD JANUARY 1, 2011 TO DECEMBER 31, 2014

	<u>Coverages and Other Accounts</u>					
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>CEL</u>	<u>Expense & Contingency Total</u>
Underwriting Income:						
Regular Contributions	\$ 234,258	\$ 969,800	\$ 68,650	\$ 1,260,640	\$ 2,307,853	\$ 616,141
CEL Dividend					73,557	
					73,557	\$ 5,457,342
						73,557
Total Income	234,258	969,800	68,650	1,260,640	2,381,410	616,141
						5,530,899
Incurred Liabilities:						
Claims	211,641	647,323	127,007	1,764,190		
Expenses					2,307,853	549,614
						2,750,161
						2,857,467
Total Liabilities	211,641	647,323	127,007	1,764,190	2,307,853	549,614
						5,607,628
Underwriting Surplus (Deficit)	22,617	322,477	(58,357)	(503,550)	73,557	66,527
						(76,729)
Adjustments:						
Investment Income	60	1,293	79	779	11	134
Permanent Transfers						2,356
						-
Total Adjustments	60	1,293	79	779	11	134
						2,356
Gross Surplus (Deficit)	22,677	323,770	(58,278)	(502,771)	73,568	66,661
Return of Surplus					73,557	
						(74,373)
						73,557
Net Surplus (Deficit)	\$ 22,677	\$ 323,770	\$ (58,278)	\$ (502,771)	\$ 11	\$ 66,661
Before Unallocated Investment						(147,930)
Investment in Joint Venture						255,985
Net Surplus						\$ 108,055

GLOUCESTER COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2010 PROPERTY AND CASUALTY ACCOUNTS OPERATING RESULTS ANALYSIS
FOR THE PERIOD MARCH 1, 2010 (DATE OF INCEPTION) TO DECEMBER 31, 2014

	<u>Coverages and Other Accounts</u>					
	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>CEL</u>	<u>Expense & Contingency Total</u>
Underwriting Income:						
Regular Contributions	\$ 183,654	\$ 813,038	\$ 57,553	\$ 1,044,196	\$ 1,596,572	\$ 4,211,054
CEL Dividend					33,246	33,246
Total Income	183,654	813,038	57,553	1,044,196	1,629,818	4,244,300
Incurred Liabilities:						
Claims	83,686	357,744	9,579	1,488,149	1,583,834	1,939,158
Expenses					478,405	2,062,239
Total Liabilities	83,686	357,744	9,579	1,488,149	1,583,834	4,001,397
Underwriting Surplus (Deficit)	99,968	455,294	47,974	(443,953)	45,984	242,903
Adjustments:						
Investment Income	417	2,051	104	982	135	3,950
Permanent Transfers						-
Total Adjustments	417	2,051	104	982	135	3,950
Gross Surplus (Deficit)	100,385	457,345	48,078	(442,971)	46,119	246,853
Return of Surplus					33,246	33,246
Net Surplus (Deficit)	\$ 100,385	\$ 457,345	\$ 48,078	\$ (442,971)	\$ 12,873	\$ 213,607
Before Unallocated Investment						
Investment in Joint Venture						247,966
Net Surplus						\$ 461,573

GLOUCESTER COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2014 PROPERTY AND CASUALTY CLAIMS ACCOUNTS ANALYSIS
FOR THE PERIOD JANUARY 1, 2014 TO DECEMBER 31, 2014

	<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) \$	78,419	\$ 3,013	\$ 3,950	\$ 257,031	\$ 342,413
Case Reserves	12,000	41,066		293,537	346,603
IBNR Reserves	(2,419)	405,921	36,050	649,431	1,088,983
Reserve Discount	(106)	(36,563)	(2,372)	(55,823)	(94,864)
Subtotal	87,894	413,437	37,628	1,144,176	1,683,135
Excess Insurance Received Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ 87,894	\$ 413,437	\$ 37,628	\$ 1,144,176	\$ 1,683,135
Number of Claims	26	65	10	105	206
Average Cost Per Claim	\$ 3,381	\$ 6,361	\$ 3,763	\$ 10,897	\$ 8,171

GLOUCESTER COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2013 PROPERTY AND CASUALTY CLAIMS ACCOUNTS ANALYSIS
FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2014

	<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) \$	149,379	\$ 7,749	\$ 9,525	\$ 831,460	\$ 998,113
Case Reserves		271,196		439,028	710,224
IBNR Reserves		126,055	30,475	129,512	286,042
Reserve Discount		(24,987)	(1,405)	(36,500)	(62,892)
Subtotal	149,379	380,013	38,595	1,363,500	1,931,487
Excess Insurance Received Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ 149,379	\$ 380,013	\$ 38,595	\$ 1,363,500	\$ 1,931,487
Number of Claims	12	54	14	128	208
Average Cost Per Claim	\$ 12,448	\$ 7,037	\$ 2,757	\$ 10,652	\$ 9,286

GLOUCESTER COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2012 PROPERTY AND CASUALTY CLAIMS ACCOUNTS ANALYSIS
FOR THE PERIOD JANUARY 1, 2012 TO DECEMBER 31, 2014

	<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) \$	57,908	\$ 21,322	\$ 33,482	\$ 921,558	\$ 1,034,270
Case Reserves		264,629	232,264	247,907	744,800
IBNR Reserves		39,050	14,254	30,534	83,838
Reserve Discount		(15,853)	(6,755)	(21,217)	(43,825)
Subtotal	57,908	309,148	273,245	1,178,782	1,819,083
Excess Insurance Received Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ 57,908	\$ 309,148	\$ 273,245	\$ 1,178,782	\$ 1,819,083
Number of Claims	18	965	14	145	1,142
Average Cost Per Claim	\$ 3,217	\$ 320	\$ 19,518	\$ 8,130	\$ 1,593

GLOUCESTER COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2011 PROPERTY AND CASUALTY CLAIMS ACCOUNTS ANALYSIS
FOR THE PERIOD JANUARY 1, 2011 TO DECEMBER 31, 2014

	<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) \$	211,641	\$ 540,595	\$ 121,873	\$ 1,496,704	\$ 2,370,813
Case Reserves		87,948	1,176	260,112	349,236
IBNR Reserves		24,241	3,568	33,184	60,993
Reserve Discount		(5,461)	390	(25,810)	(30,881)
Subtotal	211,641	647,323	127,007	1,764,190	2,750,161
Excess Insurance Received Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ 211,641	\$ 647,323	\$ 127,007	\$ 1,764,190	\$ 2,750,161
Number of Claims	32	83	14	146	275
Average Cost Per Claim	\$ 6,614	\$ 7,799	\$ 9,072	\$ 12,083	\$ 10,001

GLOUCESTER COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2010 PROPERTY AND CASUALTY CLAIMS ACCOUNTS ANALYSIS
FOR THE PERIOD MARCH 1, 2010 (DATE OF INCEPTION) TO DECEMBER 31, 2014

	<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) \$	83,686	\$ 327,514	\$ 9,579	\$ 1,437,418	\$ 1,858,197
Case Reserves		26,037		36,215	62,252
IBNR Reserves		5,449		19,368	24,817
Reserve Discount		(1,256)		(4,852)	(6,108)
Subtotal	83,686	357,744	9,579	1,488,149	1,939,158
Excess Insurance Received Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ 83,686	\$ 357,744	\$ 9,579	\$ 1,488,149	\$ 1,939,158
Number of Claims	33	77	14	136	260
Average Cost Per Claim	\$ 2,536	\$ 4,646	\$ 684	\$ 10,942	\$ 7,458

GLOUCESTER COUNTY INSURANCE COMMISSION
STATEMENT OF 2014 HEALTH ACCOUNTS OPERATING RESULTS
FOR THE PERIOD JANUARY 1, 2014 TO DECEMBER 31, 2014

	<u>Dental</u>	<u>Administrative</u>	<u>Total</u>
Income:			
Regular Contributions	\$ 529,626	\$ 72,164	\$ 601,790
Other Income			-
Investment Income			-
	<hr/>		
Total Income	529,626	72,164	601,790
	<hr/>		
Incurred Liabilities:			
Claims Paid (Net of Refunds)	497,232		497,232
Actuarial Liability	37,847		37,847
Administrative Expenses		71,228	71,228
	<hr/>		
Total Liabilities	535,079	71,228	606,307
	<hr/>		
Net Position (Deficit)	\$ (5,453)	\$ 936	\$ (4,517)
	<hr/>		

GLOUCESTER COUNTY INSURANCE COMMISSION
STATEMENT OF 2013 HEALTH ACCOUNTS OPERATING RESULTS
FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2013

	<u>Dental</u>	<u>Administrative</u>	<u>Total</u>
Income:			
Regular Contributions	\$ 544,814	\$ 121,191	\$ 666,005
Other Income			-
Investment Income			-
	<hr/>		
Total Income	544,814	121,191	666,005
	<hr/>		
Incurred Liabilities:			
Claims Paid (Net of Refunds)	540,221		540,221
Actuarial Liability	1,661		1,661
Administrative Expenses		121,191	121,191
	<hr/>		
Total Liabilities	541,882	121,191	663,073
	<hr/>		
Net Position (Deficit)	\$ 2,932	\$ -	\$ 2,932
	<hr/>		

GLOUCESTER COUNTY INSURANCE COMMISSION
STATEMENT OF 2012 HEALTH ACCOUNTS OPERATING RESULTS
FOR THE PERIOD JANUARY 1, 2012 TO DECEMBER 31, 2012

	<u>Medical</u>	<u>Prescription</u>	<u>Dental</u>	<u>Reinsurance</u>	<u>Administrative</u>	<u>Total</u>
Income:						
Regular Contributions	\$ 9,519,776	\$ 4,523,574	\$ 624,391	\$ 849,451	\$ 913,721	\$ 16,430,913
Investment Income	291	79	2	1		373
Total Income	9,520,067	4,523,653	624,393	849,452	913,721	16,431,286
Incurred Liabilities:						
Claims Paid (Net of Refunds)	9,768,775	4,486,746	538,361			14,793,882
Stop Loss Fees				849,451		849,451
State Surcharge					74,196	74,196
Administrative Expenses					877,313	877,313
Total Liabilities	9,768,775	4,486,746	538,361	849,451	951,509	16,594,842
Net Position (Deficit)	\$ (248,708)	\$ 36,907	\$ 86,032	\$ 1	\$ (37,788)	\$ (163,556)

GLOUCESTER COUNTY INSURANCE COMMISSION
STATEMENT OF 2011 HEALTH ACCOUNTS OPERATING RESULTS
FOR THE PERIOD JANUARY 1, 2011 TO DECEMBER 31, 2011

	<u>Medical</u>	<u>Prescription</u>	<u>Dental</u>	<u>Reinsurance</u>	<u>Administrative</u>	<u>Total</u>
Income:						
Regular Contributions	\$ 21,501,235	\$ 10,826,965	\$ 627,977	\$ 1,848,318	\$ 2,324,618	\$ 37,129,113
Other Income					461	461
Investment Income	655	109	16		2	782
Total Income	21,501,890	10,827,074	627,993	1,848,318	2,325,081	37,130,356
Incurred Liabilities:						
Claims Paid (Net of Refunds)	24,414,370	9,418,611	579,562			34,412,543
Stop Loss Fees				1,848,318		1,848,318
State Surcharge					161,622	161,622
Administrative Expenses					2,324,618	2,324,618
Total Liabilities	24,414,370	9,418,611	579,562	1,848,318	2,486,240	38,747,101
Net Position (Deficit)	\$ (2,912,480)	\$ 1,408,463	\$ 48,431	\$ -	\$ (161,159)	\$ (1,616,745)

GLOUCESTER COUNTY INSURANCE COMMISSION
STATEMENT OF 2010 HEALTH ACCOUNTS OPERATING RESULTS
FOR THE PERIOD MARCH 1, 2010 (DATE OF INCEPTION) TO DECEMBER 31, 2010

	<u>Medical</u>	<u>Prescription</u>	<u>Dental</u>	<u>Administrative</u>	<u>Total</u>
Income:					
Regular Contributions	\$ 18,146,279	\$ 6,581,740	\$ 612,067	\$ 1,789,771	\$ 27,129,857
Investment Income	5,180	474	307	21	5,982
Total Income	18,151,459	6,582,214	612,374	1,789,792	27,135,839
Incurred Liabilities:					
Claims Paid (Net of Refunds)	14,507,912	7,720,713	459,106		22,687,731
Less Excess Insurance Recoveries	(136,689)				(136,689)
Stop Loss Fees	887,697				887,697
State Surcharge				24,492	24,492
Administrative Expenses				1,790,509	1,790,509
Total Liabilities	15,258,920	7,720,713	459,106	1,815,001	25,253,740
Net Position (Deficit)	\$ 2,892,539	\$ (1,138,499)	\$ 153,268	\$ (25,209)	\$ 1,882,099

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

	<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	CEL Underwriters at Lloyds National Casualty	CEL Underwriters at Lloyds National Casualty	CEL Wesco Safety National
Number of Participants	5	5	5	5
Incurring Liabilities:				
Claims (Schedule B-1a)	\$87,894	\$413,437	\$37,628	\$1,144,176
Administrative Expenses (1)	65,253	207,740	18,406	296,879
	<u>\$153,147</u>	<u>\$621,177</u>	<u>\$56,034</u>	<u>\$1,441,055</u>

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

GLOUCESTER COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2013 PROGRAM SUMMARY
FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2014

	<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	CEL Underwriters at Lloyds Starr Indemnity	CEL Underwriters at Lloyds Starr Indemnity	CEL Wesco Safety National
Number of Participants	5	5	5	5
Incurred Liabilities:				
Claims (Schedule B-1b)	\$149,296	\$369,578	\$37,858	\$1,544,423
Administrative Expenses (1)	54,925	218,869	15,493	291,620
	<u>\$204,221</u>	<u>\$588,447</u>	<u>\$53,351</u>	<u>\$1,836,043</u>

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

GLOUCESTER COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2012 PROGRAM SUMMARY
FOR THE PERIOD JANUARY 1, 2012 TO DECEMBER 31, 2014

	<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	Lexington RSUI	CEL Star	CEL Star	CEL Star
Number of Participants	5	5	5	5
Incurring Liabilities:				
Claims (Schedule B-1c)	\$57,908	\$137,152	\$266,126	\$1,211,135
Administrative Expenses (1)	54,502	220,828	15,632	294,230
	<u>\$112,410</u>	<u>\$357,980</u>	<u>\$281,758</u>	<u>\$1,505,365</u>

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

GLOUCESTER COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2011 PROGRAM SUMMARY
FOR THE PERIOD JANUARY 1, 2011 TO DECEMBER 31, 2014

	<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	Lexington RSUI	CEL Star	CEL Star	CEL Star
Number of Participants	5	5	5	5
Incurring Liabilities:				
Claims (Schedule B-1d)	\$211,641	\$789,295	\$128,931	\$1,791,511
Administrative Expenses (1)	50,823	210,400	14,894	273,498
	<u>\$262,464</u>	<u>\$999,695</u>	<u>\$143,825</u>	<u>\$2,065,009</u>

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

GLOUCESTER COUNTY INSURANCE COMMISSION
STATEMENT OF FUND YEAR 2010 PROGRAM SUMMARY
FOR THE PERIOD MARCH 1, 2010 (DATE OF INCEPTION) TO DECEMBER 31, 2014

	<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	Lexington RSUI	CEL Star	CEL Star	CEL Star
Number of Participants	5	5	5	5
Incurring Liabilities:				
Claims (Schedule B-1e)	\$83,686	\$394,640	\$10,818	\$1,533,102
Administrative Expenses (1)	41,870	185,357	13,121	238,057
	<u>\$125,556</u>	<u>\$579,997</u>	<u>\$23,939</u>	<u>\$1,771,159</u>

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

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

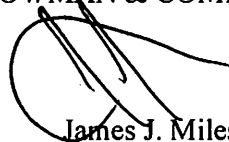
This section identifies the status of prior year audit findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

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

A handwritten signature in black ink, appearing to read "James J. Miles, Jr.", is written over a circular stamp or seal.

James J. Miles, Jr.
Certified Public Accountant