

CAMDEN COUNTY INSURANCE FUND COMMISSION

REPORT ON AUDIT OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2011



CAMDEN COUNTY INSURANCE FUND COMMISSION

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Camden County Insurance Fund Commission
9 Campus Drive
Suite 16
Parsippany, NJ 07054

We have audited the accompanying statements of net assets of the Camden County Insurance Fund Commission (the "Commission") as of December 31, 2011, and the related statements of revenues, expenses and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Camden County Insurance Fund Commission as of December 31, 2011 and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2012 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 and should be considered in assessing the results of our audit.

Board of Commissioners
Camden County Insurance Fund Commission

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Camden County Insurance Fund Commission's basic financial statements taken as a whole. The information included in the Supplementary schedules listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Bowman & Company LLP". The signature is written in dark ink and is positioned above the printed name of the firm.

Bowman & Company LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
September 27, 2012

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE
AND OTHER MATTERS ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Camden County Insurance Fund Commission
9 Campus Drive
Suite 16
Parsippany, NJ 07054

We have audited the financial statements of the Camden County Insurance Fund Commission (the Commission”) as of December 31, 2011, and have issued our report thereon dated September 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs of the State of New Jersey.

Internal Control Over Financial Reporting

Management of the Fund is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Fund's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

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.

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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Commissioners
Camden County Insurance Fund Commission

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Camden County Insurance Fund Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 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.

This report is intended solely for the information and use of the Commissioners and management of the Camden County Insurance Fund Commission and for filing with the Division of Local Government Services, Department of Community Affairs, State of New Jersey and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,

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

Bowman & Company LLP
Certified Public Accountants
& Consultants

Woodbury, New Jersey
September 27, 2012

CAMDEN COUNTY INSURANCE FUND 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 period ended December 31, 2011. 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 Camden 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:

Statement of Net Assets – This statement presents information reflecting the Fund's assets, liabilities, and net assets. Net assets represent the amount of total assets less total liabilities.

Statement of Revenues, Expenses, and Changes in Net Assets – This statement reflects the Fund's operating revenues and expenses, as well as non-operating items during the reporting period. The change in net assets for an enterprise fund is similar to net profit or loss for any other insurance company.

Statement of Cash Flows – The statement of cash flows is presented on the direct method of reporting, which reflects cash flows from operating and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the fiscal year.

Financial Highlights

The following tables summarize the Net Assets and results of operations for the Commission as of December 31, 2011 and for the period January 1, 2011 to December 31, 2011.

Summary Statement of Net Assets	
	<u>12/31/2011</u>
Assets:	
Cash & Cash Equivalents	\$ 2,991,923
Investment in Joint Venture	594,188
Other Assets	148,359
Total Assets	<u>3,734,470</u>
Liabilities & Net Assets	
Liabilities:	
Loss Reserves	3,440,323
Other Liabilities	99,433
Total Liabilities	<u>3,539,756</u>
Unrestricted Net Assets	<u>\$ 194,714</u>

Summary of Statement of Revenues, Expenditures, and Changes in Net Assets	
	<u>12/31/2011</u>
Operating Revenue:	
Regular Contributions	<u>\$ 7,174,032</u>
Operating Expenses:	
Provision for Claims and claims Expense	2,767,876
Insurance Premiums	3,952,287
Administrative and Operating Expenses	467,310
Total Operating Expenses	<u>7,187,473</u>
Operating Loss	(13,441)
Non-Operating Revenue:	
Investment Income	25,818
Change in Investment in Joint Venture	465,429
Change In Net Assets	<u>\$ 477,806</u>

Financial Highlights Continued

On January 21, 2010, the Camden County Board of Chosen Freeholders adopted a resolution which authorized the establishment of the Camden County Insurance Fund 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 Camden County Insurance Fund Commission's total assets at the end of the second year of operations were \$3,734,470, and total liabilities were \$3,539,756 resulting in a surplus in unrestricted net assets of \$194,714. The Investment in Joint Ventures represents the Commission's share of net assets in the New Jersey Counties Excess Joint Insurance Fund.

Insurance premiums represent the assessment paid to the New Jersey Counties Excess Joint Insurance Fund were \$3,952,287. That Fund is a cost sharing excess fund that assumes risk on behalf of the Commission and the other members of that Fund, the Gloucester County Insurance Fund Commission and the Union County Insurance Fund Commission.

In 2011, investment income was \$25,818 due to the low interest rate environment which limited the ability of the Fund to earn investment income during this reporting period.

Economic Conditions

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

Contacting the Fund's Management

This financial report is designed to provide the Camden County Insurance Fund Commission members and the Division of Local Government Services, Department of Community Affairs of the 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 Camden County Insurance Fund Commission office located at 9 Campus Drive, Suite 16, Parsippany, New Jersey 07054 or by phone at (201) 881-7632.

CAMDEN COUNTY INSURANCE FUND COMMISSION
STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2011

2011

ASSETS

Cash and Cash Equivalents	\$ 2,991,923
Investment in Joint Venture	594,188
Reimbursements Receivable	148,359
	<hr/>
	3,734,470
	<hr/>

LIABILITIES AND RESERVES

Liabilities:

Accrued Administrative Expenses	8,093
Advanced Premiums	8,400
Claims Payable	29,529
Workers' Comp Salary Continuation Claims Payable	49,510
Excess Insurance Payable	3,901
	<hr/>

Total Liabilities	<hr/> 99,433
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Claims Reserves:

Case Reserves	1,871,369
IBNR Reserves	1,568,954
	<hr/>

Total Reserves	<hr/> 3,440,323
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Total Liabilities and Reserves	<hr/> 3,539,756
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NET ASSETS

Unrestricted	<hr/> <hr/> \$ 194,714
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The accompanying Notes to Financial Statements are an integral part of this statement.

CAMDEN COUNTY INSURANCE FUND COMMISSION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>
Operating Revenue:	
Regular Contributions	<u>\$ 7,174,032</u>
Operating Expenses:	
Provision for Claims and Claims Adjustment Expenses	2,767,876
Premium for Excess Insurance	3,952,287
Administrative Expenses:	
Actuary	7,500
Auditor	16,537
Claims Administrator	217,171
Fund Administrator	213,984
Miscellaneous Expenses	6,319
Risk Management Consultants	<u>5,799</u>
Total Operating Expenses	<u>7,187,473</u>
Operating Loss	<u>(13,441)</u>
Non-Operating Revenue:	
Change in Investment in Joint Venture	465,429
Investment Income	<u>25,818</u>
Total Non-Operating Revenue	<u>491,247</u>
Net Income	477,806
Net Assets - Beginning of Year	(283,092)
Distributions to Members	<u>-</u>
Net Assets - End of Year	<u><u>\$ 194,714</u></u>

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

CAMDEN COUNTY INSURANCE FUND COMMISSION
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

2011

Cash Flows From Operating Activities:	
Cash Flows From Operating Activities:	
Regular Contributions	\$ 9,047,671
Claim Payments	(1,564,980)
Insurance Premiums	(4,228,833)
Payments to Professionals and Suppliers	<u>(549,307)</u>
Net Cash Flows Provided By Operating Activities	<u>2,704,551</u>
Cash Flows From Investing Activities:	
Investment Income	<u>25,818</u>
Net Cash Flows Provided By Investing Activities	<u>25,818</u>
Net Increase in Cash and Cash Equivalents	2,730,369
Cash and Cash Equivalents - Beginning of Year	<u>261,554</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,991,923</u>
Reconciliation of Operating Income to	
Cash Flows From Operating Activities:	
Operating Loss	\$ (13,441)
Adjustments to Reconcile Operating Loss to	
Net Cash Provided By Operating Activities:	
Changes in Assets and Liabilities:	
Contributions Receivable	1,865,239
Reimbursements Receivable	(43,464)
Accrued Administrative Expenses	(81,997)
Claims Payable	(33,301)
Advanced Premiums	8,400
Workers' Comp Salary Continuation Claims Payable	(68,575)
Excess Insurance Payable	(276,546)
Claims Reserves	<u>1,348,236</u>
Net Cash Flows Provided By Operating Activities	<u>\$ 2,704,551</u>
Supplemental Disclosure - Noncash Activity:	
Change in Investment in Joint Venture	<u>\$ 465,429</u>

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

CAMDEN COUNTY INSURANCE FUND COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 1: ORGANIZATION AND DESCRIPTION OF THE COMMISSION

On January 21, 2010 the Camden County Insurance Fund 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 and Urban Affairs 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 2011, members of the Commission included the Camden County, Camden County College, Camden County Board of Social Services, Camden County Utility Authority, Camden County Health Services, Camden County Pollution Control Financing Authority, and Camden County Improvement 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.
- Medical*
- Dental*
- Prescription*

* As of December 31, 2011 the Commission has not yet commenced with these health insurance coverages.

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/School Board Legal/Employment Practices Liability
- Crime
- Pollution Liability
- Medical Professional Liability
- Employed Lawyers 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.

CAMDEN COUNTY INSURANCE FUND COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant policies followed by the Camden County Insurance Fund Commission (the "Commission") in the preparation of the accompanying financial statements:

Reporting Entity

The Commission has determined that there were no additional entities required to be included in the reporting entity under the criteria described in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 14. In addition, the Commission is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation, Fund Accounting

The financial statements of the Commission have been prepared in accordance with generally accepted accounting principles 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 net income, financial position and cash flows.

Enterprise Funds are used to account for activities that are operated in a manner similar to private business enterprises.

Basis of Accounting

Enterprise Funds use the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. The Commission uses the accrual basis of accounting, whereby income is recorded as earned and expenses are recognized as incurred, except as stated below.

Governmental Accounting Standards Board - Statement No. 20

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed to the extent that those standards do not conflict with or contradict guidance of Governmental Accounting Board Standards (GASB). Entities following government accounting standards also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Commission has elected not to follow subsequent private-sector guidance.

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 are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey governments.

CAMDEN COUNTY INSURANCE FUND COMMISSION
NOTES TO FINANCIAL STATEMENTS

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

Cash, Cash Equivalents and Investments (Cont'd)

Additionally, the Fund has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the 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. 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 Act. Public depositories include State or federally chartered banks, savings banks or associations located in the State of New Jersey or state or federally chartered banks, savings banks or associations located in another state with 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 full amount of their deposits to the Governmental Units.

Annual Contributions

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

Supplemental Contributions

The Fund 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.

CAMDEN COUNTY INSURANCE FUND COMMISSION
NOTES TO FINANCIAL STATEMENTS

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

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, CompServices, 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, 2011. 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.

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.

CAMDEN COUNTY INSURANCE FUND COMMISSION
NOTES TO FINANCIAL STATEMENTS

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

Refunds

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

Administrative Expenses

Administrative expenses are comprised mainly of compensation for services rendered by servicing organizations submitted and approved by a majority of the Fund Commissioners. 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.

Note 3: CASH AND CASH EQUIVALENTS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Fund's deposits might not be recovered. Although the Fund does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the 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 Authority in excess of FDIC insured amounts are protected by GUDPA.

Of the Commission's bank balance of \$3,161,286 as of December 31, 2011, \$250,000 was insured while \$2,911,286 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 "CEL"). The CEL is carrying the individual fund year surplus as unrestricted net assets on the Statement of Net Assets. 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 as of December 31, 2011 was \$594,188.

CAMDEN COUNTY INSURANCE FUND 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 Fund during 2011 for all open Fund years net of excess insurance recoveries:

	<u>2011</u>
Total unpaid claims and claim adjustment expenses all Fund years-beginning of year	\$ 2,092,087
Incurred claims and claim adjustment expenses	
Provision for insured events of current Fund year	2,796,533
Changes in provision for insured events of prior Fund years	<u>(28,657)</u>
Total incurred claims and claim adjustment expenses all Fund years	<u>4,859,963</u>
Payments:	
Claims and claim adjustment expenses:	
Attributable to insured events of current Fund year	679,535
Attributable to insured events of prior Fund years	<u>740,105</u>
Total payments all Fund years	<u>1,419,640</u>
Total unpaid claims and claim adjustment expenses all Fund years - end of year	<u>\$ 3,440,323</u>

CAMDEN COUNTY INSURANCE FUND COMMISSION
NOTES TO FINANCIAL STATEMENTS

Note 6: 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"). 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 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, 2011 is as follows:

Total Assets	<u>\$ 3,681,401</u>
Total Liabilities	<u>\$ 2,610,031</u>
Net Assets	<u>\$ 1,071,370</u>
Total Revenues	<u>\$ 7,999,779</u>
Total Expenses	<u>\$ 7,130,737</u>
Net Income	<u>\$ 869,042</u>
Surplus Returned	<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 16
Parsippany, NJ 07054
201-881-7632

Note 7: RELATED PARTY TRANSACTIONS

During 2011 the Fund incurred \$50,572 in attorney fees. These fees were paid to the County of Camden, a member of the fund in reimbursement for legal services provided by an employee of the county.

CAMDEN COUNTY INSURANCE FUND COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
AS OF DECEMBER 31, 2011

CAMDEN COUNTY INSURANCE FUND COMMISSION
 RECONCILIATION OF CLAIMS LIABILITIES BY FUND
 FOR THE PERIOD JANUARY 21, 2010 (DATE OF INCEPTION) TO DECEMBER 31, 2011

	<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	\$ 3,451	\$ 524,850	\$ 94,770	\$ 1,469,016	\$ 2,092,087
Incurred claims and claims adjustment expenses:					
Provision for insured events of current Fund year	37,933	723,915	82,908	1,951,777	2,796,533
Changes in provision for insured events of prior Fund years	48,272	(127,151)	(64,701)	114,923	(28,657)
Total incurred claims and claims adjustment expenses all Fund years	89,656	1,121,614	112,977	3,535,716	4,859,963
Payments:					
Claims and claims adjustment expenses:					
Attributable to insured events of current Fund year	33,320	3,496		642,719	679,535
Attributable to insured events of prior Fund years	46,970	4,536	532	688,067	740,105
Total payments all Fund years	80,290	8,032	532	1,330,786	1,419,640
Total unpaid claims and claim adjustment expenses - end of year	\$ 9,366	\$ 1,113,582	\$ 112,445	\$ 2,204,930	\$ 3,440,323

CAMDEN COUNTY INSURANCE FUND COMMISSION
TWO-YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF DECEMBER 31, 2011

	<u>2010</u>	<u>2011</u>
Net Earned Required Contribution and Investment Revenue:		
Earned	\$ 5,406,980	\$ 7,174,032
Ceded	<u>2,771,983</u>	<u>3,952,287</u>
	<u>2,634,997</u>	<u>3,221,745</u>
Unallocated Expenses	<u>415,355</u>	<u>458,379</u>
Estimated Claims and Expenses, End of Policy Year:		
Incurred	2,626,200	2,796,533
Ceded		
Net Incurred	<u>2,626,200</u>	<u>2,796,533</u>
Paid (Cumulative) as of:		
End of Policy Year	534,113	679,535
One Year Later	<u>1,274,218</u>	
Reestimated Incurred Claims and Expenses:		
End of Policy Year	2,626,200	2,796,533
One Year Later	<u>2,597,543</u>	
Change in Estimated Incurred Claims and Expenses from End of Policy Year	<u>\$ (28,657)</u>	<u>\$ -</u>

CAMDEN COUNTY INSURANCE FUND COMMISSION
SUPPLEMENTARY INFORMATION
AS OF DECEMBER 31, 2011

CAMDEN COUNTY INSURANCE FUND COMMISSION
STATEMENT OF FUND YEAR 2011 ACCOUNT OPERATING RESULTS ANALYSIS
FOR THE PERIOD JANUARY 1, 2011 TO DECEMBER 31, 2011

Coverages and Other Accounts

	<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	\$ 63,356	\$ 615,095	\$ 167,664	\$ 1,856,496	\$ 3,952,287	\$ 519,134	\$ 7,174,032
Incurring Liabilities:							
Claims	37,933	723,915	82,908	1,951,777	3,952,287	458,379	2,796,533
Expenses							4,410,666
Total Liabilities	37,933	723,915	82,908	1,951,777	3,952,287	458,379	7,207,199
Underwriting Surplus (Deficit)	25,423	(108,820)	84,756	(95,281)	-	60,755	(33,167)
Adjustments:							
Investment Income	210	3,173	864	6,458	20	869	11,594
Permanent Transfers							-
Total Adjustments	210	3,173	864	6,458	20	869	11,594
Gross Surplus (Deficit)	25,633	(105,647)	85,620	(88,823)	20	61,624	(21,573)
Return of Surplus							-
Net Surplus (Deficit)	\$ 25,633	\$ (105,647)	\$ 85,620	\$ (88,823)	\$ 20	\$ 61,624	\$ (21,573)
Before Unallocated Investment							
Investment in Joint Venture							309,992
Net Surplus							\$ 288,419

CAMDEN COUNTY INSURANCE FUND COMMISSION
STATEMENT OF FUND YEAR 2010 ACCOUNT OPERATING RESULTS ANALYSIS
FOR THE PERIOD JANUARY 21, 2010 (DATE OF INCEPTION) TO DECEMBER 31, 2011

	<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	\$ 41,724	\$ 485,231	\$ 135,280	\$ 1,534,766	\$ 2,771,983	\$ 416,405	\$ 5,385,389
Incurring Liabilities:							
Claims	54,472	397,849	30,299	2,114,923	2,771,983	415,355	2,597,543
Expenses							3,187,338
Total Liabilities	54,472	397,849	30,299	2,114,923	2,771,983	415,355	5,784,881
Underwriting Surplus (Deficit)	(12,748)	87,382	104,981	(580,157)	-	1,050	(399,492)
Adjustments:							
Investment Income	232	5,407	1,630	11,354	421	2,547	21,591
Permanent Transfers							-
Total Adjustments	232	5,407	1,630	11,354	421	2,547	21,591
Gross Surplus (Deficit)	(12,516)	92,789	106,611	(568,803)	421	3,597	(377,901)
Return of Surplus							-
Net Surplus (Deficit)							
Before Unallocated Investment	\$ (12,516)	\$ 92,789	\$ 106,611	\$ (568,803)	\$ 421	\$ 3,597	\$ (377,901)
Investment in Joint Venture							284,196
Net Deficit							\$ (93,705)

CAMDEN COUNTY INSURANCE FUND COMMISSION
STATEMENT OF FUND YEAR 2011 CLAIMS ANALYSIS
FOR THE PERIOD JANUARY 1, 2011 TO DECEMBER 31, 2011

	<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)	\$ 33,320	\$ 3,496	\$ -	\$ 642,719	\$ 679,535
Case Reserves	5,001	416,754	8,000	514,604	944,359
Reserve Discount	(67)	(69,081)	(7,092)	(58,472)	(134,712)
IBNR Reserves	(321)	372,746	82,000	852,926	1,307,351
Subtotal	<u>37,933</u>	<u>723,915</u>	<u>82,908</u>	<u>1,951,777</u>	<u>2,796,533</u>
Excess Insurance Received Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Limited Incurred Claims	<u>\$ 37,933</u>	<u>\$ 723,915</u>	<u>\$ 82,908</u>	<u>\$ 1,951,777</u>	<u>\$ 2,796,533</u>
Number of Claims	<u>7</u>	<u>212</u>	<u>11</u>	<u>204</u>	<u>434</u>
Average Cost Per Claim	<u>\$ 5,419</u>	<u>\$ 3,415</u>	<u>\$ 7,537</u>	<u>\$ 9,568</u>	<u>\$ 6,444</u>

CAMDEN COUNTY INSURANCE FUND COMMISSION
STATEMENT OF FUND YEAR 2010 CLAIMS ANALYSIS
FOR THE PERIOD JANUARY 21, 2010 (DATE OF INCEPTION) TO DECEMBER 31, 2011

	<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)	\$ 49,719	\$ 4,686	\$ 762	\$ 1,219,051	\$ 1,274,218
Case Reserves	5,000	308,171	13,750	829,010	1,155,931
Reserve Discount	(18)	(28,234)	(1,932)	(64,025)	(94,209)
IBNR Reserves	(229)	113,226	17,719	130,887	261,603
Subtotal	<u>54,472</u>	<u>397,849</u>	<u>30,299</u>	<u>2,114,923</u>	<u>2,597,543</u>
Excess Insurance Received Recoverable					-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Limited Incurred Claims	<u>\$ 54,472</u>	<u>\$ 397,849</u>	<u>\$ 30,299</u>	<u>\$ 2,114,923</u>	<u>\$ 2,597,543</u>
Number of Claims	<u>5</u>	<u>157</u>	<u>11</u>	<u>170</u>	<u>343</u>
Average Cost Per Claim	<u>\$ 10,894</u>	<u>\$ 2,534</u>	<u>\$ 2,754</u>	<u>\$ 12,441</u>	<u>\$ 7,573</u>

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

	<u>Coverages</u>			<u>Workers Compensation</u>
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	
Limits	\$260,000,000	\$20,750,000	\$20,750,000	STATUTORY
Fund Retention:				
Camden County Proper & CCBOS	Retains First \$100,000	\$250,000	\$250,000	\$250,000
CCC	\$100,000	\$250,000	\$250,000	\$0
CCHSC	Retains First \$100,000	\$250,000	\$250,000	Retains First \$750,000
CCMUA	\$100,000	\$250,000	\$250,000	Retains First \$750,000
CCPCFA & CCIA	\$100,000	\$250,000	\$250,000	\$250,000
Excess Insurers	Lexington RSUI	CEL Star	CEL Star	CEL Star
Number of Participants	7	7	7	7
Incurred Liabilities:				
Claims (Schedule B-1a)	\$37,933	\$723,915	\$82,908	\$1,951,777
Administrative Expenses (1)	10,746	104,324	28,437	314,873
	<u>\$48,679</u>	<u>\$828,239</u>	<u>\$111,345</u>	<u>\$2,266,650</u>

(1) Allocated on the basis of assessments and transfers by coverage to total net of Property account insurance premiums.

CAMDEN COUNTY INSURANCE FUND COMMISSION
STATEMENT OF FUND YEAR 2010 PROGRAM SUMMARY
FOR THE PERIOD JANUARY 21, 2010 (DATE OF INCEPTION) TO DECEMBER 31, 2011

	<u>Coverages</u>			<u>Workers Compensation</u>
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	
Limits	\$260,000,000	\$20,750,000	\$20,750,000	STATUTORY
Fund Retention:				
Camden County Proper & CCBOS	Retains First \$100,000	\$250,000	\$250,000	\$250,000
CCC	\$100,000	\$250,000	\$250,000	\$0
CCHSC	Retains First \$100,000	\$250,000	\$250,000	Retains First \$750,000
CCMUA	\$100,000	\$250,000	\$250,000	Retains First \$750,000
CCPCFA & CCIA	\$100,000	\$250,000	\$250,000	\$250,000
Excess Insurers				
	Lexington RSUI	CEL Star	CEL Star	CEL Star
Number of Participants	6	6	6	6
Incurred Liabilities:				
Claims (Schedule B-1b)	\$54,472	\$397,849	\$30,299	\$2,114,923
Administrative Expenses (1)	7,888	91,736	25,575	290,156
	<u>\$62,360</u>	<u>\$489,585</u>	<u>\$55,874</u>	<u>\$2,405,079</u>

(1) Allocated on the basis of assessments and transfers by coverage to total net of Property account insurance premiums.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

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 of the 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



James J. Miles, Jr.
Certified Public Accountant