

**NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED**

**DECEMBER 31, 2013 AND 2012**



*75 YEARS OF SERVICE*

*1939-2014*

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND

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ANNUAL STATEMENT FOR THE INITIAL PERIOD ENDED DECEMBER 31, 2013

New Jersey Department of Insurance Joint Insurance Fund Code: \_\_\_\_\_

Joint Insurance Fund Name: NEW JERSEY COUNTIES EXCESS INSURANCE FUND

Street Address: \_\_\_\_\_ Mail Address: C/O PERMA  
9 CAMPUS DRIVE  
SUITE 16  
PARSIPPANY, NJ 07054

Primary location of books and records: PERMA, 9 CAMPUS DRIVE,  
SUITE 16, PARSIPPANY, NJ 07054

Statement Contact Person: PAULINE KONTOMANOLIS, CPA Phone No. ( 201 ) 518-7023

EXECUTIVE COMMITTEE

Chairman MICHAEL SMITH ANDREW MAIR  
Secretary ROSS ANGILELLA KEN MECOUCH  
GERALD WHITE EDMUND SHEA  
NORMAN ALBERT JOHN KELLY  
ROBERT VANERSLICE MARC KRASSAN (SPECIAL FUND COMMISSIONER)

EXECUTIVE COMMITTEE ALTERNATES

ANN MARIE WRIGHT \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

State of NEW JERSEY  
County of CAMDEN

MICHAEL SMITH (Chairman), ROSS ANGILELLA (Secretary), of the NEW JERSEY COUNTIES EXCESS INSURANCE FUND being duly sworn, each for himself deposes and says that they are the above described executive committee members of the said joint insurance fund, and that on the 31st day of December, 2013 all of the herein described assets were the absolute property of the said joint insurance fund, free and clear from any liens or claims thereon, except as herein stated, and that this annual statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to are a full and true statement of all the assets and liabilities and of the condition and affairs of the said joint insurance fund as of the 31st day of December, 2013, and of its income and deductions there from for the year ended on that date, according to the best of their information, knowledge and belief respectively.

\_\_\_\_\_  
Chairman Secretary

- (a) Is this an original filing  X   Yes   No
- (b) If no,
  - (i) State the amendment number \_\_\_\_\_
  - (ii) Date filed \_\_\_\_\_
  - (iii) Number of pages attached \_\_\_\_\_

Subscribed and sworn to before me the \_\_\_\_\_ day of \_\_\_\_\_, 2014

## **INDEPENDENT AUDITORS' REPORT**

Board of Commissioners  
New Jersey Counties Excess Joint Insurance Fund  
9 Campus Drive  
Suite 16  
Parsippany, NJ 07054

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the New Jersey Counties Excess Joint Insurance Fund (the "Fund") as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Fund'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 opinions 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 Department of Banking and Insurance and 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.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the New Jersey Counties Excess Joint Insurance Fund as of December 31, 2013 and 2012 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 New Jersey Counties Excess Joint Insurance Fund's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements and are presented for purposes of additional analysis. The accompanying supplementary schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 July 7, 2014 on our consideration of the Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Fund's internal control over financial reporting and compliance.

Respectfully Submitted,



Bowman & Company LLP  
Certified Public Accountants  
& Consultants

Woodbury, New Jersey  
July 7, 2014

**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  
New Jersey Counties Excess Joint Insurance Fund  
9 Campus Drive  
Suite 16  
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 Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs of the State of New Jersey, the financial statements of the New Jersey Counties Excess Joint Insurance Fund (the "Fund") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collective comprise the Fund's basic financial statements, and have issued our report thereon dated July 7, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Fund'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Fund's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards, audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,



Bowman & Company LLP  
Certified Public Accountants  
& Consultants

Woodbury, New Jersey  
July 7, 2014



# **NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND**

## **Management's Discussion and Analysis**

This section of the annual financial report of the Fund presents a discussion and analysis of the financial performance of the Fund for the years ended December 31, 2013, 2012, and 2011. Please read it in conjunction with the basic financial statements that follow this section.

### **Overview of Basic Financial Statements**

The Fund's basic financial statements are prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises where applicable. The primary purpose of the Fund is to provide property and casualty insurance coverage for county insurance commissions that are members of the Fund. The Fund maintains separate enterprise funds by incurred years and line of coverage. The basic financial statements are presented on an accrual basis of accounting. The three basic financial statements presented are as follows:

**Comparative Statements of Net Position** – This statement presents information reflecting the Fund'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 Fund's operating revenues and expenses, as well as non-operating items during the reporting period. The change in net position for an enterprise fund is similar to net profit or loss for any other insurance company.

**Comparative Statements of Cash Flows** – The 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 Position and results of operations for the Fund as of and for the years ended December 31, 2013, 2012, and 2011.

Summary Statements of Net Position	12/31/2013	12/31/2012	12/31/2011	2013 to 2012 Change	
				Amount	Percentage
<b>Assets</b>					
Cash & Cash Equivalents	\$ 7,954,903	\$ 6,497,779	\$ 3,504,234	\$ 1,457,124	22.4%
Contributions and Refund Receivable	40,286	325,080	26,066	(284,794)	-87.6%
Other Assets	1,854,228	45,309	151,101	1,808,919	3992.4%
<b>Total Assets</b>	<b>9,849,417</b>	<b>6,868,168</b>	<b>3,681,401</b>	<b>2,981,249</b>	<b>43.4%</b>
<b>Liabilities &amp; Net Position</b>					
<b>Liabilities</b>					
Loss Reserves	5,558,660	4,608,464	2,580,522	950,196	20.6%
Other Liabilities & Reserves	504,378	49,945	29,509	454,433	909.9%
<b>Total Liabilities</b>	<b>6,063,038</b>	<b>4,658,409</b>	<b>2,610,031</b>	<b>1,404,629</b>	<b>30.2%</b>
<b>Net Position - Unrestricted</b>	<b>\$ 3,786,379</b>	<b>\$ 2,209,759</b>	<b>\$ 1,071,370</b>	<b>\$ 1,576,620</b>	<b>71.3%</b>

Net position increased by \$1,576,620 from 2012 to 2013 or 71.3%. Comparatively, net position had increased by \$1,138,389 from 2011 to 2012 or 106.3%. The Fund recognized a 43.4% increase in its assets and a 30.2% increase in liabilities from 2012 to 2013. Comparatively, the Fund recognized a 86.6% increase in its assets and a 78.5% increase in liabilities from 2011 to 2012.

Summary Statements of Revenues, Expenses, and Changes in Net Position	12/31/2013	12/31/2012	12/31/2011	2013 to 2012 Change	
				Amount	Percentage
<b>Operating Revenue</b>					
Regular Contributions & Other Income	\$13,006,029	\$10,894,133	\$ 7,965,927	2,111,896	19.4%
<b>Operating Expenses:</b>					
Net Claims and Claims Adjustment Expenses	1,148,134	2,066,077	1,458,518	(917,943)	-44.4%
Reinsurance & Group Insurance Premiums	8,784,972	6,950,333	5,055,498	1,834,639	26.4%
Professional & Contractual Services	923,517	785,257	616,721	138,260	17.6%
<b>Total Operating Expenses</b>	<b>10,856,623</b>	<b>9,801,667</b>	<b>7,130,737</b>	<b>1,054,956</b>	<b>10.8%</b>
<b>Operating Income</b>	<b>2,149,406</b>	<b>1,092,466</b>	<b>835,190</b>	<b>1,056,940</b>	<b>96.7%</b>
<b>Non-Operating Revenue:</b>					
Investment Income	34,765	45,923	33,852	(11,158)	-24.3%
Return of Surplus	(607,551)	-	-	(607,551)	100.0%
<b>Change In Net Position</b>	<b>\$ 1,576,620</b>	<b>\$ 1,138,389</b>	<b>\$ 869,042</b>	<b>\$ 438,231</b>	<b>38.5%</b>

## **Financial Highlights Continued**

Effective March 1, 2010, the Camden County Insurance Fund Commission and the Gloucester County Fund Insurance Commission formed the New Jersey Counties Excess Joint Insurance Fund (the "Fund"). The Fund was established under N.J.S.A. 40A:10-36 and N.J.A.C. 11:15-2, which authorizes the establishment of a joint insurance fund for the purposes provided by law. This was based on the Commissions' determination that cost savings and efficiencies can be achieved if the two commissions share the cost of excess insurance claim management and services and consolidation of insurance policies. Subsequently, Union County joined the Fund in 2011 and the Burlington County Insurance Fund Commission, Cumberland County Insurance Fund Commission, and Salem County Insurance Fund Commission has joined the Fund in 2012.

The Fund's total assets at the end of the third year of operations were \$9,849,417 and total liabilities were \$6,063,038 resulting in an unrestricted net position of \$3,786,379.

Insurance premiums represent premiums paid to excess carriers for coverage on claims in excess of the Fund's self-insured retentions points and various ancillary coverages.

In 2013, investment income was \$34,765 due to the low interest rate environment which limited the ability of the Fund to earn investment income during this reporting period.

The Fund returned to its members unexpended appropriations collected for Ancillary Coverage Premiums and Expense & Contingency Accounts in the amount of \$607,551 from the fund years 2010, 2011, and 2012.

## **Economic Conditions**

The future financial position of the Fund will be impacted by trends in medical costs which affect workers compensation costs. The Fund 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 New Jersey Counties Excess Joint Insurance Fund members and the Department of Banking and Insurance of the State of New Jersey with a general overview of the Fund's finances and to demonstrate the 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 New Jersey Counties Excess Joint Insurance Fund's office located at 9 Campus Drive, Suite 16, Parsippany, New Jersey 07054 or by phone at (201) 881-7632.

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
COMPARATIVE STATEMENTS OF NET POSITION  
AS OF DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 7,954,903	\$ 6,497,779
Contributions Receivable	2,620	325,080
Refund Receivable	37,666	-
Prepaid Expenses	1,854,228	45,309
	<u>9,849,417</u>	<u>6,868,168</u>
 <u>LIABILITIES AND RESERVES</u>		
Liabilities:		
Accrued Administrative Expenses	20,389	14,979
Accrued Excess Insurance	4,933	5,509
Due To Member	54,696	29,457
Authorized Return of Surplus	424,360	-
	<u>504,378</u>	<u>49,945</u>
Claims Reserves:		
Case Reserves	759,995	1,586,108
IBNR Reserves	5,913,932	3,911,756
Less Reserve Discount	(1,115,267)	(889,400)
	<u>5,558,660</u>	<u>4,608,464</u>
Total Liabilities and Reserves	<u>6,063,038</u>	<u>4,658,409</u>
 <u>NET POSITION</u>		
Unrestricted	<u>\$ 3,786,379</u>	<u>\$ 2,209,759</u>

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

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Operating Revenue:		
Regular Contributions	<u>\$ 13,006,029</u>	<u>\$ 10,894,133</u>
Operating Expenses:		
Provision for Claims and Claims Adjustment Expenses	1,148,134	2,066,077
Excess Insurance Premiums	5,601,367	4,168,463
Ancillary Insurance Premiums	3,183,605	2,781,870
Administrative Expenses:		
Actuary	20,206	20,000
Attorney	15,000	7,500
Auditor	20,035	2,293
Claims Administrator	12,000	11,000
Fund Administrator	348,645	301,005
Miscellaneous Expenses	6,359	2,231
Safety Director	228,001	206,879
Treasurer	15,000	15,000
Underwriting Managers	<u>258,271</u>	<u>219,349</u>
Total Operating Expenses	<u>10,856,623</u>	<u>9,801,667</u>
Operating Income	<u>2,149,406</u>	<u>1,092,466</u>
Non-Operating Revenue:		
Investment Income	<u>34,765</u>	<u>45,923</u>
Change In Net Position	2,184,171	1,138,389
Net Position - Beginning of Year	2,209,759	1,071,370
Distributions to Members	<u>(607,551)</u>	<u>-</u>
Net Position - End of Year	<u><u>\$ 3,786,379</u></u>	<u><u>2,209,759</u></u>

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

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
COMPARATIVE STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities:		
Receipts from Regular Contributions	\$ 13,353,728	\$ 10,624,576
Payments for Claim Payments	(197,938)	(38,135)
Payments for Insurance Premiums	(7,448,528)	(4,057,162)
Payments to Professionals and Suppliers	<u>(4,101,712)</u>	<u>(3,581,657)</u>
Net Cash Flows Provided By Operating Activities	<u>1,605,550</u>	<u>2,947,622</u>
Cash Flows From Investing Activities:		
Investment Income	<u>34,765</u>	<u>45,923</u>
Cash Flows Used In Noncapital Financing Activities:		
Fund Equity Distribution to Participating Members	<u>(183,191)</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	1,457,124	2,993,545
Cash and Cash Equivalents - Beginning of Year	<u>6,497,779</u>	<u>3,504,234</u>
Cash and Cash Equivalents - End of Year	<u>\$ 7,954,903</u>	<u>\$ 6,497,779</u>
Reconciliation of Operating Income to		
Cash Flows From Operating Activities:		
Operating Income	\$ 2,149,406	\$ 1,092,466
Adjustments to Reconcile Operating Income to		
Net Cash Provided By Operating Activities:		
Changes in Assets and Liabilities:		
Contributions Receivable	322,460	(299,014)
Refund Receivable	(37,666)	-
Prepaid Expense	(1,808,919)	105,792
Accrued Administrative Expenses	5,410	(14,530)
Accrued Excess Insurance	(576)	5,509
Due To Member	25,239	29,457
Claims Reserves	<u>950,196</u>	<u>2,027,942</u>
Net Cash Flows Provided By Operating Activities	<u>\$ 1,605,550</u>	<u>\$ 2,947,622</u>

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

**NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1: ORGANIZATION AND DESCRIPTION OF THE FUND**

On March 1, 2010 the New Jersey Counties Excess Joint Insurance Fund (the "Fund") was formed in accordance with P.L. 1992, C.51, entitled "An Act Concerning Insurance Funds for Local Units of Government", under the provisions of N.J.S.A. 40A: 10-36. And N.J.A.C. 11:15-2. The Fund is operated in accordance with regulations of the New Jersey Department of Banking and Insurance and the Division of Local Government Services of the Department of Community Affairs for the purpose of securing significant savings in insurance cost as well as providing stability in coverage.

During 2013, members of the Fund included the Camden County Insurance Fund Commission, Cumberland County Insurance Fund Commission, Burlington County Insurance Fund Commission, Gloucester County Insurance Fund Commission, Salem County Insurance Fund Commission and Union County.

The Board of Commissioners of the Fund may approve subsequent membership by majority vote or may terminate any member by a majority vote, after proper notice has been given. New memberships are effective upon approval by the Commissioners of Insurance and Community Affairs. Early terminations require prior approval by the Commissioner of Insurance.

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

The Fund offers the following coverages to its members:

- Workers' compensation and employers' liability.
- Liability other than motor vehicles.
- Property damage including motor vehicles and comprehensive employee dishonesty.
- Motor vehicles liability.
- Environmental impairment liability through membership in an Environmental Impairment Liability Fund.

In addition, through reinsurance, the Fund 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

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the more significant accounting policies followed by the New Jersey Counties Excess Joint Insurance Fund (the "Fund"):

**Component Unit**

Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, provide guidance that all entities associated with a primary government are potential component units, and should be evaluated for inclusion in the financial reporting entity.

**NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND**  
**NOTES TO FINANCIAL STATEMENTS**

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

**Component Unit (Cont'd)**

A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39.

In addition, GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. In addition, GASB Statement No. 61 clarifies the manner in which component units are presented, whether discretely presented, blended, or included in the fiduciary fund financial statements.

As of December 31, 2013, it has been determined by the Fund that no component unit exists. In addition, the Fund is not includable in any other reporting entity on the basis of such criteria.

**Basis of Presentation**

The financial statements of the Fund have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The 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 COUNTIES EXCESS JOINT INSURANCE FUND**  
**NOTES TO FINANCIAL STATEMENTS**

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

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

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 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 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.

**Annual Contributions**

Annual contributions are based on loss estimates as determined by the Fund'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 Executive Committee.

**Supplemental Contributions**

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

**Investment Income Allocation**

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

**NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND**  
**NOTES TO FINANCIAL STATEMENTS**

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

**Unpaid Claims Liabilities**

The Fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for a coverage 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 Fund's actuary, The Actuarial Advantage Inc.

Case and IBNR Reserves represent the estimated liability for the expected future development of claims already reported to the Fund 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 Fund 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, 2013. 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**

Consistent with N.J.A.C. 11:15-2.6(a)6, and N.J.A.C. 11:15-2.23 the Fund shall secure excess insurance or reinsurance in a form, in an amount and by an insurer, or other entity authorized to provide such coverage in New Jersey pursuant to law, acceptable to the Commissioner, if commercially available and unreasonably priced, as determined by the Fund Commissioners/Executive Committee for each Fund year, and as approved by the New Jersey Department of Banking and Insurance and the Division of Local Government Services of the Department of Community Affairs.

The policies of excess insurance and/or reinsurance issued by an insurer to the Fund shall provide single accident (single occurrence) excess insurance and aggregate excess insurance. Losses in excess of the established self-insured retention shall be borne by the excess carrier(s) according to the terms and conditions of the excess contract(s).

**NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND**  
**NOTES TO FINANCIAL STATEMENTS**

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

**Excess Coverage (Cont'd)**

Any proposed change in the terms or limits of excess insurance and/or reinsurance shall be submitted to the New Jersey Department of Banking and Insurance and the Division of Local Government Services of the Department of Community Affairs for approval at least 30 days prior to the effective date of the proposed change.

The Fund is not required to maintain single accident (single occurrence) excess insurance if the Fund's single accident (single occurrence) limit of liability as set forth in its approved plan of risk management is equal to or less than its single accident (single occurrence) self-insured retention as approved by the New Jersey Department of Banking and Insurance and the Division of Local Government Services of the Department of Community Affairs.

The Fund is not required to maintain aggregate excess insurance if its accumulated budgeted losses pursuant to N.J.A.C. 11:15-2.23(g) qualify the Fund for an exemption pursuant to N.J.A.C. 11:15-2.23 (f), or the Fund maintains an excess loss contingency balance in the Claims Accounting conformance with N.J.A.C. 11:15-2.23(f).

**Subrogation**

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

**Refunds**

As per Article VIII of the Fund's Bylaws, 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 Fund. A refund for any fiscal year shall be paid only in proportion to the member's participation in the Fund for such year. Payment of a refund shall not be contingent on the member's continued membership in the Fund. The Fund may apply a refund to any arrearage owed by the member to the Fund. Otherwise, at the option of the member, the refund may be retained by the Fund and applied towards the member's next annual contribution.

**Administrative Expenses**

Administrative expenses are comprised mainly of compensation for services rendered by servicing organizations and appointed officials pursuant to written fee guidelines submitted and approved by a majority of the 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 Fund 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 Fund has classified its net position as unrestricted as described in Note 5.

**NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND**  
**NOTES TO FINANCIAL STATEMENTS**

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

**Net Position (Cont'd)**

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 Fund's investment in joint ventures.

Operating expenses include expenses associated with the fund operations, including claims expense, insurance and administrative expenses. Non-operating expenses include negative changes in the Fund's investment in joint ventures.

**Use of Estimates**

Management of the Fund has made certain estimates and assumptions relating to the reporting of assets, liabilities and revenues and expenses to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results may differ from those estimates.

**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 Fund in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Fund relative to the happening of a future condition. If the Fund had any such funds, they would be shown as Uninsured and Uncollateralized.

Of the Fund's bank balance of \$8,099,805 as of December 31, 2013, \$250,000 was insured while \$7,849,805 was collateralized under GUDPA.

Of the Fund's bank balance of \$6,663,437 as of December 31, 2012, \$250,000 was insured while \$6,382,437 was collateralized under GUDPA.

**NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 4: CHANGES IN UNPAID CLAIMS LIABILITIES**

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

The following represents changes in those aggregate undiscounted reported and unreported liabilities for the Fund during 2013 and 2012 for all open Fund years net of excess insurance recoveries:

	<u>2013</u>	<u>2012</u>
Total unpaid claim and claim adjustment expenses all Fund years - Beginning of Year	\$ 4,608,464	\$ 2,580,522
Incurred claims and claims adjustment expenses:		
Provision for insured events of current fund year	1,952,580	2,268,510
Changes in provision for insured events of prior fund years	<u>(804,446)</u>	<u>(202,433)</u>
Total incurred claims and claims adjustment expenses all Fund years	<u>5,756,598</u>	<u>4,646,599</u>
Payments (Net of Recoveries):		
Claims and claim adjustments expenses:		
Attributable to insured events of current fund year	-	38,135
Attributable to insured events of prior fund years	<u>197,938</u>	<u>-</u>
Total Payments all Fund years	<u>197,938</u>	<u>38,135</u>
Total unpaid claim and claim adjustment expenses all Fund years - End of Year	5,558,660	4,608,464
Reserve Discount	<u>1,115,267</u>	<u>889,400</u>
Total unpaid claim and claim adjustment expenses all Fund years - End of Year - Statutory Basis	<u>\$ 6,673,927</u>	<u>\$ 5,497,864</u>

**NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 5: NET POSITION**

The Fund is carrying the individual member's fund year surplus as unrestricted net position on the Statement of Net Position. The allocations of those funds attributed to the individual members are listed below and are based on the member's percentage of assessments.

<u>Member</u>	<u>2013</u>	<u>2012</u>
Camden County Insurance Fund Commission	\$ 1,711,324	\$ 1,079,636
Cumberland County Insurance Fund Commission	107,370	13,874
Burlington County Insurance Fund Commission	315,011	143,892
Gloucester County Insurance Fund Commission	977,426	620,917
Salem County Insurance Fund Commission	89,440	12,062
Union County	585,808	339,378
	<u>\$ 3,786,379</u>	<u>\$ 2,209,759</u>

**Note 6: RETURN OF SURPLUS**

In December of 2013 the Board of Commissioners determined that it was appropriate and necessary to cancel and return to the Fund's members the unexpended appropriations collected for Ancillary Coverage Premiums and Expense & Contingency Fund Accounts for the years 2010, 2011, and 2012 as follows:

	<u>2010</u>		<u>2011</u>		<u>2012</u>		<u>Total</u>
	<u>Expense</u>	<u>Ancillary</u>	<u>Expense</u>	<u>Ancillary</u>	<u>Expense</u>	<u>Ancillary</u>	
CCIC	\$ 47,224	\$ 7,693	\$ 80,346	\$ 29,778	\$ 73,060	\$ 44,955	\$ 283,056
CUIC					2,907	2,109	5,016
BCIC					30,149	4,958	35,107
GCIC	26,982	6,264	46,916	26,641	41,586	40,915	189,304
SCIC					2,527	1,259	3,786
UC			34,677	7,174	36,524	12,907	91,282
	<u>\$ 74,206</u>	<u>\$ 13,957</u>	<u>\$ 161,939</u>	<u>\$ 63,593</u>	<u>\$ 186,753</u>	<u>\$ 107,103</u>	<u>\$ 607,551</u>

**Note 7: SUBSEQUENT EVENTS**

Subsequent to year end, the Mercer County Insurance Fund Commission and Hudson County joined the Fund effective January 1, 2014 and the Ocean County Insurance Commission joined the Fund effective June 1, 2014.

**NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
RECONCILIATION OF CLAIMS LIABILITIES BY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<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	\$ -	\$ 2,497,195	\$ -	\$ 2,111,269	\$ 4,608,464
Incurred claims and claims adjustment expenses: Provision for insured events of current Fund year		808,080		1,144,500	1,952,580
Changes in provision for insured events of prior Fund years		(592,921)		(211,525)	(804,446)
Total incurred claims and claims adjustment expenses all Fund years	-	2,712,354	-	3,044,244	5,756,598
Payments:					
Claims and claims adjustment expenses: Attributable to insured events of current Fund year		139,753		58,185	-
Attributable to insured events of prior Fund years					197,938
Total payments all Fund years	-	139,753	-	58,185	197,938
Total unpaid claims and claim adjustment expenses - end of year	-	2,572,601	-	2,986,059	5,558,660
Reserve Discount		247,646		867,621	1,115,267
Total unpaid claims and claim adjustment expenses - end of year - Statutory Basis	\$ -	\$ 2,820,247	\$ -	\$ 3,853,680	\$ 6,673,927



NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
FOUR-YEAR CLAIMS DEVELOPMENT INFORMATION  
AS OF DECEMBER 31, 2013

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net Earned Required Contribution and Investment Revenue:				
Earned	\$ 4,394,573	\$ 8,009,326	\$ 11,011,507	\$ 13,021,304
Ceded	2,651,209	5,056,336	6,950,333	8,784,972
	<u>1,743,364</u>	<u>2,952,990</u>	<u>4,061,174</u>	<u>4,236,332</u>
Unallocated Expenses	<u>389,756</u>	<u>599,519</u>	<u>802,405</u>	<u>923,517</u>
Estimated Claims and Expenses, End of Policy Year:				
Incurred	1,122,004	2,054,999	2,729,999	2,410,000
Ceded				
Net Incurred	<u>1,122,004</u>	<u>2,054,999</u>	<u>2,729,999</u>	<u>2,410,000</u>
Paid (Cumulative) as of:				
End of Policy Year	-	-	38,135	-
One Year Later	-	-	96,320	
Two Years Later	-	139,753		
Three Years Later	-			
Reestimated Incurred Claims and Expenses:				
End of Policy Year	1,122,004	2,054,999	2,729,999	2,410,000
One Year Later	1,047,136	1,875,000	2,550,000	
Two Years Later	931,000	1,350,000		
Three Years Later	600,000			
Change in Estimated Incurred Claims and Expenses from End of Policy Year	<u>\$ (522,004)</u>	<u>\$ (704,999)</u>	<u>\$ (179,999)</u>	<u>\$ -</u>

**NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND**  
**SUPPLEMENTARY INFORMATION**

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
HISTORICAL BALANCE SHEET--STATUTORY BASIS  
AS OF DECEMBER 31, 2013

ASSETS

Cash and Cash Equivalents	<u>\$ 7,954,903</u>	
Total Cash and Equivalents		\$ 7,954,903
Receivables:		
Contributions Receivable	2,620	
Refund Receivable	<u>37,666</u>	
Total Receivables		40,286
Prepaid Expenses		<u>1,854,228</u>
Total Assets		\$ 9,849,417

LIABILITIES

Claims:		
Case Reserves	759,995	
IBNR Reserve	<u>5,913,932</u>	
Total Claims		6,673,927
Accrued Expenses:		
Excess Insurance	4,933	
Administrative Expenses	<u>20,389</u>	
Total Accrued Expenses		<u>25,322</u>
Other Liabilities:		
Due To Member	54,696	
Authorized Return of Surplus	<u>424,360</u>	
Total Other Liabilities		<u>479,056</u>
Total Liabilities		<u>7,178,305</u>
Net Statutory Surplus		<u><u>\$ 2,671,112</u></u>

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
STATEMENT OF HISTORICAL OPERATING RESULTS ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD FROM INCEPTION, MARCH 1, 2010 TO DECEMBER 31, 2013

Operating Revenue:			
Regular Contributions	<u>\$ 36,221,906</u>		
Total Operating Revenue			\$ 36,221,906
Incurred Liabilities:			
Claims:			
Paid (Net of Recoveries)	236,073		
Case Reserves	759,995		
IBNR Reserves	<u>5,913,932</u>		
Total Limited Incurred Claims		\$ 6,910,000	
Expenses:			
Excess Insurance	13,728,414		
Ancilliary Insurance	9,714,436		
Administrative	<u>2,715,197</u>		
Total Expenses		<u>26,158,047</u>	
Total Incurred Liabilities			<u>33,068,047</u>
Underwriting Income			3,153,859
Investment Income			<u>124,804</u>
Gross Statutory Surplus			3,278,663
Return of Surplus:			
Paid		183,191	
Authorized and Unpaid		<u>424,360</u>	
Total Return of Surplus			<u>607,551</u>
Net Statutory Surplus			<u><u>\$ 2,671,112</u></u>

**NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND**  
**NOTES TO SUPPLEMENTARY AND COMBINING INFORMATION – STATUTORY BASIS**

Note 1: **RELATIONSHIP WITH BASIC FINANCIAL STATEMENTS**

The information in the Fund's basic financial statements, Exhibits A-1 through A-3, differ from the accompanying Supplementary schedules required by the Division of Banking and Insurance. The Supplementary schedules do not reflect the Reserve Discount as follows:

	<u>2013</u>	<u>2012</u>
Total Liabilities and Reserves - Statements of Net Position	\$ 6,063,038	\$ 4,658,409
Plus Reserve Discount	<u>1,115,267</u>	<u>889,400</u>
Total Liabilities and Reserves - Statutory Basis	<u>\$ 7,178,305</u>	<u>\$ 5,547,809</u>
Net Position - Statements of Net Position	\$ 3,786,379	\$ 2,209,759
Less Reserve Discount	<u>1,115,267</u>	<u>889,400</u>
Net Statutory Surplus	<u>\$ 2,671,112</u>	<u>\$ 1,320,359</u>

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2013 OPERATING RESULTS ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2013

Underwriting Income:			
Regular Contributions		<u>\$ 13,006,029</u>	
Total Underwriting Income			\$ 13,006,029
Incurred Liabilities:			
Claims:			
Paid (Net of Recoveries)	-		
Case Reserves	22		
IBNR Reserves	<u>2,409,978</u>		
Subtotal			\$ 2,410,000
Less Excess Insurance:			
Received	-		
Recoverable	<u>-</u>		
Subtotal			<u>-</u>
Total Limited Incurred Claims			\$ 2,410,000
Expenses:			
Excess Insurance	5,601,367		
Ancilliary Insurance	3,183,605		
Administrative	<u>923,517</u>		
Total Expenses			<u>9,708,489</u>
Total Incurred Liabilities			<u>12,118,489</u>
Underwriting Income			887,540
Investment Income			<u>15,275</u>
Net Statutory Surplus			<u><u>\$ 902,815</u></u>

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2012 OPERATING RESULTS ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2012 TO DECEMBER 31, 2013

Underwriting Income:			
Regular Contributions		<u>\$ 10,894,133</u>	
Total Underwriting Income			\$ 10,894,133
Incurred Liabilities:			
Claims:			
Paid (Net of Recoveries)	96,320		
Case Reserves	649,704		
IBNR Reserves	<u>1,803,976</u>		
Total Limited Incurred Claims		\$ 2,550,000	
Expenses:			
Excess Insurance	4,168,463		
Ancilliary Insurance	2,781,870		
Administrative	<u>802,405</u>		
Total Expenses		<u>7,752,738</u>	
Total Incurred Liabilities			<u>10,302,738</u>
Underwriting Income			591,395
Investment Income			<u>27,374</u>
Gross Statutory Surplus			618,769
Return of Surplus:			
Paid		183,191	
Authorized and Unpaid		<u>110,665</u>	
Total Return of Surplus			<u>293,856</u>
Net Statutory Surplus			<u><u>\$ 324,913</u></u>

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2011 OPERATING RESULTS ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2011 TO DECEMBER 31, 2013

Underwriting Income:			
Regular Contributions		<u>\$ 7,965,927</u>	
Total Underwriting Income			\$ 7,965,927
Incurred Liabilities:			
Claims:			
Paid (Net of Recoveries)	139,753		
Case Reserves	110,263		
IBNR Reserves	<u>1,099,984</u>		
Total Limited Incurred Claims			\$ 1,350,000
Expenses:			
Excess Insurance	2,530,201		
Ancilliary Insurance	2,526,135		
Administrative	<u>599,519</u>		
Total Expenses		<u>5,655,855</u>	
Total Incurred Liabilities			<u>7,005,855</u>
Underwriting Income			960,072
Investment Income			<u>43,399</u>
Gross Statutory Surplus			1,003,471
Return of Surplus:			
Paid		-	
Authorized and Unpaid		<u>225,532</u>	
Total Return of Surplus			<u>225,532</u>
Net Statutory Surplus			<u><u>\$ 777,939</u></u>



NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2010 OPERATING RESULTS ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD FROM INCEPTION, MARCH 1, 2010 TO DECEMBER 31, 2013

Underwriting Income:			
Regular Contributions	\$ 4,355,817		
Total Underwriting Income			\$ 4,355,817
Incurred Liabilities:			
Claims:			
Paid (Net of Recoveries)	-		
Case Reserves	6		
IBNR Reserves	599,994		
Subtotal		\$ 600,000	
Less Excess Insurance:			
Received	-		
Recoverable	-		
Subtotal		-	
Total Limited Incurred Claims		\$ 600,000	
Expenses:			
Excess Insurance	1,428,383		
Ancilliary Insurance	1,222,826		
Administrative	389,756		
Total Expenses		3,040,965	
Total Incurred Liabilities			3,640,965
Underwriting Income			714,852
Investment Income			38,756
Gross Statutory Surplus			753,608
Return of Surplus:			
Paid		-	
Authorized and Unpaid		88,163	
Total Return of Surplus			88,163
Net Statutory Surplus			\$ 665,445

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2013 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2013

Coverages and Other Accounts

	Property	General Liability	Automobile	Workers' Compensation	Loss Fund Contingency	Ancillary Coverages	Expense & Contingency	Total
Underwriting Income:								
Regular Contributions	\$ 2,651,144	\$ 3,803,663	\$ 201,831	\$ 1,973,068	\$ -	\$ 3,414,671	\$ 961,652	\$ 13,006,029
Incurred Liabilities:								
Claims	2,578,765	910,000		1,500,000		3,183,605	923,517	2,410,000
Expenses		3,022,602						9,708,489
Total Liabilities	2,578,765	3,932,602		1,500,000		3,183,605	923,517	12,118,489
Underwriting Surplus (Deficit)	72,379	(128,939)	201,831	473,068	-	231,066	38,135	887,540
Adjustments:								
Investment Income	3,526	5,511	607	4,049			1,582	15,275
Permanent Transfers								-
Total Adjustments	3,526	5,511	607	4,049			1,582	15,275
Gross Statutory Surplus (Deficit)	75,905	(123,428)	202,438	477,117	-	231,066	39,717	902,815
Return of Surplus								-
Net Statutory Surplus (Deficit)	\$ 75,905	\$ (123,428)	\$ 202,438	\$ 477,117	\$ -	\$ 231,066	\$ 39,717	\$ 902,815

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
 STATEMENT OF FUND YEAR 2012 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS  
 FOR THE PERIOD JANUARY 1, 2012 TO DECEMBER 31, 2013

Coverages and Other Accounts

	Property	General Liability	Automobile	Workers' Compensation	Loss Fund Contingency	Ancillary Coverages	Expense & Contingency	Total
Underwriting Income:								
Regular Contributions	\$ 2,405,985	\$ 1,737,417	\$ 414,264	\$ 2,463,242	\$ -	\$ 2,888,681	\$ 984,544	\$ 10,894,133
Incurred Liabilities:								
Claims		1,150,000		1,400,000				2,550,000
Expenses	2,284,162	1,025,494	209,861	648,946		2,781,870	802,405	7,752,738
Total Liabilities	2,284,162	2,175,494	209,861	2,048,946		2,781,870	802,405	10,302,738
Underwriting Surplus (Deficit)	121,823	(438,077)	204,403	414,296	-	106,811	182,139	591,395
Adjustments:								
Investment Income	992	5,198	1,537	14,185		310	5,152	27,374
Permanent Transfers								-
Total Adjustments	992	5,198	1,537	14,185		310	5,152	27,374
Gross Statutory Surplus (Deficit)	122,815	(432,879)	205,940	428,481	-	107,121	187,291	618,769
Return of Surplus						107,103	186,753	293,856
Net Statutory Surplus (Deficit)	\$ 122,815	\$ (432,879)	\$ 205,940	\$ 428,481	\$ -	\$ 18	\$ 538	\$ 324,913

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
 STATEMENT OF FUND YEAR 2011 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS  
 FOR THE PERIOD JANUARY 1, 2011 TO DECEMBER 31, 2013

Coverages and Other Accounts

	Property	General Liability	Automobile	Workers' Compensation	Loss Fund Contingency	Ancillary Coverages	Expense & Contingency	Total
Underwriting Income:								
Regular Contributions	\$ 1,499,004	\$ 1,201,551	\$ 234,890	\$ 1,554,301	\$ 131,707	\$ 2,587,280	\$ 757,194	\$ 7,965,927
Incurred Liabilities:								
Claims		600,000		750,000				1,350,000
Expenses	1,502,240	632,583	84,589	310,789		2,526,135	599,519	5,655,855
Total Liabilities	1,502,240	1,232,583	84,589	1,060,789		2,526,135	599,519	7,005,855
Underwriting Surplus (Deficit)	(3,236)	(31,032)	150,301	493,512	131,707	61,145	157,675	960,072
Adjustments:								
Investment Income	7	7,868	7,136	20,966	25	2,641	4,756	43,399
Permanent Transfers								-
Total Adjustments	7	7,868	7,136	20,966	25	2,641	4,756	43,399
Gross Statutory Surplus (Deficit)	(3,229)	(23,164)	157,437	514,478	131,732	63,786	162,431	1,003,471
Return of Surplus						63,593	161,939	225,532
Net Statutory Surplus (Deficit)	\$ (3,229)	\$ (23,164)	\$ 157,437	\$ 514,478	\$ 131,732	\$ 193	\$ 492	\$ 777,939

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
 STATEMENT OF FUND YEAR 2010 ACCOUNT OPERATING RESULTS ANALYSIS--STATUTORY BASIS  
 FOR THE PERIOD FROM INCEPTION, MARCH 1, 2010 TO DECEMBER 31, 2013

Coverages and Other Accounts

	Property	General Liability	Automobile	Workers' Compensation	Loss Fund Contingency	Ancillary Coverages	Expense & Contingency	Total
Underwriting Income:								
Regular Contributions	\$ 904,713	\$ 585,702	\$ 145,097	\$ 918,380	\$ 109,208	\$ 1,232,757	\$ 459,960	\$ 4,355,817
Incurred Liabilities:								
Claims	901,560	300,000	70,173	300,000		1,222,826	389,756	600,000
Expenses		198,141		258,509				3,040,965
Total Liabilities	901,560	498,141	70,173	558,509		1,222,826	389,756	3,640,965
Underwriting Surplus	3,153	87,561	74,924	359,871	109,208	9,931	70,204	714,852
Adjustments:								
Investment Income	351	10,295	1,400	18,326	88	4,069	4,227	38,756
Permanent Transfers								-
Total Adjustments	351	10,295	1,400	18,326	88	4,069	4,227	38,756
Gross Statutory Surplus	3,504	97,856	76,324	378,197	109,296	14,000	74,431	753,608
Return of Surplus						13,957	74,206	88,163
Net Statutory Surplus	\$ 3,504	\$ 97,856	\$ 76,324	\$ 378,197	\$ 109,296	\$ 43	\$ 225	\$ 665,445

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2013 CLAIMS ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2013

	<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)	\$ -	\$ -	\$ -	\$ -	\$ -
Case Reserves		22			22
IBNR Reserves		909,978		1,500,000	2,409,978
Subtotal	-	910,000	-	1,500,000	2,410,000
Excess Insurance Received Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ -	\$ 910,000	\$ -	\$ 1,500,000	\$ 2,410,000
Number of Claims		22		2	24
Average Cost Per Claim	\$ -	\$ 41,364	\$ -	\$ 750,000	\$ 100,417

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2012 CLAIMS ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2012 TO DECEMBER 31, 2013

	<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)	\$ -	\$ -	\$ -	\$ 96,320	\$ 96,320
Case Reserves		496,024		153,680	649,704
IBNR Reserves		653,976		1,150,000	1,803,976
Subtotal	-	1,150,000	-	1,400,000	2,550,000
Excess Insurance Received Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ -	\$ 1,150,000	\$ -	\$ 1,400,000	\$ 2,550,000
Number of Claims	2	43	2	5	52
Average Cost Per Claim	\$ -	\$ 26,744	\$ -	\$ 280,000	\$ 49,038

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2011 CLAIMS ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2011 TO DECEMBER 31, 2013

	<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)	\$ -	\$ 139,753	\$ -	\$ -	\$ 139,753
Case Reserves		110,263			110,263
IBNR Reserves		349,984		750,000	1,099,984
Subtotal	-	600,000	-	750,000	1,350,000
Excess Insurance Received Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ -	\$ 600,000	\$ -	\$ 750,000	\$ 1,350,000
Number of Claims	1	52	3	11	67
Average Cost Per Claim	\$ -	\$ 11,538	\$ -	\$ 68,182	\$ 20,149



NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2010 CLAIMS ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD FROM INCEPTION, MARCH 1, 2010 TO DECEMBER 31, 2013

	<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)	\$ -	\$ -	\$ -	\$ -	\$ -
Case Reserves		6			6
IBNR Reserves		299,994		300,000	599,994
Subtotal	-	300,000	-	300,000	600,000
Excess Insurance Received Recoverable					-
Subtotal	-	-	-	-	-
Limited Incurred Claims	\$ -	\$ 300,000	\$ -	\$ 300,000	\$ 600,000
Number of Claims		38		4	42
Average Cost Per Claim	\$ -	\$ 7,895	\$ -	\$ 75,000	\$ 14,286

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2013 EXPENSE ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2013

	<u>Paid</u>	<u>Accrued</u>	<u>Total</u>
Excess Insurance Premiums			
Excess Insurance	\$ 5,596,434	\$ 4,933	\$ 5,601,367
Ancillary Insurance	3,183,605		3,183,605
	<hr/>		
Subtotal Excess Insurance	8,780,039	4,933	8,784,972
	<hr/>		
Administrative Expenses:			
Actuary	20,206		20,206
Attorney	15,000		15,000
Auditor	-	20,035	20,035
Claims Administrator	12,000		12,000
Fund Administrator	348,645		348,645
Miscellaneous Expenses	6,005	354	6,359
Safety Director	228,001		228,001
Treasurer	15,000		15,000
Underwriting Managers	258,271		258,271
	<hr/>		
Subtotal Administrative Expenses	903,128	20,389	923,517
	<hr/>		
Total Expenses	\$ 9,683,167	\$ 25,322	\$ 9,708,489
	<hr/> <hr/>		

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2012 EXPENSE ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2012 TO DECEMBER 31, 2013

	<u>Paid</u>	<u>Accrued</u>	<u>Total</u>
Excess Insurance Premiums			
Excess Insurance	\$ 4,168,463		\$ 4,168,463
Ancillary Insurance	2,781,870		2,781,870
	<hr/>		
Subtotal Excess Insurance	6,950,333	-	6,950,333
	<hr/>		
Administrative Expenses:			
Actuary	20,000		20,000
Attorney	15,000		15,000
Auditor	11,941		11,941
Claims Administrator	11,000		11,000
Fund Administrator	301,005		301,005
Miscellaneous Expenses	2,231		2,231
Safety Director	206,879		206,879
Treasurer	15,000		15,000
Underwriting Managers	219,349		219,349
	<hr/>		
Subtotal Administrative Expenses	802,405	-	802,405
	<hr/>		
Total Expenses	<u>\$ 7,752,738</u>	<u>-</u>	<u>\$ 7,752,738</u>

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2011 EXPENSE ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2011 TO DECEMBER 31, 2013

	<u>Paid</u>	<u>Accrued</u>	<u>Total</u>
Excess Insurance Premiums			
Excess Insurance	\$ 2,530,201		\$ 2,530,201
Ancillary Insurance	2,526,135		2,526,135
	<hr/>		
Subtotal Excess Insurance	5,056,336	-	5,056,336
	<hr/>		
Administrative Expenses:			
Actuary	20,259		20,259
Attorney	12,500		12,500
Auditor	11,200		11,200
Claims Administrator	5,000		5,000
Fund Administrator	215,146		215,146
Miscellaneous Expenses	2,879		2,879
Safety Director	162,388		162,388
Treasurer	15,000		15,000
Underwriting Managers	155,147		155,147
	<hr/>		
Subtotal Administrative Expenses	599,519	-	599,519
	<hr/>		
Total Expenses	<u>\$ 5,655,855</u>	<u>-</u>	<u>\$ 5,655,855</u>

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2010 EXPENSE ANALYSIS--STATUTORY BASIS  
FOR THE PERIOD FROM INCEPTION, MARCH 1, 2010 TO DECEMBER 31, 2013

	<u>Paid</u>	<u>Accrued</u>	<u>Total</u>
Excess Insurance Premiums			
Excess Insurance	\$ 1,428,383		\$ 1,428,383
Ancillary Insurance	1,222,826		1,222,826
	<hr/>		
Subtotal Excess Insurance	2,651,209	-	2,651,209
	<hr/>		
Administrative Expenses:			
Actuary	16,361		16,361
Auditor	10,000		10,000
Fund Administrator	124,930		124,930
Legal Fee Reimbursement to Camden County	20,000		20,000
Miscellaneous Expenses	4,805		4,805
Safety Director	104,970		104,970
Treasurer	15,000		15,000
Underwriting Managers	93,690		93,690
	<hr/>		
Subtotal Administrative Expenses	389,756	-	389,756
	<hr/>		
Total Expenses	\$ 3,040,965	-	\$ 3,040,965
	<hr/> <hr/>		

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2013 PROGRAM SUMMARY--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2013 TO DECEMBER 31, 2013

	<u>Coverages</u>			
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers Compensation</u>
Limits	\$260,000,000	\$5,000,000	\$5,000,000	STATUTORY
Aggregate		\$10,000,000	\$10,000,000	
Fund Retention				
Burlington	\$0	\$250,000	\$250,000	\$250,000
Camden	\$0	\$500,000	\$500,000	\$500,000
Cumberland	\$0	\$250,000	\$250,000	\$250,000
Gloucester	\$0	\$250,000	\$250,000	\$250,000
Salem	\$0	\$250,000	\$250,000	\$250,000
Union	\$0	\$250,000	\$250,000	\$250,000
Excess Insurers	Zurich RSUI	*Star Underwriters at Lloyds Starr Indemnity	*Star Underwriters at Lloyds Starr Indemnity	*Star Wesco Safety National
Number of Participants	6	6	6	6
Incurred Liabilities:				
Claims (Schedule D)	\$0	\$910,000	\$0	\$1,500,000
Administrative Expenses (1)	2,600,838	3,260,793	61,550	601,703
	<u>\$2,600,838</u>	<u>\$4,170,793</u>	<u>\$61,550</u>	<u>\$2,101,703</u>

(1) Allocated on the basis of assessments and transfers by coverage to total net of Property, General Liability Auto, and Workers Compensation account insurance premiums.

(2) \*Star was excess carrier through June 2013

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2012 PROGRAM SUMMARY--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2012 TO DECEMBER 31, 2013

	<u>Coverages</u>			
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers Compensation</u>
Limits	\$260,000,000	\$5,000,000	\$5,000,000	STATUTORY
Aggregate		\$10,000,000	\$10,000,000	
Fund Retention				
Burlington	\$0	\$250,000	\$250,000	\$250,000
Camden	\$0	\$500,000	\$500,000	\$500,000
Cumberland	\$0	\$250,000	\$250,000	\$250,000
Gloucester	\$0	\$250,000	\$250,000	\$250,000
Salem	\$0	\$250,000	\$250,000	\$250,000
Union	\$0	\$250,000	\$250,000	\$250,000
Excess Insurers	Zurich RSUI	Star	Star	Star
Number of Participants	6	6	6	6
Incurred Liabilities:				
Claims (Schedule D)	\$0	\$1,150,000	\$0	\$1,400,000
Administrative Expenses (1)	2,318,431	1,225,761	267,360	1,159,315
	<u>\$2,318,431</u>	<u>\$2,375,761</u>	<u>\$267,360</u>	<u>\$2,559,315</u>

(1) Allocated on the basis of assessments and transfers by coverage to total net of Property, General Liability Auto, and Workers Compensation account insurance premiums.

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2011 PROGRAM SUMMARY--STATUTORY BASIS  
FOR THE PERIOD JANUARY 1, 2011 TO DECEMBER 31, 2013

	<u>Coverages</u>			
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers Compensation</u>
Limits	\$260,000,000	\$5,000,000	\$5,000,000	STATUTORY
Aggregate		\$10,000,000	\$10,000,000	
Fund Retention				
Camden	\$0	\$500,000	\$500,000	\$500,000
Gloucester	\$0	\$250,000	\$250,000	\$250,000
Union	\$0	\$250,000	\$250,000	\$250,000
Excess Insurers	Lexington RSUI	Star	Star	Star
Number of Participants	3	3	3	3
Incurred Liabilities:				
Claims (Schedule D)	\$0	\$600,000	\$0	\$750,000
Administrative Expenses (1)	1,501,250	806,658	130,573	691,239
	<u>\$1,501,250</u>	<u>\$1,406,658</u>	<u>\$130,573</u>	<u>\$1,441,239</u>

(1) Allocated on the basis of assessments and transfers by coverage to total net of Property, General Liability Auto, and Workers Compensation account insurance premiums.



NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
STATEMENT OF FUND YEAR 2010 PROGRAM SUMMARY--STATUTORY BASIS  
FOR THE PERIOD FROM INCEPTION, MARCH 1 2010 TO DECEMBER 31, 2013

	<u>Coverages</u>			
	<u>Property</u>	<u>General Liability</u>	<u>Auto</u>	<u>Workers Compensation</u>
Limits	\$260,000,000	\$5,000,000	\$5,000,000	STATUTORY
Aggregate		\$10,000,000	\$10,000,000	
Fund Retention				
Camden	\$0	\$500,000	\$500,000	\$500,000
Gloucester	\$0	\$250,000	\$250,000	\$250,000
Excess Insurers	Lexington RSUI	Star	Star	Star
Number of Participants	2	2	2	2
Incurred Liabilities:				
Claims (Schedule D)	\$0	\$300,000	\$0	\$300,000
Administrative Expenses (1)	902,652	332,351	96,119	487,018
	<u>\$902,652</u>	<u>\$632,351</u>	<u>\$96,119</u>	<u>\$787,018</u>

(1) Allocated on the basis of assessments and transfers by coverage to total net of Property, General Liability Auto, and Workers Compensation account insurance premiums.

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CASH ACCOUNTS - STATUTORY BASIS  
AS OF DECEMBER 31, 2013

<u>Description</u>	<u>Amount</u>
<u>Cash and Cash Equivalents</u>	
First Colonial Bank	
General Account	\$ 8,094,663
Claims Account	<u>(139,760)</u>
Total Cash and Equivalents per Schedule A - Historical Balance Sheet	<u>\$ 7,954,903</u>
Total Cash and Cash Equivalents by Fund Year:	
2013	\$ 1,500,938
2012	2,886,639
2011	2,213,718
2010	<u>1,353,608</u>
	<u>\$ 7,954,903</u>

NEW JERSEY COUNTIES EXCESS JOINT INSURANCE FUND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF ACCRUED EXPENSES  
AS OF DECEMBER 31, 2013

<u>Description</u>	<u>Fund Year</u>	<u>Amount</u>
Excess Insurance Premiums		
Excess Insurance	2013	<u>\$ 4,933</u>
Administrative Expenses:		
Auditor - Bowman & Company LLP	2013	20,035
Miscellaneous Expenses	2013	<u>354</u>
Total Administrative Expenses		<u>20,389</u>
Total Accrued Expenses per Schedule A - Historical Balance Sheet		<u><u>\$ 25,322</u></u>

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**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 Department of Banking and Insurance and 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