

BURLINGTON COUNTY INSURANCE POOL
JOINT INSURANCE FUND
REPORT OF AUDIT ON FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Burlington County Insurance Pool
Joint Insurance Fund
P.O. Box 530
6000 Sagemore Drive, Suite 6203
Marlton, New Jersey 08053

Report on the Financial Statements

We have audited the accompanying financial statements of the Burlington County Insurance Pool Joint Insurance Fund (the "Fund") as of and for the fiscal years ended June 30, 2017 and 2016, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit 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.

Board of Trustees
Burlington County Insurance Pool
Joint Insurance Fund

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund as of June 30, 2017 and 2016 and the changes in its financial position and its cash flows for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Trustees
Burlington County Insurance Pool
Joint Insurance Fund

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 2, 2018 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,

A handwritten signature in black ink that reads "Bowman & Company LLP". The signature is stylized, with the first letters of the first and last names being capitalized and prominent.

Bowman & Company LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
February 2, 2018

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Burlington County Insurance Pool
Joint Insurance Fund
P.O. Box 530
6000 Sagemore Drive, Suite 6203
Marlton, New Jersey 08053

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, State of New Jersey, the financial statements of the Burlington County Insurance Pool Joint Insurance Fund (the "Fund"), as of June 30, 2017 and for the fiscal year then ended, and the related notes to the financial statements, which collective comprise the Fund's basic financial statements, and have issued our report thereon dated February 2, 2018.

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 opinion 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 material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Trustees
Burlington County Insurance Pool
Joint Insurance Fund

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 and the 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,

A handwritten signature in black ink that reads "Bowman & Company LLP". The signature is written in a cursive, flowing style.

Bowman & Company LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
February 2, 2018

Burlington County Insurance Pool Joint Insurance Fund

Management's Discussion and Analysis - Unaudited

This section of the annual financial report of the Burlington County Insurance Pool Joint Insurance Fund (the "Fund") presents a discussion and analysis of the financial performance of the Fund for the fiscal years ended June 30, 2017, 2016 and 2015. 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 school districts 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, reserves, and net position. Net position represents the amount of total assets less total liabilities and reserves.

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

Financial Highlights

The following tables summarize the net position and results of operations for the Fund as of and for the fiscal years ended June 30, 2017, 2016 and 2015.

Net Position Summary	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>2016 to 2017 Change</u>	
				<u>Amount</u>	<u>Percentage</u>
Assets					
Cash & Cash Equivalents	\$30,781,080	\$28,702,187	\$27,066,772	\$ 2,078,893	7.2%
Other Assets	941,285	1,049,240	1,279,703	(107,955)	-10.3%
Total Assets	<u>31,722,365</u>	<u>29,751,427</u>	<u>28,346,475</u>	<u>1,970,938</u>	<u>6.6%</u>
Liabilities And Reserves & Net Position					
Liabilities And Reserves					
Loss Reserves	12,202,448	12,544,301	10,471,803	(341,853)	-2.7%
Other Liabilities	7,456,713	7,009,153	7,135,231	447,560	6.4%
Total Liabilities And Reserves	<u>19,659,161</u>	<u>19,553,454</u>	<u>17,607,034</u>	<u>105,707</u>	<u>0.5%</u>
Net Position - Unrestricted	<u>\$12,063,204</u>	<u>\$10,197,973</u>	<u>\$10,739,441</u>	<u>\$ 1,865,231</u>	<u>18.3%</u>

Statement of Revenues, Expenses, and Changes In Net Position Summary	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>2016 to 2017 Change</u>	
				<u>Amount</u>	<u>Percentage</u>
Operating Revenue					
Regular Contributions & Other Income	<u>\$12,137,619</u>	<u>\$12,541,866</u>	<u>\$11,322,891</u>	<u>\$ (404,247)</u>	<u>-3.2%</u>
Operating Expenses					
Provision For Claims and Claims Adjustment Expenses	3,455,290	6,562,782	4,893,185	(3,107,492)	-47.4%
Insurance Premiums	4,222,856	4,228,430	3,778,597	(5,574)	-0.1%
Change In Provisions For SPELL					
Aggregate Excess Insurance	41,432	(375,002)	(769,367)	416,434	111.0%
Professional & Contractual Services	<u>1,600,709</u>	<u>1,580,659</u>	<u>1,424,734</u>	<u>20,050</u>	<u>1.3%</u>
Total Operating Expenses	<u>9,320,287</u>	<u>11,996,869</u>	<u>9,327,149</u>	<u>(2,676,582)</u>	<u>-22.3%</u>
Operating Income	2,817,332	544,997	1,995,742	2,272,335	416.9%
Permanent Transfers	-	(128,906)		(128,906)	-100.0%
Investment Income	47,899	42,441	45,259	5,458	12.9%
Distributions To Members	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>	<u>0.0%</u>
Change In Net Position	<u>\$ 1,865,231</u>	<u>\$ (541,468)</u>	<u>\$ 1,041,001</u>	<u>\$ 2,406,699</u>	<u>444.5%</u>

Financial Highlights Continued

The Fund's overall budget for the 2016-2017 Fund Year was a 3.8% increase over the 2015-2016 Fund Year prior to the removal Princeton Public. The overall budget decreased 3.2% in recognition of their departure.

The Fund reported a deficit for the 1998-1999 Fund Year. 1998-1999 fund year deficit was caused by current ultimate loss projections costs exceeding actuarial expectations. The ultimate liability to the applicable fund years were capped as a result of aggregate excess liability insurance protection.

The Fund authorized a surplus return of \$1,000,000 to its members. The Fund is taking a prudent approach toward surplus distribution in recognition of lower investment income and diminished present results in the more recent fund years.

Economic Conditions

Investment Income increased by 12.9% (\$5,458) from better interest rates. The Fund regularly monitors investment maturities in reference to liabilities and market conditions.

Reinsurance costs in the United States remain very stable as the global market remains soft, although premium levels do appear to be leveling off in some market segments as carrier results begin to deteriorate slightly and signs of a hardening market may be developing on the horizon. Workers' compensation costs continue to be influenced by medical inflation and increased indemnity awards. Generally, extended periods of economic stability are accompanied by corresponding stability in overall workers' compensation loss experience. Employment practice exposures are always a material concern and exposures continue to grow as a result of the development and expansion of laws in this area. The Fund monitors these economic conditions and continues an emphasis on employer & employee training to reduce accidents and claims.

Contacting the Fund's Management

This financial report is designed to provide the Burlington County Insurance Pool 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 Fund'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 Burlington County Insurance Pool Joint Insurance Fund office located at 6000 Sagemore Drive, Suite 6203, Marlton, New Jersey 08053 or by phone at (856) 446-9132.

BURLINGTON COUNTY INSURANCE POOL JOINT INSURANCE FUND
COMPARATIVE STATEMENTS OF NET POSITION
AS OF JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Cash And Cash Equivalents	\$ 30,781,080	\$ 28,702,187
Due From SPELL	-	6,222
Specific Excess Insurance Receivable	233,700	334,894
Aggregate Excess Insurance Receivable	<u>707,585</u>	<u>708,124</u>
Total Assets	<u>31,722,365</u>	<u>29,751,427</u>
 <u>LIABILITIES AND RESERVES</u>		
Liabilities:		
Accrued Administrative Expenses	105,158	105,925
Provision For SPELL Aggregate Excess Insurance	1,742,617	1,701,185
Claims Payable	59,590	59,590
Unearned Contributions	415,722	407,571
Authorized Return Of Surplus	4,385,605	3,992,671
Accrued Interest On Authorized Return Of Surplus	<u>748,021</u>	<u>742,211</u>
Total Liabilities	<u>7,456,713</u>	<u>7,009,153</u>
Claims Reserves:		
Case Reserves	11,492,633	12,505,600
IBNR Reserves	<u>4,234,945</u>	<u>3,879,941</u>
	15,727,578	16,385,541
Provision For Excess Insurance Recoverable:		
Specific Recoverable	(3,525,130)	(3,759,503)
Aggregate Recoverable	<u>-</u>	<u>(81,737)</u>
Net Claims Reserves	<u>12,202,448</u>	<u>12,544,301</u>
Total Liabilities And Reserves	<u>19,659,161</u>	<u>19,553,454</u>
 <u>NET POSITION</u>		
Unrestricted	<u>\$ 12,063,204</u>	<u>\$ 10,197,973</u>

The Accompanying Notes To Financial Statements Are An Integral Part Of This Statement.

BURLINGTON COUNTY INSURANCE POOL JOINT INSURANCE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Operating Revenue:		
Regular Contributions	\$ 12,137,619	\$ 12,541,866
Operating Expenses:		
Provision For Claims and Claims Adjustment Expenses	3,455,290	6,562,782
Insurance Premiums:		
Excess Insurance	4,222,856	4,228,430
Change In Provisions For SPELL		
Aggregate Excess Insurance	41,432	(375,002)
Administrative Expenses:		
Actuary	24,896	24,408
Annual Dinner	4,046	5,059
Auditor	21,075	21,450
Claims Administration	265,634	286,007
Fidelity Bonds	1,113	1,113
Fund Administrator	689,400	669,317
Attorney	89,500	87,435
Miscellaneous Expenses	5,236	9,759
Planning Retreat	21,978	-
Postage/Copies/Faxes	731	824
Prima Conference	3,258	3,140
Recording Secretary	1,200	1,200
Right To Know	13,187	10,207
Risk Management Consultants	192,720	210,534
Safety Consultant	99,212	97,267
Safety Contingency	1,751	1,309
Safety Incentive Program	100,000	89,500
Safety Training	42,293	39,570
State Of The Fund Dinner	8,979	8,060
Treasurer	14,500	14,500
Total Operating Expenses	9,320,287	11,996,869
Operating Income	2,817,332	544,997
Non-Operating Revenue (Expense):		
Permanent Transfers	-	(128,906)
Investment Income	47,899	42,441
Change In Net Position	2,865,231	458,532
Net Position, Beginning	10,197,973	10,739,441
	13,063,204	11,197,973
Distributions To Members	1,000,000	1,000,000
Net Position, Ending	\$ 12,063,204	\$ 10,197,973

The Accompanying Notes To Financial Statements Are An Integral Part Of This Statement.

BURLINGTON COUNTY INSURANCE POOL JOINT INSURANCE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Receipts From Regular Contributions	\$ 12,145,770	\$ 12,551,932
Payments For Claim Payments	(3,689,188)	(4,259,821)
Payments For Insurance Premiums	(4,222,856)	(4,228,430)
Payments To Professionals And Suppliers	<u>(1,601,476)</u>	<u>(1,587,689)</u>
Net Cash Flows Provided By Operating Activities	<u>2,632,250</u>	<u>2,475,992</u>
Cash Flows From Investing Activities:		
Investment Income	<u>47,899</u>	<u>42,441</u>
Cash Flows From Noncapital Financing Activities:		
Distributions To Members	(607,066)	(851,374)
Adjustments To Reconcile Noncapital Financing Activities To		
Net Cash Used In Noncapital Financing Activities:		
Permanent Transfers	-	(128,906)
Increase In Accrued Interest On Surplus Distributions	<u>5,810</u>	<u>97,262</u>
Net Cash Used In Noncapital Financing Activities	<u>(601,256)</u>	<u>(883,018)</u>
Net Increase In Cash And Cash Equivalents	2,078,893	1,635,415
Cash And Cash Equivalents, Beginning	<u>28,702,187</u>	<u>27,066,772</u>
Cash And Cash Equivalents, Ending	<u><u>\$ 30,781,080</u></u>	<u><u>\$ 28,702,187</u></u>
Reconciliation Of Operating Income To		
Cash Flows From Operating Activities:		
Operating Income	\$ 2,817,332	\$ 544,997
Adjustments To Reconcile Operating Income		
To Net Cash Provided By Operating Activities:		
Changes In Assets And Liabilities:		
Excess Insurance Receivable	101,733	236,685
Due From SPELL	6,222	(6,222)
Accrued Expenses	(767)	(7,030)
Accrued Insurance	41,432	(375,002)
Unearned Contributions	8,151	10,066
Claims Reserves	<u>(341,853)</u>	<u>2,072,498</u>
Net Cash Flows Provided By Operating Activities	<u><u>\$ 2,632,250</u></u>	<u><u>\$ 2,475,992</u></u>

The Accompanying Notes To Financial Statements Are An Integral Part Of This Statement.

BURLINGTON COUNTY INSURANCE POOL
JOINT INSURANCE FUND
REQUIRED SUPPLEMENTARY INFORMATION

BURLINGTON COUNTY INSURANCE POOL JOINT INSURANCE FUND
RECONCILIATION OF CLAIMS LIABILITIES BY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Property</u>	<u>General Liability</u>	<u>Automobile</u>	<u>Workers' Compensation</u>	<u>Educator's Legal Liability</u>	<u>Total</u>
Total Unpaid Claim And Claim Adjustment Expenses - Beginning	\$ 79,796	\$ 3,471,474	\$ 212,649	\$ 7,678,242	\$ 1,102,140	\$ 12,544,301
Incurred Claims And Claims Adjustment Expenses:						
Provision For Insured Events Of Current Fund Year	205,000	765,000	70,000	3,540,000	615,000	5,195,000
Changes In Provision For Insured Events Of Prior Fund Years	(81,459)	(87,503)	23,662	(1,054,585)	(539,825)	(1,739,710)
Total Incurred Claims And Claims Adjustment Expenses All Fund Years	203,337	4,148,971	306,311	10,163,657	1,177,315	15,999,591
Payments (Net Of Subrogation):						
Claims And Claims Adjustment Expenses:						
Attributable To Insured Events Of Current Fund Year	143,878	19,238	8,094	824,640	18,236	1,014,086
Attributable To Insured Events Of Prior Fund Years	(68,228)	701,334	21,778	1,974,996	153,177	2,783,057
Total Payments All Fund Years	75,650	720,572	29,872	2,799,636	171,413	3,797,143
Total Unpaid Claim And Claim Adjustment Expenses - Ending	\$ 127,687	\$ 3,428,399	\$ 276,439	\$ 7,364,021	\$ 1,005,902	\$ 12,202,448

BURLINGTON COUNTY INSURANCE POOL JOINT INSURANCE FUND
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF JUNE 30, 2017

	Policy Period Ended June 30									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net Earned Required Contribution										
And Investment Revenue:										
Earned	\$ 9,256,847	\$ 9,119,223	\$ 8,255,713	\$ 8,549,905	\$ 9,162,221	\$ 10,526,361	\$ 11,011,237	\$ 11,344,188	\$ 12,558,860	\$ 12,142,004
Ceded	2,437,812	2,894,262	2,681,205	2,884,757	3,124,423	3,545,416	3,874,690	3,778,597	4,228,430	4,222,856
	6,819,035	6,224,961	5,574,508	5,665,148	6,037,798	6,980,945	7,136,547	7,565,591	8,330,430	7,919,148
Unallocated Expenses	977,173	989,546	1,041,232	1,129,043	1,217,316	1,342,052	1,427,113	1,401,851	1,587,720	1,500,069
Estimated Claims And										
Expenses, End Of Policy Year:										
Incurred	5,182,956	5,095,582	4,720,000	5,898,479	4,828,842	5,317,605	6,034,999	6,249,998	6,576,185	5,195,000
Ceded	700,000	16,000	5,000	928,478	130,342	594,400	791,446	1,010,414	626,185	-
Net Incurred	4,482,956	5,079,582	4,715,000	4,970,001	4,698,500	4,723,205	5,243,553	5,239,584	5,950,000	5,195,000
Paid (Cumulative) As Of:										
End Of Policy Year	1,308,051	1,324,850	1,380,407	1,665,514	1,461,814	1,677,862	1,941,788	2,518,223	1,844,279	1,014,086
One Year Later	2,274,341	2,369,979	2,403,261	3,285,040	2,249,691	2,826,495	2,936,082	4,307,650	2,831,786	
Two Years Later	2,832,498	3,155,865	2,806,082	3,893,984	2,421,086	3,139,437	3,196,364	4,716,187		
Three Years Later	3,223,838	3,465,093	3,096,003	4,551,286	2,594,669	3,623,676	3,861,743			
Four Years Later	8,318,020	3,748,259	3,551,977	4,832,895	2,726,050	3,998,332				
Five Years Later	8,432,329	3,870,221	3,850,972	5,089,045	2,879,236					
Six Years Later	8,554,030	4,132,216	3,886,828	5,172,295						
Seven Years Later	8,614,363	4,250,336	3,925,813							
Eight Years Later	8,775,494	4,628,615								
Nine Years Later	8,934,766									
Re-Estimated Ceded Claims										
And Expenses	4,969,497	862,736	543,042	745,582	202,688	387,052	490,100	2,205,093	646,095	-
Re-Estimated Incurred Claims										
And Expenses:										
End Of Policy Year	4,482,956	5,079,582	4,715,000	4,970,001	4,698,500	4,723,205	5,243,553	5,239,584	5,950,000	5,195,000
One Year Later	4,310,295	4,655,001	4,368,500	4,970,000	4,102,722	4,636,389	5,491,031	6,270,001	5,199,726	
Two Years Later	4,298,120	4,579,480	4,124,547	4,970,593	3,283,265	4,140,938	5,681,867	5,807,891		
Three Years Later	4,038,118	4,238,529	3,985,402	4,970,003	3,044,590	4,580,477	5,531,280			
Four Years Later	4,139,310	4,084,174	3,842,661	4,970,002	3,006,903	4,287,614				
Five Years Later	4,187,256	4,149,599	3,744,716	4,970,001	3,040,372					
Six Years Later	4,071,257	4,150,248	3,731,716	4,903,469						
Seven Years Later	4,149,256	4,087,933	3,706,717							
Eight Years Later	4,180,256	4,195,423								
Nine Years Later	4,178,757									
Increase (Decrease) In Estimated Incurred										
Claims And Expenses From End Of Policy Year	\$ (304,199)	\$ (884,159)	\$ (1,008,283)	\$ (66,532)	\$ (1,658,128)	\$ (435,591)	\$ 287,727	\$ 568,307	\$ (750,274)	\$ -

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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, 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.

Finding No. 2016-001

Condition

Subsidiary account records were not reconciled to the general ledger on a timely basis.

Status

This condition has been corrected.

APPRECIATION

We express our appreciation for the assistance provided to us during our audit.

Respectfully submitted,

Bowman & Company LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink, appearing to read 'J. Miles', enclosed within a circular stamp or seal.

James J. Miles
Certified Public Accountant