

Report of Audit

on the

Financial Statements

of the

*Union County
Insurance Fund
Commission*

for the

Years Ended

December 31, 2019 and 2018

UNION COUNTY INSURANCE FUND COMMISSION

DECEMBER 31, 2019 AND 2018

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UNION COUNTY INSURANCE FUND COMMISSION

DECEMBER 31, 2018 AND 2019

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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Union County Insurance Fund Commission
Administration Building
10 Elizabeth Plaza
Elizabeth, NJ 07202

Report on the Financial Statements

We have audited the accompanying financial statements of the Union County Insurance Fund Commission (the "Commission"), which comprise the statement of net position as of December 31, 2019 and 2018 and the related statements of revenue, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Commission's 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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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.

Basis of Qualified Opinion

We did not extend our audit to the underlying actuarial assumptions for Incurred But Not Reported (IBNR) reserve amounts, since they are prepared by the Commission's actuary.

Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we audited the IBNR reserves, the financial statements referred to above present fairly, in all material respects, the financial position of the Union County Insurance Fund Commission as of December 31, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance 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* identified 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.

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Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Union County Insurance Fund Commission's financial statements. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedules listed above are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2020 on our consideration of the Commission's internal control over financial reporting and on 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 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 Union County Insurance Fund Commission's internal control over financial reporting and compliance.

June 17, 2020





SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
Union County Insurance Fund Commission
Administration Building
10 Elizabeth Plaza
Elizabeth, NJ 07202

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, the financial statements of the Union County Insurance Fund Commission (the "Commission") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Union County Insurance Fund Commission's financial statements, and have issued our report thereon dated June 17, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Union County Insurance Fund Commission's 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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Union County Insurance Fund Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.

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Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 Union County Insurance Fund Commission's financial statements are free from 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*.

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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



June 17, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

UNION COUNTY INSURANCE FUND COMMISSION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED

This section of the annual financial report of the Fund presents a discussion and analysis of the financial performance of the Fund for the year ended December 31, 2019. It is to be read in conjunction with the basic financial statements, the notes, and supplementary schedules that follow this section.

OVERVIEW OF ANNUAL FINANCIAL REPORT

The Fund's basic financial statements are presented in conformity with generally accepted accounting principles for governmental entities and insurance enterprises where applicable. The primary purpose of the Fund is to provide low cost insurance coverage for its members. The Fund maintains separate enterprise funds by incurred years and line of coverage. The financial statements include Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; Statements of Cash Flows; and Notes to Financial Statements.

The Statements of Net Position present the financial position of the Fund on a historical cost basis. These statements present information on the Fund's assets and liabilities, with the difference reported as net position.

The Statements of Revenues, Expenses and Changes in Net Position present the results of the business activities of the Fund over the course of the fiscal year and information as to how the net position changed during the year. The change in net position for an enterprise fund is similar to net profit or loss for any other insurance company.

The Statements of Cash Flows present changes in cash and cash equivalents, resulting from operational, financing, and investing activities. These statements present cash receipts and cash disbursement information, without consideration of the earnings event or when an obligation arises.

The Notes to Financial Statements provide required disclosures and other information that are essential to an understanding of material data provided in the basic financial statements. The notes present information that include accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

FUND'S FINANCIAL HIGHLIGHTS

Summary Statement of Net Position

	<u>December 31,</u>		<u>Net Change</u>	
	<u>2019</u>	<u>2018</u>	<u>\$</u>	<u>%</u>
Cash and Cash Equivalents	\$ 7,979,477	\$ 4,268,821	\$ 3,710,656	86.9%
Other Receivables	12,141	-	12,141	100.0%
Investment in Joint Venture	<u>2,076,235</u>	<u>2,006,003</u>	<u>70,232</u>	<u>3.5%</u>
Total Assets	<u>\$ 10,067,853</u>	<u>\$ 6,274,824</u>	<u>\$ 3,793,029</u>	<u>60.4%</u>
<u>Liabilities:</u>				
Accounts Payable	\$ 9,450	\$ 11,045	\$ (1,595)	-14.4%
Loss Reserves	<u>6,208,575</u>	<u>4,254,566</u>	<u>1,954,009</u>	<u>45.9%</u>
Total Liabilities	<u>6,218,025</u>	<u>4,265,611</u>	<u>1,952,414</u>	<u>45.8%</u>
Net Position	<u>3,849,828</u>	<u>2,009,213</u>	<u>1,840,615</u>	<u>91.6%</u>
Total liabilities and net position	<u>\$ 10,067,853</u>	<u>\$ 6,274,824</u>	<u>\$ 3,793,029</u>	<u>60.4%</u>

Total assets at December 31, 2019 and 2018, consisting principally of cash and cash equivalents, amounted to \$10.1 million and \$6.3 million at December 31, 2019 and 2018, respectively. Cash and cash equivalents increased \$3.7 million. Loss reserves increased nearly \$2.0 million with the addition of the Fund's second year. Net position increased \$1.8 million.

Summary Statement of Revenues, Expenses and Change in Net Position

	<u>Year ended December 31</u>		<u>Net Change</u>	
	<u>2019</u>	<u>2018</u>	<u>\$</u>	<u>%</u>
Operating Revenues - Assessments	\$ 4,982,337	\$ 5,739,964	\$ (757,627)	-13.2%
<u>Operating Expenses:</u>				
Provision for Claims and Claims Expenses	3,161,704	5,605,510	(2,443,806)	-43.6%
Administration	<u>180,687</u>	<u>181,152</u>	<u>(465)</u>	<u>-0.3%</u>
Total Operating Expenses	\$ 3,342,391	\$ 5,786,662	\$ (2,444,271)	-42.2%
Operating Income (Loss)	\$ 1,639,946	\$ (46,698)	\$ 1,686,644	3611.8%
Interest Income	130,438	49,908	80,530	161.4%
County Payments to NJ Counties Excess JIF	-	2,518,601	(2,518,601)	-100.0%
Net Change in Investment in Joint Venture	<u>70,232</u>	<u>(512,598)</u>	<u>582,830</u>	<u>113.7%</u>
Change in Net Position	\$ 1,840,615	\$ 2,009,213	\$ (168,597)	-8.4%
Net Position, Beginning of Year	\$ 2,009,213	\$ -	2,009,213	100.0%
Equity distribution to members	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position, End of Year	<u>\$ 3,849,828</u>	<u>\$ 2,009,213</u>	<u>\$ 1,840,616</u>	<u>91.6%</u>

Assessments for the year amounted to nearly \$5.0 million, a decrease of \$758 thousand from the prior year. The provision for claims and claims expenses amounted to \$3.2 million, a decrease of \$2.4 million from the prior year largely due to the implementation of a loss control program including safety. Administration expenses remained consistent at \$181 thousand.

COMMISSION OVERVIEW

The Union County Insurance Fund Commission (the "Commission") was formed by the Union County Board of Chosen Freeholders pursuant to the authority of N.J.S.A. 40A:10-1, et seq. The Commission was established for the purpose of achieving cost savings through the joint purchase or self-funding of insurance. The Board of Commissioners is comprised of three (3) officials.

An executive director appointed by the Commissioners is responsible for the overall administration of the Commission.

The following coverages are offered by the Commission to its members:

- a) Workers' Compensation and Employers' Liability, USL&H and Harbor Marine/Jones Act
- b) General Liability including Law Enforcement Liability and Employee Benefits Liability
- c) Automobile Liability including PIP and Uninsured/Underinsured Motorists Coverage
- d) Property, Automobile Physical Damage and Boiler & Machinery

The Commission, via the County, provides for excess insurance through membership in the New Jersey Counties Excess Joint Insurance Fund (NJC).

Contacting the Fund's Management

Questions concerning the Fund's annual financial report should be addressed to the Commission's Executive Director at the Union County Insurance Fund Commission, c/o PERMA, 9 Campus Drive, Parsippany, NJ 07054.

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BASIC FINANCIAL STATEMENTS

UNION COUNTY INSURANCE FUND COMMISSIONSTATEMENTS OF NET POSITION
DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 7,979,477	\$ 4,268,821
Other Receivables	12,141	-
Investment in Joint Venture	<u>2,076,235</u>	<u>2,006,003</u>
Total Assets	<u>\$ 10,067,853</u>	<u>\$ 6,274,824</u>
<u>Liabilities and Net Position</u>		
Liabilities:		
Accounts Payable	\$ 9,450	\$ 11,045
Loss Reserves	6,208,575	4,254,566
Total Liabilities	<u>\$ 6,218,025</u>	<u>\$ 4,265,611</u>
Net Position:		
Net Position - Unrestricted	<u>\$ 3,849,828</u>	<u>\$ 2,009,213</u>
Total Net Position	<u>\$ 3,849,828</u>	<u>\$ 2,009,213</u>
Total Liabilities and Net Position	<u>\$ 10,067,853</u>	<u>\$ 6,274,824</u>

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

UNION COUNTY INSURANCE FUND COMMISSION

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Operating Revenue:		
Assessments - Participating Members	\$ <u>4,982,337</u>	\$ <u>5,739,964</u>
Total Operating Revenue	\$ <u>4,982,337</u>	\$ <u>5,739,964</u>
Operating Expenses:		
Provision for Claims and Claim Adjustment Expense	\$ 3,161,704	\$ 5,605,510
Administration	<u>180,687</u>	<u>181,152</u>
Total Operating Expenses	\$ <u>3,342,391</u>	\$ <u>5,786,662</u>
Operating Income (Loss)	\$ 1,639,946	\$ (46,698)
Non-operating Revenue:		
Interest Income	130,438	49,908
County Payments to NJ Counties Excess JIF	-	2,518,601
Net Change in Investment in Joint Ventures	<u>70,232</u>	<u>(512,598)</u>
Net Income	\$ 1,840,615	\$ 2,009,213
Net Position, Beginning of Year	<u>2,009,213</u>	<u>-</u>
Net Position, End of Year	\$ <u><u>3,849,828</u></u>	\$ <u><u>2,009,213</u></u>

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

UNION COUNTY INSURANCE FUND COMMISSION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Receipts from Participating Members' Assessments	\$ 4,982,337	\$ 5,739,964
Payments for Claims and Claims Adjustment Expense	(1,207,695)	(1,350,944)
Payments for Administration Expenses	<u>(194,423)</u>	<u>(170,107)</u>
Net Cash Provided by Operating Activities	\$ <u>3,580,219</u>	\$ <u>4,218,913</u>
Cash Flows from Investing Activities:		
Interest Income	\$ <u>130,438</u>	\$ <u>49,908</u>
Net Cash Provided by Investing Activities	\$ <u>130,438</u>	\$ <u>49,908</u>
Net Increase in Cash and Cash Equivalents	\$ 3,710,656	\$ 4,268,821
Cash and Cash Equivalents - Beginning of Year	<u>4,268,821</u>	<u>-</u>
Cash and Cash Equivalents - End of Year	\$ <u><u>7,979,477</u></u>	\$ <u><u>4,268,821</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 1,639,946	\$ (46,698)
Changes in Operating Assets and Liabilities:		
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
(Increase)/Decrease in Other Receivables	(12,141)	-
Increase/(Decrease) in Accounts Payable	(1,595)	11,045
Increase/(Decrease) in Loss Reserves	<u>1,954,009</u>	<u>4,254,566</u>
Net Cash Provided by Operating Activities	\$ <u><u>3,580,219</u></u>	\$ <u><u>4,218,913</u></u>

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

UNION COUNTY INSURANCE FUND COMMISSION

DECEMBER 31, 2019 AND 2018

(1) ORGANIZATION AND DESCRIPTION OF THE COMMISSION

The Union County Insurance Fund Commission (the "Commission") was formed by the Union County Board of Chosen Freeholders pursuant to the authority of N.J.S.A. 40A:10-1, et seq. The Commission was established for the purpose of achieving cost savings through the joint purchase or self-funding of insurance. The Board of Commissioners is comprised of three (3) officials.

An executive director appointed by the Commissioners is responsible for the overall administration of the Commission.

The following coverages are offered by the Commission to its members:

- a) Workers' Compensation and Employers' Liability, USL&H and Harbor Marine/Jones Act
- b) General Liability including Law Enforcement Liability and Employee Benefits Liability
- c) Automobile Liability including PIP and Uninsured/Underinsured Motorists Coverage
- d) Property, Automobile Physical Damage and Boiler & Machinery

The Commission provides for excess insurance through membership in the New Jersey Counties Excess Joint Insurance Fund (NJC). Excess coverage is provided for all of the above as well as Public Officials Liability, Employment Practices Liability, Crime, Pollution Liability, Employed Lawyers Liability, and Non-Owned Aircraft Liability.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Government Accounting Standards Board ("GASB") No. 14, "The Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. The Commission has determined that there were no additional entities required to be included in the reporting entity under the criteria as described above, in the current year. In addition, the Commission is not includable in any other reporting entity on the basis of such criteria.

UNION COUNTY INSURANCE FUND COMMISSION

DECEMBER 31, 2019 AND 2018

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation, Fund Accounting

The financial statements of the Commission have been prepared in accordance with generally accepted accounting principles applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of an enterprise fund, is the measurement of economic resources, that is, the determination of net income, financial position and cash flows.

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

Accrual Basis of Accounting

The Commission uses the accrual basis of accounting, whereby income is recorded as earned and expenses are recognized as incurred.

Income Taxes

The Commission is a tax-exempt organization and is not subject to either federal or state income taxes.

Assessments

The gross claim fund assessment is determined by the actuary and, when combined with expense and other projections, constitutes the Commission's budget.

Prepaid Expenses

Prepaid expenses consist of the prepaid portion of administrative expenses.

Deferred Revenue

Deferred revenue represents the unearned assessments.

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.

UNION COUNTY INSURANCE FUND COMMISSION

DECEMBER 31, 2019 AND 2018

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unpaid Claims Liabilities

The Commission establishes claims liabilities based on estimates of the ultimate cost of claims 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. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The accountants' audit procedures were not extended to the underlying actuarial assumptions for Incurred But Not Reported (IBNR) Reserve amounts since they are prepared by the Commission's Actuary.

Claims Case Reserves

Case reserves include estimated unpaid claim costs for claimants and allocated claim adjustment expenses as reported by the service agent.

Claims Incurred But Not Reported (IBNR) Reserve

In order to recognize claims incurred but not reported, a reserve is calculated by the Commission's actuary.

IBNR reserves include:

- a. Known loss events that are expected to later be presented as claims,
- b. Unknown loss events that are expected to become claims, and
- c. Expected future development on claims already reported.

UNION COUNTY INSURANCE FUND COMMISSION

DECEMBER 31, 2019 AND 2018

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Discount

The Commission has elected to report the estimated liability for claims reserves and IBNR on a discounted basis based on an approximate projected .5% annual interest rate which varies by coverage. As with all projections, there is an uncertainty as to whether the underlying assets and claims payments will support the projected discount.

(3) CASH AND CASH EQUIVALENTS

The Commission considers cash in banks and Short-Term Investments with original maturities of three months or less as cash and cash equivalents.

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), the Savings Association Insurance Fund (SAIF), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes permit the deposit of public funds only in banks which meet the requirements of the Governmental Unit Deposit Protection Act or the State of New Jersey Cash Management Fund. This Act, commonly referred to as "GUDPA", requires that banks which accept public funds to be a public depository. The statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits.

Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Commission does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2019, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balances was exposed to custodial credit risk.

Based upon the limitation set forth by New Jersey Statutes and existing investment practices, the Commission is generally not exposed to credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

Interest Rate Risk – In accordance with its cash management plan, the Commission ensures that any deposit or investments matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Commission limits its investments to those authorized in its cash management plan which are permitted under state statutes.

UNION COUNTY INSURANCE FUND COMMISSION

DECEMBER 31, 2019 AND 2018

(3) CASH AND CASH EQUIVALENTS (CONTINUED)

The Commission held the following cash and cash equivalents at December 31:

	<u>2019</u>	<u>2018</u>
Checking Accounts	\$ <u>7,979,477</u>	\$ <u>4,268,821</u>
	<u>\$7,979,477</u>	<u>\$4,268,821</u>

The carrying amount of the Commission's cash and cash equivalents at cost at December 31, 2019 was \$7,979,477 and the bank balance was \$8,049,030. Of the bank balance, \$250,000 was covered by federal depository insurance; \$7,799,030 was covered by the collateral pool maintained by the banks as required by New Jersey statutes.

(4) FUND TRANSFERS

Permanent intertrust fund transfers and interyear fund transfers are made upon the expressed approval of the Commissioners.

All fund transfers are recognized at the time actual transfers take place.

(5) MEMBERSHIP IN JOINT INSURANCE FUND (JOINT VENTURE)

New Jersey Counties Excess Joint Insurance Fund (NJC)

The Commission, via the County, is a member of the New Jersey Counties Excess Joint Insurance Fund (NJC) which provides excess insurance for each of the coverages noted above, as well as Public Officials Liability, Employment Practices Liability, Crime, Pollution Liability, Employed Lawyers Liability, and Non-Owned Aircraft Liability.

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

The NJC can declare and distribute dividends to members upon approval of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership for that fund year. In accordance with Statement No. 10 of the Government Account Standards Board, these distributions are used to reduce the amount recorded for the Commission's membership assessment in the year in which the distribution was declared.

UNION COUNTY INSURANCE FUND COMMISSION

DECEMBER 31, 2019 AND 2018

(5) MEMBERSHIP IN JOINT INSURANCE FUND (JOINT VENTURE) - (CONTINUED)

Selected audited financial information for the Excess Insurance Fund as of December 31, 2019 is as follows:

	New Jersey Counties Excess Joint Insurance Fund (Unaudited)
Total Assets	<u>\$ 31,940,315</u>
Total Liabilities	<u>\$ 16,232,406</u>
Net Position	<u>\$ 15,707,909</u>
Total Revenue	<u>\$ 24,290,142</u>
Total Operating Expenses	<u>\$ 21,501,455</u>
Change in Net Position for the Year Ended December 31, 2019	<u>\$ 788,687</u>
Distribution to Participating Members	<u>\$ 2,000,000</u>

The Commission records its share of the Net Position of the Joint Insurance Fund as Investment in Joint Venture. The net change in investment value is recorded as Non-Operating Revenue. For the years ended December 31, 2019 and 2018, the investment in the net position of the NJC joint venture is \$2,076,235 and \$2,006,003, respectively.

(6) RETURN OF SURPLUS

Any moneys for a fund year in excess of the amount necessary to fund all obligations for that fiscal year as certified by the Commission's actuary may be declared to be refundable as approved by the Commissioners.

(7) MINIMUM SURPLUS REQUIREMENTS

There is no statutory minimum surplus requirements.

(8) DEFICIT FUND BALANCE

The Commission will liquidate any deficit in a fund balance by transferring from another fund or by assessing members for additional contributions.

UNION COUNTY INSURANCE FUND COMMISSION

DECEMBER 31, 2019 AND 2018

(9) SUPPLEMENTAL ASSESSMENTS

The Commissioners shall by majority vote levy upon the member local units additional assessments wherever needed to supplement the Commission's claims, loss retention, or administrative accounts to assure the payment of the Commission's obligations.

(10) LOSS RESERVES

The liability for unpaid losses and loss adjustment expenses represents an estimate of the ultimate net cost of all losses and loss adjustment expenses incurred but not yet reported as of December 31, 2019. This estimate is based on the estimated ultimate cost of settling the claims considering the historical experience of the Commission, various other industry statistics, including the effects of inflation and other societal or economic factors, and the Commission's self-insured retention level. Management believes that the liability for unpaid losses is adequate to cover the ultimate cost of reported and unreported claims incurred but not yet paid. However, the ultimate cost may be more or less than the estimated liability. The Commission has created a loss reserve for any reported and potential unreported losses which have taken place but in which the Commission has not received notices or reports of losses.

	<u>PROPERTY FUND</u>	<u>GENERAL LIABILITY FUND</u>	<u>AUTO LIABILITY FUND</u>	<u>WORKERS' COMPENSATION FUND</u>	
<u>2019 Fund Year</u>					
Case Reserves	\$ 22,659	\$ 39,831	\$ 6,600	\$ 1,389,818	
Discount on Reserves	-	-	-	(89,127)	
Losses Incurred But Not Reported (IBNR)	<u>32,827</u>	<u>332,203</u>	<u>135,281</u>	<u>2,023,798</u>	
	<u>\$ 55,486</u>	<u>\$ 372,034</u>	<u>\$ 141,881</u>	<u>\$ 3,324,489</u>	
<u>2018 Fund Year</u>					
Case Reserves	\$ -	\$ 85,345	\$ 4,092	\$ 896,827	
Discount on Reserves	-	-	-	(51,942)	
Losses Incurred But Not Reported (IBNR)	<u>-</u>	<u>340,483</u>	<u>52,452</u>	<u>987,429</u>	
	<u>\$ -</u>	<u>\$ 425,828</u>	<u>\$ 56,543</u>	<u>\$ 1,832,314</u>	
<u>Totals</u>					
Case Reserves	\$ 22,659	\$ 125,176	\$ 10,692	\$ 2,286,645	\$ 2,445,172
Discount on Reserves	-	-	-	(141,069)	(141,069)
Losses Incurred But Not Reported (IBNR)	<u>32,827</u>	<u>672,686</u>	<u>187,733</u>	<u>3,011,227</u>	<u>3,904,473</u>
	<u>\$ 55,486</u>	<u>\$ 797,862</u>	<u>\$ 198,424</u>	<u>\$ 5,156,803</u>	<u>\$ 6,208,575</u>

UNION COUNTY INSURANCE FUND COMMISSION

DECEMBER 31, 2019 AND 2018

(11) CHANGES IN UNPAID CLAIMS LIABILITIES

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

The following represents changes in those aggregate undiscounted reported and unreported liabilities for the Commission during 2019 for all open fund years net of excess insurance recoveries:

Total unpaid claims and claim adjustment expenses all Fund years - beginning of year	\$4,254,566
Incurred claims and claim adjustment expenses:	
Provision for insured events of current fund year	4,808,287
Changes in provision for insured events of prior fund years	<u>(1,646,583)</u>
Total incurred claims and claim adjustment expenses all Fund years	\$7,416,270
Payments:	
Claims and claim adjustment expenses:	
Attributable to insured events of current fund year	914,397
Attributable to insured events of prior fund years	<u>293,298</u>
Total Payments all Fund years	\$1,207,695
Total unpaid claims and claim adjustment expenses all Fund years - end of year	<u>\$6,208,575</u>

UNION COUNTY INSURANCE FUND COMMISSION

DECEMBER 31, 2019 AND 2018

(12) SUBSEQUENT EVENTS

The Union County Insurance Fund Commission has evaluated subsequent events occurring after the financial statement date through June 17, 2020, which is the date the financial statements were available to be issued. Based on this evaluation, the Union County Insurance Fund Commission has determined the following:

Management continues to evaluate the impact of the COVID-19 pandemic on the Fund. While the financial impact of Workers' Compensation claims from this exposure is uncertain, management is confident that the New Jersey Counties Excess JIF and the affiliated Insurance Commissions/Counties have more than sufficient resources to pay all claims in a timely manner. Further, the members are experiencing a lower rate of other workers' compensation claims because they have reduced their operations. Liability claims are also expected to decline because of (1) the stronger immunities under New Jersey Law during a declared emergency and (2) the lower number of accidents due to reduced member operations. Management expects an increase in excess premiums beginning in 2021 and is currently taking steps to mitigate this increase.

There are no further subsequent events that have occurred which require disclosure in the financial statements.

(13) LITIGATION, CLAIMS AND CONTINGENT LIABILITIES

In the opinion of management, claims or lawsuits incidental to the business of the Commission have been adequately provided for in the financial statements.

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SUPPLEMENTARY INFORMATION

UNION COUNTY INSURANCE FUND COMMISSION
HISTORICAL YEAR OPERATING RESULTS ANALYSIS

FUND YEARS 2018 AND 2019

DECEMBER 31, 2019

<u>Underwriting Income:</u>			
Regular Contributions	\$	10,722,300.88	
Supplemental Contributions		-	
Other Income		-	
<u>Total Income</u>		<u>10,722,300.88</u>	\$ 10,722,300.88
 <u>Incurred Liabilities:</u>			
Claims:			
Paid	\$	2,558,639.29	
Case Reserves		2,445,171.58	
Discount on Reserves		(141,069.00)	
IBNR Reserve		<u>3,904,472.58</u>	
Subtotal		<u>8,767,214.45</u>	\$ 8,767,214.45
 Less Excess Insurance:			
Received	\$	-	
Recoverable		-	
Subtotal		<u>-</u>	
Limited Incurred Claims		<u>8,767,214.45</u>	\$ 8,767,214.45
 Expenses:			
Administrative		<u>361,839.30</u>	
Subtotal Expenses		<u>361,839.30</u>	
<u>Total Incurred Liabilities</u>			<u>9,129,053.75</u>
<u>Underwriting Surplus/(Deficit)</u>			\$ 1,593,247.13
<u>Investment Income</u>			<u>180,345.42</u>
<u>Gross Operating Surplus/(Deficit)</u>			\$ 1,773,592.55
 <u>Return of Surplus:</u>			
Paid	\$	-	
Authorized and Unpaid		-	
Subtotal Return of Surplus		<u>-</u>	
<u>Net Current Surplus/(Deficit)</u>			\$ <u><u>1,773,592.55</u></u>

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

UNION COUNTY INSURANCE FUND COMMISSION

HISTORICAL BALANCE SHEET

FUND YEARS 2018 AND 2019

DECEMBER 31, 2019

Assets:			
Cash and Investments	\$	<u>7,979,476.78</u>	
			\$ 7,979,476.78
Receivables:			
Other	\$	<u>12,140.93</u>	
Total Receivables			<u>12,140.93</u>
<u>Total Assets</u>			\$ 7,991,617.71
Liabilities:			
Claims:			
Case Reserves	\$	2,445,171.58	
Discount on Reserves		(141,069.00)	
IBNR Reserve		<u>3,904,472.58</u>	
Subtotal Claims			\$ 6,208,575.16
Expenses (Unpaid):			
Administrative	\$	<u>9,450.00</u>	
Subtotal Expenses			<u>9,450.00</u>
<u>Total Liabilities</u>			<u>6,218,025.16</u>
Net Current Surplus/(Deficit)			\$ <u><u>1,773,592.55</u></u>

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

UNION COUNTY INSURANCE FUND COMMISSIONFUND YEAR OPERATING RESULTS ANALYSIS

FUND YEAR 2018

DECEMBER 31, 2019

<u>Underwriting Income:</u>		
Regular Contributions	\$ 5,739,964.15	
Supplemental Contributions	-	
Other Income	-	
<u>Total Income</u>		\$ 5,739,964.15
<u>Incurred Liabilities:</u>		
Claims:		
Paid	\$ 1,644,242.23	
Case Reserves	986,263.46	
Discount on Reserves	(51,942.00)	
IBNR Reserve	<u>1,380,363.58</u>	
Subtotal		\$ 3,958,927.27
Less Excess Insurance:		
Received	\$ -	
Recoverable	-	
Subtotal		-
Limited Incurred Claims		\$ <u>3,958,927.27</u>
Expenses:		
Administrative	\$ <u>179,138.77</u>	
Subtotal Expenses		<u>179,138.77</u>
<u>Total Incurred Liabilities</u>		<u>4,138,066.04</u>
<u>Underwriting Surplus/(Deficit)</u>		\$ 1,601,898.11
<u>Investment Income</u>		<u>137,251.42</u>
<u>Gross Operating Surplus/(Deficit)</u>		\$ 1,739,149.53
<u>Return of Surplus:</u>		
Paid	\$ -	
Authorized and Unpaid		
Subtotal Return of Surplus		-
<u>Net Current Surplus/(Deficit)</u>		\$ <u><u>1,739,149.53</u></u>

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

UNION COUNTY INSURANCE FUND COMMISSION

FUND YEAR OPERATING RESULTS ANALYSIS

FUND YEAR 2019

DECEMBER 31, 2019

<u>Underwriting Income:</u>		
Regular Contributions	\$ 4,982,336.73	
Supplemental Contributions	-	
Other Income	-	
<u>Total Income</u>		\$ 4,982,336.73
<u>Incurred Liabilities:</u>		
Claims:		
Paid	\$ 914,397.06	
Case Reserves	1,458,908.12	
Discount on Reserves	(89,127.00)	
IBNR Reserve	2,524,109.00	
Subtotal		\$ 4,808,287.18
Less Excess Insurance:		
Received	\$ -	
Recoverable	-	
Subtotal		-
Limited Incurred Claims		\$ 4,808,287.18
Expenses:		
Administrative	\$ 182,700.53	
Subtotal Expenses		182,700.53
<u>Total Incurred Liabilities</u>		<u>4,990,987.71</u>
<u>Underwriting Surplus/(Deficit)</u>		\$ (8,650.98)
<u>Investment Income</u>		<u>43,094.00</u>
<u>Gross Operating Surplus/(Deficit)</u>		\$ 34,443.02
<u>Return of Surplus:</u>		
Paid	\$ -	
Authorized and Unpaid		
Subtotal Return of Surplus		-
<u>Net Current Surplus/(Deficit)</u>		<u>\$ 34,443.02</u>

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

UNION COUNTY INSURANCE FUND COMMISSION

FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS - FUND YEAR 2018

DECEMBER 31, 2019

	COVERAGES AND OTHER ACCOUNTS					TOTAL
	PROPERTY	GENERAL LIABILITY	AUTO LIABILITY	WORKERS' COMPENSATION INSURANCE	GENERAL AND ADMINISTRATIVE	
<u>Underwriting Income</u>						
Regular Contributions (Earned)	\$ 320,021.00	\$ 427,942.00	\$ 259,693.00	\$ 4,546,370.00	\$ 185,938.15	\$ 5,739,964.15
Supplemental Contributions						-
Other Income (Except Investments)						-
<u>Total Income</u>	\$ 320,021.00	\$ 427,942.00	\$ 259,693.00	\$ 4,546,370.00	\$ 185,938.15	\$ 5,739,964.15
<u>Incurred Liabilities</u>						
Claims (Limited Incurred) Expenses	\$ 290,449.27	\$ 528,423.00	\$ 79,630.00	\$ 3,060,425.00	\$ 179,138.77	\$ 3,958,927.27
<u>Total Liabilities</u>	\$ 290,449.27	\$ 528,423.00	\$ 79,630.00	\$ 3,060,425.00	\$ 179,138.77	\$ 4,138,066.04
<u>Underwriting Surplus/(Deficit)</u>	\$ 29,571.73	\$ (100,481.00)	\$ 180,063.00	\$ 1,485,945.00	\$ 6,799.38	\$ 1,601,898.11
<u>Adjustments</u>						
Investment Income Transfers	\$ 1,205.55	\$ 10,970.85	\$ 7,553.52	\$ 111,733.64	\$ 5,787.86	\$ 137,251.42
<u>Total Adjustments</u>	\$ 1,205.55	\$ 10,970.85	\$ 7,553.52	\$ 111,733.64	\$ 5,787.86	\$ 137,251.42
Gross Operating Surplus (Deficit)	\$ 30,777.28	\$ (89,510.15)	\$ 187,616.52	\$ 1,597,678.64	\$ 12,587.24	\$ 1,739,149.53
Return of Surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Net Current Surplus (Deficit)</u>	\$ 30,777.28	\$ (89,510.15)	\$ 187,616.52	\$ 1,597,678.64	\$ 12,587.24	\$ 1,739,149.53

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

UNION COUNTY INSURANCE FUND COMMISSION

FUND YEAR ACCOUNT OPERATING RESULTS ANALYSIS - FUND YEAR 2019

DECEMBER 31, 2019

	COVERAGES AND OTHER ACCOUNTS					TOTAL
	PROPERTY	GENERAL LIABILITY	AUTO LIABILITY	WORKERS' COMPENSATION INSURANCE	GENERAL AND ADMINISTRATIVE	
<u>Underwriting Income</u>						
Regular Contributions (Earned)	\$ 306,379.43	\$ 385,650.83	\$ 232,997.86	\$ 3,870,000.01	\$ 187,308.60	\$ 4,982,336.73
Supplemental Contributions						-
Other Income (Except Investments)						-
<u>Total Income</u>	<u>\$ 306,379.43</u>	<u>\$ 385,650.83</u>	<u>\$ 232,997.86</u>	<u>\$ 3,870,000.01</u>	<u>\$ 187,308.60</u>	<u>\$ 4,982,336.73</u>
<u>Incurred Liabilities</u>						
Claims (Limited Incurred)	\$ 208,328.35	\$ 380,810.16	\$ 147,859.42	\$ 4,071,289.25	\$ 182,700.53	\$ 4,808,287.18
Expenses	-	-	-	-	-	182,700.53
<u>Total Liabilities</u>	<u>\$ 208,328.35</u>	<u>\$ 380,810.16</u>	<u>\$ 147,859.42</u>	<u>\$ 4,071,289.25</u>	<u>\$ 182,700.53</u>	<u>\$ 4,990,987.71</u>
<u>Underwriting Surplus/(Deficit)</u>	<u>\$ 98,051.08</u>	<u>\$ 4,840.67</u>	<u>\$ 85,138.44</u>	<u>\$ (201,289.24)</u>	<u>\$ 4,608.07</u>	<u>\$ (8,650.98)</u>
<u>Adjustments</u>						
Investment Income	\$ 1,943.07	\$ 3,802.00	\$ 2,275.22	\$ 34,579.89	\$ 493.82	\$ 43,094.00
Transfers						-
<u>Total Adjustments</u>	<u>\$ 1,943.07</u>	<u>\$ 3,802.00</u>	<u>\$ 2,275.22</u>	<u>\$ 34,579.89</u>	<u>\$ 493.82</u>	<u>\$ 43,094.00</u>
Gross Operating Surplus (Deficit)	\$ 99,994.15	\$ 8,642.67	\$ 87,413.66	\$ (166,709.35)	\$ 5,101.89	\$ 34,443.02
Return of Surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Net Current Surplus (Deficit)</u>	<u>\$ 99,994.15</u>	<u>\$ 8,642.67</u>	<u>\$ 87,413.66</u>	<u>\$ (166,709.35)</u>	<u>\$ 5,101.89</u>	<u>\$ 34,443.02</u>

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

SCHEDULE E

UNION COUNTY INSURANCE FUND COMMISSION

FUND YEAR CLAIMS ANALYSIS

FUND YEAR - 2018

DECEMBER 31, 2019

	COVERAGES				TOTAL
	PROPERTY	GENERAL LIABILITY	AUTO LIABILITY	WORKER'S COMPENSATION INSURANCE	
Paid Claims	\$ 290,449.27	\$ 102,595.36	\$ 23,086.54	\$ 1,228,111.06	\$ 1,644,242.23
Case Reserves	-	85,345.00	4,091.93	896,826.53	986,263.46
Discount on Reserves	-	-	-	(51,942.00)	(51,942.00)
IBNR Reserve	-	340,482.64	52,451.53	987,429.41	1,380,363.58
Subtotal	\$ 290,449.27	\$ 528,423.00	\$ 79,630.00	\$ 3,060,425.00	\$ 3,958,927.27
Excess Insurance:					
Received	\$ -	\$ -	\$ -	\$ -	\$ -
Recoverable					
Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -
Incurred Claims	\$ 290,449.27	\$ 528,423.00	\$ 79,630.00	\$ 3,060,425.00	\$ 3,958,927.27
Number of Claims	76	162	43	269	
Cost/Claim	\$ 3,821.70	\$ 3,261.87	\$ 1,851.86	\$ 11,377.04	

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

SCHEDULE E

UNION COUNTY INSURANCE FUND COMMISSION

FUND YEAR CLAIMS ANALYSIS

FUND YEAR - 2019

DECEMBER 31, 2019

	<u>COVERAGES</u>				<u>TOTAL</u>
	<u>PROPERTY</u>	<u>GENERAL LIABILITY</u>	<u>AUTO LIABILITY</u>	<u>WORKER'S COMPENSATION INSURANCE</u>	
Paid Claims	\$ 152,842.65	\$ 8,776.00	\$ 5,978.42	\$ 746,799.99	\$ 914,397.06
Case Reserves	22,658.70	39,831.16	6,600.00	1,389,818.26	1,458,908.12
Discount on Reserves	-	-	-	(89,127.00)	(89,127.00)
IBNR Reserve	32,827.00	332,203.00	135,281.00	2,023,798.00	2,524,109.00
Subtotal	<u>\$ 208,328.35</u>	<u>\$ 380,810.16</u>	<u>\$ 147,859.42</u>	<u>\$ 4,071,289.25</u>	<u>\$ 4,808,287.18</u>
Excess Insurance: Received	\$ -	\$ -	\$ -	\$ -	\$ -
Recoverable	-	-	-	-	-
Subtotal	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Incurred Claims	<u>\$ 208,328.35</u>	<u>\$ 380,810.16</u>	<u>\$ 147,859.42</u>	<u>\$ 4,071,289.25</u>	<u>\$ 4,808,287.18</u>
Number of Claims	59	130	30	231	
Cost/Claim	<u>\$ 3,530.99</u>	<u>\$ 2,929.31</u>	<u>\$ 4,928.65</u>	<u>\$ 17,624.63</u>	

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

SCHEDULE F

UNION COUNTY INSURANCE FUND COMMISSION
STATEMENT OF EXPENDITURES - FUND YEAR 2018
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>BUDGET</u>	<u>EXPENDED</u>	<u>LOSS RESERVES</u>	<u>UNEXPENDED/ (OVEREXPENDED)</u>
Claims:				
Property Fund	\$ 320,021.00	\$ 290,449.27	\$ -	\$ 29,571.73
General Liability Fund	427,942.00	102,595.36	425,827.64	(100,481.00)
Automobile Liability Fund	259,693.00	23,086.54	56,543.46	180,063.00
Worker's Compensation Fund	4,546,370.00	1,228,111.06	1,832,313.94	1,485,945.00
Total	<u>\$ 5,554,026.00</u>	<u>\$ 1,644,242.23</u>	<u>\$ 2,314,685.04</u>	<u>\$ 1,595,098.73</u>
 Operating Expenses:				
Executive Director	\$ 153,686.00	\$ 153,686.00		\$ -
Actuary	7,569.00	5,900.00		1,669.00
Attorney	4,000.00	4,000.00		-
Auditor	9,344.00	9,000.00		344.00
Treasurer	4,000.00	4,000.00		-
General Expenses	7,335.00	2,552.77		4,782.23
Total	<u>\$ 185,934.00</u>	<u>\$ 179,138.77</u>		<u>\$ 6,795.23</u>
TOTAL	<u>\$ 5,739,960.00</u>	<u>\$ 1,823,381.00</u>	<u>\$ 2,314,685.04</u>	<u>\$ 1,601,893.96</u>

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

SCHEDULE F

UNION COUNTY INSURANCE FUND COMMISSION

STATEMENT OF EXPENDITURES - FUND YEAR 2019

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>BUDGET</u>	<u>EXPENDED</u>	<u>LOSS RESERVES</u>	<u>UNEXPENDED/ (OVEREXPENDED)</u>
Claims:				
Property Fund	\$ 306,379.00	\$ 152,842.65	\$ 55,485.70	\$ 98,050.65
General Liability Fund	385,651.00	8,776.00	372,034.16	4,840.84
Automobile Liability Fund	232,998.00	5,978.42	141,881.00	85,138.58
Worker's Compensation Fund	3,870,000.00	746,799.99	3,324,489.26	(201,289.25)
Total	\$ <u>4,795,028.00</u>	\$ <u>914,397.06</u>	\$ <u>3,893,890.12</u>	\$ <u>(13,259.18)</u>
Operating Expenses:				
Executive Director	\$ 156,760.00	\$ 156,760.00		\$ -
Actuary	6,018.00	6,018.00		-
Attorney	4,000.00	4,000.00		-
Auditor	9,531.00	9,450.00		81.00
Treasurer	4,000.00	4,000.00		-
General Expenses	7,000.00	2,472.53		4,527.47
Total	\$ <u>187,309.00</u>	\$ <u>182,700.53</u>		\$ <u>4,608.47</u>
TOTAL	\$ <u>4,982,337.00</u>	\$ <u>1,097,097.59</u>	\$ <u>3,893,890.12</u>	\$ <u>(8,650.71)</u>

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

UNION COUNTY INSURANCE FUND COMMISSION
STATE REQUIRED SUPPORTING SCHEDULE - YEAR END

ANALYSIS OF CASH AND INVESTMENTS

DECEMBER 31, 2019

<u>BANK</u>	<u>AMOUNT</u>
Investors Bank - Administrative Account	\$ 7,841,630.79
Investors Bank - Claims Account	207,399.42
	<u>\$ 8,049,030.21</u>
Add: Deposits in Transit	-
Less: Outstanding Checks	<u>(69,552.81)</u>
	<u>\$ 7,979,477.40</u>

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

UNION COUNTY INSURANCE FUND COMMISSION

STATE REQUIRED SUPPORTING SCHEDULE - YEAR END REPORT

ANALYSIS OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2019

Other Receivables	\$ <u>12,141</u>
	\$ <u><u>12,141</u></u>

ANALYSIS OF PREPAID EXPENSES

DECEMBER 31, 2019

Prepaid Expenses	\$ -
	\$ <u><u>-</u></u>

ANALYSIS OF EXPENSES PAYABLE

DECEMBER 31, 2019

Administrative Fund: Auditor	\$ <u>9,450</u>
	\$ <u><u>9,450</u></u>

UNION COUNTY INSURANCE FUND COMMISSION

RECONCILIATION OF CLAIMS LIABILITIES BY FUND
FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2019

	<u>PROPERTY</u>	<u>GENERAL LIABILITY</u>	<u>AUTOMOBILE</u>	<u>WORKERS' COMPENSATION</u>	<u>TOTAL</u>
Total Unpaid Claim and Claim Adjustment Expenses - Beginning of Year	\$ 75,140.48	\$ 382,230.65	\$ 182,747.74	\$ 3,614,447.15	\$ 4,254,566.02
Incurring Claims and Claims Adjustment Expenses:					
Provision for Insured Events of Current Fund Year	208,328.35	380,810.16	147,859.42	4,071,289.25	4,808,287.18
Changes in Provision for Insured Events of Prior Fund Years	<u>(95,869.61)</u>	<u>46,032.99</u>	<u>(120,293.19)</u>	<u>(1,476,453.11)</u>	<u>(1,646,582.92)</u>
Total Incurred Claims and Claims Adjustment Expenses all Fund Years	\$ <u>187,599.22</u>	\$ <u>809,073.80</u>	\$ <u>210,313.97</u>	\$ <u>6,209,283.29</u>	\$ <u>7,416,270.28</u>
Payments:					
Claims and Claims Adjustment Expenses:					
Attributable to Insured Events of Current Fund Year	\$ 152,842.65	\$ 8,776.00	\$ 5,978.42	\$ 746,799.99	\$ 914,397.06
Attributable to Insured Events of Prior Fund Years	<u>(20,729.13)</u>	<u>2,436.00</u>	<u>5,911.09</u>	<u>305,680.10</u>	<u>293,298.06</u>
Total Payments All Fund Years	\$ <u>132,113.52</u>	\$ <u>11,212.00</u>	\$ <u>11,889.51</u>	\$ <u>1,052,480.09</u>	\$ <u>1,207,695.12</u>
Total Unpaid Claim and Claim Adjustment Expenses - End of Year	\$ <u><u>55,485.70</u></u>	\$ <u><u>797,861.80</u></u>	\$ <u><u>198,424.46</u></u>	\$ <u><u>5,156,803.20</u></u>	\$ <u><u>6,208,575.16</u></u>

UNION COUNTY INSURANCE FUND COMMISSION

TEN-YEAR CLAIMS DEVELOPMENT INFORMATION

(Unaudited)

	Fiscal Period Ending December 31	
	2018	2019
Required Contribution and Investment Revenue:		
Earned	5,739,964	4,982,337
Ceded	-	-
	5,739,964	4,982,337
 Unallocated Expenses	 179,139	 182,701
 Estimated Claims and Expenses, End of Policy Year		
Incurred	5,605,510	4,808,287
Ceded	-	-
Net Incurred	5,605,510	4,808,287
 Paid (Cumulative) as of:		
End of Policy Year	1,350,944	914,397
One Year Later	1,644,242	
Two Years Later		
Three Years Later		
Four Years Later		
Five Years Later		
Six Years Later		
Seven Years Later		
Eight Years Later		
Nine Years Later		
 Reestimated Ceded Claims and Expenses	-	-
 Reestimated Incurred Claims and Expense:		
End of Policy Year	5,605,510	4,808,287
One Year Later	3,958,927	
Two Years Later		
Three Years Later		
Four Years Later		
Five Years Later		
Six Years Later		
Seven Years Later		
Eight Years Later		
Nine Years Later		
 Increase/(Decrease) in Estimated Incurred Claims and Expense From End of Policy Year	(1,646,583)	-

UNION COUNTY INSURANCE FUND COMMISSION

DECEMBER 31, 2019 AND 2018

COMMENTS AND RECOMMENDATIONS

NONE

