

MORRIS COUNTY MUNICIPAL JOINT INSURANCE FUND
AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS - FINANCIAL,
COMPLIANCE AND PERFORMANCE
YEAR ENDED DECEMBER 31, 2014



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May 15, 2015

The Honorable Chairperson and Members
of the Board of Fund Commissioners
Morris County Municipal Joint Insurance Fund
Parsippany, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Morris County Municipal Joint Insurance Fund for the year ended December 31, 2014, and have issued our report thereon dated May 15, 2015.

As part of our audit, we performed procedures required by the New Jersey Department of Community Affairs, Division of Local Government Services, and the findings and results thereof are disclosed on the following pages. This letter does not affect our report dated May 15, 2015 on the financial statements of the Fund.

Nisivoccia LLP

MORRIS COUNTY MUNICIPAL JOINT INSURANCE FUND
COMMENTS AND RECOMMENDATIONS

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Suggestions to Management:

Membership in the Municipal Excess Liability Residual Claims Fund

The Fund is a member of the Municipal Excess Liability Residual Claims Fund (the "RCF"). In the 2014 Unaudited Financial Statements the RCF experienced a negative change in Net Position of \$5,047,695 to bring the RCF's Net Position to \$90,032.93 at December 31, 2014. The Fund should monitor the operations of the RCF for any continued negative financial performance during 2015 as the RCF's operations affects the Fund's financial position.

Economic Conditions and their Effect on Fund Operations

The prolonged period of low interest rates we are experiencing has negatively affected the Fund's investment yield and Net Position. Investment Income has declined from a high of more than \$900,000 in 2007 to \$154,722 for 2014. In addition, poor economic conditions generally lead to increased claim activity. As a result, the Fund's safety program, underwriting and assessment policies have an increased impact on the operations of the Fund.

Status of Prior Year Comments and Recommendations

Not Applicable.