

# GOVERNMENT INSURANCE NETWORK

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## ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023 and 2022

111 North Canal St.  
Chicago, IL 60601  
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# GOVERNMENT INSURANCE NETWORK

## TABLE OF CONTENTS

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### PAGE

### FINANCIAL SECTION

|                                     |          |
|-------------------------------------|----------|
| <b>INDEPENDENT AUDITORS' REPORT</b> | <b>1</b> |
|-------------------------------------|----------|

|                                           |          |
|-------------------------------------------|----------|
| <b>MANAGEMENT DISCUSSION AND ANALYSIS</b> | <b>5</b> |
|-------------------------------------------|----------|

### **BASIC FINANCIAL STATEMENTS**

|                           |   |
|---------------------------|---|
| Statement of Net Position | 9 |
|---------------------------|---|

|                                                              |    |
|--------------------------------------------------------------|----|
| Statement of Revenues, Expenses, and Changes in Net Position | 10 |
|--------------------------------------------------------------|----|

|                         |    |
|-------------------------|----|
| Statement of Cash Flows | 11 |
|-------------------------|----|

|                               |    |
|-------------------------------|----|
| Notes to Financial Statements | 12 |
|-------------------------------|----|

### **OTHER SUPPLEMENTARY INFORMATION**

|                                                                                                                   |    |
|-------------------------------------------------------------------------------------------------------------------|----|
| Schedule of Revenues, Expenses and Changes in Net Position -<br>Operations - Budget and Actual - Fiscal Year 2023 | 19 |
|-------------------------------------------------------------------------------------------------------------------|----|

|                                                                                                                   |    |
|-------------------------------------------------------------------------------------------------------------------|----|
| Schedule of Revenues, Expenses and Changes in Net Position -<br>Operations - Budget and Actual - Fiscal Year 2022 | 20 |
|-------------------------------------------------------------------------------------------------------------------|----|

### **SUPPLEMENTAL SCHEDULES**

|                                                                                                                |    |
|----------------------------------------------------------------------------------------------------------------|----|
| Schedule of Changes in Net Position - by Individual Members - Medical, Vision and Dental -<br>Fiscal Year 2023 | 22 |
|----------------------------------------------------------------------------------------------------------------|----|

|                                                                                                                |    |
|----------------------------------------------------------------------------------------------------------------|----|
| Schedule of Changes in Net Position - by Individual Members - Medical, Vision and Dental -<br>Fiscal Year 2022 | 23 |
|----------------------------------------------------------------------------------------------------------------|----|

## **INDEPENDENT AUDITORS' REPORT**



## **INDEPENDENT AUDITOR'S REPORT**

August 29, 2023

Government Insurance Network  
Board of Directors  
Chicago, Illinois

### **Opinions**

We have audited the accompanying financial statements of the Government Insurance Network, (GIN) Illinois, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the GIN's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Government Insurance Network, Illinois, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the GIN, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the GIN's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 GIN's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the GIN's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Government Insurance Network, Illinois' basic financial statements. The other supplementary information and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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, other supplementary information and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Lauterbach & Amen, LLP*

LAUTERBACH & AMEN, LLP

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

## **GOVERNMENT INSURANCE NETWORK**

### **Management's Discussion and Analysis June 30, 2023**

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Our discussion and analysis of Government Insurance Network (GIN) financial performance provides an overview of GIN's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with GIN's financial statements.

#### **FINANCIAL HIGHLIGHTS**

- As of June 30, 2023, GIN's net position was zero. This is consistent with prior year.
- During the year, revenues consisting of gross premiums and interest income totaled \$20,794,217 while operating expenses consisting of premiums to insurers, administration fees, member equity allocation and professional fees totaled \$20,794,217, resulting in no change to the net position.
- GIN paid out \$422,363 in equity in the current year to its members.
- GIN was formed on May 15, 2018 and includes nine entities in its network.

#### **USING THIS ANNUAL REPORT**

This discussion and analysis is intended to serve as an introduction to GIN's basic financial statements. GIN operates as a single proprietary fund, more specifically as an enterprise fund, in accounting for members' participation. This annual report consists of a series of financial statements and related notes to the financial statements. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of GIN as a whole and present a longer-term view of GIN's finances.

#### **Financial Statements**

The Statement of Net Position reports information on all of GIN's assets and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of GIN is improving or deteriorating. Losses in any membership year are the contractual obligation of the members, and special assessments may be requested during the year.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how GIN's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the next calendar year (e.g., uncollected member contributions and claims incurred but not reported).



# GOVERNMENT INSURANCE NETWORK

## Management's Discussion and Analysis June 30, 2023

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### USING THIS ANNUAL REPORT – Continued

#### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

#### FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of GIN's financial position. The following schedule shows in the case of GIN, assets equal liabilities.

|                             | Net Position |           |
|-----------------------------|--------------|-----------|
|                             | 2023         | 2022      |
| Current Assets              | \$ 9,361,751 | 8,259,571 |
| Current Liabilities         | 9,361,751    | 8,259,571 |
| Net Postion<br>Unrestricted | -            | -         |

As of June 30, 2023, GIN's net position, is zero. Per GIN's bylaws any equity at the end of the fiscal year is distributed to its members.

## GOVERNMENT INSURANCE NETWORK

### Management's Discussion and Analysis June 30, 2023

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#### FINANCIAL ANALYSIS – Continued

|                                              | Change in Net Position |            |
|----------------------------------------------|------------------------|------------|
|                                              | 2023                   | 2022       |
| Revenues                                     |                        |            |
| Gross Premiums                               | \$ 20,482,801          | 18,543,629 |
| Expenses                                     |                        |            |
| Premiums to Insurers                         | 15,981,446             | 13,856,791 |
| BCBS Administration Fees                     | 3,980,850              | 3,459,535  |
| Broker Consulting Service and Administration | 395,516                | 343,491    |
| Member Equity Allocation                     | 422,363                | 869,143    |
| Professional Fees                            | 14,042                 | 36,380     |
| Total Expenses                               | 20,794,217             | 18,565,340 |
| Operating (Loss)                             | (311,416)              | (21,711)   |
| Nonoperating Revenue                         |                        |            |
| Interest Income                              | 311,416                | 21,711     |
| Change in Net Position                       | -                      | -          |
| Net Position - Beginning                     | -                      | -          |
| Net Position - Ending                        | -                      | -          |

The net position of GIN's activities stayed consistent with prior year at zero.

#### BOARD ACTIVITIES

GIN's Board of Directors uses several outside consultants to develop its premiums and to assist in the proper funding for its medical and dental claims. The Board establishes premiums in an attempt to properly account for all projected costs plus a margin for unexpected claim activity to maintain GIN's sound financial position and a healthy reserve balance.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

There is an unknown impact on future claim experience and stop loss rates in the insurance market from recent high inflation and costly specialty drugs being approved for treatments. This will be an ongoing factor in determining GIN's future premium equivalents.

#### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Government Insurance Network's financial position for all those with an interest in GIN's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to GIN Board President, c/o Assurance, 111 North Canal St., Suite 550, Chicago, IL 60606

## **FINANCIAL STATEMENTS**

## GOVERNMENT INSURANCE NETWORK

### Statement of Net Position June 30, 2023 and 2022

| ASSETS                                  |  |  | 2023         | 2022      |
|-----------------------------------------|--|--|--------------|-----------|
| Current Assets                          |  |  |              |           |
| Cash and Investments                    |  |  | \$ 9,233,452 | 7,750,230 |
| Accounts Receivable - Net of Allowances |  |  |              |           |
| Member Contributions                    |  |  | 92,531       | 489,239   |
| Accrued Interest                        |  |  | 15,125       | -         |
| Prepays                                 |  |  | 20,643       | 20,102    |
| Total Assets                            |  |  | 9,361,751    | 8,259,571 |
| LIABILITIES                             |  |  |              |           |
| Current Liabilities                     |  |  |              |           |
| Accounts Payable                        |  |  | 1,912,612    | 1,492,548 |
| Claims Payable                          |  |  | 1,061,225    | 922,159   |
| Due to Other Governments                |  |  | 6,387,914    | 5,844,864 |
| Total Liabilities                       |  |  | 9,361,751    | 8,259,571 |
| NET POSITION                            |  |  |              |           |
| Unrestricted                            |  |  | -            | -         |

The notes to the financial statements are an integral part of this statement.

## GOVERNMENT INSURANCE NETWORK

### Statement of Revenues, Expenses, and Changes in Net Position For the Fiscal Year Ended June 30, 2023 and 2022

|                                              | 2023          | 2022       |
|----------------------------------------------|---------------|------------|
| Operating Revenues                           |               |            |
| Premium Contributions                        | \$ 20,482,801 | 18,543,629 |
| Operating Expenses                           |               |            |
| Provision for Claims                         | 15,460,961    | 13,405,693 |
| Vison Insurance                              | 153,510       | 122,245    |
| Life and AD & D                              | 346,873       | 309,644    |
| Liability Insurance                          | 20,102        | 19,209     |
| Legal Fees                                   | 451           | 468        |
| Audit Fees                                   | 12,000        | 35,474     |
| Broker Consulting Service and Administration | 395,516       | 343,491    |
| BCBS Administration Fees                     | 3,980,850     | 3,459,535  |
| Supplies and Postage                         | 41            | 129        |
| Miscellaneous                                | 1,550         | 309        |
| Member Equity Allocation                     | 422,363       | 869,143    |
| Total Operating Expenses                     | 20,794,217    | 18,565,340 |
| Operating (Loss)                             | (311,416)     | (21,711)   |
| Nonoperating Revenues                        |               |            |
| Interest Income                              | 311,416       | 21,711     |
| Changes in Net Position                      | -             | -          |
| Net Position - Beginning                     | -             | -          |
| Net Position - Ending                        | -             | -          |

The notes to the financial statements are an integral part of this statement.

## GOVERNMENT INSURANCE NETWORK

### Statement of Cash Flows

For the Fiscal Year Ended June 30, 2023 and 2022

|                                                | 2023                    | 2022                    |
|------------------------------------------------|-------------------------|-------------------------|
| Cash Flows from Operating Activities           |                         |                         |
| Receipts from Members                          | \$ 20,863,843           | 18,441,981              |
| Payments to Suppliers                          | (19,692,037)            | (17,255,025)            |
|                                                | <u>1,171,806</u>        | <u>1,186,956</u>        |
| Cash Flows from Investing Activities           |                         |                         |
| Interest Income                                | <u>311,416</u>          | <u>21,711</u>           |
| Net Change in Cash and Cash Equivalents        | 1,483,222               | 1,208,667               |
| Cash and Cash Equivalents                      |                         |                         |
| Beginning                                      | <u>7,750,230</u>        | <u>6,541,563</u>        |
| Ending                                         | <u><u>9,233,452</u></u> | <u><u>7,750,230</u></u> |
| Reconciliation of Operating Income to Net Cash |                         |                         |
| Provided (Used) by Operating Activities        |                         |                         |
| Operating (Loss)                               | (311,416)               | (21,711)                |
| Adjustments to Reconcile Operating             |                         |                         |
| Income to Net Income to Net Cash               |                         |                         |
| Provided by (Used In) Operating Activities:    |                         |                         |
| (Increase) Decrease in Current Assets          | 381,042                 | (101,648)               |
| Increase (Decrease) in Current Liabilities     | <u>1,102,180</u>        | <u>1,310,315</u>        |
| Net Cash Provided by Operating Activities      | <u><u>1,171,806</u></u> | <u><u>1,186,956</u></u> |

The notes to the financial statements are an integral part of this statement.

## **GOVERNMENT INSURANCE NETWORK**

### **Notes to the Financial Statements June 30, 2023**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Government Insurance Network (the GIN) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the GIN's accounting policies are described below.

#### **REPORTING ENTITY**

The GIN is a joint insurance pool organized to provide health, life, dental and vision care benefits to employees of its member organizations. The GIN was organized May 15, 2018 under the authority of Article VII, Section 10 of the Constitution of the State of Illinois and the Illinois Governmental Cooperation Act (5 ILCS 220/1 et. seq.). At year-end, membership consists of the following Illinois municipalities and governmental entities:

City of Elmhurst  
Forest Preserve District of Will County  
Village of Frankfort  
Village of Lemont  
Village of New Lenox  
Village of Romeoville  
Village of Shorewood  
Village of Westmont  
Village of Willowbrook

The purpose of the GIN is to administer certain employee benefit programs offered by the members to eligible employees, employees' dependents, and retirees and the officers and employees of other governmental entities and the quasi-governmental, and non-profit public service entities with which some or all members have separately arranged to list ("Listed Entities"), and the Board of Directors has approved, as if such officers and employees were employed by the member pursuant to a group plan (the "Plan"). Each member remains individually responsible for any and all benefit programs that are not a part of any network plan. Membership in GIN is not transferable or assignable.

The intent of the parties is to separately establish benefit programs and to utilize the GIN to achieve reduced costs of administration and insurance purchases by providing similar services to all members and to require members to pay for the costs of such benefits or to share such costs in the manner from time-to-time established by the Board of Directors.

The organization is managed by the GIN Board consisting of one representative designated by each member.

## **GOVERNMENT INSURANCE NETWORK**

### **Notes to the Financial Statements June 30, 2023**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **BASIS OF PRESENTATION**

###### **Basic Financial Statements**

In the Statement of Net Position, the GIN's activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The GIN's Statement of Revenues, Expenses and Changes in Net Position is reported as unrestricted net position.

##### **MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

###### **Measurement Focus**

All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income (loss), changes in net position, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

###### **Basis of Accounting**

The GIN's basic financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Contributions from members are recognized as revenue each month as contributions are due. Claims and expenses are recorded in the period in which they are deemed to have occurred. A provision is recorded for the estimated claims incurred but not yet reported or paid.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the GIN are member contributions. Operating expenses for the GIN include the cost of insurance claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Those revenues susceptible to accrual are member contributions and carrier invoices which include stop-loss adjustments.



## **GOVERNMENT INSURANCE NETWORK**

### **Notes to the Financial Statements June 30, 2023**

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **ASSETS, LIABILITIES, AND NET POSITION**

###### **Cash and Investments**

For the purpose of the Statement of Net Position, the cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of purchase.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the GIN categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of GIN's investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

###### **Receivables**

In the Statement of Net Position, receivables consist of all revenues earned at year-end and not yet received. Member contributions represent the major receivable for the GIN.

###### **Prepays**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepaids are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of prepaids are recorded as expenses when consumed rather than when purchased.

###### **Claims Payable**

Claims liabilities are established 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. Estimated amounts recoverable on unpaid claims are deducted from the claim expenses for unpaid claims. No provision for inflation or for present value is provided, as a majority of claims are generally settled within one year. The claims incurred but not recorded expense on insurance is based on twenty-four months of claims reported on the Claims Analysis Report provided by the insurance provider.

###### **Reinsurance**

The GIN utilizes reinsurance agreements to reduce its exposure to large losses. Reinsurance permits recovery of a portion of losses, although it does not discharge the GIN's liability as direct insurer of the risks reinsured. Reinsured risks are reported as liabilities.

## **GOVERNMENT INSURANCE NETWORK**

### **Notes to the Financial Statements June 30, 2023**

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#### **NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

##### **BUDGETARY INFORMATION**

Budgets are adopted on a basis consistent with generally accepted accounting principles. The GIN Board adopts an annual budget prior to July 1 for the following fiscal year. The final annual budget is adopted by July 1. The GIN Board may amend the annual budget at any time in the same manner as provided for passage of the annual budget.

##### **EXCESS OF ACTUAL EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS**

The Operations Fund had an excess of \$544,718 of actual expenses over budget as of the date of this report.

#### **NOTE 3 – DETAIL NOTES ON THE FINANCIAL STATEMENTS**

##### **DEPOSITS AND INVESTMENTS**

Permitted Deposits and Investments - Statutes authorize GIN to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Trust and the Illinois Metropolitan Investment Fund.

The Illinois Trust was established for the purpose of allowing various public agencies including, but not limited to, counties, townships, cities, towns, villages, school districts, housing authorities and public water supply districts, to jointly invest funds in accordance with the Laws of the State of Illinois. Participation in the Illinois Trust is voluntary. The Illinois Trust is not registered with the SEC as an Investment Company. Investments in the Illinois Trust are valued at the share price, the price for which the investment could be sold.

##### **Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk**

*Deposits.* At year-end, the carrying amount of the GIN's deposits totaled \$6,665,663 and the bank balances totaled \$6,665,663. In addition, GIN has \$2,567,789 invested in the Illinois Trust at year-end, which has an average maturity of less than one year.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The GIN's investment policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and by investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio.

## GOVERNMENT INSURANCE NETWORK

### Notes to the Financial Statements June 30, 2023

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#### NOTE 3 – DETAIL NOTES ON THE FINANCIAL STATEMENTS – Continued

##### DEPOSITS AND INVESTMENTS – Continued

##### Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The GIN's investment policy minimizes credit risk by diversifying investments by maturity, issuer, and class of security so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized. GIN's investment in Illinois Trust was not rated.

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of bank failure, the GIN's deposits may not be returned to it. The GIN's investment policy states that full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposits. At year-end, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance.

*Custodial Credit Risk – Investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the GIN will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The GIN does not have a formal investment policy with regards to custodial credit risk for investments.

*Concentration of Credit Risk.* This is the risk of loss attributed to the magnitude of the GIN's investment in a single issuer. The GIN's investment policy eliminates the risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, or class of securities. At year-end, the GIN's investment in the Max Safe Fund represents 100.00% of the GIN's total cash and cash equivalents.

##### CLAIMS PAYABLE

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include a number of claims that have been incurred but not reported (IBNR). Claims liabilities are established 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.

## GOVERNMENT INSURANCE NETWORK

### Notes to the Financial Statements June 30, 2023

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#### NOTE 3 – DETAIL NOTES ON THE FINANCIAL STATEMENTS – Continued

##### CLAIMS PAYABLE – Continued

Changes in the balances of claims liabilities are as follows:

|                            | Medical<br>and Dental |                |
|----------------------------|-----------------------|----------------|
|                            | 2023                  | 2022           |
| Claims Payable - Beginning | \$ 922,159            | 880,142        |
| Claims Incurred            | 16,426,128            | 13,615,364     |
| Claims Paid                | (16,287,062)          | (13,573,347)   |
| Claims Payable - Ending    | <u>1,061,225</u>      | <u>922,159</u> |

#### NOTE 4 – OTHER INFORMATION

##### CONTINGENT LIABILITIES

###### Litigation

The GIN is not currently involved in any lawsuits.

###### Contractual Agreements

The GIN contracts for Claims Administration, Plan Consulting, Pharmacy Benefit Management and similar services with a variety of service providers. Generally, these contracts provide for fees based on enrollment and remain in effect for one year. Often, such contracts are terminable as specified in each individual agreement. At year end, all fees due have been paid.

## **OTHER SUPPLEMENTARY INFORMATION**

## GOVERNMENT INSURANCE NETWORK

### Operations - Enterprise Fund

#### Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual

For the Fiscal Year Ended June 30, 2023

|                                              | Budget        |            | Actual     |
|----------------------------------------------|---------------|------------|------------|
|                                              | Original      | Final      |            |
| Operating Revenues                           |               |            |            |
| Premium Contributions                        | \$ 20,294,954 | 20,294,954 | 20,482,801 |
| Operating Expenses                           |               |            |            |
| Provision for Claims                         |               |            |            |
| Claims Incurred and Paid During the Year     | 15,353,621    | 15,353,621 | 16,426,128 |
| Stop-Loss Reimbursements                     | -             | -          | (965,167)  |
| Net Provision for Claims                     | 15,353,621    | 15,353,621 | 15,460,961 |
| Vision Insurance                             | 153,000       | 153,000    | 153,510    |
| Life and AD & D                              | 342,000       | 342,000    | 346,873    |
| Liability Insurance                          | 20,102        | 20,102     | 20,102     |
| Legal Fees                                   | 7,500         | 7,500      | 451        |
| Audit Fees                                   | 12,750        | 12,750     | 12,000     |
| Broker Consulting Service and Administration | 391,220       | 391,220    | 395,516    |
| BCBS Administration Fees                     | 3,966,906     | 3,966,906  | 3,980,850  |
| Supplies and Postage                         | -             | -          | 41         |
| Miscellaneous                                | 2,400         | 2,400      | 1,550      |
| Member Equity Allocation                     | -             | -          | 422,363    |
| Total Operating Expenses                     | 20,249,499    | 20,249,499 | 20,794,217 |
| Operating Income (Loss)                      | 45,455        | 45,455     | (311,416)  |
| Nonoperating Revenues                        |               |            |            |
| Interest Income                              | 84,000        | 84,000     | 311,416    |
| Changes in Net Position                      | 129,455       | 129,455    | -          |
| Net Position - Beginning                     |               |            | -          |
| Net Position - Ending                        |               |            | -          |

## GOVERNMENT INSURANCE NETWORK

### Operations - Enterprise Fund

#### Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual

For the Fiscal Year Ended June 30, 2022

|                                              | Budget        |            | Actual     |
|----------------------------------------------|---------------|------------|------------|
|                                              | Original      | Final      |            |
| Operating Revenues                           |               |            |            |
| Premium Contributions                        | \$ 17,954,204 | 17,954,204 | 18,543,629 |
| Operating Expenses                           |               |            |            |
| Provision for Claims                         |               |            |            |
| Claims Incurred and Paid During the Year     | 13,668,260    | 13,668,260 | 13,615,364 |
| Stop-Loss Reimbursements                     | -             | -          | (209,671)  |
| Net Provision for Claims                     | 13,668,260    | 13,668,260 | 13,405,693 |
| Vision Insurance                             | 112,388       | 112,388    | 122,245    |
| Life and AD & D                              | 312,000       | 312,000    | 309,644    |
| Liability Insurance                          | 19,209        | 19,209     | 19,209     |
| Legal Fees                                   | 7,500         | 7,500      | 468        |
| Audit Fees                                   | 12,600        | 12,600     | 35,474     |
| Broker Consulting Service and Administration | 326,102       | 326,102    | 343,491    |
| BCBS Administration Fees                     | 3,308,085     | 3,308,085  | 3,459,535  |
| Supplies and Postage                         | 1,000         | 1,000      | 129        |
| Miscellaneous                                | 1,000         | 1,000      | 309        |
| Member Equity Allocation                     | -             | -          | 869,143    |
| Total Operating Expenses                     | 17,768,144    | 17,768,144 | 18,565,340 |
| Operating Income (Loss)                      | 186,060       | 186,060    | (21,711)   |
| Nonoperating Revenues                        |               |            |            |
| Interest Income                              | 7,200         | 7,200      | 21,711     |
| Changes in Net Position                      | 193,260       | 193,260    | -          |
| Net Position - Beginning                     |               |            | -          |
| Net Position - Ending                        |               |            | -          |

## **SUPPLEMENTAL SCHEDULES**



## GOVERNMENT INSURANCE NETWORK

### Schedule of Changes in Net Position - by Individual Members - Medical, Vision and Dental For the Fiscal Year Ended June 30, 2023

|                                         | Annual<br>Premiums | Member<br>Proportionate<br>Share of Total<br>Premiums (%) | Member<br>Proportionate<br>Share of Total<br>Capital (\$) |
|-----------------------------------------|--------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| City of Elmhurst                        | \$ 4,501,806       | 21.98%                                                    | \$ 92,829                                                 |
| Forest Preserve District of Will County | 1,112,135          | 5.43%                                                     | 22,933                                                    |
| Village of Frankfort                    | 1,660,261          | 8.11%                                                     | 34,235                                                    |
| Village of Lemont                       | 1,277,788          | 6.24%                                                     | 26,348                                                    |
| Village of New Lenox                    | 2,610,259          | 12.74%                                                    | 53,825                                                    |
| Village of Romeoville                   | 4,989,388          | 24.36%                                                    | 102,883                                                   |
| Village of Shorewood                    | 1,265,339          | 6.18%                                                     | 26,092                                                    |
| Village of Westmont                     | 2,227,858          | 10.88%                                                    | 45,939                                                    |
| Village of Willowbrook                  | 837,967            | 4.09%                                                     | 17,279                                                    |
| Totals                                  | 20,482,801         | 100.00%                                                   | 422,363                                                   |

## GOVERNMENT INSURANCE NETWORK

### Schedule of Changes in Net Position - by Individual Members - Medical, Vision and Dental For the Fiscal Year Ended June 30, 2022

|                                         | Annual<br>Premiums | Member<br>Proportionate<br>Share of Total<br>Premiums (%) | Member<br>Proportionate<br>Share of Total<br>Capital (\$) |
|-----------------------------------------|--------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| City of Elmhurst                        | \$ 4,442,965       | 23.96%                                                    | \$ 208,247                                                |
| Forest Preserve District of Will County | 572,565            | 3.09%                                                     | 26,856                                                    |
| Village of Frankfort                    | 1,698,653          | 9.16%                                                     | 79,613                                                    |
| Village of Lemont                       | 1,214,034          | 6.55%                                                     | 56,929                                                    |
| Village of New Lenox                    | 2,570,377          | 13.86%                                                    | 120,463                                                   |
| Village of Romeoville                   | 4,659,445          | 25.13%                                                    | 218,416                                                   |
| Village of Shorewood                    | 1,196,722          | 6.45%                                                     | 56,060                                                    |
| Village of Westmont                     | 2,188,868          | 11.80%                                                    | 102,559                                                   |
| Totals                                  | 18,543,629         | 100.00%                                                   | 869,143                                                   |