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### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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Total assets decreased by 5.85% and net position decreased by 10.41%. This was mainly due to dividends paid of \$9,904,463, offset by operating income of \$6,764,805.

The Investment in Joint Venture asset represents the value of the Fund's share of the Municipal Reinsurance Health Insurance Fund ("MRHIF") of which it is a member. Its share decreased in accordance with a decrease in the net position for that entity. The MRHIF paid a dividend to the member HIFs and the Fund's share of the dividend was \$902,665. The Fund declared a dividend of \$5,500,000 in 2020.

Claims expense increased by 13.65%, which is in line with the Fund's actuarial projection. During the year, general and administrative operating costs increased by 10.17% mainly due to the increase in claims expense.

#### **Economic Conditions**

The Fund continues to be affected by inflation of health benefit costs. Its strategy is to continue to attempt to moderate such increases by leveraging purchasing power with other Funds, using a medical network with a strong regional presence, considering supplementing the existing network, and assisting members with plan design and labor negotiation efforts.

#### **Contacting the Fund's Management**

This financial report is designed to provide the Central Jersey Health Insurance Fund members, Department of Banking and Insurance, and the Division of Local Government Services, Department of Community Affairs, State of New Jersey with a general overview of the Fund's finances and to demonstrate the Fund's accountability for the public funds it receives. If you have any questions about this report or need additional financial information, contact the Executive Director of the Central Jersey Health Insurance Fund office located at 9 Campus Drive, Suite 216, Parsippany, New Jersey 07054 or by phone at (201) 881-7632.

**BASIC FINANCIAL STATEMENTS**

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**CENTRAL JERSEY HEALTH INSURANCE FUND**

## STATEMENTS OF NET POSITION

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 18,755,419	\$ 12,473,380
Investments	1,501,170	8,911,582
Assessments Receivable	730,463	3,305,695
Excess Insurance Receivable	1,748,171	454,152
Investment in Joint Venture	1,361,771	1,757,724
Dividend Receivable	902,665	-
Interest Receivable	3,254	15,644
Other Assets	661,115	340,959
	<u>25,664,028</u>	<u>27,259,136</u>
Total Assets		
<u>LIABILITIES, RESERVES AND NET POSITION</u>		
Liabilities:		
Accounts Payable	2,423	197,788
Accrued Expenses	68,273	33,485
Surplus Return Reserve	1,376,268	1,294,350
	<u>1,446,964</u>	<u>1,525,623</u>
Total Liabilities		
Claims Reserves:		
IBNR Reserves	2,964,000	2,011,000
	<u>2,964,000</u>	<u>2,011,000</u>
Total Reserves		
Total Liabilities and Reserves	<u>4,410,964</u>	<u>3,536,623</u>
Net Position:		
Unrestricted	<u>\$ 21,253,064</u>	<u>\$ 23,722,513</u>

**CENTRAL JERSEY HEALTH INSURANCE FUND**

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenues:		
Assessments	\$ 45,542,409	\$ 41,481,874
Total Operating Revenues	<u>45,542,409</u>	<u>41,481,874</u>
Operating Expenses:		
Claims - Net of Claims Adjustments	31,692,883	27,886,893
Premium Expenses	4,185,169	5,116,114
Contractual Expenses	1,022,150	832,951
Professional Contractual Expenses	1,819,122	1,292,499
Miscellaneous Expense	58,280	68,342
Total Operating Expenses	<u>38,777,604</u>	<u>35,196,799</u>
Operating Income	<u>6,764,805</u>	<u>6,285,075</u>
Non-Operating Revenues/(Expenses):		
Interest Income	163,497	355,649
Dividend Income	902,665	1,092,745
Investment in Joint Venture	(395,953)	(623,681)
Dividends Paid	(9,904,463)	(11,500,000)
Total Non-Operating Expenses	<u>(9,234,254)</u>	<u>(10,675,287)</u>
Changes in Net Position	(2,469,449)	(4,390,212)
Net Position - Beginning of Year	<u>23,722,513</u>	<u>28,112,725</u>
Net Position - End of Year	<u>\$ 21,253,064</u>	<u>\$ 23,722,513</u>

## CENTRAL JERSEY HEALTH INSURANCE FUND

### STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020 and 2019

	2020	2019*
Cash from Operating Activities:		
Receipts from Assessments	\$ 48,117,641	\$ 41,267,893
Payments of Claims	(30,739,883)	(28,854,024)
Payments for Excess Insurance	(5,479,188)	(5,116,114)
Payments to Professionals and Suppliers	(3,380,287)	(2,046,393)
Net Cash from Operating Activities	<u>8,518,283</u>	<u>5,251,362</u>
Cash from Financing Activities:		
Return of Surplus	81,918	(386,300)
Dividends Paid	(9,904,463)	(11,500,000)
Net Cash from Financing Activities	<u>(9,822,545)</u>	<u>(11,886,300)</u>
Cash from Investing Activities:		
Interest Received	175,889	381,276
Dividend Income	-	1,092,745
Net Proceeds from/(Purchases of) Investments	7,410,412	(195,303)
Net Cash from Investing Activities	<u>7,586,301</u>	<u>1,278,718</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	6,282,039	(5,356,220)
Cash and Cash Equivalents, Beginning of Year	<u>12,473,380</u>	<u>17,829,600</u>
Cash and Cash Equivalents, End of Year	<u>\$ 18,755,419</u>	<u>\$ 12,473,380</u>
Reconciliation of Operating Income to		
Cash from Operating Activities:		
Operating Income	\$ 6,764,805	\$ 6,285,075
Adjustment to Reconcile Operating Income to		
Net Cash from Operating Activities:		
Change in Assets and Liabilities:		
Assessments Receivable	2,575,232	190,074
Excess Insurance Receivable	(1,294,019)	(130,229)
Other Assets	(320,156)	(273,826)
Accounts Payable	(195,367)	181,884
Accrued Expenses	34,788	(34,485)
IBNR Reserves	953,000	(967,131)
Net Cash from Operating Activities	<u>\$ 8,518,283</u>	<u>\$ 5,251,362</u>

\*Certain prior year balances were reclassified to conform with current year presentation.

**NOTES TO FINANCIAL STATEMENTS**

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# CENTRAL JERSEY HEALTH INSURANCE FUND

## NOTES TO FINANCIAL STATEMENTS

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### A. ORGANIZATION AND DESCRIPTION OF THE FUND

The Fund was created in February 1992 in accordance with P.L. 1983, C. 372, entitled "An act concerning joint insurance funds for local units of governments, and supplementing Chapter 10 of Title 40A of the New Jersey statutes." The Fund is a self-administered group of municipalities established for the purpose of providing self-funded employee benefits for the member municipalities. The following coverages are offered by the Fund to its members at the choice of the individual member unit:

- a) Medical
- b) Dental
- c) Vision
- c) Prescription

The Fund consists of a 34-membership group as of December 31, 2020. Each municipality assigns a commissioner to the Fund. An executive committee is elected consisting of 7 commissioners and 2 alternates. The commissioners elect the officers: a chairperson and a secretary for 1-year terms.

A participating municipality may be terminated by a majority vote of the Fund Commissioners or a two-thirds vote of the Executive Committee for nonpayment of assessments or continued noncompliance after written notice to comply with the bylaws or other obligations. Termination may occur only after proper notice has been given, in accordance with the Fund's bylaws. A participating member may withdraw before the end of its membership by giving proper notices and following required procedures at least ninety (90) days before the date of withdrawal.

The Executive Director/Administrator is responsible for the overall administration of the Fund. Fees paid to the Executive Director/Administrator encompass all administrative duties, which are performed at the Executive Director/Administrator's office. Accordingly, the Fund does not maintain any fixed assets or incur any employee payroll expense.

### B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

#### **Basis of Presentation**

The financial statements of the Fund have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of state and local governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

# CENTRAL JERSEY HEALTH INSURANCE FUND

## NOTES TO FINANCIAL STATEMENTS

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### B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Basis of Accounting (Continued)**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Proprietary funds are accounted for using the accrual basis of accounting. Assessments are recognized as revenue at the time of assessment.

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Assessments are recognized as revenue at the time of assessment.

Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

#### **Cash and Cash Equivalents**

Cash and cash equivalents includes amounts on deposit, money market accounts, and short-term investments with original maturities of 90 days or less.

Deposits were with contracted depository banks in interest-bearing accounts that were insured under the New Jersey Governmental Unit Deposit Protection Act ("GUDPA"). All such deposits are held in the Fund's name.

GUDPA permits the deposit of public funds in the State of New Jersey Cash Management Fund or in institutions located in New Jersey that are insured by the Federal Deposit Insurance Corporation ("FDIC") or by any other agencies of the United States that insure deposits. GUDPA requires public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

Each depository participating in the GUDPA system must pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million. The minimum 5% pledge applies to institutions that are categorized as "well capitalized" by federal banking standards. The percentage of the required pledge will increase for institutions that are less than "well capitalized."

No collateral is required for amounts covered by the FDIC. The collateral which may be pledged to support these deposits includes obligations of state and federal governments, insured securities and other collateral approved by the Department of Banking and Insurance ("DOBI"). When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the DOBI requires additional collateral to be pledged.

If a governmental depository fails and the FDIC or National Credit Union Share Insurance Fund does not insure or pay out the full amount of public deposits, the collateral pledged to protect these funds would first be liquidated and paid out. If this amount is insufficient, other institutions holding public funds would be assessed pro rata up to 4% of their uninsured public funds. Although these protections do not constitute a 100% guarantee of the safety of all funds, no governmental unit under GUDPA has ever lost protected deposits.



# CENTRAL JERSEY HEALTH INSURANCE FUND

## NOTES TO FINANCIAL STATEMENTS

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### **B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Cash and Cash Equivalents (Continued)**

Additionally, the Fund has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the GUDPA. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

#### **Assessments and Assessments Receivable**

The assessments of the participating members are billed monthly based on a pro rata share of Fund expenses and claims. The assessments are determined and certified by the actuary and approved by a majority vote of the Fund Commissioners.

#### **Unpaid Claims Liabilities**

The Fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount, particularly for coverage such as general liability. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are reflected in reserves and cumulative expenses in the periods being reported upon as described and the actual experience as it emerges, including the impact of future changes in claim severity and frequency and other factors. Adjustments to claims liabilities are charged or credited to operations in the periods in which they are made.

#### **Reinsurance**

The Fund uses reinsurance agreements to reduce its exposure to large losses on certain types of insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Fund as direct insurer of the risks reinsured.

#### **Net Position**

In accordance with the provisions of the GASB Statement No. 34, *"Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments"*, the Fund has classified its net position as unrestricted. This component of net position consists of net positions that do not meet the definition of "restricted" or "net investment in capital assets" and includes net position that may be allocated for specific purposes by the Board.

# CENTRAL JERSEY HEALTH INSURANCE FUND

## NOTES TO FINANCIAL STATEMENTS

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### **B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Component Unit**

GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, provide guidance that all entities associated with a primary government are potential component units, and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39.

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

As of December 31, 2020, it has been determined by the Fund that no component unit exists. In addition, the Fund is not includable in any other reporting entity on the basis of such criteria.

#### **Fair Value Measurement**

The Fund categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

# CENTRAL JERSEY HEALTH INSURANCE FUND

## NOTES TO FINANCIAL STATEMENTS

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### B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Fair Value Measurement (Continued)

Subsequent to initial recognition, the Fund may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

The following methods and assumptions were used by the Fund in estimating the fair value of its financial instruments:

*Government Backed Securities* – Valued at the net asset value of the security held by the Fund at year end.

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The table in Note D sets forth by level, within the fair value hierarchy, the Fund's assets at fair value as of December 31, 2020.

#### Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentations. Such reclassifications have no effect on the previously reported change in net position.

### C. CASH AND CASH EQUIVALENTS

The Fund is governed by the deposit and investment limitations of New Jersey state law.

#### Deposits

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Fund's deposits may not be returned. Although the Fund does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the GUDPA. GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the DOBI. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Fund in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Fund relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized in the schedule below.

# CENTRAL JERSEY HEALTH INSURANCE FUND

## NOTES TO FINANCIAL STATEMENTS

### C. CASH AND CASH EQUIVALENTS (CONTINUED)

#### Deposits (Continued)

As of December 31, 2020 and 2019, respectively, the Fund's bank balance of \$18,755,414 and \$12,484,117 was insured or collateralized as follows:

	2020	2019
Insured under FDIC	\$ 250,000	\$ 500,000
Insured under GUDPA	14,983,895	8,348,253
NJ Cash Management Fund	3,655,273	3,635,864
	<u>\$ 18,889,168</u>	<u>\$ 12,484,117</u>

### D. INVESTMENTS

The Fund's fair value and hierarchy levels of its investments at December 31, 2020 and 2019, were as follows:

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Government Backed Securities (Fixed Income)	\$ 1,501,170	\$ -	\$ -	\$ 1,501,170
Total investments at fair value	<u>\$ 1,501,170</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,501,170</u>

  

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Government Backed Securities (Fixed Income)	\$ 8,911,582	\$ -	\$ -	\$ 8,911,582
Total investments at fair value	<u>\$ 8,911,582</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,911,582</u>

Custodial credit risk related to investments - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Fund will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Fund has no investment policy to limit exposure to custodial credit risk.

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

## CENTRAL JERSEY HEALTH INSURANCE FUND

### NOTES TO FINANCIAL STATEMENTS

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#### E. REINSURANCE RECEIVABLE

The Fund also maintains contracts for excess insurance, covering losses in excess of an amount established between the Fund and the insurers up to the limits of coverage set forth in the contracts on a specific occurrence, per accident or annual aggregate basis. The estimated reinsurance receivables on the unpaid claims are:

December 31, 2020			
	Fund Year 2020	Fund Year 2019	Closed Fund Year Total
Specific	<u>\$ 1,748,171</u>	<u>\$ -</u>	<u>\$ -</u> <u>\$ 1,748,171</u>

  

December 31, 2019			
	Fund Year 2019	Fund Year 2018	Closed Fund Year Total
Specific	<u>\$ 448,256</u>	<u>\$ 5,896</u>	<u>\$ -</u> <u>\$ 454,152</u>

#### F. MEMBERSHIP IN JOINT HEALTH INSURANCE FUND

In 1999, the Fund became a member of the Municipal Reinsurance Health Insurance Fund (the "MRHIF"). The MRHIF is a risk-sharing public entity risk pool that is a self-administered group of joint health insurance funds established for the purpose of assuming and discharging the liabilities associated with loss reserves of participating members. The transfer of these loss reserves to the MRHIF results in the closing of those fund years and the un-encumbering of the retained earnings related to those closed fund years. Each member appoints an official to represent their respective joint health insurance fund for the purpose of creating a governing body from which officers for the MRHIF are elected.

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

The MRHIF can declare and distribute dividends to members upon notification to the State of New Jersey DOBI. 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. Dividends on this surplus have been declared and due to the fund in the amount of \$902,665 in 2020 and \$0 in 2019.

At December 31, 2020 and 2019, the MRHIF carried surplus balances of \$17,076,318 and \$15,416,797, respectively. The Fund's equity interest in the MRHIF equates to \$1,361,771 and \$1,757,724, respectively. This investment is being carried as an asset on the financial statements of the Fund.

## CENTRAL JERSEY HEALTH INSURANCE FUND

### NOTES TO FINANCIAL STATEMENTS

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#### **G. CLAIMS LIABILITIES - IBNR RESERVES**

In order to recognize unpaid claims liabilities, as discussed in the Summary of Significant Accounting Policies, a reserve is calculated and certified by the Fund's actuary, Actuarial Solutions, LLC.

A contingent liability exists with respect to reinsurance, which would become an actual liability in the event the reinsuring company might be unable to meet their obligations to the Fund under existing reinsurance agreements.

#### **H. DIVIDEND DISTRIBUTION PLAN**

On September 9, 2020, the Fund's Executive Committee authorized a \$6,324,067 dividend from the Closed Fund Years for all members except Lakewood Township and a \$3,580,395 dividend from the Lakewood Closed Fund Years for Lakewood Township. The total dividend of \$9,904,463 was paid out in 2020 and included in the Fund's non-operating expenses.

#### **I. IMPACT OF CORONAVIRUS PANDEMIC**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus including restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Fund and its members operate.

Due to the impact of New Jersey Governor Murphy's Executive Order No. 107 dated March 21, 2020, mandating statewide stay-at-home practices and closure of all non-essential retail businesses, there has generally been a negative economic impact, however, the impact on the Fund's financial statements and operations was limited in 2020. It is reasonably possible revenues, collections on accounts receivables, and related cash flows may be adversely impacted going forward. It is unknown how long these conditions will last and what the complete financial affect will be to the Fund.

#### **J. SUBSEQUENT EVENTS**

Central Jersey Health Insurance Fund has evaluated subsequent events occurring after December 31, 2020, through **DATE**, which is the date the financial statements were available to be issued. None were noted that require disclosure

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

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## CENTRAL JERSEY HEALTH INSURANCE FUND

### RECONCILIATION OF CLAIMS INFORMATION

For the Year Ended December 31, 2020

	MEDICAL FUND	PRESCRIPTIONS FUND	DENTAL FUND	CLOSED YEARS	COMBINED TOTAL
Unpaid Claims at December 31, 2019	\$ 1,245,935	\$ 632,206	\$ 132,859	\$ -	\$ 2,011,000
Adjustments to Incurred Claims from Prior Period	(541,051)	(557,522)	76,255	(60,431)	(1,082,749)
Incurred Claims for Current Period	23,352,897	8,110,071	1,312,664	-	32,775,632
Total Incurred Claims	24,057,781	8,184,755	1,521,778	(60,431)	33,703,883
Payment:					
Claims Attributable to the Prior Periods	598,296	181,272	209,114	(60,431)	928,251
Claims Attributable to the Current Period	20,914,175	7,692,793	1,204,664	-	29,811,632
Total Payments	21,512,471	7,874,065	1,413,778	(60,431)	30,739,883
Incurred but not Reported Related to Fund Year 2019	-	-	-	-	-
Incurred but not Reported Related to Fund Year 2020	2,545,310	310,690	108,000	-	2,964,000
Total Incurred but not Reported at December 31, 2020	\$ 2,545,310	\$ 310,690	\$ 108,000	\$ -	\$ 2,964,000



**CENTRAL JERSEY HEALTH INSURANCE FUND**

CLAIMS DEVELOPMENT INFORMATION  
For Fund Year Ended December 31, 2020

	FUND YEAR 2020	FUND YEAR 2019	FUND YEAR 2018	FUND YEAR 2017	FUND YEAR 2016
Net Earned Required Contribution & Investment Revenue (Cumulative)	<u>\$ 45,623,961</u>	<u>\$ 41,624,498</u>	<u>\$ 40,411,091</u>	<u>\$ 39,062,126</u>	<u>\$ 37,613,643</u>
Unallocated Expenses (Cumulative)	<u>\$ 2,900,352</u>	<u>\$ 2,231,570</u>	<u>\$ 2,077,640</u>	<u>\$ 2,065,640</u>	<u>\$ 1,912,464</u>
Estimated Incurred Claims & Expense (Net of Reinsurance), End of Policy Period	<u>36,960,801</u>	<u>32,728,794</u>	<u>31,891,387</u>	<u>31,732,208</u>	<u>31,348,116</u>
Paid as of December 31 (Cumulative)	<u>36,960,801</u>	<u>32,621,663</u>	<u>31,881,387</u>	<u>28,545,208</u>	<u>28,598,116</u>
Re-estimated Incurred Claims & Expenses, (Net of Reinsurance) (Cumulative)	<u>36,960,801</u>	<u>32,728,794</u>	<u>31,891,387</u>	<u>31,732,208</u>	<u>31,348,116</u>
Increase/(Decrease) in Estimated Incurred Claims	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\* Only five years are presented in the above schedule due to data being unavailable for years prior to 2016.

**SUPPLEMENTARY SCHEDULES (UNAUDITED)**

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BALANCE SHEET  
December 31, 2020 – Closed Fund Years

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	GENERAL AND ADMINISTRATIVE FUND
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 4,627,605
Investments	370,390
Assessments Receivable	(97)
Interest Receivable	1,159
Dividend Receivable	902,665
Other Assets	<u>117,550</u>
Total Assets	<u>\$ 6,019,272</u>
<b>LIABILITIES, RESERVES AND NET POSITION</b>	
Surplus Return Reserve	<u>\$ 1,376,268</u>
Total Liabilities	<u>1,376,268</u>
Net Position	<u>4,643,004</u>
Total Liabilities, Reserves and Net Position	<u>\$ 6,019,272</u>



**CENTRAL JERSEY HEALTH INSURANCE FUND**

Schedule 2

**BALANCE SHEET**

December 31, 2020 – Fund Year 2019

ASSETS	MEDICAL FUND	PRESCRIPTIONS FUND	DENTAL FUND	VISION FUND	REINSURANCE FUND	GENERAL AND ADMINISTRATIVE FUND	COMBINED TOTAL
Cash and Cash Equivalents	\$ 3,629,019	\$ 762,380	\$ 58,616	\$ 18,650	\$ (10,808)	\$ 12,576	\$ 4,470,433
Investments	290,464	61,020	4,692	1,493	(865)	1,007	357,811
Interest Receivable	296	193	13	2	-	-	504
Total Assets	<u>\$ 3,919,779</u>	<u>\$ 823,593</u>	<u>\$ 63,321</u>	<u>\$ 20,145</u>	<u>\$ (11,673)</u>	<u>\$ 13,583</u>	<u>\$ 4,828,748</u>
<b>LIABILITIES, RESERVES AND NET POSITION</b>							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,908	\$ 1,908
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,908</u>	<u>1,908</u>
Net Position	<u>3,919,779</u>	<u>823,593</u>	<u>63,321</u>	<u>20,145</u>	<u>(11,673)</u>	<u>11,675</u>	<u>4,826,840</u>
Total Liabilities, Reserves and Net Position/(Deficit)	<u>\$ 3,919,779</u>	<u>\$ 823,593</u>	<u>\$ 63,321</u>	<u>\$ 20,145</u>	<u>\$ (11,673)</u>	<u>\$ 13,583</u>	<u>\$ 4,828,748</u>



**CENTRAL JERSEY HEALTH INSURANCE FUND**

Schedule 3

**BALANCE SHEET**

December 31, 2020 – Fund Year 2020

ASSETS	MEDICAL FUND	PRESCRIPTIONS FUND	DENTAL FUND	VISION FUND	LAKWOOD MEDICAL FUND	LAKWOOD PRESCRIPTIONS FUND	REINSURANCE FUND	GENERAL AND ADMINISTRATIVE FUND	COMBINED TOTAL
Cash and Cash Equivalents	\$ 2,959,139	\$ (181,854)	\$ 508,716	\$ 20,923	\$ 2,245,166	\$ 4,063,350	\$ (44,838)	\$ 86,779	\$ 9,657,381
Investments	236,846	(14,556)	40,717	1,675	179,702	325,228	(3,589)	6,946	772,969
Assessments Receivable	468,506	154,005	27,640	381	-	-	36,409	43,619	730,560
Excess Insurance Receivable	211,669	-	-	-	1,536,502	-	-	-	1,748,171
Interest Receivable	712	-	62	3	338	486	(10)	-	1,591
Other Assets	27,723	315,842	-	-	-	200,000	-	-	543,565
<b>Total Assets</b>	<b>\$ 3,904,595</b>	<b>\$ 273,437</b>	<b>\$ 577,135</b>	<b>\$ 22,982</b>	<b>\$ 3,961,708</b>	<b>\$ 4,589,064</b>	<b>\$ (12,028)</b>	<b>\$ 137,344</b>	<b>\$ 13,454,237</b>
<b>LIABILITIES, RESERVES AND NET POSITION</b>									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 515	\$ 515
Accrued Expenses	9,708	-	-	-	-	-	-	58,565	68,273
<b>Total Liabilities</b>	<b>9,708</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59,080</b>	<b>68,788</b>
IBNR Reserve	1,796,000	205,000	108,000	-	749,310	105,690	-	-	2,964,000
Net Position/(Deficit)	2,098,887	68,437	469,135	22,982	3,212,398	4,483,374	(12,028)	78,264	10,421,449
<b>Total Liabilities, Reserves and Net Position/(Deficit)</b>	<b>\$ 3,904,595</b>	<b>\$ 273,437</b>	<b>\$ 577,135</b>	<b>\$ 22,982</b>	<b>\$ 3,961,708</b>	<b>\$ 4,589,064</b>	<b>\$ (12,028)</b>	<b>\$ 137,344</b>	<b>\$ 13,454,237</b>



**CENTRAL JERSEY HEALTH INSURANCE FUND**

Schedule 4

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 Year Ended December 31, 2020 – Closed Fund Years

	GENERAL AND ADMINISTRATIVE FUND
Revenues:	
Assessment Adjustments	\$ (20,720)
Total Revenues	<u>(20,720)</u>
Expenses:	
Claim Adjustments	<u>(60,431)</u>
Total Expenses	<u>(60,431)</u>
Excess of Revenues over Expenses	<u>39,711</u>
Other Financing Sources/(Uses)	
Closing of Fund Year 2018	3,698,479
Interest Income	75,363
Dividend Income	902,665
Dividend Paid	<u>(6,324,067)</u>
Total Other Financing Sources/(Uses)	<u>(1,647,560)</u>
Deficit of Revenues & Other Financing Sources Over Expenses and Other Financing Uses	(1,607,849)
Net Position Beginning of Year	<u>6,250,853</u>
Net Position End of Year	<u>\$ 4,643,004</u>

**CENTRAL JERSEY HEALTH INSURANCE FUND**

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**  
**Year Ended December 31, 2020 – Fund Year 2019**

	MEDICAL FUND	PRESCRIPTIONS FUND	DENTAL FUND	VISION FUND	LAKEWOOD MEDICAL FUND	LAKEWOOD PRESCRIPTIONS FUND	REINSURANCE FUND	GENERAL AND ADMINISTRATIVE FUND	COMBINED TOTAL
Revenues:									
Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-	-	-	-	-
Expenses:									
Claims Adjustments	(541,051)	(557,522)	76,255	-	-	-	-	-	(1,022,318)
Professional Services	-	-	-	-	-	-	-	17,242	17,242
Miscellaneous	-	-	-	-	-	-	-	(18,042)	(18,042)
Total Expenses	(541,051)	(557,522)	76,255	-	-	-	-	(800)	(1,023,118)
Excess/(Deficit) of Revenues over Expenses	541,051	557,522	(76,255)	-	-	-	-	800	1,023,118
Other Financing Sources/(Uses)									
Interest Income	24,905	1,377	893	129	-	-	-	-	27,304
Transfer to Current Year	-	-	-	-	(3,868,934)	(3,771,442)	-	-	(7,640,376)
Interfund Surplus Transfer	(598,661)	-	-	-	-	-	-	-	(598,661)
Total Other Financing Sources/(Uses)	(573,756)	1,377	893	129	(3,868,934)	(3,771,442)	-	-	(8,211,733)
Excess/(Deficit) of Revenues & Other Financing Sources Over Expenses and Other Financing Uses	(32,705)	558,899	(75,362)	129	(3,868,934)	(3,771,442)	-	800	(7,188,615)
Net Position/(Deficit) Beginning of Year	3,952,484	264,694	138,683	20,016	3,868,934	3,771,442	(11,673)	10,875	12,015,455
Net Position/(Deficit) End of Year	\$ 3,919,779	\$ 823,593	\$ 63,321	\$ 20,145	\$ -	\$ -	\$ (11,673)	\$ 11,675	\$ 4,826,840

**CENTRAL JERSEY HEALTH INSURANCE FUND**

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**  
**Year Ended December 31, 2020 – Fund Year 2020**

	MEDICAL FUND	PRESCRIPTIONS FUND	DENTAL FUND	VISION FUND	LAKELWOOD MEDICAL FUND	LAKELWOOD PRESCRIPTIONS FUND	REINSURANCE FUND	GENERAL AND ADMINISTRATIVE FUND	COMBINED TOTAL
Revenues:									
Assessments	\$ 20,843,757	\$ 6,126,372	\$ 1,814,195	\$ 22,953	\$ 9,183,640	\$ 2,739,278	\$ 1,854,318	\$ 2,978,616	\$ 45,563,129
<b>Total Revenues</b>	<b>20,843,757</b>	<b>6,126,372</b>	<b>1,814,195</b>	<b>22,953</b>	<b>9,183,640</b>	<b>2,739,278</b>	<b>1,854,318</b>	<b>2,978,616</b>	<b>45,563,129</b>
Expenses:									
Claims - Net of Claims Adjustments	16,448,965	6,057,935	1,312,664	-	6,886,043	2,052,136	-	-	32,757,743
State Reserve for Retirees	17,889	-	-	-	-	-	-	-	17,889
HMO-PPO Premiums	2,285,768	-	33,017	-	-	-	-	-	2,318,785
Claims Administrator	-	-	-	-	-	-	-	1,022,150	1,022,150
Program Manager	-	-	-	-	-	-	-	1,307,038	1,307,038
Reinsurance	-	-	-	-	-	-	1,866,384	-	1,866,384
Executive Director	-	-	-	-	-	-	-	385,733	385,733
Professional Services	-	-	-	-	-	-	-	109,109	109,109
Miscellaneous	-	-	-	-	-	-	-	76,322	76,322
<b>Total Expenses</b>	<b>18,752,622</b>	<b>6,057,935</b>	<b>1,345,681</b>	<b>-</b>	<b>6,886,043</b>	<b>2,052,136</b>	<b>1,866,384</b>	<b>2,900,352</b>	<b>39,861,153</b>
Excess/(Deficit) of Revenues over Expenses	2,091,135	68,437	468,514	22,953	2,297,597	687,142	(12,066)	78,264	5,701,976
Other Financing Sources/(Uses)									
Interest Income	7,752	-	621	29	27,602	24,790	38	-	60,832
Transfer from Prior Year	-	-	-	-	3,868,934	3,771,442	-	-	7,640,376
Interfund Surplus Transfer	-	-	-	-	598,661	-	-	-	598,661
Dividend Paid	-	-	-	-	(3,580,396)	-	-	-	(3,580,396)
<b>Total Other Financing Sources</b>	<b>7,752</b>	<b>-</b>	<b>621</b>	<b>29</b>	<b>914,801</b>	<b>3,796,232</b>	<b>38</b>	<b>-</b>	<b>4,719,473</b>
Excess/(Deficit) of Revenues & Other Financing Sources Over Expenses and Other Financing Uses	2,098,887	68,437	469,135	22,982	3,212,398	4,483,374	(12,028)	78,264	10,421,449
Net Position/(Deficit) Beginning of Year	-	-	-	-	-	-	-	-	-
<b>Net Position/(Deficit) End of Year</b>	<b>\$ 2,098,887</b>	<b>\$ 68,437</b>	<b>\$ 469,135</b>	<b>\$ 22,982</b>	<b>\$ 3,212,398</b>	<b>\$ 4,483,374</b>	<b>\$ (12,028)</b>	<b>\$ 78,264</b>	<b>\$ 10,421,449</b>



SCHEDULE OF CASH FLOWS  
Year Ended December 31, 2020 – Closed Fund Years

	<u>2020</u>
Cash from Operating Activities:	
Receipts from Assessments	\$ 603,655
Payments of Claims	(127,851)
Receipts from Excess Insurance	5,896
Payments to Professionals and Suppliers	(117,550)
Net Cash from Operating Activities	<u>364,150</u>
Cash from Financing Activities:	
Interfund Surplus Transfer	-
Return of Surplus	81,918
Dividend Paid	(6,324,067)
Net Cash from Financing Activities	<u>(6,242,149)</u>
Cash from Investing Activities:	
Interest Received	83,095
Dividend Income	-
Net Proceeds from Investments	4,127,248
Net Cash from Investing Activities	<u>4,210,343</u>
Net Decrease in Cash and Cash Equivalents	(1,667,656)
Cash and Cash Equivalents, Beginning of Year (Closed Years)	\$ 4,396,731
Cash and Cash Equivalents, Beginning of Year (2018 Fund Year)	<u>1,898,530</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,627,605</u>
Reconciliation of Operating Income/(Loss) to	
Cash from Operating Activities:	
Operating Income	\$ 39,711
Adjustment to Reconcile Operating Income/(loss) to	
Net Cash from Operating Activities:	
Change in Assets and Liabilities:	
Assessments Receivable	543,224
Excess Insurance Receivable	5,896
Other Assets	(117,550)
IBNR Reserves	(107,131)
Net Cash from Operating Activities	<u>\$ 364,150</u>

SCHEDULE OF CASH FLOWS  
Year Ended December 31, 2020 – Fund Year 2019

	<u>2020</u>
Cash from Operating Activities:	
Receipts from Assessments	\$ 2,762,568
Payments of Claims	(881,551)
Receipts from/(Payments for) Excess Insurance	448,256
Receipts from/(Payments to) Professionals and Suppliers	<u>112,392</u>
Net Cash from Operating Activities	<u>2,441,665</u>
Cash from Financing Activities:	
Transfer to Current Year	(7,640,376)
Interfund Surplus Transfer	<u>(598,661)</u>
Net Cash from Financing Activities	<u>(8,239,037)</u>
Cash from Investing Activities:	
Interest Received	33,553
Net Proceeds from/(Purchases of) Investments	<u>4,056,133</u>
Net Cash from Investing Activities	<u>4,089,686</u>
Net Decrease in Cash and Cash Equivalents	(1,707,686)
Cash and Cash Equivalents, Beginning of Year	<u>6,178,119</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,470,433</u>
Reconciliation of Operating Income to	
Cash from Operating Activities:	
Operating Income	\$ 1,023,118
Adjustment to Reconcile Operating Income to	
Net Cash from Operating Activities:	
Change in Assets and Liabilities:	
Assessments Receivable	2,762,568
Excess Insurance Receivable	448,256
Other Assets	340,959
Accounts Payable	(195,882)
Accrued Expenses	(33,485)
IBNR Reserves	<u>(1,903,869)</u>
Net Cash from Operating Activities	<u>\$ 2,441,665</u>

SCHEDULE OF CASH FLOWS  
Year Ended December 31, 2020 – Fund Year 2020

	<u>2020</u>
Cash from Operating Activities:	
Receipts from Assessments	\$ 44,832,569
Payments of Claims	(29,811,632)
Payments for Insurance Premiums	(5,933,340)
Payments to Professionals and Suppliers	<u>(3,375,129)</u>
Net Cash from Operating Activities	<u>5,712,468</u>
Cash from Financing Activities:	
Transfer from Prior Year	7,640,376
Interfund Surplus Transfer	598,661
Dividend Paid	<u>(3,580,396)</u>
Net Cash from Financing Activities	<u>4,658,641</u>
Cash from Investing Activities:	
Interest Received	59,241
Net Purchases of Investments	<u>(772,969)</u>
Net Cash from Investing Activities	<u>(713,728)</u>
Net Increase in Cash and Cash Equivalents	9,657,381
Cash and Cash Equivalents, Beginning of Year	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ 9,657,381</u>
Reconciliation of Operating Income to	
Cash from Operating Activities:	
Operating Income	\$ 5,701,976
Adjustment to Reconcile Operating Income to	
Net Cash from Operating Activities:	
Change in Assets and Liabilities:	
Assessments Receivable	(730,560)
Excess Insurance Receivable	(1,748,171)
Other Assets	(543,565)
Accounts Payable	515
Accrued Expenses	68,273
IBNR Reserves	<u>2,964,000</u>
Net Cash from Operating Activities	<u>\$ 5,712,468</u>

NUMBER OF COVERED INDIVIDUALS BY MEMBER  
Year Ended December 31, 2020

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<u>LINE OF COVERAGE</u>	<u>FUND YEAR 2020</u>	<u>FUND YEAR 2019</u>	<u>FUND YEAR 2018</u>
Medical	2,213	1,880	1,802
Dental	2,069	2,022	1,917
Prescription	1,664	1,670	1,631
Vision	130	127	124

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

To the Administrative Committee of  
Central Jersey Health Insurance Fund

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements as prescribed by the State of New Jersey, Departments of Community Affairs ("DCA") and Banking and Insurance ("DOBI"), the financial statements of the Central Jersey Health Insurance Fund (the "Fund"), as of and for the year ended December 31, 2020, and the related notes to financial statements, which comprise the Fund's basic financial statements, and have issued our report thereon dated DATE. The opinion on the Fund's financial statements was qualified as permitted by the Departments of Community Affairs and Banking Insurance, State of New Jersey, as audit procedures were not extended to the underlying actuarial assumptions for Incurred but not Reported ("IBNR") reserve amounts, as these assumptions are prepared by the Fund's actuary.

## Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

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

Our consideration of internal control 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.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund'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 financial statements. 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 instance 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 Fund'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 Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**MERCADIEN SIGNATURE**

**DATE**

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**CENTRAL JERSEY HEALTH INSURANCE FUND**

**SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

Year Ended December 31, 2020

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None reported.

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**CENTRAL JERSEY HEALTH INSURANCE FUND**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

Year Ended December 31, 2020

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None reported.

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