

CENTRAL JERSEY HEALTH INSURANCE FUND

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

December 31, 2024

CENTRAL JERSEY HEALTH INSURANCE FUND

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Administrative Committee of
Central Jersey Health Insurance Fund

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Central Jersey Health Insurance Fund (the "Fund"), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above, except for the effects of any potential adjustments pertaining to the Incurred But Not Reported ("IBNR") reserve balance as described in the Basis for Qualified Opinion paragraph, present fairly, in all material respects, the financial position of the Fund as of December 31, 2024 and 2023, and the changes in financial position and cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements prescribed by the State of New Jersey, Departments of Community Affairs ("DCA") and Banking and Insurance ("DOBI"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

As permitted by the DCA and DOBI, audit procedures were not extended to the underlying actuarial assumptions for IBNR reserve amounts, as these assumptions are prepared by the Fund's actuary.

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 Fund'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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' 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 auditors' 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 GAAS, *Government Auditing Standards*, and audit requirements prescribed by the DCA and DOBI, 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 GAAS, *Government Auditing Standards*, and audit requirements prescribed by the DCA and DOBI, 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 Fund'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 Fund'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 required supplementary information, 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 GAAS, 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Supplementary Information

Management is responsible for the supplementary schedules included in the financial statements. The supplementary schedules, as listed in the table of contents, do not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements does not cover the other supplementary information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2025, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

Mercadieu, P.C.

Certified Public Accountants

May 27, 2025

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

CENTRAL JERSEY HEALTH INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the annual financial report of the Fund presents a discussion and analysis of the financial performance of the Fund for the years ended December 31, 2024 and 2023. Please read it in conjunction with the basic financial statements that follow this section.

Overview of Basic Financial Statements

The Fund's basic financial statements are prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises where applicable. The primary purpose of the Fund is to provide medical and other health coverage for municipalities and boards of education that are members of the Fund. The Fund maintains separate enterprise funds by incurred years and line of coverage. The basic financial statements are presented on an accrual basis of accounting. The three basic financial statements presented are as follows:

Statements of Net Position – These statements present information reflecting the Fund's assets, liabilities and net position. Net position represents the amount of total assets less total liabilities.

Statements of Revenue, Expenses and Changes in Net Position – These statements reflect the Fund's operating revenues and expenses, as well as non-operating items during the reporting periods. The change in net position for an enterprise fund is similar to net profit or loss for any other insurance company.

Statements of Cash Flows – The statements of cash flows are presented on the direct method of reporting, which reflects cash flows from operating, financing and investing activities. Cash collections and payments are reflected in these statements to arrive at the net increase or decrease in cash for the fiscal years.

Financial Highlights

The following tables summarize the financial position and results of operations for the Fund as of and for the years ended December 31, 2024, 2023 and 2022:

CENTRAL JERSEY HEALTH INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Highlights (Continued)

Summary Statements of Net Position

	2024	2023	2022	\$ Change 2023-2024	% Change
Assets					
Cash, Cash Equivalents and Investments	\$ 6,825,323	\$ 10,356,189	\$ 11,585,072	\$ (3,530,866)	-34.09%
Assessments Receivable	1,467,736	3,402,877	3,386,695	(1,935,141)	-56.87%
Excess Insurance Receivable	1,239,913	1,763,459	224,550	(523,546)	-29.69%
Investment in Joint Venture	527,190	489,507	491,518	37,683	7.70%
Other	1,624,347	1,689,198	3,603,469	(64,851)	-3.84%
Total Assets	\$ 11,684,509	\$ 17,701,230	\$ 19,291,304	(6,016,721)	-33.99%
Liabilities, Reserves & Net Position					
Liabilities and Reserves					
Accounts Payable and Accrued Expenses	\$ 150,065	\$ 222,738	\$ 152,038	(72,673)	-32.63%
Surplus Return Reserve	172,835	215,518	280,597	(42,683)	-19.80%
IBNR Reserves	3,986,279	5,115,122	3,842,912	(1,128,843)	-22.07%
Total Liabilities and Reserves	4,309,179	5,553,378	4,275,547	(1,244,199)	-22.40%
Net Position - Unrestricted	\$ 7,375,330	\$ 12,147,852	\$ 15,015,757	(4,772,522)	-39.29%

Summary Statements of Revenues, Expenses and Changes in Net Position

	2024	2023	2022	\$ Change 2023-2024	% Change
Operating Revenues:					
Regular Assessments & Other Income	\$ 64,829,495	\$ 61,453,139	\$ 58,457,225	\$ 3,376,356	5.49%
Operating Expenses:					
Provision for Claims and					
Claims Adjustment Expense	59,530,748	53,272,869	46,240,403	6,257,879	11.75%
Premium for Excess Insurance	6,538,846	6,160,711	5,795,640	378,135	6.14%
Administrative and Operating Expenses	3,813,230	3,639,423	3,640,605	173,807	4.78%
Total Operating Expenses	69,882,824	63,073,003	55,676,648	6,809,821	10.80%
Operating Income (Loss)	(5,053,329)	(1,619,864)	2,780,577	(3,433,465)	-211.96%
Non-Operating Revenues/(Expenses):					
Interest Income	260,819	422,682	(102,758)	(161,863)	-38.29%
Dividend Income	-	216,127	116,834	(216,127)	-100.00%
Investment in Joint Venture	37,683	(2,011)	(267,972)	39,694	1973.84%
Dividends Paid	(17,695)	(1,884,839)	(3,805,336)	1,867,144	99.06%
Total Non-Operating Revenues/(Expenses)	280,807	(1,248,041)	(4,059,232)	1,528,848	122.50%
Changes in Net Position	\$ (4,772,522)	\$ (2,867,905)	\$ (1,278,655)	(1,904,617)	-66.41%

CENTRAL JERSEY HEALTH INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Highlights (Continued)

During 2024, total assets decreased by 33.99% and net position decreased by 39.29%. This was mainly due to an operating loss of \$5,053,329.

During 2023, total assets decreased by 8.24% and net position decreased by 19.10%. This was mainly due to dividends paid of \$1,884,839, accompanied by an operating loss of \$1,619,864.

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. During 2024 and 2023, its share increased and decreased, respectively, in accordance with an increase and decrease, respectively, 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 \$0 and \$216,127, respectively, in 2024 and 2023. MRHIF did not declare a dividend in 2024 and the dividend declared in 2023 was \$2,750,000.

During 2024, claims expense increased by 11.75%, which was in line with the Fund's actuarial projection and was due to significant increases in medical and prescription claims costs due to industry-wide pressures, as well as increased claims due to two new members added to the fund. During the year, operating costs increased by 10.80% mainly due to the increase in claims expenses.

During 2023, claims expense increased by 15.21%, which was in line with the Fund's actuarial projection and was due to significant increases in medical and prescription claims costs due to industry-wide pressures, as well as increased claims due to two new members being added to the fund. During the year, operating costs increased by 13.28% mainly due to the increase in claims expenses.

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

CENTRAL JERSEY HEALTH INSURANCE FUND

STATEMENTS OF NET POSITION December 31, 2024 and 2023

	2024	2023
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 6,825,323	\$ 5,795,927
Investments	-	4,560,262
Assessments Receivable	1,467,736	3,402,877
Excess Insurance Receivable	1,239,913	1,763,459
Investment in Joint Venture	527,190	489,507
Interest Receivable	-	17,999
Other Assets	1,624,347	1,671,199
Total Assets	<u>\$ 11,684,509</u>	<u>\$ 17,701,230</u>
<u>LIABILITIES, RESERVES AND NET POSITION</u>		
Liabilities:		
Accounts Payable	\$ 18,738	\$ 289
Accrued Expenses	131,327	222,449
Surplus Return Reserve	172,835	215,518
Total Liabilities	<u>322,900</u>	<u>438,256</u>
Claims Reserves:		
IBNR Reserves	<u>3,986,279</u>	<u>5,115,122</u>
Total Reserves	<u>3,986,279</u>	<u>5,115,122</u>
Total Liabilities and Reserves	<u>4,309,179</u>	<u>5,553,378</u>
Net Position:		
Unrestricted	<u>\$ 7,375,330</u>	<u>\$ 12,147,852</u>

CENTRAL JERSEY HEALTH INSURANCE FUND**STATEMENTS OF REVENUES, EXPENSES AND CHANGES NET POSITION**
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues:		
Assessments	<u>\$ 64,829,495</u>	<u>\$ 61,453,139</u>
Total Operating Revenues	<u>64,829,495</u>	<u>61,453,139</u>
Operating Expenses:		
Claims - Net of Claims Adjustments	59,530,748	53,272,869
Premium Expenses	6,538,846	6,160,711
Contractual Expenses	1,080,239	1,111,955
Professional Contractual Expenses	2,598,555	2,570,638
Wellness Program	90,744	(54,971)
Miscellaneous Expense	<u>43,692</u>	<u>11,801</u>
Total Operating Expenses	<u>69,882,824</u>	<u>63,073,003</u>
Operating Loss	<u>(5,053,329)</u>	<u>(1,619,864)</u>
Non-Operating Revenues/(Expenses):		
Interest Income/(Expense)	260,819	422,682
Dividend Income	-	216,127
Investment in Joint Venture	37,683	(2,011)
Dividend Paid	<u>(17,695)</u>	<u>(1,884,839)</u>
Total Non-Operating Revenues/(Expenses)	<u>280,807</u>	<u>(1,248,041)</u>
Changes in Net Position	(4,772,522)	(2,867,905)
Net Position - Beginning of Year	<u>12,147,852</u>	<u>15,015,757</u>
Net Position - End of Year	<u>\$ 7,375,330</u>	<u>\$ 12,147,852</u>

CENTRAL JERSEY HEALTH INSURANCE FUND

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Receipts from Assessments	\$ 66,764,636	\$ 61,436,957
Payments of Claims	(60,659,591)	(52,000,659)
Payments for Excess Insurance	(6,015,300)	(7,699,620)
Payments to Professionals and Suppliers	(3,839,051)	(1,647,272)
Net Cash from Operating Activities	(3,749,306)	89,406
Cash Flows from Financing Activities:		
Return of Surplus	(42,683)	(65,079)
Dividend Paid	(17,695)	(1,884,839)
Net Cash from Financing Activities	(60,378)	(1,949,918)
Cash Flows from Investing Activities:		
Interest Paid	278,818	415,502
Dividend Income	-	216,127
Net Proceeds from Sale of Investments	4,560,262	470,722
Net Cash from Investing Activities	4,839,080	1,102,351
Net Changes in Cash and Cash Equivalents	1,029,396	(758,161)
Cash and Cash Equivalents, Beginning of Year	5,795,927	6,554,088
Cash and Cash Equivalents, End of Year	\$ 6,825,323	\$ 5,795,927
Reconciliation of Operating Loss to		
Cash Flows from Operating Activities:		
Operating Loss	\$ (5,053,329)	\$ (1,619,864)
Adjustment to Reconcile Operating Loss to		
Net Cash from Operating Activities:		
Change in Assets and Liabilities:		
Assessments Receivable	1,935,141	(16,182)
Excess Insurance Receivable	523,546	(1,538,909)
Other Assets	46,852	1,921,451
Accounts Payable	18,449	(6,707)
Accrued Expenses	(91,122)	77,407
IBNR Reserves	(1,128,843)	1,272,210
Net Cash from Operating Activities	\$ (3,749,306)	\$ 89,406

NOTES TO FINANCIAL STATEMENTS

CENTRAL JERSEY HEALTH INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

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 c) Vision
- b) Dental c) Prescription

The Fund consisted of a 42-membership group during 2024. 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

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 Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Basis of Accounting

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.

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange and the accrual basis when the exchange takes place. Assessments are recognized as revenue at the time of assessment.

CENTRAL JERSEY HEALTH INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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 ninety 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.

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.

CENTRAL JERSEY HEALTH INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Other Assets

Other assets include receivables occurring in the ordinary course of business, including contractual rebate allocations receivable from the prescription administrator.

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.

Dividends Paid and Surplus Return Reserve

The Fund recognizes dividends paid expense and surplus return reserve when dividends to members are authorized.

Net Position

In accordance with the provisions of 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

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, 2024, 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 – Observable inputs other than Level I that include quoted market prices for similar assets and liabilities in less 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

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 method and assumption was 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 method 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, 2024 and 2023.

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, N.J.S.A. 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 the 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.

As of December 31, 2024 and 2023, respectively, the Fund's bank balance of \$7,383,051 and \$6,157,286 was insured or collateralized as follows:

CENTRAL JERSEY HEALTH INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

C. CASH AND CASH EQUIVALENTS (CONTINUED)

Deposits (Continued)

	2024	2023
Insured under FDIC	\$ 250,000	\$ 250,000
Insured under GUDPA	7,133,051	5,907,286
	<u>\$ 7,383,051</u>	<u>\$ 6,157,286</u>

D. INVESTMENTS

The Fund's fair value and hierarchy levels of its investments at December 31, 2024 and 2023, were as follows:

		December 31, 2024			
		Level 1	Level 2	Level 3	Total
Government Backed Securities (Fixed Income)		\$ -	\$ -	\$ -	\$ -
Total investments at fair value		\$ -	\$ -	\$ -	\$ -

		December 31, 2023			
		Level 1	Level 2	Level 3	Total
Government Backed Securities (Fixed Income)		\$ 4,560,262	\$ -	\$ -	\$ 4,560,262
Total investments at fair value		\$ 4,560,262	\$ -	\$ -	\$ 4,560,262

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

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, 2024			
	Fund Year 2024	Fund Year 2023	Closed Fund Year Total
Specific	\$ 746,976	\$ 492,937	\$ - \$ 1,239,913

December 31, 2023			
	Fund Year 2023	Fund Year 2022	Closed Fund Year Total
Specific	\$ 1,626,174	\$ 101,164	\$ 36,121 \$ 1,763,459

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 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 distributed to the fund in the amount of \$0 in 2024 and \$216,127 in 2023.

At December 31, 2024 and 2023, the MRHIF carried surplus balances of \$7,817,536 and \$6,595,602, respectively. The Fund's equity interest in the MRHIF equated to \$527,190 and \$489,507, 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

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

In 2024, the Fund's Executive Committee did not authorize a dividend.

On October 18, 2023, the Fund's Executive Committee authorized a \$1,300,000 dividend from the Lakewood Closed Fund Years for Lakewood Township. On September 13, 2023, the Fund's Executive Committee authorized a \$577,028 dividend from the Closed Fund Years for all members except Lakewood Township.

Surplus return reserve was \$172,835 and \$215,518 as of December 31, 2024 and 2023, respectively.

I. RELATED PARTIES

The Fund pays underwriting fees and risk management fees to an affiliated company of the Fund's administrator. For the years ended December 31, 2024 and 2023, the Fund paid \$2,510,727 and \$2,483,129, respectively, to the Fund's administrator as per the management agreement.

J. SUBSEQUENT EVENTS

Central Jersey Health Insurance Fund has evaluated subsequent events occurring after December 31, 2024, through May 27, 2025, which is the date the financial statements were available to be issued. None were noted that require disclosure, except for the following:

In January and May 2025, the Fund offered membership to two additional entities for medical and prescription coverage. The addition of these members to the Fund will increase the Fund's operating revenues and expenses, including provision for claims expenses and IBNR reserves.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

CENTRAL JERSEY HEALTH INSURANCE FUND

RECONCILIATION OF CLAIMS INFORMATION

For the Year Ended December 31, 2024

	MEDICAL FUND	PRESCRIPTIONS FUND	DENTAL FUND	GENERAL AND ADMINISTRATIVE FUND	CLOSED YEARS	COMBINED TOTAL
Unpaid Claims at December 31, 2023	\$ 4,583,692	\$ 430,134	\$ 101,296	\$ -	\$ -	\$ 5,115,122
Adjustments to Incurred Claims from Prior Periods	276,329	(39,061)	(27,116)	-	29,606	239,758
Incurred Claims for Current Period	<u>47,180,889</u>	<u>10,422,906</u>	<u>1,647,198</u>	<u>39,997</u>	<u>-</u>	<u>59,290,990</u>
Total Incurred Claims	<u>52,040,910</u>	<u>10,813,979</u>	<u>1,721,378</u>	<u>39,997</u>	<u>29,606</u>	<u>64,645,870</u>
Payment:						
Claims Attributable to the Prior Periods	4,860,021	391,073	74,180	-	29,606	5,354,880
Claims Attributable to the Current Period	<u>43,804,596</u>	<u>9,953,479</u>	<u>1,506,639</u>	<u>39,997</u>	<u>-</u>	<u>55,304,711</u>
Total Payments	<u>48,664,617</u>	<u>10,344,552</u>	<u>1,580,819</u>	<u>39,997</u>	<u>29,606</u>	<u>60,659,591</u>
Incurred But Not Reported Related to Fund Year 2023	-	-	-	-	-	-
Incurred But Not Reported Related to Fund Year 2024	<u>3,376,293</u>	<u>469,427</u>	<u>140,559</u>	<u>-</u>	<u>-</u>	<u>3,986,279</u>
Total Incurred But Not Reported at December 31, 2024	<u>\$ 3,376,293</u>	<u>\$ 469,427</u>	<u>\$ 140,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,986,279</u>

See independent auditors' report.

CENTRAL JERSEY HEALTH INSURANCE FUND

CLAIMS DEVELOPMENT INFORMATION For Fund Year Ended December 31, 2024

	FUND YEAR 2024	FUND YEAR 2023	FUND YEAR 2022	FUND YEAR 2021	FUND YEAR 2020	FUND YEAR 2019	FUND YEAR 2018	FUND YEAR 2017	FUND YEAR 2016
Net Earned Required Contribution & Investment Revenue (Cumulative)	<u>\$ 64,909,697</u>	<u>\$ 61,642,635</u>	<u>\$ 58,463,165</u>	<u>\$ 44,666,428</u>	<u>\$ 45,623,960</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>\$ 3,833,099</u>	<u>\$ 3,755,350</u>	<u>\$ 3,693,002</u>	<u>\$ 2,800,099</u>	<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>65,829,836</u>	<u>59,261,809</u>	<u>50,326,766</u>	<u>41,324,517</u>	<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>61,843,557</u>	<u>59,261,809</u>	<u>50,326,766</u>	<u>41,324,517</u>	<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>65,829,836</u>	<u>59,261,809</u>	<u>50,326,766</u>	<u>41,324,517</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SUPPLEMENTARY SCHEDULES (UNAUDITED)

CENTRAL JERSEY HEALTH INSURANCE FUND

Schedule 1

BALANCE SHEET

December 31, 2024 – Closed Fund Years

ASSETS	GENERAL AND ADMINISTRATIVE FUND
Cash and Cash Equivalents	\$ 9,956,419
Assessments Receivable	332,619
Other Assets	968
Total Assets	<u>\$ 10,290,006</u>
LIABILITIES, RESERVES AND FUND BALANCE	
Surplus Return Reserve	<u>\$ 172,835</u>
Total Liabilities	<u>172,835</u>
Fund Balance	<u>10,117,171</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 10,290,006</u>

See independent auditors' report.

CENTRAL JERSEY HEALTH INSURANCE FUND

Schedule 2

BALANCE SHEET

December 31, 2024 – Fund Year 2023

	MEDICAL FUND	PRESCRIPTIONS FUND	DENTAL FUND	VISION FUND	REINSURANCE FUND	GENERAL AND ADMINISTRATIVE FUND	COMBINED TOTAL
ASSETS							
Cash and Cash Equivalents	\$ (3,907,776)	\$ 374,655	\$ 332,667	\$ 26,971	\$ (164,286)	\$ 576,169	\$ (2,761,600)
Assessments Receivable	610	-	-	-	-	-	610
Excess Insurance Receivable	492,937	-	-	-	-	-	492,937
Other Assets	-	-	-	-	107,376	-	107,376
Total Assets	<u>\$ (3,414,229)</u>	<u>\$ 374,655</u>	<u>\$ 332,667</u>	<u>\$ 26,971</u>	<u>\$ (56,910)</u>	<u>\$ 576,169</u>	<u>\$ (2,160,677)</u>
LIABILITIES, RESERVES AND FUND BALANCE							
Fund Balance	(3,414,229)	374,655	332,667	26,971	(56,910)	576,169	(2,160,677)
Total Liabilities, Reserves and Fund Balance	<u>\$ (3,414,229)</u>	<u>\$ 374,655</u>	<u>\$ 332,667</u>	<u>\$ 26,971</u>	<u>\$ (56,910)</u>	<u>\$ 576,169</u>	<u>\$ (2,160,677)</u>

See independent auditors' report.

CENTRAL JERSEY HEALTH INSURANCE FUND

Schedule 3

BALANCE SHEET

December 31, 2024 – Fund Year 2024

	MEDICAL FUND	PRESCRIPTIONS FUND	DENTAL FUND	VISION FUND	LAKEWOOD MEDICAL FUND	LAKEWOOD PRESCRIPTIONS FUND	REINSURANCE FUND	GENERAL AND ADMINISTRATIVE FUND	COMBINED TOTAL
ASSETS									
Cash and Cash Equivalents	\$ (5,204,389)	\$ (2,176,484)	\$ 319,587	\$ 34,952	\$ 1,798,684	\$ 4,421,759	\$ (64,089)	\$ 500,484	\$ (369,496)
Assessments Receivable	829,254	149,824	24,127	408	61,383	(48,739)	37,189	81,061	1,134,507
Excess Insurance Receivable	124,196	-	-	-	622,780	-	-	-	746,976
Other Assets	78,926	1,103,712	-	-	-	333,365	-	-	1,516,003
Total Assets	\$ (4,172,013)	\$ (922,948)	\$ 343,714	\$ 35,360	\$ 2,482,847	\$ 4,706,385	\$ (26,900)	\$ 581,545	\$ 3,027,990
LIABILITIES, RESERVES AND FUND BALANCE									
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,738	\$ 18,738
Accrued Expenses	10,333	-	-	-	-	-	-	120,994	131,327
IBNR Reserve (Note G)	2,306,789	292,510	140,559	-	1,069,504	176,917	-	-	3,986,279
Total Liabilities	2,317,122	292,510	140,559	-	1,069,504	176,917	-	139,732	4,136,344
Fund Balance	(6,489,135)	(1,215,458)	203,155	35,360	1,413,343	4,529,468	(26,900)	441,813	(1,108,354)
Total Liabilities, Reserves and Fund Balance	\$ (4,172,013)	\$ (922,948)	\$ 343,714	\$ 35,360	\$ 2,482,847	\$ 4,706,385	\$ (26,900)	\$ 581,545	\$ 3,027,990

See independent auditors' report.

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended December 31, 2024 – Closed Fund Years

	GENERAL AND ADMINISTRATIVE FUND
Revenues:	
Contribution Adjustments	\$ -
Total Revenues	-
Expenses:	
Claim Adjustments	29,606
Wellness Program	16,777
Covid Grant Reimbursement	(968)
Contractual Expenses	(216)
Total Expenses	45,199
Excess/(Deficit) of Revenues over Expenses	(45,199)
Other Financing Sources/(Uses)	
Closing of Fund Year 2022	2,824,246
Interest Expense	161,488
Dividend Income	-
Dividend Paid	(18,295)
Total Other Financing Sources/(Uses)	2,967,439
Excess/(Deficit) of Revenues and Other Financing Sources Over Expenses and Other Financing Uses	2,922,240
Fund Balance Beginning of Year	7,194,931
Fund Balance End of Year	\$ 10,117,171

CENTRAL JERSEY HEALTH INSURANCE FUND

Schedule 5

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
Year Ended December 31, 2024 – Fund Year 2023

	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 - Net of Claims Adjustments	276,329	(39,061)	(27,116)	-	-	-	-	-	210,152
Claims Administrator	-	-	-	-	-	-	-	(25,976)	(25,976)
Professional Services	-	-	-	-	-	-	-	500	500
Wellness Program	-	-	-	-	-	-	-	(10,000)	(10,000)
Miscellaneous	-	-	-	-	-	-	-	14	14
Total Expenses	276,329	(39,061)	(27,116)	-	-	-	-	(35,462)	174,690
Excess/(Deficit) of Revenues over Expenses	(276,329)	39,061	27,116	-	-	-	-	35,462	(174,690)
Other Financing Sources/(Uses)									
Transfer to Current Year	-	-	-	-	1,122,434	(4,766,718)	-	-	(3,644,284)
Interest Income	14	3,977	5,567	442	-	-	-	9,131	19,131
Total Other Financing Sources/(Uses)	14	3,977	5,567	442	1,122,434	(4,766,718)	-	9,131	(3,625,153)
Excess/(Deficit) of Revenues and Other Financing Sources Over Expenses and Other Financing Uses	(276,315)	43,038	32,683	442	1,122,434	(4,766,718)	-	44,593	(3,799,843)
Fund Balance/(Deficit) Beginning of Year	(3,137,914)	331,617	299,984	26,529	(1,122,434)	4,766,718	(56,910)	531,576	1,639,166
Fund Balance/(Deficit) End of Year	\$ (3,414,229)	\$ 374,655	\$ 332,667	\$ 26,971	\$ -	\$ -	\$ (56,910)	\$ 576,169	\$ (2,160,677)

See independent auditors' report.

CENTRAL JERSEY HEALTH INSURANCE FUND

Schedule 6

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
Year Ended December 31, 2024 – Fund Year 2024

	MEDICAL FUND	PRESCRIPTIONS FUND	DENTAL FUND	VISION FUND	LAKEWOOD MEDICAL FUND	LAKEWOOD PRESCRIPTIONS FUND	REINSURANCE FUND	GENERAL AND ADMINISTRATIVE FUND	COMBINED TOTAL
Revenues:									
Assessments	\$ 33,375,121	\$ 6,223,511	\$ 1,853,454	\$ 35,148	\$ 13,961,742	\$ 2,675,662	\$ 2,392,786	\$ 4,312,071	\$ 64,829,495
Total Revenues	33,375,121	6,223,511	1,853,454	35,148	13,961,742	2,675,662	2,392,786	4,312,071	64,829,495
Expenses:									
Claims - Net of Claims Adjustments	35,752,361	7,438,970	1,647,198	-	11,428,528	2,983,936	-	39,997	59,290,990
HMO-PPO Premiums	4,114,411	-	4,716	-	-	-	-	-	4,119,127
Claims Administrator	-	-	-	-	-	-	-	1,106,431	1,106,431
Program Manager	-	-	-	-	-	-	-	1,984,343	1,984,343
Reinsurance	-	-	-	-	-	-	2,419,719	-	2,419,719
Executive Director	-	-	-	-	-	-	-	526,384	526,384
Professional Services	-	-	-	-	-	-	-	87,328	87,328
Wellness Program	-	-	-	-	-	-	-	83,967	83,967
Miscellaneous	-	-	-	-	-	-	-	44,646	44,646
Total Expenses	39,866,772	7,438,970	1,651,914	-	11,428,528	2,983,936	2,419,719	3,873,096	69,662,935
Excess/(Deficit) of Revenues over Expenses	(6,491,651)	(1,215,459)	201,540	35,148	2,533,214	(308,274)	(26,933)	438,975	(4,833,440)
Other Financing Sources/(Uses)									
Transfer from Prior Year	-	-	-	-	(1,122,434)	4,766,718	-	-	3,644,284
Interest Income	2,516	-	1,615	212	1,963	71,024	33	2,838	80,202
Dividend Paid	-	-	-	-	600.00	-	-	-	600
Total Other Financing Sources/(Uses)	2,516	-	1,615	212	(1,119,871)	4,837,742	33	2,838	3,725,086
Excess/(Deficit) of Revenues and Other Financing Sources Over Expenses and Other Financing Uses	(6,489,135)	(1,215,458)	203,155	35,360	1,413,343	4,529,468	(26,900)	441,813	(1,108,354)
Fund Balance/(Deficit) Beginning of Year	-	-	-	-	-	-	-	-	-
Fund Balance/(Deficit) End of Year	\$ (6,489,135)	\$ (1,215,458)	\$ 203,155	\$ 35,360	\$ 1,413,343	\$ 4,529,468	\$ (26,900)	\$ 441,813	\$ (1,108,354)

See independent auditors' report.

SCHEDULE OF CASH FLOWS

Year Ended December 31, 2024 – Closed Fund Years

Cash Flows from Operating Activities:		
Receipts from Assessments	\$	59,626
Payments of Claims		(29,606)
Receipts from Excess Insurance		137,285
Payments to Professionals and Suppliers		(31,845)
Net Cash from Operating Activities		<u>135,460</u>
Cash Flows from Financing Activities:		
Return of Surplus		(42,683)
Dividend Paid		(18,295)
Net Cash from Financing Activities		<u>(60,978)</u>
Cash Flows from Investing Activities:		
Interest Paid		173,633
Net Proceeds from Sale of Investments		4,274,973
Net Cash from Investing Activities		<u>4,448,606</u>
Net Decrease in Cash and Cash Equivalents		4,523,088
Cash and Cash Equivalents, Beginning of Year (Closed Years)	\$	4,120,837
Cash and Cash Equivalents, Beginning of Year (2022 Fund Year)		<u>1,312,494</u>
		5,433,331
Cash and Cash Equivalents, End of Year	\$	<u>9,956,419</u>
Reconciliation of Operating Loss to		
Cash Flows from Operating Activities:		
Operating Loss	\$	(45,199)
Adjustment to Reconcile Operating Loss to		
Net Cash from Operating Activities:		
Change in Assets and Liabilities:		
Excess Insurance Receivable		137,285
Assessments Receivable		59,626
Other Assets		(968)
Accrued Expenses		(15,284)
Net Cash from Operating Activities	\$	<u>135,460</u>

SCHEDULE OF CASH FLOWS

Year Ended December 31, 2024 – Fund Year 2023

Cash Flows from Operating Activities:	
Receipts from Assessments	\$ 3,010,022
Payments of Claims	(5,325,274)
Payments for Excess Insurance	1,133,237
Payments to Professionals and Suppliers	1,391,831
Net Cash from Operating Activities	<u>209,816</u>
Cash Flows from Financing Activities:	
Transfer from Prior Year	(3,644,284)
Net Cash from Financing Activities	<u>(3,644,284)</u>
Cash Flows from Investing Activities:	
Interest Paid	24,983
Net Proceeds from Sale of Investments	285,289
Net Cash from Investing Activities	<u>310,272</u>
Net Decrease in Cash and Cash Equivalents	(3,124,196)
Cash and Cash Equivalents, Beginning of Year	<u>362,596</u>
Cash and Cash Equivalents, End of Year	<u>\$ (2,761,600)</u>
Reconciliation of Operating Loss to	
Cash Flows from Operating Activities:	
Operating Loss	\$ (174,690)
Adjustment to Reconcile Operating Loss to	
Net Cash from Operating Activities:	
Change in Assets and Liabilities:	
Assessments Receivable	3,010,022
Excess Insurance Receivable	1,133,237
Other Assets	1,563,823
Accounts Payable	(289)
Accrued Expenses	(207,165)
IBNR Reserves	(5,115,122)
Net Cash from Operating Activities	<u>\$ 209,816</u>

SCHEDULE OF CASH FLOWS

Year Ended December 31, 2024 – Fund Year 2024

Cash Flows from Operating Activities:	
Receipts from Assessments	\$ 63,694,988
Payments of Claims	(55,304,711)
Payments for Excess Insurance	(7,285,822)
Payments to Professionals and Suppliers	(5,199,037)
Net Cash from Operating Activities	<u>(4,094,582)</u>
Cash Flows from Financing Activities:	
Transfer from Prior Year	3,644,284
Dividend Paid	600
Net Cash from Financing Activities	<u>3,644,884</u>
Cash Flows from Investing Activities:	
Interest Paid	80,202
Net Cash from Investing Activities	<u>80,202</u>
Net Decrease in Cash and Cash Equivalents	(369,496)
Cash and Cash Equivalents, Beginning of Year	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ (369,496)</u>
Reconciliation of Operating Loss to	
Cash Flows from Operating Activities:	
Operating Loss	\$ (4,833,440)
Adjustment to Reconcile Operating Loss to	
Net Cash from Operating Activities:	
Change in Assets and Liabilities:	
Assessments Receivable	(1,134,507)
Excess Insurance Receivable	(746,976)
Other Assets	(1,516,003)
Accounts Payable	18,738
Accrued Expenses	131,327
IBNR Reserves	3,986,279
Net Cash from Operating Activities	<u>\$ (4,094,582)</u>

CENTRAL JERSEY HEALTH INSURANCE FUND

Schedule 10

NUMBER OF COVERED INDIVIDUALS BY MEMBER

Year Ended December 31, 2024

LINE OF COVERAGE	FUND YEAR 2024	FUND YEAR 2023	FUND YEAR 2022	FUND YEAR 2021	FUND YEAR 2020	FUND YEAR 2019	FUND YEAR 2018
Medical	2,721	3,064	3,284	2,238	2,213	1,880	1,802
Dental	2,093	2,051	2,111	2,087	2,069	2,022	1,917
Prescription	1,840	1,695	1,634	1,637	1,664	1,670	1,631
Vision	199	139	136	134	130	127	124

See independent auditors' report.

**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, 2024, and the related notes to financial statements, which comprise the Fund's basic financial statements, and have issued our report thereon dated May 27, 2025. The opinion on the Fund's financial statements was qualified as permitted by the DCA and DOBI, 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.

Report on 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 or significant deficiencies may exist that were not 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)**

Report on 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.

Mercadieu, P.C.
Certified Public Accountants

May 27, 2025

CENTRAL JERSEY HEALTH INSURANCE FUND

SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None reported.

CENTRAL JERSEY HEALTH INSURANCE FUND

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None reported.