

CENTRAL JERSEY HEALTH INSURANCE FUND

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

December 31, 2025

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

Opinion

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, 2025 and 2024, 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, 2025 and 2024, 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 Opinion

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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 opinion. 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 opinion 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 June 12, 2026, 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

June 12, 2026

**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, 2025 and 2024. 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, 2025, 2024 and 2023:

CENTRAL JERSEY HEALTH INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Highlights (Continued)

Summary Statements of Net Position

	2025	2024	2023	\$ Change 2024-2025	% Change
Assets					
Cash, Cash Equivalents and Investments	\$ 1,706,141	\$ 6,825,323	\$ 10,356,189	\$ (5,119,182)	-75.00%
Assessments Receivable	566,907	1,467,736	3,402,877	(900,829)	-61.38%
Excess Insurance Receivable	166,952	1,239,913	1,763,459	(1,072,961)	-86.54%
Investment in Joint Venture	(23,774)	527,190	489,507	(550,964)	-104.51%
Other	2,236,694	1,624,347	1,689,198	612,347	37.70%
Total Assets	\$ 4,652,920	\$ 11,684,509	\$ 17,701,230	(7,031,589)	-60.18%
Liabilities, Reserves & Net Position					
Liabilities and Reserves					
Accounts Payable and Accrued Expenses	\$ 1,800,545	\$ 150,065	\$ 222,738	1,650,480	1099.84%
Surplus Return Reserve	126,122	172,835	215,518	(46,713)	-27.03%
IBNR Reserves	8,011,047	3,986,279	5,115,122	4,024,768	100.97%
Total Liabilities and Reserves	9,937,714	4,309,179	5,553,378	5,628,535	130.62%
Net Position - Unrestricted	\$ (5,284,794)	\$ 7,375,330	\$ 12,147,852	(12,660,124)	-171.66%

Summary Statements of Revenues, Expenses and Changes in Net Position

	2025	2024	2023	\$ Change 2024-2025	% Change
Operating Revenues:					
Regular Assessments & Other Income	\$ 66,656,770	\$ 64,829,495	\$ 61,453,139	\$ 1,827,275	2.82%
Operating Expenses:					
Provision for Claims and Claims Adjustment Expense	67,327,309	59,530,748	53,272,869	7,796,561	13.10%
Premium for Excess Insurance	8,199,909	6,538,846	6,160,711	1,661,063	25.40%
Administrative and Operating Expenses	3,838,724	3,813,230	3,639,423	25,494	0.67%
Total Operating Expenses	79,365,942	69,882,824	63,073,003	9,483,118	13.57%
Operating Income (Loss)	(12,709,172)	(5,053,329)	(1,619,864)	(7,655,843)	-151.50%
Non-Operating Revenues/(Expenses):					
Interest Income	91,516	260,819	422,682	(169,303)	-64.91%
Dividend Income	508,496	-	216,127	508,496	100.00%
Investment in Joint Venture	(550,964)	37,683	(2,011)	(588,647)	-1562.10%
Dividends Paid	-	(17,695)	(1,884,839)	17,695	100.00%
Total Non-Operating Revenues/(Expenses)	49,048	280,807	(1,248,041)	(231,759)	-82.53%
Changes in Net Position	\$ (12,660,124)	\$ (4,772,522)	\$ (2,867,905)	(7,887,602)	-165.27%

CENTRAL JERSEY HEALTH INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Financial Highlights (Continued)

During 2025, total assets decreased by 60.18% and net position decreased by 171.66%. This was mainly due to an operating loss of \$12,709,172.

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.

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 2025 and 2024, its share decreased and increased, respectively, in accordance with a decrease and increase, 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 \$508,496 and \$0, respectively, in 2025 and 2024. MRHIF declared a dividend to all member HIFs of \$6,981,266 in 2025 and did not declare a dividend in 2024.

During 2025, claims expense increased by 13.10%, 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 three new members added to the fund. During the year, operating costs increased by 13.57% mainly due to the increase in claims expenses and increases in reinsurance premiums. See Notes I and J to the financial statements which discuss the Fund's amendment of its out-of-network fee schedule and appeals process and planned supplemental assessment to address rising claims costs and the Fund's deficit as of December 31, 2025.

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.

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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 1,706,141	\$ 6,825,323
Assessments Receivable	566,907	1,467,736
Excess Insurance Receivable	166,952	1,239,913
Investment in Joint Venture	(23,774)	527,190
Other Assets	<u>2,236,694</u>	<u>1,624,347</u>
Total Assets	<u>\$ 4,652,920</u>	<u>\$ 11,684,509</u>
<u>LIABILITIES, RESERVES AND NET POSITION</u>		
Liabilities:		
Accounts Payable	\$ 1,219,508	\$ 18,738
Accrued Expenses	581,037	131,327
Surplus Return Reserve	<u>126,122</u>	<u>172,835</u>
Total Liabilities	<u>1,926,667</u>	<u>322,900</u>
Claims Reserves:		
IBNR Reserves	<u>8,011,047</u>	<u>3,986,279</u>
Total Reserves	<u>8,011,047</u>	<u>3,986,279</u>
Total Liabilities and Reserves	<u>9,937,714</u>	<u>4,309,179</u>
Net Position:		
(Deficit) Unrestricted	<u>\$ (5,284,794)</u>	<u>\$ 7,375,330</u>

CENTRAL JERSEY HEALTH INSURANCE FUNDSTATEMENTS OF REVENUES, EXPENSES AND CHANGES NET POSITION
Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Revenues:		
Assessments	<u>\$ 66,656,770</u>	<u>\$ 64,829,495</u>
Total Operating Revenues	<u>66,656,770</u>	<u>64,829,495</u>
Operating Expenses:		
Claims - Net of Claims Adjustments	67,327,309	59,530,748
Premiums for Excess Insurance	8,199,909	6,538,846
Contractual Expenses	946,186	1,080,239
Professional Contractual Expenses	2,614,136	2,598,555
Wellness Program	52,842	90,744
Miscellaneous Expense	<u>225,560</u>	<u>43,692</u>
Total Operating Expenses	<u>79,365,942</u>	<u>69,882,824</u>
Operating Loss	<u>(12,709,172)</u>	<u>(5,053,329)</u>
Non-Operating Revenues/(Expenses):		
Interest Income/(Expense)	91,516	260,819
Dividend Income	508,496	-
Investment in Joint Venture	(550,964)	37,683
Dividend Paid	<u>-</u>	<u>(17,695)</u>
Total Non-Operating Revenues/(Expenses)	<u>49,048</u>	<u>280,807</u>
Changes in Net Position	(12,660,124)	(4,772,522)
Net Position - Beginning of Year	<u>7,375,330</u>	<u>12,147,852</u>
Net Position - End of Year	<u>\$ (5,284,794)</u>	<u>\$ 7,375,330</u>

CENTRAL JERSEY HEALTH INSURANCE FUND

STATEMENTS OF CASH FLOWS Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities:		
Receipts from Assessments	\$ 67,557,599	\$ 66,764,636
Payments of Claims, Net of Claims Adjustments	(63,914,888)	(60,659,591)
Payments for Excess Insurance	(7,126,948)	(6,015,300)
Payments to Professionals and Suppliers	(2,188,244)	(3,839,051)
Net Cash from Operating Activities	(5,672,481)	(3,749,306)
Cash Flows from Financing Activities:		
Return of Surplus	(46,713)	(42,683)
Dividend Paid	-	(17,695)
Net Cash from Financing Activities	(46,713)	(60,378)
Cash Flows from Investing Activities:		
Interest Earned	91,516	278,818
Dividend Income	508,496	-
Net Proceeds from Sale of Investments	-	4,560,262
Net Cash from Investing Activities	600,012	4,839,080
Net Changes in Cash and Cash Equivalents	(5,119,182)	1,029,396
Cash and Cash Equivalents, Beginning of Year	6,825,323	5,795,927
Cash and Cash Equivalents, End of Year	\$ 1,706,141	\$ 6,825,323
Reconciliation of Operating Loss to		
Cash Flows from Operating Activities:		
Operating Loss	\$ (12,709,172)	\$ (5,053,329)
Adjustment to Reconcile Operating Loss to		
Net Cash from Operating Activities:		
Change in Assets and Liabilities:		
Assessments Receivable	900,829	1,935,141
Excess Insurance Receivable	1,072,961	523,546
Other Assets	(612,347)	46,852
Accounts Payable	1,200,770	18,449
Accrued Expenses	449,710	(91,122)
IBNR Reserves	4,024,768	(1,128,843)
Net Cash from Operating Activities	\$ (5,672,481)	\$ (3,749,306)

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 41-membership group during 2025. 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, 2025, 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.

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, 2025 and 2024, respectively, the Fund's bank balance of \$1,715,952 and \$7,383,051 was insured or collateralized as follows:

	2025	2024
Insured under FDIC	\$ 250,000	\$ 250,000
Insured under GUDPA	1,465,952	7,133,051
	<u>\$ 1,715,952</u>	<u>\$ 7,383,051</u>

CENTRAL JERSEY HEALTH INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

D. 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, 2025			
		Fund Year 2025	Fund Year 2024	Closed Fund Year	Total
Specific		\$ 502,729	\$ (335,777)	\$ -	\$ 166,952

		December 31, 2024			
		Fund Year 2024	Fund Year 2023	Closed Fund Year	Total
Specific		\$ 746,976	\$ 492,937	\$ -	\$ 1,239,913

E. 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 \$508,496 in 2025 and \$0 in 2024.

At December 31, 2025 and 2024, the MRHIF carried (deficit) surplus balances of (\$268,703) and \$7,817,536, respectively. The Fund’s equity interest in the MRHIF equated to (\$23,774) and \$527,190, respectively. This investment is being carried as an asset on the financial statements of the Fund.

F. 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.

CENTRAL JERSEY HEALTH INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS

G. DIVIDEND DISTRIBUTION PLAN

In 2025 and 2024, the Fund's Executive Committee did not authorize a dividend.

Surplus return reserve was \$126,122 and \$172,835 as of December 31, 2025 and 2024, respectively.

H. 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, 2025 and 2024, the Fund paid \$2,520,164 and \$2,510,727, respectively, to the Fund's administrator as per the management agreement.

I. SIGNIFICANT EVENT

To address increased claims expenses related to increased out-of-network utilization, in October 2025 the Fund amended its out-of-network fee schedule to encourage in-network utilization, effective January 1, 2026. An appeals process for out-of-network claims was also implemented.

J. SUBSEQUENT EVENTS

Central Jersey Health Insurance Fund has evaluated subsequent events occurring after December 31, 2025, through June 12, 2026, 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 March 2026, the Fund offered membership to three additional entities for medical and prescription coverage for each and retiree dental for one. 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.

In March 2026, the Fund determined that a supplemental assessment will be needed for Fund Years 2024 and 2025, which will be part of the 2027 budget. To assist with cash flow during 2026, the Fund requested assistance under MRHIF's cash advance program for a cash advance not to exceed \$3,000,000.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

CENTRAL JERSEY HEALTH INSURANCE FUND

RECONCILIATION OF CLAIMS INFORMATION

For the Year Ended December 31, 2025

	MEDICAL FUND	PRESCRIPTIONS FUND	DENTAL FUND	GENERAL AND ADMINISTRATIVE FUND	CLOSED YEARS	COMBINED TOTAL
Incurring But Not Reported at December 31, 2024	\$ 3,376,293	\$ 469,427	\$ 140,559	\$ -	\$ -	\$ 3,986,279
Adjustments to Incurred Claims from Prior Periods	2,334,826	(278,604)	(89,970)	(39,994)	538,394	2,464,652
Incurred Claims for Current Period	53,437,954	17,125,909	1,536,779	-	-	72,100,642
Total Incurred Claims	<u>59,149,073</u>	<u>17,316,732</u>	<u>1,587,368</u>	<u>(39,994)</u>	<u>538,394</u>	<u>78,551,572</u>
Payments:						
Attributable to the Prior Periods	5,711,119	190,823	50,589	(39,994)	538,394	6,450,931
Attributable to the Current Period	46,176,060	16,448,632	1,464,903	-	-	64,089,595
Total Payments	<u>51,887,179</u>	<u>16,639,455</u>	<u>1,515,492</u>	<u>(39,994)</u>	<u>538,394</u>	<u>70,540,525</u>
Incurring But Not Reported Related to Fund Year 2025	<u>7,261,894</u>	<u>677,277</u>	<u>71,876</u>	<u>-</u>	<u>-</u>	<u>8,011,047</u>
Total Incurred But Not Reported at December 31, 2025	<u>\$ 7,261,894</u>	<u>\$ 677,277</u>	<u>\$ 71,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,011,047</u>

See independent auditors' report.

CENTRAL JERSEY HEALTH INSURANCE FUND

CLAIMS DEVELOPMENT INFORMATION For Fund Year Ended December 31, 2025

	FUND YEAR 2025	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>\$ 66,690,778</u>	<u>\$ 64,917,828</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>\$ 3,874,164</u>	<u>\$ 3,792,041</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 Recoveries), End of Policy Period	<u>73,936,033</u>	<u>66,929,417</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>65,924,986</u>	<u>66,929,417</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 Recoveries) (Cumulative)	<u>73,936,033</u>	<u>66,929,417</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>	<u>\$ -</u>

See independent auditors' report.

SUPPLEMENTARY SCHEDULES (UNAUDITED)

BALANCE SHEET
 December 31, 2025 – Closed Fund Years

ASSETS	GENERAL AND ADMINISTRATIVE FUND
Cash and Cash Equivalents	\$ 7,778,525
Assessments Receivable	<u>326,019</u>
Total Assets	<u>\$ 8,104,544</u>
 LIABILITIES, RESERVES AND FUND BALANCE	
Surplus Return Reserve	<u>\$ 126,122</u>
Total Liabilities	<u>126,122</u>
 Fund Balance	 <u>7,978,422</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ 8,104,544</u>

CENTRAL JERSEY HEALTH INSURANCE FUND

Schedule 2

BALANCE SHEET

December 31, 2025 – Fund Year 2024

ASSETS	MEDICAL FUND	PRESCRIPTIONS FUND	DENTAL FUND	VISION FUND	REINSURANCE FUND	GENERAL AND ADMINISTRATIVE FUND	COMBINED TOTAL
Cash and Cash Equivalents	\$ (7,001,552)	\$ (2,464,698)	\$ 183,134	\$ 46,164	\$ (644,662)	\$ 2,147,790	\$ (7,733,824)
Assessments Receivable	-	-	-	-	-	6,767	6,767
Excess Insurance Receivable	(335,777)	-	-	-	-	-	(335,777)
Total Assets	<u>\$ (7,337,329)</u>	<u>\$ (2,464,698)</u>	<u>\$ 183,134</u>	<u>\$ 46,164</u>	<u>\$ (644,662)</u>	<u>\$ 2,154,557</u>	<u>\$ (8,062,834)</u>
LIABILITIES, RESERVES AND FUND BALANCE							
Fund Balance	<u>(7,337,329)</u>	<u>(2,464,698)</u>	<u>183,134</u>	<u>46,164</u>	<u>(644,662)</u>	<u>2,154,557</u>	<u>(8,062,834)</u>
Total Liabilities, Reserves and Fund Balance	<u>\$ (7,337,329)</u>	<u>\$ (2,464,698)</u>	<u>\$ 183,134</u>	<u>\$ 46,164</u>	<u>\$ (644,662)</u>	<u>\$ 2,154,557</u>	<u>\$ (8,062,834)</u>

See independent auditors' report.

CENTRAL JERSEY HEALTH INSURANCE FUND

BALANCE SHEET

December 31, 2025 – Fund Year 2025

ASSETS	MEDICAL FUND	PRESCRIPTIONS FUND	DENTAL FUND	VISION FUND	LAKEWOOD MEDICAL FUND	LAKEWOOD PRESCRIPTIONS FUND	REINSURANCE FUND	GENERAL AND ADMINISTRATIVE FUND	COMBINED TOTAL
Cash and Cash Equivalents	\$ (2,537,584)	\$ (3,813,338)	\$ 413,935	\$ 44,278	\$ 778,689	\$ 5,428,413	\$ 259,429	\$ 1,087,618	\$ 1,661,440
Assessments Receivable	-	-	-	-	-	-	-	234,121	234,121
Excess Insurance Receivable	196,058	-	-	-	306,671	-	-	-	502,729
Other Assets	-	1,557,914	-	-	-	678,780	-	-	2,236,694
Total Assets	\$ (2,341,526)	\$ (2,255,424)	\$ 413,935	\$ 44,278	\$ 1,085,360	\$ 6,107,193	\$ 259,429	\$ 1,321,739	\$ 4,634,984
LIABILITIES, RESERVES AND FUND BALANCE									
Accounts Payable	\$ 615,151	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 286,066	\$ 318,291	\$ 1,219,508
Accrued Expenses	534,617	-	-	-	-	-	-	46,420	581,037
IBNR Reserve (Note F)	5,546,260	493,236	71,876	-	1,715,634	184,041	-	-	8,011,047
Total Liabilities	6,696,028	493,236	71,876	-	1,715,634	184,041	286,066	364,711	9,811,592
Fund Balance	(9,037,554)	(2,748,660)	342,059	44,278	(630,274)	5,923,152	(26,637)	957,028	(5,176,608)
Total Liabilities, Reserves and Fund Balance	\$ (2,341,526)	\$ (2,255,424)	\$ 413,935	\$ 44,278	\$ 1,085,360	\$ 6,107,193	\$ 259,429	\$ 1,321,739	\$ 4,634,984

See independent auditors' report.

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 Year Ended December 31, 2025 – Closed Fund Years

	GENERAL AND ADMINISTRATIVE FUND
Expenses:	
Claims - Net of Claims Adjustments	\$ 491,604
Wellness Program	44,341
	<u>535,945</u>
Total Expenses	<u>535,945</u>
Deficit of Revenues over Expenses	<u>(535,945)</u>
Other Financing Sources/(Uses)	
Closing of Fund Year 2023	(2,160,677)
Interest Expense	49,377
Dividend Income	508,496
	<u>(1,602,804)</u>
Total Other Financing Sources/(Uses)	<u>(1,602,804)</u>
Deficit of Revenues and Other Financing Sources Over Expenses and Other Financing Uses	(2,138,749)
Fund Balance Beginning of Year	<u>10,117,171</u>
Fund Balance End of Year	<u>\$ 7,978,422</u>

CENTRAL JERSEY HEALTH INSURANCE FUND

Schedule 5

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
Year Ended December 31, 2025 – 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	\$ 622,479	\$ (1,490,369)	\$ (111,174)	\$ 10,589	\$ -	\$ -	\$ (617,762)	\$ 1,586,056	\$ (181)
Total Revenues	622,479	(1,490,369)	(111,174)	10,589	-	-	(617,762)	1,586,056	(181)
Expenses:									
Claims - Net of Claims Adjustments	1,470,673	(241,128)	(89,970)	-	-	-	-	(39,994)	1,099,581
Claims Administrator	-	-	-	-	-	-	-	(38,723)	(38,723)
Professional Services	-	-	-	-	-	-	-	1,000	1,000
Wellness Program	-	-	-	-	-	-	-	(42,058)	(42,058)
Total Expenses	1,470,673	(241,128)	(89,970)	-	-	-	-	(119,775)	1,019,800
Excess/(Deficit) of Revenues over Expenses	(848,194)	(1,249,241)	(21,204)	10,589	-	-	(617,762)	1,705,831	(1,019,981)
Other Financing Sources/(Uses)									
Transfer to Current Year	-	-	-	-	(1,413,343)	(4,529,468)	-	-	(5,942,811)
Interest Income	-	-	1,183	215	-	-	-	6,913	8,312
Total Other Financing Sources/(Uses)	-	-	1,183	215	(1,413,343)	(4,529,468)	-	6,913	(5,934,499)
Excess/(Deficit) of Revenues and Other Financing Sources Over Expenses and Other Financing Uses	(848,194)	(1,249,240)	(20,021)	10,804	(1,413,343)	(4,529,468)	(617,762)	1,712,744	(6,954,480)
Fund Balance/(Deficit) Beginning 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)
Fund Balance/(Deficit) End of Year	\$ (7,337,329)	\$ (2,464,698)	\$ 183,134	\$ 46,164	\$ -	\$ -	\$ (644,662)	\$ 2,154,557	\$ (8,062,834)

See independent auditors' report.

CENTRAL JERSEY HEALTH INSURANCE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
Year Ended December 31, 2025 – Fund Year 2025

	MEDICAL FUND	PRESCRIPTIONS FUND	DENTAL FUND	VISION FUND	LAKEWOOD MEDICAL FUND	LAKEWOOD PRESCRIPTIONS FUND	REINSURANCE FUND	GENERAL AND ADMINISTRATIVE FUND	COMBINED TOTAL
Revenues:									
Assessments	\$ 34,228,036	\$ 6,254,899	\$ 1,882,867	\$ 44,180	\$ 12,581,618	\$ 4,308,605	\$ 2,526,391	\$ 4,830,355	\$ 66,656,951
Total Revenues	34,228,036	6,254,899	1,882,867	44,180	12,581,618	4,308,605	2,526,391	4,830,355	66,656,951
Expenses:									
Claims - Net of Claims Adjustments	37,626,026	9,003,560	1,536,779	-	14,631,732	2,938,027	-	-	65,736,124
HMO-PPO Premiums	5,641,677	-	4,931	-	-	-	-	-	5,646,608
Claims Administrator	-	-	-	-	-	-	-	984,909	984,909
Program Manager	-	-	-	-	-	-	-	2,001,730	2,001,730
Reinsurance	-	-	-	-	-	-	2,553,301	-	2,553,301
Executive Director	-	-	-	-	-	-	-	518,434	518,434
Professional Services	-	-	-	-	-	-	-	92,972	92,972
Wellness Program	-	-	-	-	-	-	-	50,559	50,559
Miscellaneous	-	-	-	-	-	-	-	225,560	225,560
Total Expenses	43,267,703	9,003,560	1,541,710	-	14,631,732	2,938,027	2,553,301	3,874,164	77,810,197
Excess/(Deficit) of Revenues over Expenses	(9,039,667)	(2,748,661)	341,157	44,180	(2,050,114)	1,370,578	(26,910)	956,191	(11,153,246)
Other Financing Sources/(Uses)									
Transfer from Prior Year	-	-	-	-	1,413,343	4,529,468	-	-	5,942,811
Interest Income	2,113	-	902	98	6,497	23,106	273	837	33,827
Total Other Financing Sources/(Uses)	2,113	-	902	98	1,419,840	4,552,574	273	837	5,976,638
Excess/(Deficit) of Revenues and Other Financing Sources Over Expenses and Other Financing Uses	(9,037,554)	(2,748,660)	342,059	44,278	(630,274)	5,923,152	(26,637)	957,028	(5,176,608)
Fund Balance/(Deficit) Beginning of Year	-	-	-	-	-	-	-	-	-
Fund Balance/(Deficit) End of Year	\$ (9,037,554)	\$ (2,748,660)	\$ 342,059	\$ 44,278	\$ (630,274)	\$ 5,923,152	\$ (26,637)	\$ 957,028	\$ (5,176,608)

SCHEDULE OF CASH FLOWS

Year Ended December 31, 2025 – Closed Fund Years

Cash Flows from Operating Activities:		
Receipts from Assessments	\$	7,210
Payments of Claims, Net of Claims Adjustments		(383,260)
Payments for Excess Insurance		492,937
Payments to Professionals and Suppliers		(44,341)
Net Cash from Operating Activities		<u>72,546</u>
Cash Flows from Financing Activities:		
Return of Surplus		(46,713)
Dividend Paid		-
Net Cash from Financing Activities		<u>(46,713)</u>
Cash Flows from Investing Activities:		
Interest Earned		49,377
Dividend Income		508,496
Net Cash from Investing Activities		<u>557,873</u>
Net Decrease in Cash and Cash Equivalents		583,706
Cash and Cash Equivalents, Beginning of Year (Closed Years)	\$	9,956,419
Cash and Cash Equivalents, Beginning of Year (2023 Fund Year)		<u>(2,761,600)</u> 7,194,819
Cash and Cash Equivalents, End of Year		<u>\$ 7,778,525</u>
Reconciliation of Operating Loss to		
Cash Flows from Operating Activities:		
Operating Loss	\$	(535,945)
Adjustment to Reconcile Operating Loss to		
Net Cash from Operating Activities:		
Change in Assets and Liabilities:		
Excess Insurance Receivable		492,937
Assessments Receivable		7,210
Other Assets		<u>108,344</u>
Net Cash from Operating Activities	\$	<u>72,546</u>

SCHEDULE OF CASH FLOWS

Year Ended December 31, 2025 – Fund Year 2024

Cash Flows from Operating Activities:	
Receipts from Assessments	\$ 1,127,559
Payments of Claims, Net of Claims Adjustments	(3,569,857)
Payments for Excess Insurance	1,082,753
Payments to Professionals and Suppliers	(70,284)
Net Cash from Operating Activities	<u>(1,429,829)</u>
Cash Flows from Financing Activities:	
Transfer from Prior Year	(5,942,811)
Net Cash from Financing Activities	<u>(5,942,811)</u>
Cash Flows from Investing Activities:	
Interest Earned	8,312
Net Cash from Investing Activities	<u>8,312</u>
Net Decrease in Cash and Cash Equivalents	(7,364,328)
Cash and Cash Equivalents, Beginning of Year	<u>(369,496)</u>
Cash and Cash Equivalents, End of Year	<u>\$ (7,733,824)</u>
Reconciliation of Operating Loss to	
Cash Flows from Operating Activities:	
Operating Loss	\$ (1,019,981)
Adjustment to Reconcile Operating Loss to	
Net Cash from Operating Activities:	
Change in Assets and Liabilities:	
Assessments Receivable	1,127,740
Excess Insurance Receivable	1,082,753
Other Assets	1,516,003
Accounts Payable	(18,738)
Accrued Expenses	(131,327)
IBNR Reserves	(3,986,279)
Net Cash from Operating Activities	<u>\$ (1,429,829)</u>

SCHEDULE OF CASH FLOWS
Year Ended December 31, 2025 – Fund Year 2025

Cash Flows from Operating Activities:	
Receipts from Assessments	\$ 66,422,830
Payments of Claims, Net of Claims Adjustments	(59,961,771)
Payments for Excess Insurance	(8,702,638)
Payments to Professionals and Suppliers	(2,073,619)
Net Cash from Operating Activities	<u>(4,315,198)</u>
Cash Flows from Financing Activities:	
Transfer from Prior Year	5,942,811
Net Cash from Financing Activities	<u>5,942,811</u>
Cash Flows from Investing Activities:	
Interest Earned	33,827
Net Cash from Investing Activities	<u>33,827</u>
Net Decrease in Cash and Cash Equivalents	1,661,440
Cash and Cash Equivalents, Beginning of Year	<u>-</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,661,440</u>
Reconciliation of Operating Loss to	
Cash Flows from Operating Activities:	
Operating Loss	\$ (11,153,246)
Adjustment to Reconcile Operating Loss to	
Net Cash from Operating Activities:	
Change in Assets and Liabilities:	
Assessments Receivable	(234,121)
Excess Insurance Receivable	(502,729)
Other Assets	(2,236,694)
Accounts Payable	1,219,508
Accrued Expenses	581,037
IBNR Reserves	8,011,047
Net Cash from Operating Activities	<u>\$ (4,315,198)</u>

CENTRAL JERSEY HEALTH INSURANCE FUND

Schedule 10

NUMBER OF COVERED INDIVIDUALS BY MEMBER
Year Ended December 31, 2025

LINE OF COVERAGE	FUND YEAR 2025	FUND YEAR 2024	FUND YEAR 2023	FUND YEAR 2022	FUND YEAR 2021	FUND YEAR 2020	FUND YEAR 2019	FUND YEAR 2018
Medical	2,995	2,721	3,064	3,284	2,238	2,213	1,880	1,802
Dental	2,186	2,093	2,051	2,111	2,087	2,069	2,022	1,917
Prescription	1,967	1,840	1,695	1,634	1,637	1,664	1,670	1,631
Vision	233	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, 2025, and the related notes to financial statements, which comprise the Fund's basic financial statements, and have issued our report thereon dated June 12, 2026. 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

June 12, 2026

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.