



**REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**



SOUTHERN NEW JERSEY
REGIONAL EMPLOYEE BENEFITS FUND

TABLE OF CONTENTS

Page No.

| | |
|--|---|
| Independent Auditor's Report | 1 |
| 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 - Independent Auditor's Report | 4 |
| Management's Discussion and Analysis | 6 |

Financial Statements

| | | |
|-------------|--|----|
| Exhibit A-1 | Comparative Statements of Net Position | 9 |
| Exhibit A-2 | Comparative Statements of Revenues, Expenses and Changes in Net Position | 10 |
| Exhibit A-3 | Comparative Statements of Cash Flows | 11 |
| | Notes to Financial Statements | 12 |

Required Supplementary Information

| | | |
|------------|---|----|
| Schedule 1 | Reconciliation of Health Claims Liabilities by Fund | 24 |
| Schedule 2 | Ten-Year Claims Development Information | 25 |

Supplementary Information

| | | |
|------------|--|----|
| Schedule A | Statement of Net Position – Statutory Basis | 27 |
| Schedule B | Statement of Revenues, Expenses and Changes in Net Position – Statutory Basis | 28 |
| Schedule C | Statement of Cash Flows – Statutory Basis | 29 |
| | Notes to Supplementary Information – Statutory Basis | 31 |
| Schedule D | Statement of Fund Year Account Operating Results Analysis – Statutory Basis | 32 |
| Schedule E | Statement of Fund Year Expense Analysis – Statutory Basis | 34 |
| Schedule F | Schedule of Cash, Cash Equivalents and Investments – Statutory Basis | 36 |

Schedule of Findings and Recommendations

| | |
|---|----|
| Schedule of Findings and Recommendations | 38 |
| Schedule of Financial Statement Findings | 38 |
| Summary Schedule of Prior Year Findings as Prepared by Management | 38 |
| Appreciation | 38 |

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Southern New Jersey Regional Employee Benefits Fund
9 Campus Drive
Suite 216
Parsippany, NJ 07054

Report on the Financial Statements

We have audited the accompanying financial statements of the Southern New Jersey Regional Employee Benefits Fund (the "Fund") as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and in compliance with audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund as of December 31, 2019 and 2018 and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fund's basic financial statements. The accompanying supplementary schedules as listed in the table of contents are not a required part of the basic financial statements and are presented for purposes of additional analysis. The accompanying supplementary schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Commissioners
Southern New Jersey Regional Employee Benefits Fund

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2020 on our consideration of the Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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.

Respectfully Submitted,

A handwritten signature in black ink that reads "Bowman & Company LLP". The signature is written in a cursive, flowing style.

Bowman & Company LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
June 22, 2020

**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**

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Southern New Jersey Regional Employee Benefits Fund
9 Campus Drive
Suite 216
Parsippany, NJ 07054

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and in compliance with audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements of the Southern New Jersey Regional Employee Benefits Fund (the "Fund"), as of December 31, 2019 and for the year then ended, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements, and have issued our report thereon dated June 22, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fund's internal control over financial reporting (internal control) to determine the 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 over financial reporting 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 significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund’s financial statements are free of 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 determination of financial statement amounts. 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and the audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Respectfully Submitted,



Bowman & Company LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
June 22, 2020

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND

Management's Discussion and Analysis - Unaudited

This section of the annual financial report of the Southern New Jersey Regional Employee Benefits Fund (the "Fund") presents a discussion and analysis of the financial performance of the Fund for the years ended December 31, 2019, 2018 and 2017. 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 health coverage for municipalities 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:

Comparative Statements of Net Position – This statement presents information reflecting the Fund's assets, liabilities and reserves, and net position. Net position represents the amount of total assets less total liabilities and reserves.

Comparative Statements of Revenues, Expenses, and Changes in Net Position – This statement reflects the Fund's operating revenues and expenses, as well as non-operating items during the reporting period. The change in net position for an enterprise fund is similar to net profit or loss for any other insurance company.

Comparative Statements of Cash Flows – The comparative statements of cash flows is presented on the direct method of reporting, which reflects cash flows from operating, investing and noncapital financing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the year.

Financial Highlights

The following tables summarize the net position and results of operations for the Fund as of and for the years ended December 31, 2019, 2018 and 2017.

| Comparative Statements Of Net Position | <u>2019 to 2018 Change</u> | | | | |
|---|-----------------------------|-----------------------------|-----------------------------|------------------------------|---------------------|
| | <u>12/31/2019</u> | <u>12/31/2018</u> | <u>12/31/2017</u> | <u>Change \$</u> | <u>Change %</u> |
| Assets: | | | | | |
| Cash And Cash Equivalents | \$ 19,329,377 | \$ 15,358,373 | \$ 12,347,490 | \$ 3,971,004 | 25.9% |
| Investments | 1,999,820 | 5,488,692 | 5,518,700 | (3,488,872) | -63.6% |
| Contributions And Other Receivables | 958,322 | 771,929 | 1,366,160 | 186,393 | 24.1% |
| Excess Insurance Receivable | 146,194 | - | 34,267 | 146,194 | 100.0% |
| Investment In Joint Venture | 1,224,148 | 1,443,967 | 1,233,770 | (219,819) | -15.2% |
| Other Assets | 33,779 | 210,425 | 161,590 | (176,646) | -83.9% |
| Total Assets | <u>23,691,640</u> | <u>23,273,386</u> | <u>20,661,977</u> | <u>418,254</u> | <u>1.8%</u> |
| Liabilities, Reserves & Net Position | | | | | |
| Liabilities & Reserves: | | | | | |
| Accrued Expenses | 367,018 | 161,167 | 84,534 | 205,851 | 127.7% |
| Return of Surplus Payable | 5,326,422 | 4,039,030 | 4,140,132 | 1,287,392 | 31.9% |
| Loss Reserves | 2,544,000 | 2,520,000 | 3,550,000 | 24,000 | 1.0% |
| Total Liabilities & Reserves | <u>8,237,440</u> | <u>6,720,197</u> | <u>7,774,666</u> | <u>1,517,243</u> | <u>22.6%</u> |
| Net Position - Unrestricted | <u>\$ 15,454,200</u> | <u>\$ 16,553,189</u> | <u>\$ 12,887,311</u> | <u>\$ (1,098,989)</u> | <u>-6.6%</u> |

Financial Highlights Continued

| Comparative Statements Of Revenues, Expenses, And Changes In Net Position | | | | | |
|---|-------------------|-------------------|-------------------|----------------------------|-----------------|
| | <u>12/31/2019</u> | <u>12/31/2018</u> | <u>12/31/2017</u> | <u>2019 to 2018 Change</u> | |
| | | | | <u>Change \$</u> | <u>Change %</u> |
| Operating Revenues: | | | | | |
| Regular Contributions & Other Income | \$ 43,415,226 | \$ 44,731,491 | \$ 43,504,141 | \$ (1,316,265) | -2.9% |
| Operating Expenses: | | | | | |
| Provision for Claims and Claims Expense | 32,947,949 | 31,278,331 | 33,146,897 | 1,669,618 | 5.3% |
| Insurance Premiums | 5,651,794 | 4,351,904 | 4,326,019 | 1,299,890 | 29.9% |
| Affordable Care Act Taxes | 15 | - | - | 15 | 100.0% |
| Administrative and Operating | 2,555,494 | 2,509,112 | 2,539,612 | 46,382 | 1.8% |
| Total Operating Expenses | 41,155,252 | 38,139,347 | 40,012,528 | 3,015,905 | 7.9% |
| Total Operating Income | 2,259,974 | 6,592,144 | 3,491,613 | (4,332,170) | -65.7% |
| Non-Operating Revenues (Expenses): | | | | | |
| Investment Income | 462,477 | 306,958 | 195,008 | 155,519 | 50.7% |
| Municipal Reinsurance Health Insurance Fund Dividend | 477,999 | 397,254 | 1,287,547 | 80,745 | 20.3% |
| Change In Investment In Joint Venture | (219,819) | 210,197 | 79,686 | (430,016) | -204.6% |
| Excess Of Revenues | 2,980,631 | 7,506,553 | 5,053,854 | (4,525,922) | -60.3% |
| Transfer To Coastal HIF And SHIF | - | - | (11,342,687) | - | 0.0% |
| Return Of Surplus | (4,079,620) | (3,840,675) | (8,795,075) | (238,945) | 6.2% |
| Change In Net Position | \$ (1,098,989) | \$ 3,665,878 | \$(15,083,908) | \$ (4,764,867) | -130.0% |

On January 1, 2016, the Fund transferred assets and liabilities to form the Southern Coastal Regional Employee Benefits Fund and Schools Health Insurance Fund pursuant to NJSA 40A:10-36 et. seq. and NJAC 11:15-3 when the Fund received approval from the New Jersey Department of Banking and Insurance. During 2017, the Fund transferred additional assets to the newly formed Health Insurance Fund.

The Fund's total assets as of December 31, 2019 were \$23,691,640 and total liabilities and reserves were \$8,237,440 resulting in a surplus in unrestricted net position of \$15,454,200.

The Fund's operating revenues were \$43,415,226 during the year. Claims expenses represented \$32,947,949 in health benefit costs. Reinsurance premiums were composed of \$967,359 being incurred by the Municipal Reinsurance Health Insurance Fund and \$4,684,435 of Medical, RX and Dental premiums. During the reporting period, administrative and operating costs were \$2,555,494.

The value of the Fund's share of the Municipal Reinsurance Health Insurance Fund (MRHIF) was \$1,224,148. The Fund also received a dividend distribution from MRHIF for \$477,999.

Investment income was \$462,477 due to Fund's active pursuit of higher interest rates from area financial institutions.

Economic Conditions

The Fund continues to be affected by inflation of health benefit costs. The Fund's strategy is to continue to attempt to moderate such increases by leveraging purchasing power with other Funds, using one of the largest and most effective medical networks in the nation, and assisting members with plan design and labor negotiation efforts.

Contacting the Fund's Management

This financial report is designed to provide the Southern New Jersey Regional Employee Benefits Fund members and the Department of Banking and Insurance of the 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 Southern New Jersey Regional Employee Benefits Fund office located at 9 Campus Drive, Suite 216, Parsippany, New Jersey 07054 or by phone at (201) 881-7632.

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2019 AND 2018

| <u>ASSETS</u> | <u>2019</u> | <u>2018</u> |
|---|---------------|---------------|
| Cash And Equivalents | \$ 19,329,377 | \$ 15,358,373 |
| Investments | 1,999,820 | 5,488,692 |
| Contributions Receivable | 958,322 | 771,929 |
| Refund Receivable | 25,482 | 23,088 |
| Claim Advances | - | 144,040 |
| Accrued Interest Receivable | 8,297 | 43,297 |
| Excess Insurance Receivable | 146,194 | - |
| Investment In Joint Venture | 1,224,148 | 1,443,967 |
| | <hr/> | <hr/> |
| Total Assets | 23,691,640 | 23,273,386 |
| | <hr/> | <hr/> |
| <u>LIABILITIES AND RESERVES</u> | | |
| Liabilities: | | |
| Claims Payable | - | 22,053 |
| Accrued Insurance Premiums | 333,018 | - |
| Accrued Expenses | 34,000 | 13,284 |
| Due To The Southern Coastal Regional Benefits Fund | - | 125,830 |
| Return Of Surplus Payable | 5,326,422 | 4,039,030 |
| | <hr/> | <hr/> |
| Total Liabilities | 5,693,440 | 4,200,197 |
| | <hr/> | <hr/> |
| Reserves: | | |
| Actuarial Liability | 2,544,000 | 2,520,000 |
| | <hr/> | <hr/> |
| Total Liabilities And Reserves | 8,237,440 | 6,720,197 |
| | <hr/> | <hr/> |
| <u>NET POSITION</u> | | |
| Unrestricted | \$ 15,454,200 | \$ 16,553,189 |
| | <hr/> <hr/> | <hr/> <hr/> |

The Accompanying Notes To Financial Statements Are An Integral Part Of This Statement.

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Operating Revenues: | | |
| Regular Contributions | \$ 43,043,343 | \$ 44,412,466 |
| Employee Contributions | 371,883 | 319,025 |
| | <hr/> | <hr/> |
| Total Operating Revenue | 43,415,226 | 44,731,491 |
| | <hr/> | <hr/> |
| Operating Expenses: | | |
| Provision For Claims And Claims Adjustment Expenses | 32,947,949 | 31,278,331 |
| Insurance Premiums | 5,651,794 | 4,351,904 |
| Affordable Care Act Taxes | 15 | - |
| Administration | 2,555,494 | 2,509,112 |
| | <hr/> | <hr/> |
| Total Operating Expenses | 41,155,252 | 38,139,347 |
| | <hr/> | <hr/> |
| Operating Income | 2,259,974 | 6,592,144 |
| Non-Operating Revenue: | | |
| Investment Income | 462,477 | 306,958 |
| Municipal Reinsurance Health | | |
| Insurance Fund Dividend | 477,999 | 397,254 |
| Change In Investment In Joint Venture | (219,819) | 210,197 |
| | <hr/> | <hr/> |
| Change In Net Position | 2,980,631 | 7,506,553 |
| Net Position, Beginning | 16,553,189 | 12,887,311 |
| Return Of Surplus | <hr/> (4,079,620) | <hr/> (3,840,675) |
| Net Position, Ending | <hr/> \$ 15,454,200 | <hr/> \$ 16,553,189 |

The Accompanying Notes To Financial Statements Are An Integral Part Of This Statement.

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|
| Cash Flows From Operating Activities: | | |
| Receipts From Regular Contributions | \$ 42,856,950 | \$ 44,981,354 |
| Receipts From Employee Contributions | 371,883 | 319,025 |
| Payments For Health Benefits Claims | (32,950,550) | (32,249,756) |
| Payments For Insurance Premiums | (5,318,776) | (4,351,904) |
| Payments For Affordable Care Act Taxes | (15) | - |
| Payments To Professionals And Administrative Expenses | <u>(2,534,778)</u> | <u>(2,508,212)</u> |
| Net Cash Flows Provided By Operating Activities | <u>2,424,714</u> | <u>6,190,507</u> |
| Cash Flows From Investing Activities: | | |
| Redemption Of Investments | 3,550,000 | 3,550,000 |
| Purchase Of Investments | - | (3,530,084) |
| Investment Income | <u>914,348</u> | <u>688,557</u> |
| Net Cash Flows Provided By Investing Activities | <u>4,464,348</u> | <u>708,473</u> |
| Cash Flows From Noncapital Financing Activities: | | |
| Due To/From The Southern Coastal Regional Benefits Fund | (125,830) | 53,680 |
| Return of Surplus | <u>(2,792,228)</u> | <u>(3,941,777)</u> |
| Net Cash Flows Used In Noncapital Financing Activities: | <u>(2,918,058)</u> | <u>(3,888,097)</u> |
| Net Increase Cash And Cash Equivalents | 3,971,004 | 3,010,883 |
| Cash And Cash Equivalents, Beginning | <u>15,358,373</u> | <u>12,347,490</u> |
| Cash And Cash Equivalents, Ending | <u>\$ 19,329,377</u> | <u>\$ 15,358,373</u> |
| Reconciliation Of Operating Income To Cash Flows From Operating Activities: | | |
| Operating Income | \$ 2,259,974 | \$ 6,592,144 |
| Adjustments to Reconcile Operating Income to Net Cash Flows Provided By Operating Activities: | | |
| Changes In Assets and Liabilities: | | |
| Decrease (Increase) in Assets: | | |
| Contributions Receivable | (186,393) | 568,888 |
| Claims Advances | 144,040 | - |
| Excess Insurance Receivable | (146,194) | 34,267 |
| Refunds Receivable | (2,394) | 2,255 |
| Increase (Decrease) in Liabilities: | | |
| Accrued Expenses | 20,716 | 900 |
| Accrued Excess Insurance Premium | 333,018 | - |
| Actuarial Liability | 24,000 | (1,030,000) |
| Claims Payable | <u>(22,053)</u> | <u>22,053</u> |
| Total Adjustments | <u>164,740</u> | <u>(401,637)</u> |
| Net Cash Flows Provided By Operating Activities | <u>\$ 2,424,714</u> | <u>\$ 6,190,507</u> |
| Supplemental Disclosure - Noncash Activity: | | |
| Change In Unrealized Gain (Loss) On Investments Included In Investment Income | <u>\$ 41,213</u> | <u>\$ (20,239)</u> |
| Change In Investment In Joint Venture | <u>\$ (219,819)</u> | <u>\$ 210,197</u> |

The Accompanying Notes To Financial Statements Are An Integral Part Of This Statement.

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS

Note 1: ORGANIZATION AND DESCRIPTION OF THE FUND

The Southern New Jersey Regional Employee Benefits Fund (the "Fund") was formed as a purchasing group effective August 1, 1992 and became a member of the Bergen Municipal Employee Benefits Fund (B-Med) as of September 1, 1992. In 1995, the Fund became an independent health insurance joint insurance fund pursuant to N.J.S.A. 40A:10-36 et. seq. and N.J.A.C. 11:15-3 when the Fund received approval from the New Jersey Department of Banking and Insurance. The Fund is operated in accordance with regulations of the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Fund was established for the purpose of containing medical costs.

During the Fund's initial period, any local unit that was a member of the Camden County Municipal Joint Insurance Fund, the Professional Municipal Management Joint Insurance Fund or the Burlington County Municipal Joint Insurance Fund could become a part of the Fund's initial application. Thereafter, the Commissioners/Executive Committee of the Fund may approve subsequent membership by a two-thirds vote of the full-authorized membership or may terminate any member by a majority vote, after proper notice has been given.

All members' assessments, including a reserve for contingencies, are based on annual actuarial assumptions determined by the Fund's Actuary and on monthly and quarterly adjustments determined by the Fund's Actuary and Program Manager based on actual loss experience. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The Fund offers the following coverages to its members:

Medical
Dental
Prescription

The Fund provides coverage on a self-insured basis and secures reinsurance in a form and an amount from an insurance company acceptable to the Commissioner of Insurance.

During the year 2019, the following municipalities and governmental entities were members of the Fund:

| | | |
|------------------------|------------------------|--------------------------|
| Barrington Borough | Lawnside Borough | Paulsboro Borough |
| Bellmawr Borough | Lindenwold Borough | Pennsauken Township |
| Berlin Township | Lumberton Township | Pine Hill Borough |
| Bordentown Township | Magnolia Borough | Pitman Borough |
| Brooklawn Borough | Mantua Township | Runnemede Borough |
| Camden Cnty Soc Serv | Maple Shade Township | Somerdale Borough |
| Chesilhurst Borough | Medford Lakes Borough | Waterford Township |
| Franklin Township | Merchantville Borough | Wenonah Borough |
| Gibbsboro Bourough | Mt. Ephraim Borough | Westville Borough |
| Gloucester City | Mt. Holly MUA | Willingboro Township |
| Haddonfield Borough | North Hanover Township | Winslow Fire District #1 |
| Haddon Heights Borough | Palmyra Borough | |

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS

Note 1: ORGANIZATION AND DESCRIPTION OF THE FUND (CONT'D)

The limits of liability under the various coverages for 2019 were as follows:

HEALTH INSURANCE COVERAGE

Medical and Prescription:

| <u>Limits</u> | <u>Description</u> |
|---|--|
| <u>I. Fund's Self-Insured Retained Limit of Liability (S.I.R.)</u> | |
| A. \$375,000 | Specific limit - applies per enrolled participant per reinsurance policy year. |
| B. \$42,865,556 | Aggregate limit of liability (Attachment is based on the aggregate factors multiplied by the Participant Census) |
| <u>II. Excess Insurers' Limit of Liability</u> | |
| A. Unlimited | Reimbursement in excess of the Fund's specific S.I.R. |
| B. \$10,000,000 | Reimbursement in excess of the Fund's aggregate S.I.R. |

Dental Aggregate Retention: None – Self-insured with risk retained by the Fund.

Medical, Prescription, and Prescription coverage without Medical coverage retentions will vary with census and can also vary depending upon the allocation of claims.

Health Insurance Coverage Notes:

1. "Health Insurance" means health insurance as defined pursuant to NJSA 17B:17-4 or service benefits as provided by health service corporations, hospital service corporations or medical service corporations authorized to do business in the state.
2. "Incurred Claims" means claims, which occur during a Fund year, including claims paid during a later period. The exact definition of "Incurred Claims" or any similar term is the definition used in the excess insurance policy purchased by the Fund.
3. The Fund's reinsurance agreement for the year 2019 was with the Municipal Reinsurance Health Insurance Fund (the "MRHIF"). The agreement is on a 12/24 month exposure period covering claims incurred during the twelve-month policy period January 1, 2019 to December 31, 2019.
4. Open enrollment for participating employees is offered during the months of May and November.
5. Medical coverage consists of each participating municipality's individual medical benefits plan, the HMO option on a group basis or the PPO option in accordance with a plan on file with the Department of Insurance.
6. Medicare provides secondary coverage for eligible active employees and primary coverage for eligible Medicare participants.

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant policies followed by the Southern New Jersey Regional Employee Benefits Fund:

Component Unit

In evaluating how to define the Fund for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statements No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34* and GASB Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*. Blended component units, although legally separate entities, are in-substance part of the primary entity's operations. Each discretely presented component unit would be or is reported in a separate column in the financial statements to emphasize that it is legally separate from the primary entity.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the primary entity.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the primary entity is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary entity could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Fund has no component units and is not includable in any other reporting entity.

Basis of Presentation, Fund Accounting

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. Enterprise funds are accounted for using the accrual basis of accounting.

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey governments units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments, which may be purchased by New Jersey municipal units. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (“GUDPA”), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured.

All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Additionally, the Fund has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. 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.

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash, Cash Equivalents and Investments (Cont'd)

Investments

The Fund generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The Fund categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Interest Income Allocation

Interest income was allocated based on the ratio of monthly average invested cash balances by line of coverage to the total amount invested applied to interest income credited for the month.

Revenue Recognition

Members were assessed monthly contributions based on a pro rata amount of the current estimates of projected losses, administrative expenses, the cost of reinsurance, and contingency fund needs for the year. Pass-through costs regarding HMO premiums were billed directly to the members who incurred the charges.

Additional Assessments and Dividend Credits (Refunds)

Members are subject to additional assessments if the regular contributions (premiums) collected in a fiscal year are not sufficient to cover all claims and expenses. Should premiums collected exceed claims and expenses, members may accrue a dividend credit subject to the discretion of the Executive Committee of the Fund and approval by the Department of Banking and Insurance. Dividends approved by the Executive Committee are shown in the financial statements as reserved Net Position pending State approval. Each member shares in these charges and credits based upon its participation in the various coverages provided. Refunds shall be declared not later than 180 days after the end of a fiscal year unless otherwise extended by the Commissioner of the Department of Banking and Insurance.

Claims Funding

The Fund is on a claim payment reimbursement basis with AETNA, AmeriHealth, Express Scripts, Inc. and Delta Dental (the third party administrators). During the course of each month, the third party administrators pay respective plan benefit obligations, including medical services and capitation and incentives, prescription and dental. Upon payment of plan benefit obligations, requests for funding are transmitted to the Fund Treasurer who then wire transfers an amount equal to the paid obligations to the respective third party administrator.

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Actuarial Liability

In order to recognize unpaid losses, a reserve is calculated by the Fund's actuary.

Liabilities for unpaid losses represent the estimated liability on claims reported to the Fund plus reserves for claims incurred but not yet reported. The liabilities for claims are evaluated using Fund and industry data, case basis evaluations and other statistical analyses, and represent estimates of the ultimate net cost of all losses incurred through December 31, 2019.

These liabilities are subject to variability between estimated ultimate losses determined as described and the actual experience as it emerges, including the impact of future changes in claim severity, frequency, and other factors. Management believes that the liabilities for unpaid claims are adequate. The estimates are continually reviewed and as adjustments to these liabilities become necessary, such adjustments are reflected in current operations.

Reinsurance

The Fund seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding reinsurance to the Municipal Reinsurance Health Insurance Fund ("MRHIF") under excess coverage insurance contracts. Although the MRHIF is liable to the Fund for the amounts reinsured, the Fund remains liable to its insureds for the full amount of the policies written whether or not the MRHIF meets its obligations to the Fund. Failure of the MRHIF to honor its obligations could result in losses to the Fund.

Losses ceded to reinsurers during the years 2019 and 2018 amounted to \$146,194 and \$0, respectively.

Administrative Expenses

Administrative expenses are comprised mainly of compensation for services rendered by servicing organizations and appointed officials pursuant to written fee guidelines submitted and approved by a majority of the Commissioners/Executive Committee. In instances where invoices have not been submitted for specific periods, the maximum allowable contract amount has been accrued.

Net Position

In accordance with the provisions of the Governmental Accounting Standards Board Statement 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 Commissioners.

Income Taxes

The Fund is exempt from income taxes under Section 115 of the Internal Revenue Code.

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Operating and Non-Operating Revenues and Expenses

Operating revenues include all revenues derived from member contributions. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and on investments in debt securities and positive changes in the Fund's investment in joint ventures.

Operating expenses include expenses associated with the fund operations, including claims expense, insurance and administrative expenses. Non-operating expenses include negative changes in the Fund's investment in joint ventures.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3: CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Fund's deposits might not be recovered. Although the Fund does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (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 or funds that may pass to the Fund relative to the happening of a future condition. If the Fund had any such funds, they would be shown as Uninsured and Uncollateralized.

Of the Fund's bank balance of \$18,235,600 as of December 31, 2019, \$1,032,130 was insured while \$17,203,470 was collateralized under GUDPA.

Of the Fund's bank balance of \$14,431,850 as of December 31, 2018, \$802,505 was insured while \$13,629,345 was collateralized under GUDPA.

New Jersey Cash Management Fund

During the 2019 year, the Fund participated in the New Jersey Cash Management Fund. The Cash Management Fund is governed by regulations of the State Investment Council, who prescribe standards designed to insure the quality of investments in order to minimize risk to the Fund's participants. Deposits with the New Jersey Cash Management Fund are not subject to custodial credit risk as defined above. At December 31, 2019, the Fund's deposits with the New Jersey Cash Management Fund was \$1,547,245.

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS

Note 4: INVESTMENTS

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Fund, and are held by either the counterparty or the counterparty's trust department or agent but not in the Fund's name. All of the Fund's investments in US Treasury/Agency Securities and Other Government Obligations of \$1,999,820 and \$5,488,692 as of December 31, 2019 and 2018, respectively, were held by either the counterparty or counterparty's trust department or agent, but not in the Fund's name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. To limit risk, the Fund's investment policy provides that no investment or deposit shall have a maturity longer than five (5) years from date of purchase.

Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. N.J.S.A. 40A:5-15.1 limits the investments that the Fund may purchase such as Treasury securities in order to limit the exposure of governmental units to credit risk. The Fund has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The Fund does not place a limit on the amount that may be invested in any one issuer. All of the Fund's investments are in US Treasury/Agency Securities and Other Government Obligations.

As of December 31, 2019 and 2018, the Fund had the following investments and maturities:

| <u>Investment</u> | <u>Interest</u> | | <u>Credit</u> <u>Rating</u> | <u>Market Value</u> | |
|--------------------------------------|-----------------|-----------------|--------------------------------|---------------------|--------------|
| | <u>Rate</u> | <u>Maturity</u> | | <u>2019</u> | <u>2018</u> |
| <u>US Treasury/Agency Securities</u> | | | | | |
| United States Treasury Note | 1.625% | 08/31/19 | AAA | \$ - | \$ 1,266,662 |
| United States Treasury Note | 2.750% | 02/15/19 | AAA | - | 1,000,440 |
| United States Treasury Bill | 2.700% | 01/31/19 | AAA | - | 1,255,110 |
| | | | | - | 3,522,212 |
| <u>Other Government Obligations</u> | | | | | |
| FHLMC | 1.600% | 09/28/20 | N/A | 1,999,820 | 1,966,480 |
| | | | | \$ 1,999,820 | \$ 5,488,692 |

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS

Note 4: INVESTMENTS (CONT'D)

Fair Value Measurements of Investments

The Fund categorizes its fair value disclosures within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Fund has the following recurring fair value measurements as of December 31, 2019 and 2018:

US Treasury/Agency Securities and Other Government Obligations of \$1,999,820 and \$5,488,692 are valued using quoted market prices for identical assets (Level 1 inputs).

Note 5: CHANGES IN UNPAID CLAIMS LIABILITIES

As discussed in Note 2, the Fund establishes a liability for both reported and unreported insured events, which includes estimates of future payments of losses and related allocated claim adjustment expenses.

The following represents changes in those aggregate undiscounted reported and unreported liabilities for the Fund during 2019 and 2018 for all open fund years net of excess insurance recoveries:

| | <u>2019</u> | <u>2018</u> |
|---|----------------------------|----------------------------|
| Total unpaid claims and claim adjustment expenses all fund years - Beginning | <u>\$ 2,520,000</u> | <u>\$ 3,550,000</u> |
| Incurred claims and claim adjustment expenses: | | |
| Provision for insured events of current fund year | 33,151,611 | 32,120,586 |
| Changes in provision for insured insured events of prior fund years | <u>(203,662)</u> | <u>(842,255)</u> |
| Total incurred claims and claim adjustment expenses all fund years | <u>32,947,949</u> | <u>31,278,331</u> |
| Payments (Net of Refunds): | | |
| Attributable to insured events of current fund year | 30,791,245 | 29,650,586 |
| Attributable to insured events of prior fund years | <u>2,132,704</u> | <u>2,657,745</u> |
| Total payments all fund years | <u>32,923,949</u> | <u>32,308,331</u> |
| Total unpaid claims and claim adjustment expenses all fund years - Ending | <u><u>\$ 2,544,000</u></u> | <u><u>\$ 2,520,000</u></u> |

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS

Note 6: LOSS FUND CONTINGENCY ACCOUNT

Upon recommendation of the Fund's Administrator, the Fund Commissioners agreed to establish a loss fund contingency account. This fund account provides additional assurance that any variances from the expected losses promulgated by the Actuary will be covered without seeking additional assessments. Annual assessments or transfers into this account cannot exceed 2.5% of the Fund's current fiscal year earned income with an aggregate cap of 10% unless approved by the Commissioner of the Department of Insurance.

Note 7: TRANSFER OF 2017 FUND PERIOD SURPLUS

The Executive Committee approved the closing of the 2017 Fund year and the transfer of the 2017 Fund year balances as of July 31, 2019 resulting in a transfer of surplus in the amount of \$3,444,666 to the closed years account.

Note 8: MUNICIPAL REINSURANCE HEALTH INSURANCE FUND

Effective January 1, 1999, the Fund became a member of the Municipal Reinsurance Health Insurance Fund (MRHIF). The MRHIF is a risk-sharing public entity risk pool that is a self-administered group of joint insurance funds established for the purpose of providing excess health insurance coverage to participating members. Each member appoints an official to represent their respective joint 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 Fund 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 severely liable for the MRHIF's liabilities.

The MRHIF can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment relates to the total assessment of the membership for that fund year.

Equity Interest

As of December 31, 2019 and 2018, the Fund's share of net position in the Municipal Reinsurance Health Insurance Fund was \$1,224,148 and \$1,443,967, respectively.

Selected Financial Information

Selected, summarized financial information for the Municipal Reinsurance Health Insurance Fund as of December 31, 2019 is as follows:

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS

Note 8: MUNICIPAL REINSURANCE HEALTH INSURANCE FUND (CONT'D)

Selected Financial Information (Cont'd)

| | <u>2019</u> | <u>2018</u> |
|------------------------|-----------------------|----------------------|
| Total Assets | <u>\$ 22,643,991</u> | <u>\$ 23,292,034</u> |
| Total Liabilities | <u>\$ 7,539,237</u> | <u>\$ 7,081,829</u> |
| Net Position | <u>\$ 15,104,754</u> | <u>\$ 16,210,205</u> |
| Total Revenues | <u>\$ 15,992,371</u> | <u>\$ 15,410,936</u> |
| Total Expenses | <u>\$ 12,412,732</u> | <u>\$ 7,677,855</u> |
| Change in Net Position | <u>\$ (1,105,451)</u> | <u>\$ 3,492,345</u> |
| Return of Surplus | <u>\$ 4,685,090</u> | <u>\$ 4,240,736</u> |

Financial statements for the Municipal Reinsurance Health Insurance Fund are available at the office of the Fund's Executive Director:

PERMA
9 Campus Drive, Suite 216
Parsippany, NJ 07054
201-881-7632

Note 9: RELATED PARTY TRANSACTIONS

As disclosed in Note 8, the Fund is a member of the Municipal Reinsurance Health Insurance Fund and accordingly has an ownership interest in MRHIF. Excess insurance premiums paid to MRHIF for the years ended December 31, 2019 and 2018 were \$967,359 and \$1,057,612, respectively.

Note 10: RETURN OF SURPLUS

The Executive Committee approved a surplus distributions in the amount of \$4,079,620 and \$3,840,675 for the years ended December 31, 2019 and 2018, respectively. The surplus distributions were payable from the Closed Fund Years Account.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
RECONCILIATION OF HEALTH CLAIMS LIABILITIES BY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

| | <u>Medical</u> | <u>Prescription</u> | <u>Dental</u> | <u>Total</u> |
|--|----------------|---------------------|---------------|--------------|
| Total unpaid claims and claim adjustment expenses - Beginning | \$ 1,591,546 | \$ 737,686 | \$ 190,768 | \$ 2,520,000 |
| Incurred claims and claims adjustment expenses: | | | | |
| Provision for insured events of current fund year | 25,534,405 | 6,489,198 | 1,128,008 | 33,151,611 |
| Changes in provision for insured events of prior fund years | 597,980 | (745,151) | (56,491) | (203,662) |
| Total incurred claims and claims adjustment expenses all fund years | 26,132,385 | 5,744,047 | 1,071,517 | 32,947,949 |
| Payments (Net of Refunds): | | | | |
| Attributable to insured events of current fund year | 23,574,015 | 6,182,578 | 1,034,652 | 30,791,245 |
| Attributable to insured events of prior fund years | 2,416,306 | (322,687) | 39,085 | 2,132,704 |
| Total payments all fund years | 25,990,321 | 5,859,891 | 1,073,737 | 32,923,949 |
| Total unpaid claims and claim adjustment expenses - Ending | \$ 1,733,610 | \$ 621,842 | \$ 188,548 | \$ 2,544,000 |

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF DECEMBER 31, 2019

| | FUND YEAR ENDED DECEMBER 31 | | | | | | | | | |
|---|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| Net Earned Required Contribution and Investment Revenue: | | | | | | | | | | |
| Earned | \$ 80,603,423 | \$ 130,655,892 | \$ 158,140,660 | \$ 144,783,694 | \$ 146,037,928 | \$ 191,292,886 | \$ 40,474,306 | \$ 43,787,935 | \$ 44,902,696 | \$ 43,468,518 |
| Ceded | 4,477,849 | 6,972,402 | 7,439,768 | 7,799,978 | 8,360,102 | 8,614,449 | 3,796,583 | 4,326,019 | 5,328,682 | 4,675,017 |
| | <u>\$ 76,125,574</u> | <u>\$ 123,683,490</u> | <u>\$ 150,700,892</u> | <u>\$ 136,983,716</u> | <u>\$ 137,677,826</u> | <u>\$ 182,678,437</u> | <u>\$ 36,677,723</u> | <u>\$ 39,461,916</u> | <u>\$ 39,574,014</u> | <u>\$ 38,793,501</u> |
| Unallocated Expenses | <u>\$ 7,429,868</u> | <u>\$ 11,921,926</u> | <u>\$ 12,621,569</u> | <u>\$ 10,243,944</u> | <u>\$ 11,229,040</u> | <u>\$ 13,143,749</u> | <u>\$ 2,344,196</u> | <u>\$ 2,499,873</u> | <u>\$ 2,503,877</u> | <u>\$ 2,555,221</u> |
| Estimated Claims and Expenses, End of Policy Year: | | | | | | | | | | |
| Incurred | \$ 68,344,435 | \$ 111,255,708 | \$ 143,052,125 | \$ 118,838,393 | \$ 118,914,108 | \$ 160,492,670 | \$ 31,498,870 | \$ 34,417,494 | \$ 32,120,586 | \$ 33,297,805 |
| Ceded | 1,011,216 | 1,374,446 | 3,655,162 | 1,191,354 | 913,062 | 2,674,014 | 179,042 | 144,169 | | 146,194 |
| Net Incurred | <u>67,333,219</u> | <u>109,881,262</u> | <u>139,396,963</u> | <u>117,647,039</u> | <u>118,001,046</u> | <u>157,818,656</u> | <u>31,319,828</u> | <u>34,273,325</u> | <u>32,120,586</u> | <u>33,151,611</u> |
| Paid (Cumulative) as of: | | | | | | | | | | |
| End of Policy Year | 62,032,990 | 109,881,262 | 128,428,741 | 107,297,041 | 106,675,236 | 144,852,046 | 28,708,870 | 30,960,343 | 29,650,586 | 30,791,245 |
| One Year Later | 65,089,041 | 110,406,024 | 135,506,187 | 114,667,885 | 114,093,338 | 156,245,871 | 30,694,620 | 33,514,510 | 31,815,573 | |
| Two Years Later (A) | 65,021,162 | 110,255,800 | 135,450,187 | 114,730,291 | 114,301,478 | 156,259,894 | 30,676,206 | 33,628,421 | | |
| Reestimated Incurred Claims and Expenses: | | | | | | | | | | |
| End of Policy Year | 67,333,219 | 109,881,262 | 139,396,963 | 117,647,039 | 118,001,046 | 157,818,656 | 31,319,828 | 34,273,325 | 32,120,586 | 33,151,611 |
| One Year Later | 65,114,041 | 110,406,024 | 135,506,187 | 115,113,449 | 114,352,714 | 152,918,143 | 30,168,388 | 33,564,510 | 31,853,013 | |
| Two Years Later (A) | 65,021,162 | 110,255,800 | 135,450,187 | 114,730,291 | 114,301,478 | 156,159,894 | 30,034,948 | 33,692,333 | | |
| Increase (Decrease) in Estimated Incurred Claims and Expenses from End of Policy Year | <u>\$ (2,312,057)</u> | <u>\$ 374,538</u> | <u>\$ (3,946,776)</u> | <u>\$ (2,916,748)</u> | <u>\$ (3,699,568)</u> | <u>\$ (1,658,762)</u> | <u>\$ (1,284,880)</u> | <u>\$ (580,992)</u> | <u>\$ (267,573)</u> | <u>\$ -</u> |

(A) At the end of the Second Fund Year the residual Fund Year Surplus or Deficit is transferred to the Closed Fund Year Account. Accordingly, residual data is not available to track activity after the second year.

SUPPLEMENTARY INFORMATION

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
STATEMENT OF NET POSITION - STATUTORY BASIS
AS OF DECEMBER 31, 2019

| | Fund Years | | | |
|---------------------------------|---------------|--------------|--------------|---------------------|
| | <u>Total</u> | <u>2019</u> | <u>2018</u> | <u>Closed Years</u> |
| <u>ASSETS</u> | | | | |
| Cash And Equivalents | \$ 19,329,377 | \$ 5,219,908 | \$ 4,861,445 | \$ 9,248,024 |
| Investments | 1,999,820 | | | 1,999,820 |
| Contributions Receivable | 958,322 | 551,747 | 406,575 | |
| Refund Receivable | 25,482 | 25,482 | | |
| Accrued Interest Receivable | 8,297 | 1,641 | 1,819 | 4,837 |
| Excess Insurance Receivable | 146,194 | 146,194 | | |
| | <hr/> | | | |
| Total Assets | \$ 22,467,492 | \$ 5,944,972 | \$ 5,269,839 | \$ 11,252,681 |
| <hr/> | | | | |
| <u>LIABILITIES AND RESERVES</u> | | | | |
| Liabilities: | | | | |
| Accrued Insurance Premiums | \$ 333,018 | \$ 317,743 | \$ 15,275 | |
| Accrued Expenses | 34,000 | 34,000 | | |
| Return of Surplus Payable | 5,326,422 | | | \$ 5,326,422 |
| | <hr/> | | | |
| Total Liabilities | 5,693,440 | 351,743 | 15,275.00 | 5,326,422 |
| <hr/> | | | | |
| Reserves: | | | | |
| Actuarial Liability | 2,544,000 | 2,506,560 | 37,440 | - |
| | <hr/> | | | |
| Total Liabilities and Reserves | 8,237,440 | 2,858,303 | 52,715 | 5,326,422 |
| <hr/> | | | | |
| <u>NET POSITION</u> | | | | |
| Unrestricted | \$ 14,230,052 | \$ 3,086,669 | \$ 5,217,124 | \$ 5,926,259 |
| | <hr/> | | | |

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

| | <u>Total</u> | <u>Fund Years</u> | | |
|---|----------------------|---------------------|---------------------|---------------------|
| | | <u>2019</u> | <u>2018</u> | <u>Closed Years</u> |
| Operating Revenues: | | | | |
| Regular Contributions | \$ 43,043,343 | \$ 43,043,343 | \$ - | \$ - |
| Employee Contributions | 371,883 | 371,883 | | |
| Total Operating Revenue | <u>43,415,226</u> | <u>43,415,226</u> | <u>-</u> | <u>-</u> |
| Operating Expenses: | | | | |
| Provision for Claims and Claims Adjustment Expenses (Recoveries) | 32,947,949 | 33,151,611 | (267,573) | 63,911 |
| Insurance Premiums | 5,651,794 | 4,675,017 | 976,777 | |
| Affordable Care Act Taxes | 15 | | 15 | |
| Administration | 2,555,494 | 2,555,221 | 273 | |
| Total Operating Expenses | <u>41,155,252</u> | <u>40,381,849</u> | <u>709,492</u> | <u>63,911</u> |
| Operating Income (Loss) | <u>2,259,974</u> | <u>3,033,377</u> | <u>(709,492)</u> | <u>(63,911)</u> |
| Non-Operating Revenue: | | | | |
| Investment Income | 462,477 | 53,292 | 129,486 | 279,699 |
| Municipal Reinsurance Health Insurance Fund Dividend | 477,999 | | | 477,999 |
| Total Non-Operating Revenue | <u>940,476</u> | <u>53,292</u> | <u>129,486</u> | <u>757,698</u> |
| Change In Net Position | 3,200,450 | 3,086,669 | (580,006) | 693,787 |
| Net Position, Beginning | 15,109,222 | - | 5,797,130 | 9,312,092 |
| Return Of Surplus | (4,079,620) | | | (4,079,620) |
| Net Position, Ending | <u>\$ 14,230,052</u> | <u>\$ 3,086,669</u> | <u>\$ 5,217,124</u> | <u>\$ 5,926,259</u> |

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
STATEMENT OF CASH FLOWS - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

| | Fund Years | | | |
|--|---------------|---------------|--------------|---------------------|
| | <u>Total</u> | <u>2019</u> | <u>2018</u> | <u>Closed Years</u> |
| Cash Flows From Operating Activities: | | | | |
| Receipts From Regular Contributions | \$ 42,856,950 | \$ 42,491,596 | \$ 285,734 | \$ 79,620 |
| Receipts From Employee Contributions | 371,883 | 371,883 | | |
| (Payments) Recoveries For Health Benefits Claims | (32,950,550) | (30,816,727) | (2,163,952) | 30,129 |
| Payments For Insurance Premiums | (5,318,776) | (4,357,274) | (961,502) | |
| Payments To Professionals And Administrative Expenses | (2,534,778) | (2,521,221) | (13,557) | |
| Net Cash Flows Provided By (Used In) Operating Activities | 2,424,714 | 5,168,257 | (2,853,292) | 109,749 |
| Cash Flows From Investing Activities: | | | | |
| Redemption Of Investments | 3,550,000 | | | 3,550,000 |
| Investment Income | 914,348 | 51,651 | 137,284 | 725,413 |
| Net Cash Flows Provided By Investing Activities | 4,464,348 | 51,651 | 137,284 | 4,275,413 |
| Cash Flows From Noncapital Financing Activities: | | | | |
| Due To/From The Southern Coastal Regional Benefits Fund | (125,830) | | (125,830) | |
| Return of Surplus | (2,792,228) | | | (2,792,228) |
| Net Cash Flows Used In Noncapital Financing Activities | (2,918,058) | - | (125,830) | (2,792,228) |
| Net Increase (Decrease) In Cash And Cash Equivalents | 3,971,004 | 5,219,908 | (2,841,838) | 1,592,934 |
| Cash and Cash Equivalents, Beginning | 15,358,373 | - | 7,703,283 | 7,655,090 |
| Cash And Cash Equivalents, Ending | \$ 19,329,377 | \$ 5,219,908 | \$ 4,861,445 | \$ 9,248,024 |

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
COMBINING STATEMENT OF CASH FLOWS - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

| | Fund Years | | | |
|---|---------------------|---------------------|-----------------------|---------------------|
| | <u>Total</u> | <u>2019</u> | <u>2018</u> | <u>Closed Years</u> |
| Reconciliation Of Operating Income (Loss) To | | | | |
| Cash Flows From Operating Activities: | | | | |
| Operating Income (Loss) | \$ 2,259,974 | \$ 3,033,377 | \$ (709,492) | \$ (63,911) |
| Adjustments to Reconcile Operating Income (Loss) to Net | | | | |
| Cash Provided By (Used In) Operating Activities | | | | |
| Changes in Assets and Liabilities: | | | | |
| Decrease (Increase) in Assets: | | | | |
| Contributions Receivable | (186,393) | (551,747) | 285,734 | 79,620 |
| Claims Advances | 144,040 | | | 144,040 |
| Excess Insurance Receivable | (146,194) | (146,194) | | |
| Refunds Receivable | (2,394) | (25,482) | 23,088 | |
| Increase (Decrease) in Liabilities: | | | | |
| Claims Payable | (22,053) | | (22,053) | |
| Accrued Administrative Expenses | 20,716 | 34,000 | (13,284) | |
| Accrued Excess Insurance Premium | 333,018 | 317,743 | 15,275 | |
| Actuarial Liabilities | 24,000 | 2,506,560 | (2,432,560) | (50,000) |
| Total Adjustments | 164,740 | 2,134,880 | (2,143,800) | 173,660 |
| Net Cash Flows Provided By (Used In) Operating Activities | <u>\$ 2,424,714</u> | <u>\$ 5,168,257</u> | <u>\$ (2,853,292)</u> | <u>\$ 109,749</u> |

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
NOTES TO SUPPLEMENTARY INFORMATION – STATUTORY BASIS

Note 1: **RELATIONSHIP WITH BASIC FINANCIAL STATEMENTS**

The information in the Southern New Jersey Regional Employee Benefits Fund (the “Fund”)’s basic financial statements, Exhibits A-1 through A-3, differs from the accompanying Supplementary Information required by the Division of Banking and Insurance. The Supplementary Information does not reflect the Fund’s Investments in Joint Ventures as follows:

| | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|
| Total Assets – Comparative Statements of Net Position | \$ 23,691,640 | \$ 23,273,386 |
| Less Investment in Joint Venture | <u>1,224,148</u> | <u>1,443,967</u> |
| Total Assets – Statutory Basis | <u>\$ 22,467,492</u> | <u>\$ 21,829,419</u> |
| Net Position – Comparative Statements of Net Position | \$ 15,454,200 | \$ 16,553,189 |
| Less Investment in Joint Venture | <u>1,224,148</u> | <u>1,443,967</u> |
| Net Position – Statutory Basis | <u>\$ 14,230,052</u> | <u>\$ 15,109,222</u> |
| Change in Net Position - Comparative Statements of Revenues, Expenses and Changes in Net Position | \$ 2,980,631 | \$ 7,506,553 |
| Less Change in Investment in Joint Venture | <u>(219,819)</u> | <u>210,197</u> |
| Change in Net Position – Statutory Basis | <u>\$ 3,200,450</u> | <u>\$ 7,296,356</u> |

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
SUPPLEMENTARY INFORMATION
STATEMENT OF FUND YEAR 2019 ACCOUNT OPERATING RESULTS ANALYSIS - STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2019

| | <u>Medical*</u> | <u>Dental</u> | <u>Prescription</u> | <u>Reinsurance</u> | <u>Administrative</u> | <u>Total</u> |
|------------------------------|-----------------|---------------|---------------------|--------------------|-----------------------|---------------|
| Income: | | | | | | |
| Regular Contributions | \$ 30,678,950 | \$ 1,212,006 | \$ 7,464,923 | \$ 1,207,762 | \$ 2,076,085 | \$ 43,043,343 |
| Employee Contributions | 371,883 | | | | | 371,883 |
| Investment Income | 40,442 | 1,351 | 6,237 | 5,262 | | 53,292 |
| | <hr/> | | | | | |
| Total Income | 31,091,275 | 1,213,357 | 7,471,160 | 1,213,024 | 2,076,085 | 43,468,518 |
| | <hr/> | | | | | |
| Incurring Liabilities: | | | | | | |
| Claims Paid (Net of Refunds) | 23,574,015 | 1,034,652 | 6,182,578 | | | 30,791,245 |
| Excess Insurance Recoveries | (146,194) | | | | | (146,194) |
| Actuarial Liability | 2,106,584 | 93,356 | 306,620 | | | 2,506,560 |
| Insurance Premiums | 3,705,642 | 2,016 | | 967,359 | | 4,675,017 |
| Administrative Expenses | | | | | 2,555,221 | 2,555,221 |
| | <hr/> | | | | | |
| Total Liabilities | 29,240,047 | 1,130,024 | 6,489,198 | 967,359 | 2,555,221.00 | 40,381,849 |
| | <hr/> | | | | | |
| Net Position (Deficit) | \$ 1,851,228 | \$ 83,333 | \$ 981,962 | \$ 245,665 | \$ (479,136) | \$ 3,086,669 |
| | <hr/> | | | | | |

*Includes Retirees and COBRA

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
SUPPLEMENTARY INFORMATION
STATEMENT OF FUND YEAR 2018 ACCOUNT OPERATING RESULTS ANALYSIS - STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2019

| | <u>Medical*</u> | <u>Dental</u> | <u>Prescription</u> | <u>Contingency</u> | <u>Reinsurance</u> | <u>Administrative</u> | <u>Total</u> |
|-------------------------------|---------------------|------------------|---------------------|--------------------|--------------------|-----------------------|---------------------|
| Income: | | | | | | | |
| Regular Contributions | \$ 31,760,806 | \$ 1,226,022 | \$ 7,425,929 | \$ 993 | \$ 1,048,649 | \$ 2,950,067 | \$ 44,412,466 |
| Employee Contributions | 310,490 | | | | | | 310,490 |
| Investment Income | 133,136 | 4,899 | 34,871 | | 28 | 6,806 | 179,740 |
| Total Income | 32,204,432 | 1,230,921 | 7,460,800 | 993 | 1,048,677 | 2,956,873 | 44,902,696 |
| Incurred Liabilities: | | | | | | | |
| Claims Paid (Net of Refunds) | 25,068,370 | 1,038,606 | 5,708,597 | | | | 31,815,573 |
| Actuarial Liability | (372,974) | 95,192 | 315,222 | | | | 37,440 |
| Insurance Premiums | 4,266,054 | 5,016 | | | 1,057,612 | | 5,328,682 |
| Affordable Care Act Taxes | | | | | | 15 | 15 |
| Administrative Expenses | | | | | | 2,503,862 | 2,503,862 |
| Total Liabilities | 28,961,450 | 1,138,814 | 6,023,819 | | 1,057,612 | 2,503,877 | 39,685,572 |
| Net Position (Deficit) | \$ 3,242,982 | \$ 92,107 | \$ 1,436,981 | \$ 993 | \$ (8,935) | \$ 452,996 | \$ 5,217,124 |

*Includes Retirees and COBRA

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
SUPPLEMENTARY INFORMATION
STATEMENT OF FUND YEAR 2019 EXPENSE ANALYSIS - STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2019 TO DECEMBER 31, 2019

| | <u>Paid</u> | <u>Accrued Expenses</u> | <u>Total</u> |
|--|--------------|-------------------------|--------------|
| Administrative Expenses: | | | |
| Executive Director | \$ 275,704 | | \$ 275,704 |
| Program Manager | 1,022,094 | | 1,022,094 |
| Third Party Administrators: | | | |
| Medical | 1,053,265 | | 1,053,265 |
| Dental | 66,756 | | 66,756 |
| Actuary | 25,000 | | 25,000 |
| Treasurer | 14,862 | | 14,862 |
| Attorney | 20,885 | | 20,885 |
| Auditor | | \$ 19,000 | 19,000 |
| Data Analysis | | 15,000 | 15,000 |
| Director Fee | 12,300 | | 12,300 |
| Patient - Center Outcomes Research Fee | 10,677 | | 10,677 |
| Miscellaneous Expenses | 19,678 | | 19,678 |
| | <hr/> | | |
| Total Administrative Expenses | \$ 2,521,221 | \$ 34,000 | \$ 2,555,221 |
| | <hr/> | | |

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
SUPPLEMENTARY INFORMATION
STATEMENT OF FUND YEAR 2018 EXPENSE ANALYSIS - STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2018 TO DECEMBER 31, 2019

| | <u>Paid</u> | <u>Accrued Expenses</u> | <u>Total</u> |
|--|--------------|-------------------------|--------------|
| Administrative Expenses: | | | |
| Executive Director | \$ 309,514 | | \$ 309,514 |
| Program Manager | 993,737 | | 993,737 |
| Third Party Administrators: | | | |
| Medical | 1,011,314 | | 1,011,314 |
| Dental | 63,593 | | 63,593 |
| Actuary | 22,440 | | 22,440 |
| Treasurer | 14,567 | | 14,567 |
| Attorney | 22,924 | | 22,924 |
| Auditor | 12,504 | | 12,504 |
| Director Fee | 11,700 | | 11,700 |
| Patient - Center Outcomes Research Fee | 10,342 | | 10,342 |
| Miscellaneous Expenses | 31,227 | | 31,227 |
| | <hr/> | | |
| Total Administrative Expenses | \$ 2,503,862 | - | \$ 2,503,862 |
| | <hr/> <hr/> | | |

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CASH, CASH EQUIVALENTS AND INVESTMENTS - STATUTORY BASIS
AS OF DECEMBER 31, 2019

| <u>Description</u> | <u>Amount</u> |
|---|----------------------|
| <u>Cash and Cash Equivalents</u> | |
| Cash Accounts | |
| State Street Bank | |
| NJ Cash Management Fund | \$ 1,547,246 |
| TD Wealth Management | |
| Money Market Investment Account | 29,814 |
| Investors Bank | |
| Investment Account | 2,318 |
| Parke Bank | |
| Investment Account | 4,187,025 |
| Republic Bank | |
| Investment Account | 6,487,320 |
| Administrative Expense Account | 9,926 |
| General Account | 3,160,557 |
| Ocean First Bank | |
| Investment Account | 3,155,171 |
| William Penn Bank | |
| Certificate of Deposit | <u>750,000</u> |
| Total Cash and Cash Equivalents | <u>19,329,377</u> |
| <u>Investments</u> | |
| TD Wealth Management | |
| Investment Account | <u>1,999,820</u> |
| Total Cash, Cash Equivalents and Investments per Schedule A Statement of Net Position--Statutory Basis | <u>\$ 21,329,197</u> |
| Total Cash and Cash Equivalents and Investments by Fund Year: | |
| 2019 | \$ 5,219,908 |
| 2018 | 4,861,445 |
| Closed Years | <u>11,247,844</u> |
| | <u>\$ 21,329,197</u> |

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

SCHEDULE OF FINANCIAL STATEMENT FINDINGS

None

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AS PREPARED BY MANAGEMENT

This section identifies the status of prior year audit findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

There were no findings in the prior year.

APPRECIATION

We express our appreciation for the assistance provided to us during our audit.

Respectfully submitted,
BOWMAN & COMPANY LLP
Certified Public Accountants

James J. Miles, Jr.