



**REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**



SOUTHERN NEW JERSEY
REGIONAL EMPLOYEE BENEFITS FUND

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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 Audit of the Financial Statements

Opinion

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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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.

Responsibilities of Management for the Financial Statements (Cont'd)

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 other required supplementary information 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.

Required Supplementary Information (Cont'd)

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2024, 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.

Respectfully Submitted,

Bowman & Company LLP

Bowman & Company LLP
Certified Public Accountants
& Consultants

Voorhees, New Jersey
June 24, 2024

**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, 2023 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 24, 2024.

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) 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.

Board of Commissioners
Southern New Jersey Regional Employee Benefits Fund

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 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 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,

A handwritten signature in dark 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 24, 2024

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, 2023, 2022, and 2021. 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, 2023, 2022, and 2021.

Comparative Statements Of Net Position				2023 to 2022 Change	
	12/31/2023	12/31/2022	12/31/2021	Change \$	Change %
Assets:					
Cash And Cash Equivalents	\$ 6,775,124	\$ 11,218,835	\$ 15,469,515	\$ (4,443,711)	-39.6%
Investments	4,500,000	-	-	4,500,000	100.0%
Contributions And Other Receivables	3,879,439	5,611,188	2,005,146	(1,731,749)	-30.9%
Excess Insurance Receivable	880,685	81,993	484,560	798,692	974.1%
Investment In Joint Venture	446,931	1,267,286	1,771,012	(820,355)	-64.7%
Other Assets	23	13	106	10	76.9%
Total Assets	16,482,202	18,179,315	19,730,339	(1,697,113)	-9.3%
Liabilities, Reserves & Net Position					
Liabilities & Reserves:					
Accrued Expenses	82,598	31,048	27,778	51,550	166.0%
Advanced Contributions	-	53,215	-	(53,215)	-100.0%
Return of Surplus Payable	4,924,415	5,034,583	6,186,231	(110,168)	-2.2%
Loss Reserves	5,179,785	3,805,161	3,442,882	1,374,624	36.1%
Total Liabilities & Reserves	10,186,798	8,924,007	9,656,891	1,262,791	14.2%
Net Position - Unrestricted	\$ 6,295,404	\$ 9,255,308	\$ 10,073,448	\$ (2,959,904)	-32.0%

Financial Highlights Continued

Comparative Statements Of Revenues, Expenses, And Changes In Net Position					
	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>2023 to 2022 Change</u>	
				<u>Change \$</u>	<u>Change %</u>
Operating Revenues:					
Regular Contributions & Other Income	\$ 66,380,225	\$ 54,337,130	\$ 43,842,639	\$ 12,043,095	22.2%
Operating Expenses:					
Provision for Claims and Claims Expense	55,734,153	46,208,748	37,587,450	9,525,405	20.6%
Insurance Premiums	9,443,208	5,728,270	4,720,358	3,714,938	64.9%
Administrative and Operating	3,855,059	2,988,439	2,554,950	866,620	29.0%
Total Operating Expenses	69,032,420	54,925,457	44,862,758	14,106,963	25.7%
Total Operating Loss	(2,652,195)	(588,327)	(1,020,119)	(2,063,868)	-350.8%
Non-Operating Revenues (Expenses):					
Investment Income	369,045	164,439	92,341	204,606	124.4%
Municipal Reinsurance Health Insurance Fund Dividend	201,176	109,474	352,053	91,702	83.8%
Change In Investment In Joint Venture	(820,355)	(503,726)	619,288	(316,629)	-62.9%
Excess (Deficit) Of Revenues	(2,902,329)	(818,140)	43,563	(2,084,189)	-254.7%
Return Of Surplus	(57,575)	-	(2,885,201)	(57,575)	100.0%
Change In Net Position	\$ (2,959,904)	\$ (818,140)	\$ (2,841,638)	\$ (2,141,764)	-261.8%

On August 1, 1992, the Southern New Jersey Regional Employee Benefits Fund (the "Fund") was formed as a purchasing group and became a member of the Bergen Municipal Employee Benefits Fund on September 1, 1992. In 1995, the Fund became an independent health 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.

The Fund's total assets as of December 31, 2023 were \$16,482,202 and total liabilities and reserves were \$10,186,798 resulting in a surplus in unrestricted net position of \$6,295,404.

The Fund's operating revenues were \$66,380,225 during the year. Claims expenses represented \$55,734,153 in health benefit costs. Total insurance premiums of \$9,443,208 were composed of \$958,168 being incurred from the Municipal Reinsurance Health Insurance Fund and \$8,485,040 of Medical, RX, and Dental premiums. During the reporting period, administrative and operating costs were \$3,855,059.

The value of the Fund's share of the Municipal Reinsurance Health Insurance Fund (MRHIF) was \$446,931. The Fund also received a dividend distribution from MRHIF for \$201,176.

Investment income was \$369,045 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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash And Cash Equivalents	\$ 6,775,124	\$ 11,218,835
Investments	4,500,000	-
Contributions Receivable	2,668,486	2,231,629
Refund Receivable	1,210,953	3,270,085
Dividend Receivable	-	109,474
Accrued Interest Receivable	23	13
Excess Insurance Receivable	880,685	81,993
Investment In Joint Venture	446,931	1,267,286
	<hr/>	<hr/>
Total Assets	16,482,202	18,179,315
	<hr/>	<hr/>
<u>LIABILITIES AND RESERVES</u>		
Liabilities:		
Accrued Expenses	82,598	31,048
Advanced Contributions	-	53,215
Return Of Surplus Payable	4,924,415	5,034,583
	<hr/>	<hr/>
Total Liabilities	5,007,013	5,118,846
	<hr/>	<hr/>
Reserves:		
Actuarial Liability	5,179,785	3,805,161
	<hr/>	<hr/>
Total Liabilities And Reserves	10,186,798	8,924,007
	<hr/>	<hr/>
<u>NET POSITION</u>		
Unrestricted	\$ 6,295,404	\$ 9,255,308
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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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Operating Revenues:		
Regular Contributions	\$ 65,738,576	\$ 53,975,544
Employee Contributions	641,649	361,586
	<hr/>	<hr/>
Total Operating Revenue	66,380,225	54,337,130
	<hr/>	<hr/>
Operating Expenses:		
Provision For Claims And Claims Adjustment Expenses	55,734,153	46,208,748
Insurance Premiums	9,443,208	5,728,270
Administration	3,855,059	2,988,439
	<hr/>	<hr/>
Total Operating Expenses	69,032,420	54,925,457
	<hr/>	<hr/>
Operating Loss	(2,652,195)	(588,327)
Non-Operating Revenue (Expense):		
Investment Income	369,045	164,439
Municipal Reinsurance Health		
Insurance Fund Dividend	201,176	109,474
Change In Investment In Joint Venture	(820,355)	(503,726)
	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	(250,134)	(229,813)
Change In Net Position	(2,902,329)	(818,140)
Net Position, Beginning	9,255,308	10,073,448
Return Of Surplus	(57,575)	-
	<hr/>	<hr/>
Net Position, Ending	\$ 6,295,404	\$ 9,255,308
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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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Receipts From Regular Contributions	\$ 65,248,504	\$ 52,912,829
Receipts From Employee Contributions	641,649	361,586
Payments For Health Benefits Claims	(52,989,615)	(47,934,014)
Payments For Insurance Premiums	(9,443,208)	(5,728,164)
Payments To Professionals And Administrative Expenses	<u>(3,803,509)</u>	<u>(2,985,169)</u>
Net Cash Flows Used In Operating Activities	<u>(346,179)</u>	<u>(3,372,932)</u>
Cash Flows From Investing Activities:		
Purchase Of Investments	(4,500,000)	-
Investment Income	<u>570,211</u>	<u>273,900</u>
Net Cash Flows Provided By (Used In) Investing Activities	<u>(3,929,789)</u>	<u>273,900</u>
Cash Flows From Noncapital Financing Activities:		
Return of Surplus	<u>(167,743)</u>	<u>(1,151,648)</u>
Net Decrease Cash And Cash Equivalents	(4,443,711)	(4,250,680)
Cash And Cash Equivalents, Beginning	<u>11,218,835</u>	<u>15,469,515</u>
Cash And Cash Equivalents, Ending	<u><u>\$ 6,775,124</u></u>	<u><u>\$ 11,218,835</u></u>
Reconciliation Of Operating Loss To		
Cash Flows From Operating Activities:		
Operating Loss	\$ (2,652,195)	\$ (588,327)
Adjustments to Reconcile Operating Loss to Net		
Cash Flows Used In Operating Activities:		
Changes In Assets and Liabilities:		
Decrease (Increase) in Assets:		
Contributions Receivable	(436,857)	(1,115,930)
Excess Insurance Receivable	(798,692)	402,567
Refunds Receivable	2,059,132	(2,380,638)
Dividend Receivable	109,474	(109,474)
Prepaid Insurance Premiums	-	106
Increase (Decrease) in Liabilities:		
Accrued Expenses	51,550	3,270
Actuarial Liability	1,374,624	362,279
Advanced Contributions	<u>(53,215)</u>	<u>53,215</u>
Total Adjustments	<u>2,306,016</u>	<u>(2,784,605)</u>
Net Cash Flows Used In Operating Activities	<u><u>\$ (346,179)</u></u>	<u><u>\$ (3,372,932)</u></u>
Supplemental Disclosure - Noncash Activity:		
Change In Investment In Joint Venture Not Increasing Cash	<u><u>\$ (820,355)</u></u>	<u><u>\$ (503,726)</u></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 2023, the following municipalities and governmental entities were members of the Fund:

Barrington Borough	Laurel Springs	Pennsauken Township
Bellmawr Borough	Lawnside Borough	Pine Hill Borough
Berlin Borough	Lindenwold Borough	Pitman Borough
Berlin Township	Lumberton Township	Riverside Township
Bordentown Township	Magnolia Borough	Runnemede Borough
Brooklawn Borough	Mantua Township	Somerdale Borough
Camden City	Medford Township	Springfield Township
Camden Cnty Soc Serv	Medford Lakes Borough	Waterford Township
Chesilhurst Borough	Merchantville Borough	Wenonah Borough
Delran Township	Merhantville Pennsauken Water Commission	Westville Borough
Franklin Township	Mt. Ephraim Borough	West Deptford Township
Gibbsboro Borough	Mt. Holly MUA	Willingboro Township
Gloucester City	North Hanover Township	Winslow Township
Gloucester Township	Oaklyn Borough	Winslow Fire District #1
Haddonfield Borough	Palmyra Borough	Woodbury Heights
Haddon Heights Borough	Paulsboro 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 2023 were as follows:

HEALTH INSURANCE COVERAGE

Medical and Prescription:

<u>Limits</u>	<u>Description</u>
I. <u>Fund's Self-Insured Retained Limit of Liability (S.I.R.)</u>	
A. \$425,000	Specific limit - applies per enrolled participant per reinsurance policy year.
II. <u>Excess Insurers' Limit of Liability</u>	
A. Unlimited	Reimbursement in excess of the Fund's specific 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 N.J.S.A. 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 2023 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, 2023 to December 31, 2023.
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.

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 Governmental Accounting Standards Board ("GASB") Statements No. 14, *The Financial Reporting Entity*, as amended.

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS

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

Component Unit (Cont'd)

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 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.

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 statements 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 governmental 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 governmental units.

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS

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

Cash, Cash Equivalents, and Investments (Cont'd)

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 the Fund of which the local unit is a part or within which the Fund 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.

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 GAAP. 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.

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS

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

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, Evernorth Health Inc. (Formerly 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.

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, 2023 and 2022.

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 2023 and 2022 amounted to \$1,022,526 and \$382,100, 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.

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS

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

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.

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 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 \$6,836,697 as of December 31, 2023, \$369,359 was insured while \$6,467,338 was collateralized under GUDPA.

Of the Fund's bank balance of \$10,773,051 as of December 31, 2022, \$837,251 was insured while \$9,935,800 was collateralized under GUDPA.

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS

Note 3: CASH AND CASH EQUIVALENTS (CONT'D)

New Jersey Cash Management Fund

During 2023 and 2022, 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, 2023 and 2022, the Fund's deposits with the New Jersey Cash Management Fund were \$92,251 and \$1,074,864, respectively.

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 Certificates of Deposits of \$4,500,000 as of December 31, 2023 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 Certificates of Deposits.

As of December 31, 2023, the Fund had the following investments and maturities:

<u>Investment</u>	<u>Interest Rate</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Market Value</u>
Certificate of Deposit	5.580%	01/08/24	N/A	\$ 500,000
Certificate of Deposit	5.590%	03/07/24	N/A	4,000,000
				<u>\$ 4,500,000</u>

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 GAAP. 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, 2023:

Certificates of Deposit of \$4,500,000 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 2023 and 2022 for all open fund years net of excess insurance recoveries:

	<u>2023</u>	<u>2022</u>
Total unpaid claims and claim adjustment expenses all fund years - Beginning	\$ 3,805,161	\$ 3,442,882
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fund year	55,055,340	45,532,446
Changes in provision for insured insured events of prior fund years	678,813	676,302
Total incurred claims and claim adjustment expenses all fund years	55,734,153	46,208,748
Payments (Net of Refunds):		
Attributable to insured events of current fund year	49,875,555	41,942,357
Attributable to insured events of prior fund years	4,483,974	3,904,112
Total payments all fund years	54,359,529	45,846,469
Total unpaid claims and claim adjustment expenses all fund years - Ending	\$ 5,179,785	\$ 3,805,161

Note 6: TRANSFER OF 2021 FUND PERIOD SURPLUS

The Executive Committee approved the closing of the 2021 Fund year and the transfer of the 2021 Fund year balances as of June 30, 2023 resulting in a transfer of surplus in the amount of \$1,018,854 to the closed years account.

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS

Note 7: 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, 2023 and 2022, the Fund's share of net position in the Municipal Reinsurance Health Insurance Fund was \$446,931 and \$1,267,286, respectively.

Selected Financial Information

Selected, summarized financial information for the Municipal Reinsurance Health Insurance Fund as of December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Total Assets	<u>\$ 30,766,373</u>	<u>\$ 23,607,019</u>
Total Liabilities	<u>\$ 24,170,772</u>	<u>\$ 17,796,268</u>
Net Position	<u>\$ 6,595,601</u>	<u>\$ 5,810,751</u>
Total Revenues	<u>\$ 24,055,697</u>	<u>\$ 18,766,034</u>
Total Expenses	<u>\$ 20,520,847</u>	<u>\$ 21,143,166</u>
Change in Net Position	<u>\$ 784,850</u>	<u>\$ (3,877,133)</u>
Return of Surplus	<u>\$ 2,750,000</u>	<u>\$ 1,500,001</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 8: RELATED PARTY TRANSACTIONS

As disclosed in Note 7, 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, 2023 and 2022 were \$958,168 and \$849,092, respectively.

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS

Note 9: RETURN OF SURPLUS

The Executive Committee approved a surplus distribution in the amount of \$57,575 for the year ended December 31, 2023. The surplus distribution was payable from the Closed Fund Years Account.

Note 10: SUBSEQUENT EVENTS

Claims

Medical claims processing turnaround time has increased and returned to its normal levels allowing for the Fund Actuary to lower the IBNR reserves.

Membership

Subsequent to year-end, the following entities have joined the Fund:

Monroe Township – effective January 1, 2024
Collingswood Borough – effective January 1, 2024
City of Camden – effective January 1, 2024
Evesham Township – effective January 1, 2024
Washington Township – effective January 1, 2024
Gloucester Twp Fire District #2 – effective January 1, 2024
Elk Township – effective January 1, 2024

Republic Bank Account Activity

On April 26, 2024, Republic First Bank (doing business as Republic Bank) was closed by the Pennsylvania Department of Banking and Securities, which appointed the Federal Deposit Insurance Corporation ("FDIC") as receiver. To protect depositors, the FDIC entered into an agreement with Fulton Bank, National Association of Lancaster, Pennsylvania to assume substantially all of the deposits and purchase substantially all of the assets of Republic Bank. As a result of the acquisition by Fulton bank, the management of the Fund does not expect to incur any losses at this time. As of December 31, 2023, the Fund had deposits on account of \$6,717,338 and Certificates of Deposit of \$4,000,000.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
RECONCILIATION OF HEALTH CLAIMS LIABILITIES BY FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Medical</u>	<u>Prescription</u>	<u>Dental</u>	<u>Total</u>
Total unpaid claims and claim adjustment expenses - Beginning	<u>\$ 3,484,048</u>	<u>\$ 274,899</u>	<u>\$ 46,214</u>	<u>\$ 3,805,161</u>
Incurring claims and claims adjustment expenses:				
Provision for insured events of current fund year	46,317,754	7,600,370	1,137,216	55,055,340
Changes in provision for insured events of prior fund years	<u>338,956</u>	<u>287,659</u>	<u>52,198</u>	<u>678,813</u>
Total incurred claims and claims adjustment expenses all fund years	<u>46,656,710</u>	<u>7,888,029</u>	<u>1,189,414</u>	<u>55,734,153</u>
Payments (Net of Refunds):				
Attributable to insured events of current fund year	41,430,894	7,371,181	1,073,480	49,875,555
Attributable to insured events of prior fund years	<u>4,144,117</u>	<u>287,659</u>	<u>52,198</u>	<u>4,483,974</u>
Total payments all fund years	<u>45,575,011</u>	<u>7,658,840</u>	<u>1,125,678</u>	<u>54,359,529</u>
Total unpaid claims and claim adjustment expenses - Ending	<u>\$ 4,565,747</u>	<u>\$ 504,088</u>	<u>\$ 109,950</u>	<u>\$ 5,179,785</u>

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION
AS OF DECEMBER 31, 2023

	FUND YEAR ENDED DECEMBER 31									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Net Earned Required Contribution and Investment Revenue:										
Earned	\$ 146,037,928	\$ 191,292,886	\$ 40,474,306	\$ 44,358,579	\$ 45,533,189	\$ 43,944,134	\$ 41,857,799	\$ 44,971,111	\$ 54,416,952	\$ 66,386,125
Ceded	8,360,102	8,614,449	3,796,583	4,326,019	5,328,682	4,675,017	4,084,118	4,720,358	5,728,270	9,443,208
	<u>\$ 137,677,826</u>	<u>\$ 182,678,437</u>	<u>\$ 36,677,723</u>	<u>\$ 40,032,560</u>	<u>\$ 40,204,507</u>	<u>\$ 39,269,117</u>	<u>\$ 37,773,681</u>	<u>\$ 40,250,753</u>	<u>\$ 48,688,682</u>	<u>\$ 56,942,917</u>
Unallocated Expenses	<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>\$ 2,530,622</u>	<u>\$ 2,551,303</u>	<u>\$ 3,041,905</u>	<u>\$ 3,029,212</u>	<u>\$ 3,867,752</u>
Estimated Claims and Expenses, End of Policy Year:										
Incurred	\$ 118,914,108	\$ 160,492,670	\$ 31,498,870	\$ 34,417,494	\$ 32,120,586	\$ 33,297,805	\$ 33,295,796	\$ 37,148,949	\$ 45,747,518	\$ 55,542,025
Ceded	913,062	2,674,014	179,042	144,169		146,194	431,054	206,257	215,072	486,685
Net Incurred	<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>	<u>32,864,742</u>	<u>36,942,692</u>	<u>45,532,446</u>	<u>55,055,340</u>
Paid (Cumulative) as of:										
End of Policy Year	106,675,236	144,852,046	28,708,870	30,960,343	29,650,586	30,791,245	30,805,796	33,706,067	41,942,357	49,875,555
One Year Later	114,093,338	156,245,871	30,694,620	33,514,510	31,815,573	32,736,244	33,612,230	37,965,005	46,044,152	
Two Years Later (A)	114,301,478	156,259,894	30,676,206	33,628,421	31,834,635	32,912,374	33,815,706	38,320,840		
Reestimated Incurred Claims and Expenses:										
End of Policy Year	118,001,046	157,818,656	31,319,828	34,273,325	32,120,586	33,151,611	32,864,742	36,942,692	45,532,446	55,055,340
One Year Later	114,352,714	152,918,143	30,168,388	33,564,510	31,853,013	32,044,657	33,333,298	37,598,843	46,044,152	
Two Years Later (A)	114,301,478	156,159,894	30,034,948	33,628,422	31,885,499	32,044,729	33,326,175	37,606,468		
Increase (Decrease) in Estimated Incurred Claims and Expenses from End of Policy Year	<u>\$ (3,699,568)</u>	<u>\$ (1,658,762)</u>	<u>\$ (1,284,880)</u>	<u>\$ (644,903)</u>	<u>\$ (235,087)</u>	<u>\$ (1,106,882)</u>	<u>\$ 461,433</u>	<u>\$ 663,776</u>	<u>\$ 511,706</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, 2023

		Fund Years		
	<u>Total</u>	<u>2023</u>	<u>2022</u>	<u>Closed Years</u>
<u>ASSETS</u>				
Cash And Cash Equivalents	\$ 6,775,124	\$ (1,022,736)	\$ (780,797)	\$ 8,578,657
Investments	4,500,000			4,500,000
Contributions Receivable	2,668,486	2,607,306	(28,321)	89,501
Refund Receivable	1,210,953	1,210,953		
Accrued Interest Receivable	23			23
Excess Insurance Receivable	880,685	486,685	394,000	
Total Assets	<u>\$ 16,035,271</u>	<u>\$ 3,282,208</u>	<u>\$ (415,118)</u>	<u>\$ 13,168,181</u>
<u>LIABILITIES AND RESERVES</u>				
Liabilities:				
Accrued Expenses	\$ 82,598	\$ 82,598		
Return of Surplus Payable	4,924,415			\$ 4,924,415
Total Liabilities	<u>5,007,013</u>	<u>82,598</u>	<u>-</u>	<u>4,924,415</u>
Reserves:				
Actuarial Liability	<u>5,179,785</u>	<u>5,179,785</u>		
Total Liabilities and Reserves	<u>10,186,798</u>	<u>5,262,383</u>	<u>-</u>	<u>4,924,415</u>
<u>NET POSITION (DEFICIT)</u>				
Unrestricted	<u>\$ 5,848,473</u>	<u>\$ (1,980,175)</u>	<u>\$ (415,118)</u>	<u>\$ 8,243,766</u>

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

		Fund Years		
	<u>Total</u>	<u>2023</u>	<u>2022</u>	<u>Closed Years</u>
Operating Revenues:				
Regular Contributions	\$ 65,738,576	\$ 65,693,625	\$ -	\$ 44,951
Employee Contributions	641,649	641,649		
Total Operating Revenue	66,380,225	66,335,274	-	44,951
Operating Expenses:				
Provision for Claims and				
Claims Adjustment Expenses	55,734,153	55,055,340	511,707	167,106
Insurance Premiums	9,443,208	9,443,208		
Administration	3,855,059	3,867,752	(12,693)	
Total Operating Expenses	69,032,420	68,366,300	499,014	167,106
Operating Loss	(2,652,195)	(2,031,026)	(499,014)	(122,155)
Non-Operating Revenue:				
Investment Income	369,045	50,851	18,949	299,245
Municipal Reinsurance Health				
Insurance Fund Dividend	201,176			201,176
Total Non-Operating Revenue	570,221	50,851	18,949	500,421
Change In Net Position	(2,081,974)	(1,980,175)	(480,065)	378,266
Net Position (Deficit), Beginning	7,988,022	-	64,947	7,923,075
Return Of Surplus	(57,575)	-	-	(57,575)
Net Position (Deficit), Ending	\$ 5,848,473	\$ (1,980,175)	\$ (415,118)	\$ 8,243,766

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
STATEMENT OF CASH FLOWS - STATUTORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Fund Years			
	<u>Total</u>	<u>2023</u>	<u>2022</u>	<u>Closed Years</u>
Cash Flows From Operating Activities:				
Receipts From Regular Contributions	\$ 65,248,504	\$ 63,086,319	\$ 2,227,330	\$ (65,145)
Receipts From Employee Contributions	641,649	641,649		
(Payments) Recoveries For Health Benefits Claims	(52,989,615)	(51,573,193)	(1,439,894)	23,472
Payments For Insurance Premiums	(9,443,208)	(9,443,208)		
Payments To Professionals And Administrative Expenses	(3,803,509)	(3,785,154)	(18,355)	
Net Cash Flows Provided By (Used In) Operating Activities	(346,179)	(1,073,587)	769,081	(41,673)
Cash Flows From Investing Activities:				
Purchase Of Investments	(4,500,000)			(4,500,000)
Investment Income	570,211	50,851	18,949	500,411
Net Cash Flows Provided By (Used In) Investing Activities	(3,929,789)	50,851	18,949	(3,999,589)
Cash Flows From Noncapital Financing Activities:				
Return of Surplus	(167,743)			(167,743)
Net Increase (Decrease) In Cash And Cash Equivalents	(4,443,711)	(1,022,736)	788,030	(4,209,005)
Cash and Cash Equivalents, Beginning	11,218,835	-	(1,568,827)	12,787,662
Cash And Cash Equivalents, Ending	\$ 6,775,124	\$ (1,022,736)	\$ (780,797)	\$ 8,578,657
Reconciliation Of Operating Loss To				
Cash Flows From Operating Activities:				
Operating Loss	\$ (2,652,195)	\$ (2,031,026)	\$ (499,014)	\$ (122,155)
Adjustments to Reconcile Operating Loss to Net				
Cash Provided By (Used In) Operating Activities				
Changes in Assets and Liabilities:				
Decrease (Increase) in Assets:				
Contributions Receivable	(436,857)	(2,607,306)	2,280,545	(110,096)
Excess Insurance Receivable	(798,692)	(486,685)	(393,111)	81,104
Refunds Receivable	2,059,132	(1,210,953)	3,270,085	
Dividend Receivable	109,474			109,474
Increase (Decrease) in Liabilities:				
Accrued Administrative Expenses	51,550	82,598	(31,048)	
Actuarial Liabilities	1,374,624	5,179,785	(3,805,161)	
Advanced Contributions	(53,215)		(53,215)	
Total Adjustments	2,306,016	957,439	1,268,095	80,482
Net Cash Flows Provided By (Used In) Operating Activities	\$ (346,179)	\$ (1,073,587)	\$ 769,081	\$ (41,673)

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 schedules required by the Division of Banking and Insurance. The supplementary schedules do not reflect the Fund’s Investments in Joint Ventures as of and for the year ended December 31, 2023:

Total Assets – Comparative Statements of Net Position	\$ 16,482,202
Less Investment in Joint Venture	<u>446,931</u>
Total Assets – Statutory Basis	<u><u>\$ 16,035,271</u></u>
Net Position – Comparative Statements of Net Position	\$ 6,295,404
Less Investment in Joint Venture	<u>446,931</u>
Net Position – Statutory Basis	<u><u>\$ 5,848,473</u></u>
Change in Net Positon - Comparative Statements of Revenues, Expenses, and Changes in Net Position	\$ (2,902,329)
Less Change in Investment in Joint Venture	<u>(820,355)</u>
Change in Net Position – Statutory Basis	<u><u>\$ (2,081,974)</u></u>

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
SUPPLEMENTARY INFORMATION
STATEMENT OF FUND YEAR 2023 ACCOUNT OPERATING RESULTS ANALYSIS - STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2023 TO DECEMBER 31, 2023

	<u>Medical*</u>	<u>Dental</u>	<u>Prescription</u>	<u>Contingency</u>	<u>Reinsurance</u>	<u>Administrative</u>	<u>Total</u>
Income:							
Regular Contributions	\$ 53,365,904	\$ 1,000,787	\$ 6,182,540	\$ 157,316	\$ 921,843	\$ 4,065,235	\$ 65,693,625
Employee Contributions	641,649						641,649
Investment Income	47,097				2,327	1,427	50,851
Total Income	54,054,650	1,000,787	6,182,540	157,316	924,170	4,066,662	66,386,125
Incurred Liabilities:							
Claims Paid (Net of Refunds)	41,917,579	1,073,480	7,371,181				50,362,240
Excess Insurance Recoveries	(486,685)						(486,685)
Actuarial Liability	4,886,860	63,736	229,189				5,179,785
Insurance Premiums	8,480,395	4,645			958,168		9,443,208
Administrative Expenses						3,867,752	3,867,752
Total Liabilities	54,798,149	1,141,861	7,600,370	-	958,168	3,867,752	68,366,300
Net Position (Deficit)	\$ (743,499)	\$ (141,074)	\$ (1,417,830)	\$ 157,316	\$ (33,998)	\$ 198,910	\$ (1,980,175)

*Includes Retirees and COBRA

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
SUPPLEMENTARY INFORMATION
STATEMENT OF FUND YEAR 2022 ACCOUNT OPERATING RESULTS ANALYSIS - STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2022 TO DECEMBER 31, 2023

	<u>Medical*</u>	<u>Dental</u>	<u>Prescription</u>	<u>Reinsurance</u>	<u>Administrative</u>	<u>Total</u>
Income:						
Regular Contributions	\$ 43,132,805	\$ 1,086,961	\$ 5,698,484	\$ 834,890	\$ 3,222,404	\$ 53,975,544
Employee Contributions	361,586					361,586
Investment Income	42,502	26		250	6,608	49,386
Total Income	43,536,893	1,086,987	5,698,484	835,140	3,229,012	54,386,516
Incurring Liabilities:						
Claims Paid (Net of Refunds)	39,709,581	1,101,996	5,991,113			46,802,690
Excess Insurance Recoveries	(758,538)					(758,538)
Actuarial Liability	(321,113)	46,214	274,899			-
Insurance Premiums	4,879,178			849,092		5,728,270
Administrative Expenses					3,029,212	3,029,212
Total Liabilities	43,509,108	1,148,210	6,266,012	849,092	3,029,212	54,801,634
Net Position (Deficit)	\$ 27,785	\$ (61,223)	\$ (567,528)	\$ (13,952)	\$ 199,800	\$ (415,118)

*Includes Retirees and COBRA

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
SUPPLEMENTARY INFORMATION
STATEMENT OF FUND YEAR 2023 EXPENSE ANALYSIS - STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2023 TO DECEMBER 31, 2023

	<u>Paid</u>	<u>Accrued Expenses</u>	<u>Total</u>
Administrative Expenses:			
Executive Director	\$ 519,710		\$ 519,710
Program Manager	1,937,723		1,937,723
Third Party Administrators:			
Medical	1,078,201		1,078,201
Dental	73,393		73,393
Actuary	17,200		17,200
Treasurer	15,930		15,930
Attorney	22,606		22,606
Auditor		\$ 17,060	17,060
Claims Auditor		40,000	40,000
Director Fee	12,750		12,750
Patient - Center Outcomes Research Fee	16,062		16,062
Medicare Advantage Implementation	68,196	22,452	90,648
Miscellaneous Expenses	23,383	3,086	26,469
	<hr/>		
Total Administrative Expenses	\$ 3,785,154	\$ 82,598	\$ 3,867,752
	<hr/>		

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
SUPPLEMENTARY INFORMATION
STATEMENT OF FUND YEAR 2022 EXPENSE ANALYSIS - STATUTORY BASIS
FOR THE PERIOD JANUARY 1, 2022 TO DECEMBER 31, 2023

	<u>Paid</u>	<u>Accrued Expenses</u>	<u>Total</u>
Administrative Expenses:			
Executive Director	\$ 403,689		\$ 403,689
Program Manager	1,457,629		1,457,629
Third Party Administrators:			
Medical	995,096		995,096
Dental	69,732		69,732
Actuary	11,200		11,200
Treasurer	15,618		15,618
Attorney	22,508		22,508
Auditor	16,728		16,728
Director Fee	12,900		12,900
Patient - Center Outcomes Research Fee	11,066		11,066
Miscellaneous Expenses	13,046		13,046
	<hr/>		
Total Administrative Expenses	\$ 3,029,212	-	\$ 3,029,212
	<hr/>		

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CASH, CASH EQUIVALENTS, AND INVESTMENTS - STATUTORY BASIS
AS OF DECEMBER 31, 2023

<u>Description</u>	<u>Amount</u>
<u>Cash and Cash Equivalents</u>	
Cash Accounts	
State Street Bank	
NJ Cash Management Fund	\$ 95,251
TD Wealth Management	
Money Market Investment Account	5,412
Citizens Bank	
Investment Account	2,450
Parke Bank	
Investment Account	30,294
Republic Bank	
Investment Account **	4,588,906
Administrative Expense Account **	66,699
General Account **	1,904,932
Ocean First Bank	
Investment Account	<u>81,180</u>
Total Cash and Cash Equivalents	<u>6,775,124</u>
<u>Investments</u>	
Certificates of Deposit	
Republic Bank **	4,000,000
TD Bank	<u>500,000</u>
Total Investments	<u>4,500,000</u>
Total Cash, Cash Equivalents, and Investments per Schedule A	
Statement of Net Position--Statutory Basis	<u>\$ 11,275,124</u>
Total Cash, Cash Equivalents, and Investments by Fund Year:	
2023	\$ (1,022,736)
2022	(780,797)
Closed Years	<u>13,078,657</u>
	<u>\$ 11,275,124</u>

** On April 26, 2024, Republic First Bank (doing business as Republic Bank) was closed by the Pennsylvania Department of Banking and Securities, which appointed the Federal Deposit Insurance Corporation (FDIC) as receiver. To protect depositors, the FDIC entered into an agreement with Fulton Bank, National Association of Lancaster, Pennsylvania to assume substantially all of the deposits and purchase substantially all of the assets of Republic Bank.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements related to the financial statements for which *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, requires.

SCHEDULE OF FINANCIAL STATEMENT FINDINGS

None

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS 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* 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.

None

APPRECIATION

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

Respectfully submitted,
BOWMAN & COMPANY LLP
Certified Public Accountants

A handwritten signature in black ink, reading "Dennis J. Skalkowski". The signature is written in a cursive, flowing style.

Dennis J. Skalkowski
Certified Public Accountant

