PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Southern Jersey FUND

SOUTHERN NEW JERSEY REGIONAL EMPLOYEE BENEFITS FUND

Report on Audit of Financial Statements

For the Years Ended December 31, 2025 and 2024

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Southern New Jersey Regional Employee Benefits Fund

Financial Statements and Supplementary Information
For the Years Ended December 31, 2025 and 2024

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of the Southern New Jersey Regional Employee Benefits Fund (the "Fund") as of and for the year ended December 31, 2025, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Fund as of December 31, 2025, and the respective changes in financial position and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on Prior Year Financial Statements

The financial statements of the Fund as of December 31, 2024, were audited by Bowman & Company LLP, whose owners became partners with PKF O'Connor Davies, LLP, and whose report dated June 23, 2025, expressed an unmodified opinion on those financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* and the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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.

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. The 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 22, 2026, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Voorhees, New Jersey
June 22, 2026

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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 Auditors' Report

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

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 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 and for the year ended December 31, 2025, 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, 2026.

Report on Internal Control Over Financial Reporting

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

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on 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 Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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 in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Voorhees, New Jersey
June 22, 2026

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, 2025, 2024, and 2023. Please read it in conjunction with the basic financial statements and notes that follow this section.

Overview of Basic Financial Statements

The Fund's basic financial statements are prepared in accordance with 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 school districts, municipalities, and other governmental entities 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 – These statements present 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 – These statements reflect 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 reporting.

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, 2025, 2024, and 2023.

Comparative Statements of Net Position				2024 to 2025 Change	
	12/31/2025	12/31/2024	12/31/2023	Change $	Change %
Assets:					
Cash and Cash Equivalents	$ 10,066,758	$ 15,464,690	$ 6,775,124	$ (5,397,932)	-34.9%
Investments	-	-	4,500,000	-	0.0%
Contributions and Other Receivables	9,986,768	9,295,002	3,879,439	691,766	7.4%
Excess Insurance Receivable	820,478	59,694	880,685	760,784	1274.5%
Investment in Joint Venture	11,195	530,305	446,931	(519,110)	-97.9%
Other Assets	18	20	23	(2)	-10.0%
Total Assets	20,885,217	25,349,711	16,482,202	(4,464,494)	-17.6%
Liabilities, Reserves & Net Position					
Liabilities & Reserves:					
Accrued Expenses	214,331	117,651	82,598	96,680	82.2%
Return of Surplus Payable	5,068,217	5,041,544	4,924,415	26,673	0.5%
Loss Reserves	9,347,421	7,919,156	5,179,785	1,428,265	18.0%
Total Liabilities & Reserves	14,629,969	13,078,351	10,186,798	1,551,618	11.9%
Net Position - Unrestricted	$ 6,255,248	$ 12,271,360	$ 6,295,404	$ (6,016,112)	-49.0%

Financial Highlights (Continued)

Comparative Statements of Revenues, Expenses, and Changes in Net Position					
				2024 to 2025 Change	
	12/31/2025	12/31/2024	12/31/2023	Change $	Change %
Operating Revenues:					
Regular Contributions & Other Income	$132,092,290	$108,484,876	$ 66,380,225	$ 23,607,414	21.8%
Operating Expenses:					
Provision for Claims and Claims Expense	116,087,548	85,725,758	55,734,153	30,361,790	35.4%
Insurance Premiums	15,146,626	11,437,443	9,443,208	3,709,183	32.4%
Administrative and Operating	7,157,880	5,948,605	3,855,059	1,209,275	20.3%
Total Operating Expenses	138,392,054	103,111,806	69,032,420	35,280,248	34.2%
Total Operating Income (Loss)	(6,299,764)	5,373,070	(2,652,195)	(11,672,834)	-217.2%
Non-Operating Revenues (Expenses):					
Investment Income	335,977	519,512	369,045	(183,535)	-35.3%
Dividend Income	466,785	-	201,176	466,785	100.0%
Change In Investment In Joint Venture	(519,110)	83,374	(820,355)	(602,484)	-722.6%
Excess (Deficit) of Revenues	(6,016,112)	5,975,956	(2,902,329)	(11,992,068)	-200.7%
Return of Surplus	-	-	(57,575)	-	0.0%
Change In Net Position	$ (6,016,112)	$ 5,975,956	$ (2,959,904)	$(11,992,068)	-200.7%

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, 2025 were $20,885,217 and total liabilities and reserves were $14,629,969, resulting in an unrestricted net position of $6,255,248. Total assets decreased from the prior year primarily due to a reduction in cash and cash equivalents of $5.4 million and a decrease in prescription rebate receivables of $2.5 million resulting from the collection of amounts outstanding at December 31, 2024. In addition, the Fund's share of net position in the Municipal Reinsurance Health Insurance Fund ("MRHIF") declined from $530,305 at December 31, 2024 to $11,195 at December 31, 2025. These decreases were partially offset by increases in contributions receivable and excess insurance receivable of $3.4 million and $760,784, respectively, resulting from the timing of year-end funding requirements and reinsurance recoveries.

The Fund's operating revenues were $132,092,290 during the year. Claims expenses represented $116,087,548 in health benefit costs. Total insurance premiums of $15,146,626 were composed of $2,177,401 being incurred from the Municipal Reinsurance Health Insurance Fund and $12,969,225 of Medical, RX, and Dental premiums. During the reporting period, administrative and operating costs were $7,157,880. The Fund did not distribute surplus back to its members during the year.

Financial Highlights (Continued)

The Fund received a dividend distribution from MRHIF during the year in the amount of $466,785.

Investment income was $335,977 during 2025. Although the Fund continued to actively pursue competitive interest rates from area financial institutions, investment income declined from the prior year primarily due to lower average cash and investment balances available for investment throughout the year.

The Fund continues to be affected by inflation in healthcare costs and adverse claims experience within certain coverage lines. These trends contributed to the Fund’s operating losses and a decrease in net position during 2025. Management continues to monitor claims trends, cash flows, reinsurance arrangements, and funding requirements to maintain the Fund’s long-term financial stability. In addition, the Fund maintains substantial liquidity and surplus within closed fund years and retains the statutory authority to adjust member contribution levels as necessary.

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, 2025 and 2024

	2025	2024
ASSETS		
Cash and Cash Equivalents	$ 10,066,758	$ 15,464,690
Contributions Receivable	6,787,131	3,423,446
Accrued Interest Receivable	18	20
Excess Insurance Receivable	820,478	59,694
Prescription Rebates Receivable	3,194,170	5,771,561
Refund Receivable	5,467	99,995
Investment in Joint Venture	11,195	530,305
Total Assets	20,885,217	25,349,711
LIABILITIES AND RESERVES		
Liabilities:		
Accrued Expenses	214,331	117,651
Surplus Return Reserve	5,068,217	5,041,544
Total Liabilities	5,282,548	5,159,195
Reserves:		
Actuarial Liability	9,347,421	7,919,156
Total Liabilities and Reserves	14,629,969	13,078,351
NET POSITION		
Unrestricted	$ 6,255,248	$ 12,271,360

See Notes to Financial Statements.

Exhibit A-2

Southern New Jersey Regional Employee Benefits Fund
Comparative Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2025 and 2024

	2025	2024
OPERATING REVENUES:		
Regular Contributions	$ 130,500,013	$ 107,298,778
Employee Contributions	1,592,277	1,186,098
Total Operating Revenues	132,092,290	108,484,876
OPERATING EXPENSES:		
Provision for Claims and Claims Adjustment Expenses	116,087,548	85,725,758
Reinsurance	15,146,626	11,437,443
Administration	7,157,880	5,948,605
Total Operating Expenses	138,392,054	103,111,806
OPERATING INCOME (LOSS)	(6,299,764)	5,373,070
NON-OPERATING REVENUES (EXPENSES):		
Investment Income	335,977	519,512
Dividend Income	466,785	-
Change in Investment In Joint Venture	(519,110)	83,374
Total Non-Operating Revenues (Expenses)	283,652	602,886
Change in Net Position	(6,016,112)	5,975,956
NET POSITION		
Net Position, Beginning	12,271,360	6,295,404
Net Position, Ending	$ 6,255,248	$ 12,271,360

See Notes to Financial Statements.

Southern New Jersey Regional Employee Benefits Fund
Comparative Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Regular Contributions	$ 128,728,605	$ 107,729,916
Payments for Health Benefits Claims	(112,748,148)	(86,825,999)
Payments for Insurance Premiums	(15,146,626)	(11,437,443)
Payments to Professionals and Administrative Expenses	(7,061,200)	(5,913,552)
Net Cash Flows from Operating Activities	(6,227,369)	3,552,922
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	-	(1,000,000)
Redemption of Investments	-	5,500,000
Investment Income	802,764	519,515
Net Cash Flows from Investing Activities	802,764	5,019,515
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY:		
Return of Surplus	26,673	117,129
Net Increase (Decrease) in Cash And Cash Equivalents	(5,397,932)	8,689,566
CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents, Beginning	15,464,690	6,775,124
Cash and Cash Equivalents, Ending	$ 10,066,758	$ 15,464,690
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:		
Operating Income (Loss)	$ (6,299,764)	$ 5,373,070
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:		
Changes In Assets and Liabilities:		
Decrease (Increase) in Assets:		
Contributions Receivable	(3,363,685)	(754,960)
Excess Insurance Receivable	(760,784)	820,991
Prescription Rebates Receivable	2,577,391	(4,615,954)
Refund Receivable	94,528	(44,649)
Increase (Decrease) in Liabilities:		
Accrued Expenses	96,680	35,053
Actuarial Liability	1,428,265	2,739,371
Total Adjustments	72,395	(1,820,148)
Net Cash Flows from Operating Activities	$ (6,227,369)	$ 3,552,922
Supplemental Disclosure - Noncash Activity:		
Change In Investment in Joint Venture Not Increasing (Decreasing) Cash	$ (519,110)	$ 83,374

See 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.

Note 1: Organization and Description of The Fund (Cont'd)

During the year ended December 31, 2025, the following municipalities and governmental entities were members of the Fund:

Barrington Borough
Bellmawr Borough
Berlin Borough
Berlin Township
Bordentown Township
Brooklawn Borough
Camden City
Camden County Board of Social Services
Chesilhurst Borough
Collingswood Borough
Delran Township
Elk Township
Evesham Township
Franklin Township
Gibbsboro Borough
Gloucester City
Gloucester Township Fire #2
Gloucester Township
Haddonfield Borough
Haddon Heights Borough
Haddon Township
Laurel Springs Borough
Lawnside Borough
Lindenwold Borough
Lumberton Township
Magnolia Borough
Mantua Township
Mantua Township MUA
Medford Township
Medford Lakes Borough
Merchantville Borough
Merhantville Pennsauken Water Commission
Monroe Township
Mount Ephraim Borough
Mount Laurel Township
Mount Holly MUA
North Hanover Township
Oaklyn Borough
Palmyra Borough
Paulsboro Borough
Pennsauken Township
Pine Hill Borough
Pitman Borough
Riverside Township
Runnemede Borough
Somerdale Borough
Springfield Township
Washington Township
Waterford Township
Wenonah Borough
Westampton Borough
Westville Borough
West Deptford Township
Willingboro Township
Winslow Township
Winslow Fire District #1
Woodbury City
Woodbury Heights Borough

The limits of liability under the various coverages for the year ended December 31, 2025 were as follows:

HEALTH INSURANCE COVERAGE

Medical and Prescription:

Limits	Description
I. Fund's Self-Insured Retained Limit of Liability (S.I.R.)	
A. $425,000	Specific limit - applies per enrolled participant per reinsurance policy year.
II. Excess Insurers' Limit of Liability	
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.

Note 1: Organization and Description of The Fund (Cont'd)

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 during 2025 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, 2025 to December 31, 2025.
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 Banking and 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.

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.

Note 2: Summary of Significant Accounting Policies (Cont'd)

Component Unit (Cont'd)

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.

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.

Note 2: Summary of Significant Accounting Policies (Cont'd)

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

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 GUDPA. In lieu of designating a depository, the cash management plan may provide that the local unit make deposits with the State of New Jersey Cash Management Fund.

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 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 presented 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 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.

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, 2025 and 2024.

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 2025 and 2024 amounted to $910,838 and $1,770,680, 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 GASB 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, dividend income, 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.

Note 2: Summary of Significant Accounting Policies (Cont'd)

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 $9,991,413 as of December 31, 2025, $591,047 was insured while $9,400,366 was collateralized under GUDPA.

Of the Fund's bank balance of $11,225,902 as of December 31, 2024, $373,420 was insured while $10,852,482 was collateralized under GUDPA.

New Jersey Cash Management Fund

During 2025 and 2024, 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 ensure 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, 2025 and 2024, the Fund's deposits with the New Jersey Cash Management Fund were $138,645 and $4,270,767, respectively.

Note 4: 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.

Note 4: Changes in Unpaid Claims Liabilities (Cont'd)

The following represents changes in those aggregate undiscounted reported and unreported liabilities for the Fund during December 31, 2025 and 2024 for all open fund years net of excess insurance recoveries:

	2025	2024
Total unpaid claims and claim adjustment expenses all fund years - Beginning	$ 7,919,156	$ 5,179,785
Incurred claims and claim adjustment expenses:		
Provision for insured events of current fund year	111,811,066	87,333,086
Changes in provision for insured events of prior fund years	4,276,482	(1,607,328)
Total incurred claims and claim adjustment expenses all fund years	116,087,548	85,725,758
Payments (Net of Refunds):		
Attributable to insured events of current fund year	103,110,155	49,413,930
Attributable to insured events of prior fund years	11,549,128	33,572,457
Total payments all fund years	114,659,283	82,986,387
Total unpaid claims and claim adjustment expenses all fund years - Ending	$ 9,347,421	$ 7,919,156

Note 5: Transfer of 2023 Fund Period Surplus

The Executive Committee approved the closing of the 2023 Fund year and the transfer of the 2023 Fund year balances as of June 30, 2025 resulting in a transfer of surplus in the amount of $185,222 to the closed years account.

Note 6: 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 severally 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, 2025 and 2024, the Fund's share of net position in MRHIF was $11,195 and $530,305, respectively.

Note 6: Municipal Reinsurance Health Insurance Fund

Selected Financial Information

Selected, summarized financial information for the MRHIF as of December 31, 2025 and 2024 is as follows:

	2025	2024
Total Assets	$ 25,481,617	$ 31,857,037
Total Liabilities	$ 25,750,322	$ 24,039,501
Net Position (Deficit)	$ (268,705)	$ 7,817,536
Total Revenues	$ 35,274,577	$ 29,334,338
Total Expenses	$ 36,379,552	$ 28,112,403
Change in Net Position	$ (8,086,241)	$ 1,221,935
Return of Surplus	$ 6,981,266	$ -

Financial statements for the MRHIF are available at the Office of the Fund's Executive Director:

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

Note 7: Related Party Transactions

As disclosed in Note 6, the Fund is a member of the MRHIF and accordingly has an ownership interest in MRHIF. Excess insurance premiums paid to MRHIF for the years ended December 31, 2025 and 2024 were $2,177,401 and $1,618,140, respectively. Dividends paid from MRHIF to the Fund for the year ended December 31, 2025 was $466,785.

Note 8: Subsequent Events

The Fund has evaluated subsequent events occurring after December 31, 2025 through June 22, 2026, which is the date the financial statements were available to be issued.

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

Willingboro MUA – effective February 1, 2026
Riverton Borough – effective February 1, 2026
Berlin Township – effective March 1, 2026
Haddon Township Board of Fire Commissioners – effective April 1, 2026
Camden County MUA – effective April 1, 2026
Cinnaminson Fire District – effective April 1, 2026
Camden County Improvement Authority – effective June 1, 2026
New Jersey School Boards Association – effective June 1, 2026

Southern New Jersey Regional Employee Benefits Fund

Required Supplementary Information
For The Year Ended December 31, 2025

Schedule 1

Southern New Jersey Regional Employee Benefits Fund
Required Supplementary Information
Reconciliation of Health Claims Liabilities by Fund
For the Year Ended December 31, 2025

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	Medical	Prescription	Dental	Total
Total unpaid claims and claim adjustment expenses - Beginning	$ 6,823,428	$ 926,301	$ 169,427	$ 7,919,156
Incurred claims and claims adjustment expenses:				
Provision for insured events of current fund year	89,987,235	20,351,805	1,472,026	111,811,066
Changes in provision for insured events of prior fund years	1,764,417	2,631,311	(119,246)	4,276,482
Total incurred claims and claims adjustment expenses all fund years	91,751,652	22,983,116	1,352,780	116,087,548
Payments (Net of Refunds):				
Attributable to insured events of current fund year	82,417,809	19,283,903	1,408,443	103,110,155
Attributable to insured events of prior fund years	7,941,335	3,557,612	50,181	11,549,128
Total payments all fund years	90,359,144	22,841,515	1,458,624	114,659,283
Total unpaid claims and claim adjustment expenses - Ending	$ 8,215,936	$ 1,067,902	$ 63,583	$ 9,347,421

Schedule 2

Southern New Jersey Regional Employee Benefits Fund
Required Supplementary Information
Ten-Year Claims Development Information
As of December 31, 2025

	FUND YEAR ENDED DECEMBER 31									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Earned Required Contribution and Investment Revenue:										
Earned	$ 40,474,306	$ 44,358,579	$ 45,533,189	$ 43,944,134	$ 41,857,799	$ 44,971,111	$ 55,172,205	$ 67,432,967	$ 108,929,307	$ 132,128,723
Ceded	3,796,583	4,326,019	5,328,682	4,675,017	4,084,118	4,720,358	5,728,270	9,443,208	11,437,443	15,146,626
	$ 36,677,723	$ 40,032,560	$ 40,204,507	$ 39,269,117	$ 37,773,681	$ 40,250,753	$ 49,443,935	$ 57,989,759	$ 97,491,864	$ 116,982,097
Unallocated Expenses	$ 2,344,196	$ 2,499,873	$ 2,503,877	$ 2,530,622	$ 2,551,303	$ 3,041,905	$ 3,029,212	$ 7,692,061	$ 11,781,824	$ 7,305,166
Estimated Claims and Expenses, End of Policy Year:										
Incurred	$ 31,498,870	$ 34,417,494	$ 32,120,586	$ 33,297,805	$ 33,295,796	$ 37,148,949	$ 45,747,518	$ 55,542,025	$ 87,565,068	$ 112,457,576
Ceded	179,042	144,169		146,194	431,054	206,257	215,072	486,685	231,982	646,510
Net Incurred	31,319,828	34,273,325	32,120,586	33,151,611	32,864,742	36,942,692	45,532,446	55,055,340	87,333,086	111,811,066
Paid (Cumulative) as of:										
End of Policy Year	28,708,870	30,960,343	29,650,586	30,791,245	30,805,796	33,706,067	41,942,357	49,875,555	79,413,930	103,110,155
One Year Later	30,694,620	33,514,510	31,815,573	32,736,244	33,612,230	37,965,005	46,044,152	53,324,227	91,820,850	
Two Years Later (A)	30,676,206	33,628,421	31,834,635	32,912,374	33,815,706	38,320,840	46,586,856	54,151,959		
Reestimated Incurred Claims and Expenses:										
End of Policy Year	31,319,828	34,273,325	32,120,586	33,151,611	32,864,742	36,942,692	45,532,446	55,055,340	87,333,086	111,811,066
One Year Later	30,168,388	33,564,510	31,853,013	32,044,657	33,333,298	37,598,843	46,044,152	53,324,227	91,325,714	
Two Years Later (A)	30,034,948	33,628,422	31,885,499	32,044,729	33,326,175	37,606,468	45,988,693	54,095,326		
Increase (Decrease) in Estimated Incurred Claims and Expenses from End of Policy Year	$ (1,284,880)	$ (644,903)	$ (235,087)	$ (1,106,882)	$ 461,433	$ 663,776	$ 456,247	$ (960,014)	$ 3,992,628	$ -

(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.

Southern New Jersey Regional Employee Benefits Fund

Supplementary Information
For The Year Ended December 31, 2025

Schedule A

Southern New Jersey Regional Employee Benefits Fund
Statement of Net Position (Deficit) - Statutory Basis
As of December 31, 2025

		Fund Years		
	Total	2025	2024	Closed Years
ASSETS				
Cash and Cash Equivalents	$ 10,066,758	$ (2,958,951)	$ (128,879)	$ 13,154,588
Contributions Receivable	6,787,131	6,540,422	99,932	146,777
Accrued Interest Receivable	18			18
Excess Insurance Receivable	820,478	646,510	203,668	(29,700)
Prescription Rebates Receivable	3,194,170	3,194,170		
Refund Receivable	5,467	5,467		
Total Assets	20,874,022	7,427,618	174,721	13,271,683
LIABILITIES AND RESERVES				
Liabilities:				
Accrued Expenses	214,331	214,331		
Surplus Return Reserve	5,068,217			5,068,217
Total Liabilities	5,282,548	214,331	-	5,068,217
Reserves:				
Actuarial Liability	9,347,421	9,347,421		
Total Reserves	9,347,421	9,347,421	-	-
Total Liabilities and Reserves	14,629,969	9,561,752	-	5,068,217
NET POSITION				
Unrestricted (Deficit)	$ 6,244,053	$ (2,134,134)	$ 174,721	$ 8,203,466

Southern New Jersey Regional Employee Benefits Fund
Statement of Revenues, Expenses, and Changes in Net Position (Deficit) - Statutory Basis
For the Year Ended December 31, 2025

		Fund Years		
	Total	2025	2024	Closed Years
OPERATING REVENUES:				
Regular Contributions	$ 130,500,013	$ 130,500,013		
Employee Contributions	1,592,277	1,592,277		
Total Operating Revenues	132,092,290	132,092,290	-	-
OPERATING EXPENSES (RECOVERIES):				
Provision for Claims and				
Claims Adjustment Expenses (Recoveries)	116,087,548	111,811,066	$ 3,992,628	$ 283,854
Reinsurance	15,146,626	15,146,626		
Administration	7,157,880	7,305,165	(107,285)	(40,000)
Total Operating Expenses (Recoveries)	138,392,054	134,262,857	3,885,343	243,854
OPERATING LOSS	(6,299,764)	(2,170,567)	(3,885,343)	(243,854)
NON-OPERATING REVENUES:				
Investment Income	335,977	36,433	127,148	172,396
Dividend Income	466,785			466,785
Total Non-Operating Revenues:	802,762	36,433	127,148	639,181
Change in Net Position (Deficit)	(5,497,002)	(2,134,134)	(3,758,195)	395,327
NET POSITION				
Net Position, Beginning	11,741,055	-	3,932,916	7,808,139
Return of Surplus	-	-	-	-
Net Position (Deficit), Ending	$ 6,244,053	$ (2,134,134)	$ 174,721	$ 8,203,466

Schedule C

Southern New Jersey Regional Employee Benefits Fund
Statement of Cash Flows - Statutory Basis
For the Year Ended December 31, 2025

		Fund Years		
	Total	2025	2024	Closed Years
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Regular Contributions	$ 128,728,605	$ 125,551,868	$ 3,156,271	$ 20,466
Payments for Health Benefits Claims	(112,748,148)	(106,309,792)	(6,011,914)	(426,442)
Payments for Insurance Premiums	(15,146,626)	(15,146,626)		
(Payments) Refunds to Professionals and Administrative Expenses	(7,061,200)	(7,090,834)	29,634	
Net Cash Flows from Operating Activities	(6,227,369)	(2,995,384)	(2,826,009)	(405,976)
CASH FLOWS FROM INVESTING ACTIVITY:				
Investment Income	802,764	36,433	127,148	639,183
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY:				
Return of Surplus	26,673			26,673
Net Increase (Decrease) in Cash and Cash Equivalents	(5,397,932)	(2,958,951)	(2,698,861)	259,880
CASH AND CASH EQUIVALENTS				
Cash and Cash Equivalents, Beginning	15,464,690	-	2,569,982	12,894,708
Cash and Cash Equivalents, Ending	$ 10,066,758	$ (2,958,951)	$ (128,879)	$ 13,154,588
Reconciliation of Operating Loss to				
Cash Flows from Operating Activities:				
Operating Loss	$ (6,299,764)	$ (2,170,567)	$ (3,885,343)	$ (243,854)
Adjustments to Reconcile Operating Loss to Net				
Cash Flows from Operating Activities:				
Changes in Assets And Liabilities:				
Decrease (Increase) in Assets:				
Contributions Receivable	(3,363,685)	(6,540,422)	3,156,271	20,466
Excess Insurance Receivable	(760,784)	(646,510)	28,314	(142,588)
Prescription Rebates Receivable	2,577,391	(3,194,170)	5,771,561	
Refund Receivable	94,528	(5,467)	99,995	
Increase (Decrease) in Liabilities:				
Accrued Expenses	96,680	214,331	(77,651)	(40,000)
Actuarial Liability	1,428,265	9,347,421	(7,919,156)	
Total Adjustments	72,395	(824,817)	1,059,334	(162,122)
Net Cash Flows from Operating Activities	$ (6,227,369)	$ (2,995,384)	$ (2,826,009)	$ (405,976)

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, differ from the accompanying supplementary schedules required by the Department of Banking and Insurance. The supplementary schedules do not reflect the Fund's Investment in Joint Venture as of and for the year ended December 31, 2025:

Total Assets – Comparative Statements of Net Position	$ 20,885,217
Less Investment in Joint Venture	11,195
Total Assets – Statutory Basis	$ 20,874,022
Net Position – Comparative Statements of Net Position	$ 6,255,248
Less Investment in Joint Venture	11,195
Net Position – Statutory Basis	$ 6,244,053
Change in Net Position - Comparative Statements of Revenues, Expenses, and Changes in Net Position	$ (6,016,112)
Less Change in Investment in Joint Venture	(519,110)
Change in Net Position – Statutory Basis	$ (5,497,002)

Schedule D-1

Southern New Jersey Regional Employee Benefits Fund
Supplementary Information
Statement of Fund Year 2025 Account Operating Results Analysis - Statutory Basis
For the Year Ended December 31, 2025

	Medical*	Dental	Prescription	Reinsurance	Contingency	Administrative	Total
INCOME:							
Regular Contributions	$ 103,620,794	$ 1,401,938	$ 15,753,191	$ 2,069,984	$ 999,201	$ 6,654,905	$ 130,500,013
Employee Contributions	1,592,277						1,592,277
Investment Income	24,496	3,865			8,072		36,433
Total Income	105,237,567	1,405,803	15,753,191	2,069,984	1,007,273	6,654,905	132,128,723
INCURRED LIABILITIES:							
Claims Paid (Net of Refunds)	82,417,809	1,408,443	19,283,903				103,110,155
Excess Insurance Recoveries	(646,510)						(646,510)
Actuarial Liability (Net of Recoverables)	8,215,936	63,583	1,067,902				9,347,421
Insurance Premiums	12,951,968	17,257		2,177,401			15,146,626
Administrative Expenses						7,305,165	7,305,165
Total Liabilities	102,939,203	1,489,283	20,351,805	2,177,401	-	7,305,165	134,262,857
Net Position Before Return of Surplus	2,298,364	(83,480)	(4,598,614)	(107,417)	1,007,273	(650,260)	(2,134,134)
Return of Surplus							-
NET POSITION (DEFICIT)	$ 2,298,364	$ (83,480)	$ (4,598,614)	$ (107,417)	$ 1,007,273	$ (650,260)	$ (2,134,134)

*Includes Retirees And COBRA

Southern New Jersey Regional Employee Benefits Fund
Supplementary Information
Statement of Fund Year 2024 Account Operating Results Analysis - Statutory Basis
For the Year Ended December 31, 2025

	Medical*	Dental	Prescription	Reinsurance	Contingency	Administrative	Total
INCOME:							
Regular Contributions	$ 87,308,684	$ 1,256,946	$ 11,553,190	$ 1,547,921	$ 144,217	$ 5,496,784	$ 107,307,742
Employee Contributions	1,186,098						1,186,098
Investment Income	276,208	86		45	4,969		281,308
Total Income	88,770,990	1,257,032	11,553,190	1,547,966	149,186	5,496,784	108,775,148
INCURRED LIABILITIES:							
Claims Paid (Net of Refunds)	74,308,170	1,282,538	16,230,142				91,820,850
Excess Insurance Recoveries	(495,136)						(495,136)
Insurance Premiums	9,816,238	3,065		1,618,140			11,437,443
Administrative Expenses						5,837,270	5,837,270
Total Liabilities	83,629,272	1,285,603	16,230,142	1,618,140	-	5,837,270	108,600,427
Net Position Before Return of Surplus	5,141,718	(28,571)	(4,676,952)	(70,174)	149,186	(340,486)	174,721
Return of Surplus							-
NET POSITION (DEFICIT)	$ 5,141,718	$ (28,571)	$ (4,676,952)	$ (70,174)	$ 149,186	$ (340,486)	$ 174,721

*Includes Retirees And COBRA

Southern New Jersey Regional Employee Benefits Fund
Supplementary Information
Schedule of Fund Year 2025 Expense Analysis - Statutory Basis
For the Year Ended December 31, 2025

	Paid	Accrued Expenses	Total
ADMINISTRATIVE EXPENSES:			
Executive Director	$ 805,929	$ 66	$ 805,995
Program Manager	3,679,039		3,679,039
Broker Fee			
Third Party Administrators:			
Medical	1,809,981	160,295	1,970,276
Dental	99,936		99,936
Actuary	17,850		17,850
Attorney	36,153		36,153
Auditor		17,749	17,749
Director Fee	17,550		17,550
Medicare Adv Implementation	357,624		357,624
Meeting Expense	1,471		1,471
Miscellaneous Expense	202,117	29,629	231,746
Patient Centered Outcome Research Fee	31,154		31,154
Plan Documents	11,408	3,592	15,000
Postage	4,188		4,188
Qualified Purchasing Agent		3,000	3,000
Treasurer	16,435		16,435
Total Administrative Expenses	$ 7,090,835	$ 214,331	$ 7,305,166

Southern New Jersey Regional Employee Benefits Fund
Supplementary Information
Schedule of Fund Year 2024 Expense Analysis - Statutory Basis
For the Year Ended December 31, 2025

	Paid	Accrued Expenses	Total
ADMINISTRATIVE EXPENSES:			
Executive Director	$ 726,141		$ 726,141
Program Manager	3,087,937		3,087,937
Broker Fee			
Third Party Administrators:			
Medical	1,737,962		1,737,962
Dental	89,575		89,575
Actuary	17,500		17,500
Attorney	22,848		22,848
Auditor	17,400		17,400
Claims Audit			
Director Fee	14,850		14,850
Medicare Adv Implementation	130,632		130,632
Meeting Expense	481		481
Miscellaneous Expense	6,645		6,645
Patient Centered Outcome Research Fee	19,233		19,233
Plan Documents	8,160		8,160
Postage	2,613		2,613
Qualified Purchasing Agent	167		167
Treasurer	16,235		16,235
Wellness Program (Reimbursement)	(61,109)		(61,109)
Total Administrative Expenses	$ 5,837,270	-	$ 5,837,270

Southern New Jersey Regional Employee Benefits Fund
Supplementary Information
Schedule of Cash and Cash Equivalents - Statutory Basis
As of December 31, 2025

Description	Amount
CASH ACCOUNTS	
New Jersey Cash Management Fund	$ 138,645
Ocean First Bank	
Investment Account	85,130
Fulton Bank	
Administrative Account	13,639
General Account	6,649,170
Investment Account	33,737
TD Wealth Management	
Money Market Funds	5,917
Parke Bank	
Investment Account	3,140,520
Total Cash and Cash Equivalents Per Schedule A	
Statement of Net Position - Statutory Basis	$ 10,066,758
TOTAL CASH AND CASH EQUIVALENTS BY FUND YEAR:	
2025	$ (2,958,951)
2024	(128,879)
Closed Years	13,154,588
	$ 10,066,758

Southern New Jersey Regional Employee Benefits Fund

Schedule of Findings and Recommendations
For the Year Ended December 31, 2025

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, require.

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 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