

BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND

REPORT OF AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2020

BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Bergen Municipal Employee Benefits Fund
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054

Report on the Financial Statements

We have audited the accompanying financial statements of the Bergen Municipal Employee Benefits Fund (the "Fund") as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Bergen Municipal Employee Benefits Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bergen Municipal Employee Benefits Fund as of December 31, 2020 and 2019, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

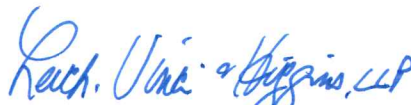
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Bergen Municipal Employee Benefits Fund's basic financial statements as a whole. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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 supplementary schedules listed in the table of contents are 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 15, 2021 on our consideration of the Bergen Municipal Employee Benefits 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 Bergen Municipal Employee Benefits 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 Bergen Municipal Employee Benefits Fund's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
June 15, 2021



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**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
Bergen Municipal Employee Benefits Fund
9 Campus Drive, Suite 216
Parsippany, New Jersey 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, the financial statements of the Bergen Municipal Employee Benefits Fund, as of and for the year ended December 31, 2020, and the related notes to the financial statements which collectively comprise the Bergen Municipal Employee Benefits Fund's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bergen Municipal Employee Benefits 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 Bergen Municipal Employee Benefits Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bergen Municipal Employee Benefits 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bergen Municipal Employee Benefits Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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 Bergen Municipal Employee Benefits Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Bergen Municipal Employee Benefits Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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Gary J. Vinci
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RMA Number CR00411

Fair Lawn, New Jersey
June 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND

Management Discussion and Analysis

This section of the annual financial report of the Bergen Municipal Employee Benefits Fund (the “BMED” or the “Fund”) presents a discussion and analysis of the financial performance of the Fund for the year ended December 31, 2020. Please read it in conjunction with the basic financial statements, the notes and supplementary schedules that follow this section.

Management’s Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified by the Governmental Accounting Standards Board. Certain comparative information between the current year (2020) and the prior two years (2019-2018) is required to be presented in the MD&A.

Overview of Basic Financial Statements

The Fund’s basic financial statements are prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and insurance enterprises where applicable. The primary purpose of the Fund is to provide medical and other health coverage for the members of the Fund. The Fund maintains separate enterprise funds by policy 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:

Statement of Net Position – This statement presents information reflecting the Fund’s assets, liabilities, and net position. Net position represents the amount of total assets less total liabilities.

Statement of Revenues, Expenses, and Changes in Net Position – This statement reflects the Fund’s operating revenues and expenses, as well as nonoperating 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.

Statement of Cash Flows – The statement 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 calendar year.

Financial Highlights

The following schedules summarize the financial position and results of operations for the Fund as of and for the years ended December 31, 2020, 2019 and 2018.

Summary Statement of Net Position

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 vs. 2019</u> Increase/ (Decrease)	<u>Increase/ (Decrease)</u>
Assets					
Cash and Investments	\$ 16,364,618	\$ 16,678,715	\$ 14,845,355	\$ (314,097)	-1.9%
Accounts Receivable	2,998,730	1,298,492	2,587,388	1,700,238	130.9%
Prepaid Items	-	-	1,454	-	
Total Assets	<u>19,363,348</u>	<u>17,977,207</u>	<u>17,434,197</u>	<u>1,386,141</u>	7.7%
Liabilities					
Other Liabilities	1,217,258	1,364,624	557,845	(147,366)	-10.8%
Loss Reserves	2,350,000	1,968,000	2,110,000	382,000	19.4%
Total Liabilities	<u>3,567,258</u>	<u>3,332,624</u>	<u>2,667,845</u>	<u>234,634</u>	7.0%
Net Position	<u>\$ 15,796,090</u>	<u>\$ 14,644,583</u>	<u>\$ 14,766,352</u>	<u>\$ 1,151,507</u>	7.9%

BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND

Management Discussion and Analysis

Summary Statement of Revenues, Expenses and Changes in Net Position

	2020 vs. 2019				
	2020	2019	2018	Increase/ (Decrease)	Increase/ (Decrease)
Operating Revenues					
Assessments and Other Income	35,304,088	31,148,517	\$ 31,998,452	\$ 4,155,571	13.3%
Operating Expenses					
Provision for Claims	23,180,056	23,379,397	23,492,370	(199,341)	-0.9%
Excess Insurance Premiums	1,000,741	1,204,931	1,464,170	(204,190)	-16.9%
HMO/PPO Premiums	58,940	47,907	67,095	11,033	23.0%
Medicare Advantage	4,344,488	2,347,231	2,405,548	1,997,257	85.1%
Retiree Surcharge	28,191	21,298	20,839	6,893	32.4%
General and Administrative	2,375,593	1,988,541	2,006,274	387,052	19.5%
Total Operating Expenses	30,988,009	28,989,305	29,456,296	1,998,704	6.9%
Operating Income	4,316,079	2,159,212	2,542,156	2,156,867	99.9%
Nonoperating Revenues and Distributions					
Equity Distribution	(4,241,453)	(3,497,725)	(4,072,535)	743,728	-21.3%
Interest and Dividend Income	1,076,881	1,216,744	941,884	(139,863)	-11.5%
Total Nonoperating Revenues/Distributions	(3,164,572)	(2,280,981)	(3,130,651)	(883,591)	-38.7%
Increase (Decrease) in Net Position	\$ 1,151,507	\$ (121,769)	\$ (588,495)	\$ 1,273,276	1045.6%

At December 31, 2020, BMED's total assets increased by 7.7%. The year end cash and investment balance decreased by approximately \$314 thousand mainly due to outstanding receivable balances as well as a lower rate of return with the Fund's investments and an increase in equity distributions. Liabilities increased with respect to an increase in IBNR loss reserves. Operating revenues of the Fund increased by almost 13.3% due to a significant increase in participants in the Medicare advantage program. The Fund experienced a decrease of approximately \$200 thousand in the provision for claims and claims expense. Overall, BMED's unrestricted net position, or surplus, increased by approximately \$1.2 million.

At December 31, 2019, BMED's total assets increased by 3.1%. The year end cash and investment balance increased by approximately \$1.8 million mainly due to the collection of receivable balances as well as a greater rate of return with the Fund's investments. Liabilities increased with respect to unearned revenue/dividends due to members. Operating revenues of the Fund decreased by almost 3%. The Fund experienced a decrease of approximately \$113,000 in provision for claims and claims expense. Overall, BMED's unrestricted net position, or surplus, decreased by approximately \$122 thousand.

BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND

Management Discussion and Analysis

Economic Conditions

The BMED 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.

Requests for Information

This financial report is designed to provide a general overview of the Bergen Municipal Employee Benefits Fund's finances for all those who are interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to PERMA Risk Management Services, 9 Campus Drive, Suite 216, Parsippany, New Jersey 07054.

BASIC FINANCIAL STATEMENTS

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 9,134,242	\$ 6,644,271
Investments	7,230,376	10,034,444
Receivables		
Assessments	1,582,866	1,210,976
Interest	22,616	60,312
Excess Insurance	86	1,870
Dividend	877,895	
Other	<u>515,267</u>	<u>25,334</u>
Total Assets	<u>19,363,348</u>	<u>17,977,207</u>
LIABILITIES		
Liabilities		
Accounts Payable	128,954	42,162
Dividend Payable	213,304	471,364
Unearned Revenue	875,000	851,098
Loss Reserves		
IBNR	<u>2,350,000</u>	<u>1,968,000</u>
Total Liabilities	<u>3,567,258</u>	<u>3,332,624</u>
NET POSITION		
Unrestricted	<u>15,796,090</u>	<u>14,644,583</u>
Total Net Position	<u>\$ 15,796,090</u>	<u>\$ 14,644,583</u>

The Accompanying Notes are an Integral Part of these Statements.

BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Assessments		
Employer Contributions	\$ 34,640,015	\$ 30,854,188
Employee/Cobra Contributions	<u>664,073</u>	<u>294,329</u>
 Total Operating Revenues	 <u>35,304,088</u>	 <u>31,148,517</u>
OPERATING EXPENSES		
Provisions for Claims		
Benefits Paid To/For Participants	24,392,192	24,289,149
Excess Insurance Recoverable	(36,904)	(78,484)
Other Recoverables	(1,557,232)	(689,268)
Increase/(Decrease) in Loss Reserves	382,000	(142,000)
HMO/PPO Premiums	58,940	47,907
Medicare Advantage	4,344,488	2,347,231
Retiree Surcharge	28,191	21,298
Excess Insurance Premiums	1,000,741	1,204,931
General and Administrative	<u>2,375,593</u>	<u>1,988,541</u>
 Total Operating Expenses	 <u>30,988,009</u>	 <u>28,989,305</u>
 Operating Income	 <u>4,316,079</u>	 <u>2,159,212</u>
NONOPERATING REVENUES		
Dividend Income	877,895	846,795
Interest Income	<u>198,986</u>	<u>369,949</u>
 Total Nonoperating Revenues	 <u>1,076,881</u>	 <u>1,216,744</u>
 Change in Net Position	 5,392,960	 3,375,956
Net Position, January 1,	<u>14,644,583</u>	<u>14,766,352</u>
	20,037,543	18,142,308
Equity Distribution	<u>(4,241,453)</u>	<u>(3,497,725)</u>
 Net Position, December 31,	 <u>\$ 15,796,090</u>	 <u>\$ 14,644,583</u>

The Accompanying Notes are an Integral Part of these Statements.

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Members	\$ 34,932,198	\$ 31,175,893
Cash Paid for Claims, Premiums and Services	<u>(31,007,366)</u>	<u>(27,936,594)</u>
Net Cash Provided by Operating Activities	<u>3,924,832</u>	<u>3,239,299</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (Purchase) Redemption of Investments	2,804,068	(281,926)
Dividend Received	-	846,795
Interest Received	<u>236,682</u>	<u>364,874</u>
Net Cash Provided by Investing Activities	<u>3,040,750</u>	<u>929,743</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Equity Distribution	<u>(4,475,611)</u>	<u>(2,617,608)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(4,475,611)</u>	<u>(2,617,608)</u>
Net Change in Cash	2,489,971	1,551,434
Cash, January 1,	<u>6,644,271</u>	<u>5,092,837</u>
Cash, December 31,	<u>\$ 9,134,242</u>	<u>\$ 6,644,271</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 4,316,079	\$ 2,159,212
Adjustments:		
Changes in Operating Assets and Liabilities		
(Increase) Decrease in Assessments Receivable	(371,890)	27,376
(Increase) Decrease in Excess Insurance Recoverable	1,784	1,267,840
(Increase) Decrease in Other Receivables	(489,933)	(1,245)
(Increase) Decrease in Prepaid Items	-	1,454
Increase (Decrease) in Accounts Payable	86,792	(73,338)
Increase (Decrease) in IBNR	<u>382,000</u>	<u>(142,000)</u>
Net Cash Provided by Operating Activities	<u>\$ 3,924,832</u>	<u>\$ 3,239,299</u>

The Accompanying Notes are an Integral Part of these Statements.

NOTES TO FINANCIAL STATEMENTS

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Bergen Municipal Employee Benefits Fund (the "Fund") was established on April 1, 1992, in accordance with P.L. 1983, C. 372, entitled "An act concerning joint insurance funds for local units of government, and supplementing Chapter 10 of Title 40A of the New Jersey Statutes". The Fund is a self-administered group of local government entities formed for the purpose of providing employee benefits for its members. The following coverages are offered by the Fund to its members at the choice of the individual member unit.

- a) Medical
- b) Dental
- c) Prescription

Each entity assigns a Commissioner to the Fund. The Board of Commissioners (the "Board"), which governs as the executive committee, is elected and consists of six (6) commissioners and two (2) alternates. The Board also elects the chairperson and secretary who serve co-terminously with their underlying local office until January 1st of the following year.

The Board may approve subsequent membership by two-thirds vote or may terminate any member by two-thirds vote after proper notice has been given. A participant may withdraw its membership by giving appropriate notice.

The exact terms and conditions of coverage are detailed in the Fund's Risk Management Plan.

B. Basis of Presentation – Financial Statements

The accounts of the Fund are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounting records that comprise its assets, liabilities, net position, revenues and expenses. The Fund's resources are allocated and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various activities are grouped by Fund Year into one generic fund.

The Fund reports the following major proprietary fund:

Enterprise Fund - The Enterprise Fund is used to account for the Fund's operations which are financed and operated in a manner similar to private enterprises, where the intent of the Board is that the costs (insurance claims, administrative expenses) of providing goods or services to its users on a continuing basis be financed or recovered primarily through user charges (i.e., insurance assessments).

The Proprietary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

The Fund utilizes the accrual basis of accounting whereby income is recorded as earned and expenses recorded as incurred. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are assessments to government entities and former employees of those entities. Operating expenses for enterprise funds include the cost of services (i.e., adjudication and processing of insurance claims) and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Monies are disbursed solely for the payment of claims, allocated claim expenses, and excess insurance premiums by fund year for the following funds:

Medical Fund – Insures against any and all medical claims under the terms of the individual municipality's agreement. This fund also includes Medicare Advantage which provides medical coverage to individual municipality's Medicare eligible retirees.

Dental Fund – Insures against any and all dental claims under the terms of the individual municipality's agreement.

Prescription Fund – Insures against any and all prescription claims under the terms of the individual municipality's agreement.

Rate Stabilization Reserve (RSR) Fund – Provides resources to stabilize the rate to insure against unforeseen occurrences.

Reinsurance Fund – Provides excess insurance coverage for medical claims over the Fund's self-insured retention.

General and Administrative Fund – Utilized for payment of the Fund's operating expenses, loss prevention activities and various professional fees.

Cash and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are stated at fair value and are limited by N.J.S.A. 40A:5 et seq.

Assessments

Assessments are computed annually by the Executive Director and approved by the Board of Commissioners. The rates are approved annually for each type of coverage. The Executive Director bills the participating members monthly based on the entity's employee census for each type of coverage. Assessments are accrued as revenue in the Fund Year for which they are levied against.

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Assessments Receivable

All receivables are reported at their gross value and when appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Expenses

Expenses are recognized in the accounting period in which the liability is incurred and measurable.

Accounts Payable

Purchase orders outstanding for services rendered prior to December 31 are reported as expenses through the establishment of accounts payable.

Income Taxes

In the opinion of management, the Fund is not subject to federal or state income taxes.

Budgets

An annual budget is adopted prior to the commencement of the fiscal year. Budgets are prepared using the accrual basis of accounting. The legal level of budgetary control is established by line item account and total resources available within each Fund Year. All budget amendments must be approved by the Board of Commissioners. Budget amendments during the year were insignificant. Formal budgetary integration into the accounting system is employed as a management control device during the year. Unexpended appropriations lapse at year end.

Loss Reserves

The Fund established claim liabilities is based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported (IBNR). The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage and subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Reinsurance/Excess Insurance

The Fund uses reinsurance agreements to reduce its exposure to significant losses on insurance claims. The Fund has entered into a Joint Purchase Agreement with the Municipal Reinsurance Health Insurance Fund (MRHIF) by purchasing excess insurance with other New Jersey health insurance funds. The MRHIF provides the members of the participating health insurance funds with reinsurance. The Fund does not report excess risks as liabilities unless it is probable that those risks will not be covered by reinsurers.

Reinsurance premiums for the years ended December 31, 2020 and 2019 were \$1,000,741 and \$1,204,931, respectively. Currently, the total claims in the medical, dental and prescription loss funds do not exceed the self-insured retention level for Fund Years 2020 and 2019.

Unearned Revenue

Balance of equity distribution, which was not disbursed to the members but will be utilized to offset future assessments.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Total Columns

The combining financial statements include a total column to indicate that they are presented only to facilitate financial analysis. Interfund transactions have not been eliminated from the total column of the individual fund year combining financial statements, but have been eliminated on the basic financial statements.

Use of Estimates

The preparation of financial statements requires management of the Fund to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 CASH DEPOSITS AND INVESTMENTS

The Fund considers cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

Cash Deposits

The Fund's cash deposits are insured through either the Federal Depository Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Fund is required to deposit funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 2 CASH DEPOSITS AND INVESTMENTS (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. At December 31, 2020 and 2019, the book value of the Fund's deposits was \$9,134,242 and \$6,644,271 and bank balances of the Fund's cash and deposits amounted to \$9,224,581 and \$7,216,155. The Fund's deposits which are displayed on the statement of net position as "cash" are categorized as:

<u>Depository Account</u>	<u>2020</u>	<u>Bank Balance</u>	<u>2019</u>
Insured	<u>\$9,224,581</u>		<u>\$7,216,155</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Fund does have a policy for custodial credit risk. As of December 31, 2020 and 2019, none of the Fund's bank balances were exposed to custodial credit risk.

Investments

The Fund is permitted to invest public funds in accordance with the types of securities authorized by New Jersey Statutes. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, Local Government investment pools, Joint Cash Management and Investment Programs and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the New Jersey Statutes.

As of December 31, 2020 and 2019, the fair value of the Fund's outstanding investments was:

	<u>2020</u>	<u>2019</u>
U.S. Government Securities	<u>\$7,230,376</u>	<u>\$10,034,444</u>

Interest Rate Risk – The Fund does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State Law limits investments as noted above (N.J.S.A 40A:5-15.1). The Fund does not have an investment policy that would further limit its investment choices.

The fair value of the above-listed investment was based on quoted market prices.

NOTE 3 UNPAID CLAIMS LIABILITIES

The Fund has established a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 3 UNPAID CLAIMS LIABILITIES (Continued)

The Fund has established a liability for unreported insured events. This liability includes estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in the aggregate reserves for the Fund for the years ended December 31, 2020 and 2019:

<u>December 31, 2020</u>	<u>Fund Years</u>		
	<u>2018</u>	<u>2019</u>	<u>2020</u>
Unpaid Claims and Claim Adjustment Expenses, January 1, 2020	\$ 135,036	\$ 1,832,964	
Incurred Claims and Claim Adjustment Expenses			
Provision for Insured Events of the			
Prior Years	250,632	(556,367)	
Current Year	<u>-</u>	<u>-</u>	<u>\$ 23,485,791</u>
	385,668	1,276,597	23,485,791
Payments			
Claims and Claim Adjustment Expenses			
Attributable to Insured Events of the			
Prior Years	(385,668)	(1,241,597)	
Current Year	<u>-</u>	<u>-</u>	<u>(21,170,791)</u>
Unpaid Claims and Claim Adjustment Expenses, December 31, 2020	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 2,315,000</u>
<u>December 31, 2019</u>	<u>Fund Years</u>		
	<u>2017</u>	<u>2018</u>	<u>2019</u>
Unpaid Claims and Claim Adjustment Expenses, January 1, 2019	\$ 36,782	\$ 2,073,218	
Incurred Claims and Claim Adjustment Expenses			
Provision for Insured Events of the			
Prior Years	45,487	(267,825)	
Current Year	<u>-</u>	<u>-</u>	<u>\$ 23,601,735</u>
	82,269	1,805,393	23,601,735
Payments			
Claims and Claim Adjustment Expenses			
Attributable to Insured Events of the			
Prior Years	(82,269)	(1,670,357)	
Current Year	<u>-</u>	<u>-</u>	<u>(21,768,771)</u>
Unpaid Claims and Claim Adjustment Expenses, December 31, 2019	<u>\$ -</u>	<u>\$ 135,036</u>	<u>\$ 1,832,964</u>

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 4 DETAILED NOTES ON ALL FUNDS

Receivables

Receivables as of December 31, 2020 and 2019 for the fund in the aggregate are as follows. In the opinion of management the year end receivables are collectible, thus, an allowance for uncollectible accounts is not required.

<u>December 31, 2020</u>	Fund Years			Total
	<u>Closed Years</u>	<u>2019</u>	<u>2020</u>	
Receivables:				
Assessments			\$ 1,582,866	\$ 1,582,866
Accrued Interest	\$ 11,305	\$ 3,458	7,853	22,616
Excess Insurance		86		86
Dividend	877,895			877,895
Other	-	-	515,267	515,267
	<u>\$ 889,200</u>	<u>\$ 3,544</u>	<u>\$ 2,105,986</u>	<u>\$ 2,998,730</u>

<u>December 31, 2019</u>	Fund Years			Total
	<u>Closed Years</u>	<u>2018</u>	<u>2019</u>	
Receivables:				
Assessments			\$ 1,210,976	\$ 1,210,976
Accrued Interest	\$ 38,196	\$ 8,508	13,608	60,312
Excess Insurance		1,870		1,870
Other	-	-	25,334	25,334
	<u>\$ 38,196</u>	<u>\$ 10,378</u>	<u>\$ 1,249,918</u>	<u>\$ 1,298,492</u>

NOTE 5 DEFICIT NET POSITION

At December 31, 2020 and 2019, the following individual funds net position accounts were in a deficit position:

	<u>2020</u>	<u>2019</u>
<u>Fund Year 2020</u>		
Reinsurance	\$9,732	
<u>Fund Year 2019</u>		
Prescription	4,465	\$809,484
Reinsurance	11,751	11,751
<u>Fund Year 2018</u>		
Reinsurance		10,210

Currently, the Fund's management has no plans to levy additional assessments to the participating municipalities to eliminate the above deficits.

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 6 MEMBERSHIP IN JOINT INSURANCE FUNDS

The Fund is a member of the Municipal Reinsurance Health Insurance Fund (the “MRHIF”). The MRHIF is an insured and self-administered group of New Jersey health insurance funds established for the purpose of providing low-cost health insurance coverage for their respective members in the form of reinsurance. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers of the MRHIF are elected.

As a member of the MRHIF, the Fund could be subject to supplemental assessments in the event of a deficiency. If the assets of the MRHIF were to be exhausted, members would become responsible for their respective shares of 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 related to the total assessments of the participating Funds for that Fund Year.

Selected financial information for the MRHIF Fund as of and for the years ended December 31, 2020 and 2019 is as follows:

	<u>2020</u> (Unaudited)	<u>2019</u>
Total Assets	\$30,688,366	\$22,643,991
Net Position	17,076,319	15,104,754
Total Operating Revenues	15,360,074	15,417,057
Investment Income	212,636	575,314
Total Operating Expenses	8,101,147	12,412,732
Change in Net Position	1,971,563	(1,105,451)
Equity Distributions	5,500,000	4,685,090

REQUIRED SUPPLEMENTARY INFORMATION

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION
FUND YEARS 2011 THROUGH 2020**

	Fund Years									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net Earned Required Contribution and Investment Revenue	\$ 19,775,803	\$ 20,735,363	\$ 21,865,205	\$ 19,646,269	\$ 21,840,865	\$ 26,983,840	\$ 31,755,951	\$ 32,101,275	\$ 31,229,299	\$ 35,320,223
Unallocated Expenses	2,865,908	2,785,665	3,242,428	3,335,181	3,377,559	4,279,532	4,820,290	5,970,495	5,680,777	7,799,360
Estimated Incurred Claims and Expenses, End of Policy Year	16,541,764	17,337,047	16,841,029	14,516,444	15,567,851	18,766,900	24,623,245	24,393,950	23,601,735	23,485,791
Paid (Cumulative) as of:										
End of Initial Year	15,522,864	16,128,759	15,224,219	13,360,128	13,989,773	16,662,843	21,326,245	22,932,891	21,768,771	21,170,791
One Year Later	17,214,160	17,170,710	16,356,437	13,966,932	14,955,183	18,760,845	24,123,301	23,992,959	23,010,454	
Two Years Later	17,214,160	16,882,587	16,356,437	13,966,932	14,955,183	18,760,845	24,123,301	23,992,959		
Three Years Later	17,214,160	16,882,587	16,356,437	13,966,932	14,955,183	18,760,845	24,123,301			
Four Years Later	17,214,160	16,882,587	16,356,437	13,966,932	14,955,183	18,760,845				
Five Years Later	17,214,160	16,882,587	16,356,437	13,966,932	14,955,183					
Six Years Later	17,214,160	16,882,587	16,356,437	13,966,932						
Seven Years Later	17,214,160	16,882,587	16,356,437							
Eight Years Later	17,214,160	16,882,587								
Nine Years Later	17,214,160									
Reestimated Incurred Claims and Expenses										
End of Policy Year	16,541,764	17,337,047	16,841,029	14,516,444	15,567,851	18,766,900	24,623,245	24,393,950	23,601,735	23,485,791
One Year Later	16,788,000	16,899,568	16,364,562	13,974,296	14,967,857	18,634,185	23,502,532	24,126,125	23,045,368	
Two Years Later	16,788,000	16,882,587	16,364,562	13,974,296	14,967,857	18,634,185	23,502,532	24,126,125		
Three Years Later	16,788,000	16,882,587	16,364,562	13,974,296	14,967,857	18,634,185	23,502,532			
Four Years Later	16,788,000	16,882,587	16,364,562	13,974,296	14,967,857	18,634,185				
Five Years Later	16,788,000	16,882,587	16,364,562	13,974,296	14,967,857					
Six Years Later	16,788,000	16,882,587	16,364,562	13,974,296						
Seven Years Later	16,788,000	16,882,587	16,364,562							
Eight Years Later	16,788,000	16,882,587								
Nine Years Later	16,788,000									
Increase (Decrease) in Estimated Incurred Claims and Expenses From End of Initial Year	246,236	(454,460)	(476,467)	(542,148)	(599,994)	(132,715)	(1,120,713)	(267,825)	(556,367)	-

Note: In the third or fourth year of the above Fund Years, the Board created a Closed Years Contingency Fund, which consolidated the prior year open Fund Years. As a result, the above individual Fund Years have not been updated to report the respective transactions for years three to ten.

SUPPLEMENTARY SCHEDULES

BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
COMBINING STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2020

	Closed Years Contingency	Fund Years		Total
	Fund	2019	2020	
ASSETS				
Cash	\$ 5,280,535	\$ 1,414,165	\$ 2,439,542	\$ 9,134,242
Investments	4,176,433	1,122,878	1,931,065	7,230,376
Receivables				
Assessments			1,582,866	1,582,866
Accrued Interest	11,305	3,458	7,853	22,616
Excess Insurance		86		86
Dividend	877,895			877,895
Other	-	-	515,267	515,267
	<u>10,346,168</u>	<u>2,540,587</u>	<u>6,476,593</u>	<u>19,363,348</u>
Total Assets				
LIABILITIES				
Liabilities				
Accounts Payable		2,433	126,521	128,954
Dividend Payable	213,304			213,304
Unearned Revenue	875,000			875,000
Loss Reserves				
IBNR	-	35,000	2,315,000	2,350,000
	<u>1,088,304</u>	<u>37,433</u>	<u>2,441,521</u>	<u>3,567,258</u>
Total Liabilities				
NET POSITION				
Unrestricted	<u>9,257,864</u>	<u>2,503,154</u>	<u>4,035,072</u>	<u>15,796,090</u>
Total Net Position	<u>\$ 9,257,864</u>	<u>\$ 2,503,154</u>	<u>\$ 4,035,072</u>	<u>\$ 15,796,090</u>

BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

	Closed Years	Fund Years		Total
	Contingency Fund	2019	2020	
OPERATING REVENUES				
Assessments				
Employer Contributions		\$ (482)	\$ 34,640,497	\$ 34,640,015
Employee/Cobra Contributions	-	-	664,073	664,073
Total Revenues	-	(482)	35,304,570	35,304,088
OPERATING EXPENSES				
Provision for Claims				
Benefits Paid to/for Participants	\$ 374,979	2,043,400	21,973,813	24,392,192
Excess Insurance Recoverable	10,689	(47,593)		(36,904)
Other Recoverables		(754,210)	(803,022)	(1,557,232)
Increase/(Decrease) in Loss Reserves	(135,036)	(1,797,964)	2,315,000	382,000
HMO/PPO Premiums			58,940	58,940
Medicare Advantage			4,344,488	4,344,488
Retiree Surcharge			28,191	28,191
Excess Insurance Premiums			1,000,741	1,000,741
General and Administrative	8,795	(202)	2,367,000	2,375,593
Total Expenses	259,427	(556,569)	31,285,151	30,988,009
Operating Income (Loss)	(259,427)	556,087	4,019,419	4,316,079
NONOPERATING REVENUES				
Dividend Income	877,895			877,895
Interest Income	153,212	30,121	15,653	198,986
Total Nonoperating Revenues	1,031,107	30,121	15,653	1,076,881
Change in Net Position	771,680	586,208	4,035,072	5,392,960
Net Position, January 1, 2020	12,727,637	1,916,946	-	14,644,583
	13,499,317	2,503,154	4,035,072	20,037,543
Equity Distribution	(4,241,453)	-	-	(4,241,453)
Net Position, December 31, 2020	\$ 9,257,864	\$ 2,503,154	\$ 4,035,072	\$ 15,796,090

BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Closed Years Contingency	Fund Years		Total
	<u>Fund</u>	<u>2019</u>	<u>2020</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Members		\$ 1,210,494	\$ 33,721,704	\$ 34,932,198
Cash Paid for Claims, Premiums and Services	\$ (392,593)	(1,255,876)	(29,358,897)	(31,007,366)
Net Cash Provided (Used) by Operating Activities	(392,593)	(45,382)	4,362,807	3,924,832
CASH FLOWS FROM INVESTING ACTIVITIES				
Net (Purchase) Redemption of Investments	4,328,571	406,562	(1,931,065)	2,804,068
Dividend Received				-
Interest Received	188,611	40,271	7,800	236,682
Net Cash Provided (Used) by Investing Activities	4,517,182	446,833	(1,923,265)	3,040,750
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Equity Distribution	(4,475,611)	-	-	(4,475,611)
Net Cash (Used) by Noncapital Financing Activities	(4,475,611)	-	-	(4,475,611)
Net Change in Cash	(351,022)	401,451	2,439,542	2,489,971
Cash, January 1, 2020	5,631,557	1,012,714	-	6,644,271
Cash, December 31, 2020	\$ 5,280,535	\$ 1,414,165	\$ 2,439,542	\$ 9,134,242
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (259,427)	\$ 556,087	\$ 4,019,419	\$ 4,316,079
Adjustments:				
Changes in Operating Assets and Liabilities				
(Increase) Decrease in Assessments Receivable		1,210,976	(1,582,866)	(371,890)
(Increase) Decrease in Excess Insurance Recoverable	1,870	(86)		1,784
(Increase) Decrease in Other Receivable		25,334	(515,267)	(489,933)
(Increase) Decrease in Prepaid Items				-
Increase (Decrease) in Accounts Payables		(39,729)	126,521	86,792
Increase (Decrease) in IBNR	(135,036)	(1,797,964)	2,315,000	382,000
Net Cash Provided (Used) by Operating Activities	\$ (392,593)	\$ (45,382)	\$ 4,362,807	\$ 3,924,832

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
HISTORICAL OPERATING RESULTS
FROM INCEPTION THROUGH DECEMBER 31, 2020**

	Closed Years Contingency	Fund Years	
	Fund	2019	2020
UNDERWRITING INCOME			
Assessments	\$ 547,310,907	\$ 30,853,706	\$ 34,640,497
Other Income (Except Investments)	2,521,494	294,329	664,073
	<u>549,832,401</u>	<u>31,148,035</u>	<u>35,304,570</u>
INCURRED LIABILITIES			
Claims			
Paid	451,495,310	23,010,454	21,170,791
Excess Insurance Recoverable		(86)	
Loss Reserves	-	35,000	2,315,000
	<u>451,495,310</u>	<u>23,045,368</u>	<u>23,485,791</u>
Limited Incurred Claims			
	<u>451,495,310</u>	<u>23,045,368</u>	<u>23,485,791</u>
EXPENSES			
Excess Insurance Premiums	27,528,826	1,204,931	1,000,741
HMO/PPO Premiums	3,553,552	47,907	58,940
Medicare Advantage	4,917,231	2,347,231	4,344,488
Retiree Surcharge	81,046	21,298	28,191
General and Administrative	40,619,535	2,059,410	2,367,000
	<u>76,700,190</u>	<u>5,680,777</u>	<u>7,799,360</u>
Subtotal Expenses			
	<u>76,700,190</u>	<u>5,680,777</u>	<u>7,799,360</u>
Total Incurred Liabilities	<u>528,195,500</u>	<u>28,726,145</u>	<u>31,285,151</u>
UNDERWRITING SURPLUS	21,636,901	2,421,890	4,019,419
Investment/Dividend Income	<u>9,766,567</u>	<u>81,264</u>	<u>15,653</u>
GROSS STATUTORY SURPLUS	31,403,468	2,503,154	4,035,072
Equity Distribution	<u>(22,145,604)</u>	<u>-</u>	<u>-</u>
NET STATUTORY SURPLUS	<u>\$ 9,257,864</u>	<u>\$ 2,503,154</u>	<u>\$ 4,035,072</u>

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
STATEMENT OF BUDGETARY EXPENSES
FUND YEAR 2020**

<u>Account Description</u>	<u>Modified Budget</u>	<u>Expenses</u>	<u>Loss Reserves</u>	<u>Variance Excess/ (Deficit)</u>
Claims				
Medical	\$ 22,437,799	\$ 17,420,787	\$ 2,046,400	\$ 2,970,612
Dental	1,991,164	1,367,634	145,100	478,430
Prescription	2,942,010	2,382,370	123,500	436,140
HMO/PPO Premiums	53,775	58,940		(5,165)
Medicare Advantage	4,344,487	4,344,488		(1)
Reinsurance	1,000,741	1,000,741		-
Rate Stabilization	127,545			127,545
Retiree Surcharge	28,191	28,191		-
General and Administrative				
Claims Administration	704,467	704,275		192
Administrator	409,899	410,754		(855)
Legal	29,196	29,196		
Actuary	40,060	40,060		
Auditor	18,250	18,252		(2)
Treasurer	19,686	19,686		-
Risk Management Consultants	685,070	659,277		25,793
Fund Coordinator - Metro	56,260	56,260		
Employee Benefit Consultant	298,126	310,066		(11,940)
Board Advisor	18,000	18,000		-
Miscellaneous/Contingency	106,363	101,174	-	5,189
	<u>\$ 35,311,089</u>	<u>\$ 28,970,151</u>	<u>\$ 2,315,000</u>	<u>\$ 4,025,938</u>

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
PROGRAM SUMMARY
FUND YEAR 2020**

	Coverages		
	Medical	Dental	Prescription
Limits:			
Specific	Unlimited	N/A	Unlimited
Aggregate	\$ 10,000,000	N/A	\$ 10,000,000
Fund Retention:			
Specific	325,000	N/A	325,000
Aggregate	No Limit	N/A	No Limit
Excess Insurers	Municipal Reinsurance Health Insurance Fund		
Number of Governmental Entities	17	29	12
Limited Incurred Claims	<u>\$ 19,467,187</u>	<u>\$ 1,512,734</u>	<u>\$ 2,505,870</u>
Exposure Units:			
Eligible Employees (1)	2,015	2,279	581
Limited Incurred Claims/Units	\$ 9,661	\$ 664	\$ 4,313

(1) Based on December 31, 2020 Census

**BERGEN MUNICIPAL EMPLOYEE BENEFITS FUND
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified	<u> </u> yes	<u> X </u> no
2) Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to the financial statements noted?	<u> </u> yes	<u> X </u> no

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Paragraph 5.18-5.20 of *Government Auditing Standards*.

There are none.

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

This section identifies the status of prior-year findings related to the financial statements that are required to be reported in accordance with Paragraph 6.12 of *Governmental Auditing Standards*.

STATUS OF PRIOR YEAR FINDINGS

There were none.

COMMENTS AND RECOMMENDATIONS

There are none.

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ACKNOWLEDGEMENT

We received the complete cooperation of all the officials of the Fund and we greatly appreciate the courtesies extended to us.