PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

METROPOLITAN
HEALTH INSURANCE FUND

Report on Audit of Financial Statements

For the Year Ended December 31, 2025

KNOW GREATER VALUE™

Metropolitan Health Insurance Fund

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

TABLE OF CONTENTS **Page**

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

Board of Fund Commissioners
Metropolitan Health Insurance Fund
9 Campus Drive, Suite 216
Parsippany, New Jersey

Opinion

We have audited the accompanying financial statements of the Metropolitan Health Insurance 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 18, 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 18, 2026

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
Metropolitan Health Insurance 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 Metropolitan Health Insurance Fund (the "Fund"), as of and for the year then 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 18, 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.

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 18, 2026

This section of the annual financial report of the Metropolitan Health Insurance Fund (the "Fund") presents a discussion and analysis of the financial performance of the Fund for the years ended December 31, 2025, and 2024. Please read it in conjunction with the basic financial statements 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 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:

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

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

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 reporting period.

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 and 2024.

Comparative Statements of Net Position	12/31/2025	12/31/2024	2024 to 2025 Change $	2024 to 2025 Change %
Assets:				
Cash and Cash Equivalents	$ 5,505,517	$ 2,904,238	$ 2,601,279	89.6%
Contributions and Other Receivables	8,407,178	1,578,901	6,828,277	432.5%
Excess Insurance Receivable	1,560,609	639,267	921,342	144.1%
Investment in Joint Venture	-	161,626	(161,626)	-100.0%
Other Assets	125	2,274	(2,149)	-94.5%
Total Assets	15,473,429	5,286,306	10,187,123	192.7%
Liabilities, Reserves & Net Position				
Liabilities & Reserves:				
Cash and Cash Equivalents Overdraft	8,241,228	-	8,241,228	100.0%
Accrued Expenses	1,109,857	499,362	610,495	122.3%
Accrued Insurance Premiums	431,127	301,888	129,239	0.0%
Accrued Claims Expenses	2,552,913	924,280	1,628,633	100.0%
Joint Venture Deficit Liability	23,752	-	23,752	100.0%
Actuarial Liability	11,157,922	6,202,000	4,955,922	79.9%
Total Liabilities & Reserves	23,516,799	7,927,530	15,589,269	196.6%
Net Position - Unrestricted	$ (8,043,370)	$ (2,641,224)	$ (5,402,146)	-204.5%

Comparative Statements of Revenues, Expenses, and Changes in Net Position	Years Ended		2024 to 2025 Change	
	12/31/2025	12/31/2024	Change $	Change %
Operating Revenues:				
Regular Contributions & Other Income	$ 95,355,873	$ 79,113,667	$ 16,242,206	20.5%
Operating Expenses:				
Provision for Claims and Claims Expense	80,266,718	68,310,587	11,956,131	17.5%
Insurance Premiums	15,289,810	8,437,386	6,852,424	81.2%
Administrative and Operating	5,181,917	5,437,596	(255,679)	-4.7%
Total Operating Expenses	100,738,445	82,185,569	18,552,876	22.6%
Total Operating Loss	(5,382,572)	(3,071,902)	(2,310,670)	-75.2%
Non-Operating Revenues (Expenses):				
Investment Income	194,697	269,052	(74,355)	-27.6%
Municipal Reinsurance Health Insurance Fund Dividend	57,191	-	57,191	100.0%
Equity in Earnings (Losses) of Joint Venture	(185,378)	161,626	(347,004)	-214.7%
Total Non-Operating Revenues (Expenses)	66,510	430,678	(364,168)	-84.6%
Deficit of Revenues	(5,316,062)	(2,641,224)	(2,674,838)	-101.3%
Transfer of Net Deficit from Bergen Municipal HIF	(83,542)	-	(83,542)	100.0%
Return of Surplus	(2,542)	-	(2,542)	100.0%
Change In Net Position	$ (5,402,146)	$ (2,641,224)	$ (2,760,922)	-104.5%

Financial Highlights Continued

On January 1, 2024, the Metropolitan Health Insurance Fund (the "Fund") was formed 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 and commenced operations on January 1, 2024. 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 providing health benefits coverage while managing healthcare costs.

The Fund's total assets as of December 31, 2025 were $15,473,429 and total liabilities and reserves were $23,516,799, resulting in an unrestricted net deficit of $8,043,370. Total assets increased by $10,187,123, or 192.7%, from the prior year. The increase was primarily attributable to a $7 million supplemental assessment recorded during 2025, which resulted in a significant increase in contributions and other receivables at year-end. In addition, excess insurance receivables increased by $921,326 due to the timing of reinsurance recoveries. These increases were partially offset by the use of cash balances to fund operations and a decline in the Fund's share of net position in the Municipal Reinsurance Health Insurance Fund ("MRHIF"), which decreased from a positive balance of $161,626 at December 31, 2024 to a deficit balance of $23,752 at December 31, 2025.

The Fund's operating revenues were $95,355,873 during the year. Claims expenses represented $80,266,718 in health benefit costs. Total insurance premiums of $15,289,810 were composed of $14,686,407 incurred from the Municipal Reinsurance Health Insurance Fund and $603,403 incurred from State Health Benefits Program surcharge premiums. During the reporting period, administrative and operating costs were $5,181,917. The Fund did not distribute surplus back to its members during the year.

The Fund received a dividend distribution from MRHIF during the year in the amount of $57,191.

Investment income was $194,697 during 2025. Although the Fund continued to pursue competitive investment yields, investment income decreased from the prior year primarily due to lower average cash balances available for investment during the year.

Economic Conditions

The Fund continues to be affected by inflation in healthcare costs and adverse claims experience within certain coverage lines. These trends contributed to operating losses and the unrestricted net deficit 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 retains the statutory authority to adjust member contribution levels and implement other funding measures as necessary.

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 Metropolitan Health Insurance Fund members and the Department of Banking and Insurance and the Division of Local Government Services, Department of Community Affairs, State of New Jersey with a general overview of the Fund's finances and to demonstrate the Fund's accountability for the public funds it receives. If you have any questions about this report or need additional financial information, contact the Executive Director of the Metropolitan Health Insurance Fund's office located at 9 Campus Drive, Suite 216, Parsippany, New Jersey 07054 or by phone at (201) 881-7632.

Exhibit A-1

Metropolitan Health Insurance Fund
Statement of Net Position
As of December 31, 2025

	2025
ASSETS	
Cash and Cash Equivalents	$ 5,505,517
Contributions Receivable	8,006,192
Accrued Interest Receivable	2,258
Excess Insurance Receivable	1,560,609
Prescription Rebates Receivable	398,728
Prepaid Expense	125
Total Assets	15,473,429
LIABILITIES AND RESERVES	
Liabilities:	
Cash and Cash Equivalents Overdraft	8,241,228
Accrued Insurance Premiums	431,127
Accrued Expenses	1,109,857
Accrued Claim Expenses	2,552,913
Joint Venture Deficit Liability	23,752
Total Liabilities	12,358,877
Reserves:	
Actuarial Liability	11,157,922
Total Liabilities and Reserves	23,516,799
NET POSITION	
Unrestricted (Deficit)	$ (8,043,370)

See Notes to Financial Statements.

Exhibit A-2

Metropolitan Health Insurance Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2025

	2025
OPERATING REVENUES:	
Regular Contributions	$ 87,607,188
Supplemental Assessments	7,000,001
Employee Contributions	748,684
Total Operating Revenues	95,355,873
OPERATING EXPENSES:	
Provision for Claims and Claims Adjustment Expenses	80,266,718
Reinsurance	14,686,407
State Health Benefits Program Surcharge Premiums	603,403
Administration	5,181,917
Total Operating Expenses	100,738,445
OPERATING LOSS	(5,382,572)
NON-OPERATING REVENUES (EXPENSES):	
Investment Income	194,697
Dividend Income	57,191
Equity in Earnings (Losses) of Joint Venture	(185,378)
Total Non-Operating Revenues (Expenses)	66,510
Change in Net Position	(5,316,062)
NET POSITION	
Net Position (Deficit), Beginning	(2,641,224)
Transfer of Net Deficit From The Bergen Municipal Employee Benefits Fund	(83,542)
Return of Surplus	(2,542)
Net Position (Deficit), Ending	$ (8,043,370)

See Notes to Financial Statements.

Metropolitan Health Insurance Fund
Statement of Cash Flows
For the Year Ended December 31, 2025

	2025
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Regular Contributions	$ 88,194,615
Payments for Health Benefits Claims	(66,476,531)
Payments for Insurance Premiums	(15,160,571)
Payments to Professionals and Administrative Expenses	(4,569,272)
Net Cash Flows from Operating Activities	1,988,241
CASH FLOWS FROM INVESTING ACTIVITY:	
Investment Income	249,630
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfer from Bergen Municipal Employee Benefits Fund	365,950
Return of Surplus	(2,542)
Net Decrease in Cash and Cash Equivalents	2,601,279
CASH AND CASH EQUIVALENTS	
Cash and Cash Equivalents, Beginning	2,904,238
Cash and Cash Equivalents, Ending	$ 5,505,517
Reconciliation of Operating Loss to	
Cash Flows from Operating Activities:	
Operating Loss	$ (5,382,572)
Adjustments to Reconcile Operating Loss to Net	
Cash Flows from Operating Activities:	
Changes In Assets and Liabilities:	
Decrease (Increase) in Assets:	
Contributions Receivable	(8,108,584)
Wellness Reimbursement Receivable	65,617
Excess Insurance Receivable	(921,342)
Related Party Receivable	947,326
Prescription Rebates Receivable	(212,573)
Refund Receivable	32,702
Prepaid Expense	2,151
Increase (Decrease) in Liabilities:	
Cash and Cash Equivalents Overdraft	8,241,228
Accrued Excess Insurance Premiums	129,239
Accrued Expenses	610,494
Actuarial Liability	4,955,922
Claims Payable	1,628,633
Total Adjustments	7,370,813
Net Cash Flows from Operating Activities	$ 1,988,241
Supplemental Disclosure - Noncash Activity:	
Change In Investment in Joint Venture Not Decreasing Cash	$ (185,378)

See Notes to Financial Statements.

Note 1: Organization and Description of the Fund

On January 1, 2024, the Metropolitan Health Insurance Fund (the "Fund") was formed in accordance with N.J.S.A. 40A: 10-36.1 et seq., and N.J.A.C. 11:15-3.1 et seq. 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 for the purpose of containing medical costs.

On January 1, 2024, the Fund became its own separate entity after being a subgroup of the Bergen Municipal Employee Benefits Fund since 2021. The 13 members within the subgroup became the initial members of the Fund. During the Fund's initial period, any New Jersey local government entity that was a member of the Bergen Municipal Employee Benefits Fund could become a part of the Fund's initial application. Thereafter, the 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 two-thirds vote, after proper notice has been given.

All members' assessments, including a reserve for actuarial liability, are based on annual actuarial assumptions determined by the Fund's Actuary and quarterly adjustments determined by the Fund's Actuary 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 medical, dental, prescription, and vision coverage to its members. The Fund provides coverage on a self-insured basis and secures excess insurance through the Municipal Reinsurance Health Insurance Fund, a public entity specifically designed for reinsuring local Health Insurance Funds. The Municipal Reinsurance Health Insurance Fund purchases excess insurance from an Insurance Company acceptable with the Commissioner of Insurance. During calendar year 2025, the following New Jersey local government entities were members of the Fund:

Bloomfield Township	Morristown Township
Bloomfield Public Library	Orange Township
Chester Township	Passaic Valley Sewage Commission
East Amwell	Plainfield Public Schools
East Hanover Township	Scotch Plains Township
East Orange Township	Union Township
Irvington Township	West Caldwell Township
Maplewood Township	West Orange Township

Health Insurance Coverage

Medical - The Fund offers a "point of service" and "open access" plan designs. These plans have both in-network and out-of-network benefit. The Fund can offer other plans as may meet the needs of the members. The Fund also offers "low-cost plans" to allow members options to comply with contribution requirements under Chapter 78. The Fund also offers Medicare Advantage programs and/or Medicare Supplement programs in addition to the Educator's Health Plan under Chapter 44.

Dental - The Fund offers customized dental plans as required by the members.

Prescription - The Fund offers customized prescription plans as required by the members, including plans that are coordinated with the low-cost medical plan options.

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

Health Insurance Coverage (cont'd)

Vision - The Fund offers customized vision plans as required by the members.

The Medical and Prescription liability limits coverages for the year ended December 31, 2025 were as follows:

Specific Retention: $375,000 per enrolled participant

Aggregate Retention: Not applicable, aggregate reinsurance or stop loss not obtained

Specific Limit: Unlimited

Aggregate Limit: Not applicable

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

Health Insurance Coverage Notes:

1. "Health Insurance" means health insurance as defined pursuant to N.J.S.A. 17B:17-4 or service benefits as provided by health service corporations, hospital service corporations or medical service corporations authorized to do business in the State.

2. "Incurred Claims" means claims, which occur during a Fund year, including claims paid during a later period. The exact definition of "Incurred Claims" or any similar term is the definition used in the excess insurance policy purchased by the Fund.

3. The Fund's reinsurance agreement for the calendar year 2025 was with the Municipal Reinsurance Health Insurance Fund ("MRHIF"). The agreement is on a 12/24-month exposure period covering claims incurred during the twelve-month policy period January 1 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 boards of education and school district'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 Metropolitan Health Insurance 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.

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

Component Unit (cont'd)

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. The application of this criterion involves considering whether the activity benefits the primary entity.

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

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

Basis of Presentation, Fund Accounting

The financial statements of the Fund have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to enterprise funds of State and Local Governments on a going concern basis. The focus of enterprise funds is the measurement of economic resources, that is, the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. 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 and Cash Equivalents

Cash and cash equivalents include petty cash, change funds and cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows.

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.

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

Cash and Cash Equivalents (cont'd)

These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market mutual funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or bonds or other obligations of the school district of which the local unit is a part or within which the school district is located, bonds or other obligations approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the purchase of fully collateralized securities with certain provisions. In addition, other State statutes permit investments in obligations issued by local authorities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

Additionally, the Fund has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the GUDPA. In lieu of designating a depository, the cash management plan may provide that the local unit may 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.

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

Claims Funding

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

Actuarial Liability

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

Liabilities for unpaid losses represent the estimated liability on claims reported to the Fund plus reserves for claims incurred but not yet reported. The liabilities for claims are evaluated using Fund and industry data, case basis evaluations and other statistical analyses, and represent estimates of the ultimate net cost of all losses incurred through December 31, 2025.

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.

Loss Fund Contingency Account

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

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 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. Net ceded losses at December 31, 2025 were $4,437,405.

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 Trustees/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 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments”, the Fund has classified its net position as unrestricted (deficit). 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 Trustees.

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

Income Taxes

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

Operating and Non-Operating Revenues and Expenses

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

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

Use of Estimates

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

Note 3: Cash and Cash Equivalents

Custodial Credit Risk Related to Deposits

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

Of the Fund’s bank balance of $909,516 at December 31, 2025, $250,000 was insured while $659,516 was collateralized under GUDPA.

Bank Overdrafts

At December 31, 2025, the Fund reported overdraft balances in certain bank accounts totaling $8,241,228. These overdrafts resulted from the timing of payments issued before year-end that had cleared the bank prior to deposits and transfers being recorded in the respective accounts. The overdraft positions were temporary in nature and were subsequently eliminated through normal cash receipts and cash management activities. Management monitors cash balances and believes sufficient funds were available to satisfy all obligations as they became due.

Note 4: State Health Benefits Plan Surcharge

Chapter 8, Public Law 1993, provides for insurers of school districts that do not participate in the State Health Benefits Plan (SHBP) to pay an annual surcharge to the program. The surcharge is determined by the State Treasurer and is based on a percentage of the total claims paid for the coverage of employees of the nonparticipating school districts. The surcharge is to compensate the SHBP for the excess cost of the health coverage of the government’s eligible retirees (25 or more years of credited service in a State-administered pension fund or retired on disability with fewer years of service), who are covered in the SHBP.

Note 4: **State Health Benefits Plan Surcharge (Cont'd)**

Every November 1st, a survey is sent to each nonparticipating government requesting the name and address of their health benefits insurance carrier. A response is required by the end of November. The SHBP sends a surcharge payment request form on December 1st to the insurance carrier. The insurance carrier will complete the surcharge form and forward the form and payment to the SHBP by December 31st. The surcharge form includes information such as adjustments from prior year payment, total claims paid, the surcharge rate and the amount to be remitted. As of December 31, 2025, the Fund recorded insurance expense of $603,403 for the State Health Benefits Program.

Note 5: Changes in Unpaid Claims Liabilities

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

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

Total unpaid claims and claim adjustment expenses all fund years - Beginning	$ 6,202,000
Incurred claims and claim adjustment expenses:	
Provision for insured events of current fund year	75,399,513
Changes in provision for insured events of prior fund years	4,867,205
Total incurred claims and claim adjustment expenses all fund years	80,266,718
Payments (Net of Refunds):	
Attributable to insured events of current fund year	65,627,331
Attributable to insured events of prior fund years	9,683,465
Total payments all fund years	75,310,796
Total unpaid claims and claim adjustment expenses all fund years - Ending	$11,157,922

Note 6: Municipal Reinsurance Health Insurance Fund

On January 1, 2024, when the Fund became its own separate entity after being a subgroup of the Bergen Municipal Employee Benefits Fund, the initial 13 members within the subgroup also transferred their membership 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.

Note 6: Municipal Reinsurance Health Insurance Fund (Cont'd)

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, the Fund's share of the net position of MRHIF was a deficit of $23,752.

Selected Financial Information

Selected summarized financial information for the MRHIF at December 31, 2025 were as follows:

Total Assets	$ 25,481,617
Total Liabilities	$ 25,750,322
Net Position (Deficit)	$ (268,705)
Total Revenues	$ 35,274,577
Total Expenses	$ 36,379,552
Change in Net Position	$ (8,086,241)
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 year ended December 31, 2025 was $2,552,913. Dividends paid from MRHIF to the Fund for the year ended December 31, 2025 was $57,191.

Bergen Municipal Employee Benefits Fund

Effective as of January 1, 2024 the Fund separated from the Bergen Municipal Employee Benefits Fund, creating two distinct health joint insurance funds. During 2025, it was resolved to separate all accounts related to the Bergen Municipal Employee Benefits Fund and the Metropolitan Health Insurance Fund. As stated in Note 7, Bergen Municipal Employee Benefits Fund transferred certain assets, liabilities and net position to the Metropolitan Health Insurance Fund.

Note 8: Supplemental Assessments

Due to the higher than budgeted claims expenses for the 2024 and Closed Fund Years, the Fund approved a $7,000,000 supplemental assessment to reduce projected deficiencies in the claims account. The assessment is allocated to the members based on their proportional and cumulative assessments for the years with the deficits. Members have 36 months to pay their share of the supplemental assessment, but the Fund may expedite the payments if cash balances fall below a half a month's claims exposure.

Note 9: Transfer from Bergen Municipal Employee Benefits Fund

As stated in Note 1, certain members of the Bergen Municipal Employee Benefits Fund (BMED) transferred their equity interest in BMED to form the Metropolitan Health Insurance Fund on January 1, 2024.

During 2025, BMED transferred the following assets, liabilities and net position to the Metropolitan Health Insurance Fund applicable to the 2023 Closed Fund Year as of June 30, 2025:

ASSETS	
Cash	$ 365,950
Contribution Receivable	171,527
Interest Receivable	2,258
Specific Insurance Receivable	107,034
Total Assets	646,769
LIABILITIES	
Due to BMED	730,311
NET POSITION	
Unrestricted (Deficit)	$ (83,542)

Note 10: Subsequent Events

The Fund has evaluated subsequent events occurring after December 31, 2025 through June 18, 2026, which is the date the financial statements were available to be issued.

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

Town of Secaucus (effective January 1, 2026)
Guttenberg Township (effective January 1, 2026)
North Hudson Regional Fire & Rescue (effective January 1, 2026)
Montclair Township (effective January 1, 2026)
Passaic City (effective February 1, 2026)
Paterson City (effective February 1, 2026)
Hillsdale BOE (effective March 1, 2026)
Mercer County (effective March 1, 2026)
South Orange Maplewood BOE (effective April 1, 2026)
Old Bridge Township (effective April 1, 2026)
Livingston BOE (effective July 1, 2026)

Metropolitan Health Insurance Fund

Required Supplementary Information
For The Year Ended December 31, 2025

Schedule 1

Metropolitan Health Insurance Fund
Required Supplementary Information
Reconciliation of Health Claims Liabilities by Fund
For the Year Ended December 31, 2025

.

	Medical	Prescription	Dental	Total
Total unpaid claims and claim adjustment expenses - Beginning of Year	$ 6,034,000	$ 66,000	$ 102,000	$ 6,202,000
Incurred claims and claims adjustment expenses:				
Provision for insured events of current fund year	71,021,834	2,983,709	1,393,970	75,399,513
Changes in provision for insured events of prior fund years	4,910,468	95	(43,358)	4,867,205
Total incurred claims and claims adjustment expenses all Fund years	75,932,302	2,983,804	1,350,612	80,266,718
Payments:				
Claims and claims adjustment expenses (Net of Recoveries):				
Attributable to insured events of current fund year	61,381,666	2,944,584	1,301,081	65,627,331
Attributable to insured events of prior fund years	9,558,728	66,095	58,642	9,683,465
Total payments all Fund years	70,940,394	3,010,679	1,359,723	75,310,796
Total unpaid claims and claim adjustment expenses - End of Year	$ 11,025,908	$ 39,125	$ 92,889	$ 11,157,922

Schedule 2

Metropolitan Health Insurance Fund
Required Supplementary Information
Two-Year Claims Development Information
As of December 31, 2025

	Fund Year	
	2024	2025
Net Earned Required Contribution and Investment Revenue:		
Earned	$ 86,046,036	$ 88,481,011
Ceded	10,611,766	15,356,407
	$ 75,434,270	$ 73,124,604
Unallocated Expenses	$ 5,465,574	$ 5,153,941
Estimated Claims and Expenses, End of Policy Year:		
Incurred	$ 67,610,286	$ 76,785,253
Ceded	890,049	1,617,078
Net Incurred	66,720,237	75,168,175
Paid (Cumulative) as of:		
End of Policy Year	61,408,286	65,627,331
One Year Later	74,115,590	
Reestimated Incurred Claims and Expenses:		
End of Policy Year	66,720,237	75,168,175
One Year Later	70,664,707	
Increase (Decrease) in Estimated Incurred Claims and Expenses from End of Policy Year	$ 3,944,470	$ -

Metropolitan Health Insurance Fund

Supplementary Information
For The Year Ended December 31, 2025

Schedule A

Metropolitan Health Insurance Fund
Statement of Net Position - Statutory Basis
As of December 31, 2025

		Fund Years		
	Total	2025	2024	Closed Years
ASSETS				
Cash and Cash Equivalents	$ 5,505,517	$ 5,505,517		
Contributions Receivable	8,006,192	1,285,287	$ 6,355,202	$ 365,703
Accrued Interest Receivable	2,258			2,258
Excess Insurance Receivable	1,560,609	864,650	695,959	
Prescription Rebates Receivable	398,728	398,728		
Prepaid Expense	125	125		
Total Assets	15,473,429	8,054,307	7,051,161	367,961
LIABILITIES AND RESERVES				
Liabilities:				
Cash and Cash Equivalents Overdraft	8,241,228		7,747,171	494,057
Accrued Insurance Premiums	431,127	431,127		
Accrued Expenses	1,109,857	1,109,857		
Accrued Claim Expenses	2,552,913	2,552,913		
Total Liabilities	12,335,125	4,093,897	7,747,171	494,057
Reserves:				
Actuarial Liability	11,157,922	11,157,922		
Total Reserves	11,157,922	11,157,922	-	-
Total Liabilities and Reserves	23,493,047	15,251,819	7,747,171	494,057
NET POSITION				
Unrestricted (Deficit)	$ (8,019,618)	$ (7,197,512)	$ (696,010)	$ (126,096)

Schedule B

Metropolitan Health Insurance Fund
Statement of Revenues, Expenses, and Changes in Net Position - Statutory Basis
For the Year Ended December 31, 2025

		Fund Years		
	Total	2025	2024	Closed Years
OPERATING REVENUES:				
Regular Contributions	$ 87,607,188	$ 87,607,179		$ 9
Supplemental Assessments	7,000,001		$ 6,634,298	365,703
Employee Contributions	748,684	748,684		
Total Operating Revenues	95,355,873	88,355,863	6,634,298	365,712
OPERATING EXPENSES:				
Provision for Claims and Claims Adjustment Expenses	80,266,718	75,168,175	4,595,097	503,446
Reinsurance	14,686,407	14,686,407		
State Health Benefits Program Surcharge Premiums	603,403	670,000	(66,597)	
Administration	5,181,917	5,153,941	27,976	
Total Operating Expenses	100,738,445	95,678,523	4,556,476	503,446
OPERATING INCOME (LOSS)	(5,382,572)	(7,322,660)	2,077,822	(137,734)
NON-OPERATING REVENUES:				
Investment Income	194,697	125,148	29,018	40,531
Dividend Income	57,191			57,191
Total Non-Operating Revenues:	251,888	125,148	29,018	97,722
Change in Net Position	(5,130,684)	(7,197,512)	2,106,840	(40,012)
NET POSITION				
Net Position (Deficit), Beginning	(2,802,850)	-	(2,802,850)	-
Transfer From The Bergen Municipal Employee Benefits Fund	(83,542)	-	-	(83,542)
Return of Surplus	(2,542)	-	-	(2,542)
Net Position (Deficit), Ending	$ (8,019,618)	$ (7,197,512)	$ (696,010)	$ (126,096)

Schedule C

Metropolitan Health Insurance Fund
Statement of Cash Flows - Statutory Basis
For the Year Ended December 31, 2025

	Total	Fund Years 2025	2024	Closed Years
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Regular Contributions	$ 88,194,615	$ 87,070,576	$ 1,124,030	$ 9
Payments for Health Benefits Claims	(66,476,531)	(62,720,718)	(3,746,424)	(9,389)
Payments for Insurance Premiums	(15,160,571)	(14,925,280)	(235,291)	
Payments to Professionals and Administrative Expenses	(4,569,272)	(4,044,209)	(525,063)	
Net Cash Flows from Operating Activities	1,988,241	5,380,369	(3,382,748)	(9,380)
CASH FLOWS FROM INVESTING ACTIVITY:				
Investment Income	249,630	125,148	29,018	95,464
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfer from Bergen Municipal Employee Benefits Fund	365,950		449,492	(83,542)
Return of Surplus	(2,542)			(2,542)
Net Cash Flows from Noncapital Financing Activities	363,408	-	449,492	(86,084)
Net Increase (Decrease) in Cash and Cash Equivalents	2,601,279	5,505,517	(2,904,238)	
CASH AND CASH EQUIVALENTS				
Cash and Cash Equivalents, Beginning	2,904,238	-	2,904,238	-
Cash and Cash Equivalents, Ending	$ 5,505,517	$ 5,505,517	$ -	$ -
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:				
Operating Income (Loss)	$ (5,382,572)	$ (7,322,660)	$ 2,077,822	$ (137,734)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:				
Changes in Assets And Liabilities:				
Decrease (Increase) in Assets:				
Contributions Receivable	(8,108,584)	(1,285,287)	(6,457,594)	(365,703)
Wellness Reimbursement Receivable	65,617		65,617	
Excess Insurance Receivable	(921,342)	(864,650)	(56,692)	
Related Party Receivable	947,326		947,326	
Prescription Rebates Receivable	(212,573)	(398,728)	186,155	
Refund Receivable	32,702		32,702	
Prepaid Expense	2,151	(125)	2,276	
Increase (Decrease) in Liabilities:				
Cash and Cash Equivalents Overdraft	8,241,228		7,747,171	494,057
Accrued Excess Insurance Premiums	129,239	431,127	(301,888)	
Accrued Expenses	610,494	1,109,857	(499,363)	
Actuarial Liability	4,955,922	11,157,922	(6,202,000)	
Claims Payable	1,628,633	2,552,913	(924,280)	
Total Adjustments	7,370,813	12,703,029	(5,460,570)	128,354
Net Cash Flows from Operating Activities	$ 1,988,241	$ 5,380,369	$ (3,382,748)	$ (9,380)

Metropolitan Health Insurance Fund
Notes to Supplementary Information – Statutory Basis

Note 1: **Relationship with Basic Financial Statements**

The information in the Metropolitan Health Insurance Fund (the "Fund")'s basic financial statements, Exhibits A-1 through A-3, differ from the accompanying supplementary schedules required by the Division 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 Liabilities – Statement of Net Position	$ 12,358,877
Less Joint Venture Deficit Liability	23,752
Total Liabilities – Statutory Basis	$ 12,335,125
Net Position – Statement of Net Position	$ (8,043,370)
Less Joint Venture Deficit Liability	(23,752)
Net Position – Statutory Basis	$ (8,019,618)
Change in Net Position - Statements of Revenues, Expenses, and Changes in Net Position	$ (5,316,062)
Add Equity in Losses of Joint Venture	(185,378)
Change in Net Position – Statutory Basis	$ (5,130,684)

Schedule D-1

Metropolitan Health Insurance Fund
Supplementary Information
Statement of Fund Year 2025 Account Operating Results Analysis - Statutory Basis
For the Year Ended December 31, 2025

	Medical*	Dental	Prescription	Vision	Reinsurance	Contingency	Administrative	Total
INCOME:								
Regular Contributions	$ 74,346,589	$ 1,453,788	$ 2,782,488	$ 798,404	$ 2,526,764		$ 5,699,146	$ 87,607,179
Employee Contribution	748,684							748,684
Investment Income	92,932	1,473	239		15,047	$ 4,774	10,683	125,148
Total Income	75,188,205	1,455,261	2,782,727	798,404	2,541,811	4,774	5,709,829	88,481,011
INCURRED LIABILITIES:								
Claims Paid (Net of Refunds)	61,381,666	1,301,081	2,944,584					65,627,331
Excess Insurance Recoveries	(1,617,078)							(1,617,078)
Actuarial Liability (Net of Recoverables)	11,025,908	92,889	39,125					11,157,922
Insurance Premiums	12,739,620	63,874			2,552,913			15,356,407
Administrative Expenses							5,153,941	5,153,941
Total Liabilities	83,530,116	1,457,844	2,983,709	-	2,552,913	-	5,153,941	95,678,523
Net Position Before Return of Surplus	(8,341,911)	(2,583)	(200,982)	798,404	(11,102)	4,774	555,888	(7,197,512)
Return of Surplus								-
NET POSITION (DEFICIT)	$ (8,341,911)	$ (2,583)	$ (200,982)	$ 798,404	$ (11,102)	$ 4,774	$ 555,888	$ (7,197,512)

*Includes Retirees And COBRA

Schedule D-2

Metropolitan Health Insurance Fund
Supplementary Information
Statement of Fund Year 2024 Account Operating Results Analysis - Statutory Basis
For the Year Ended December 31, 2025

	Medical*	Dental	Prescription	Vision	Reinsurance	Contingency	Administrative	Total
INCOME:								
Regular Contributions	$ 68,282,961	$ 1,206,584	$ 1,142,541	$ 214,051	$ 2,230,971		$ 5,635,476	$ 78,712,584
Supplemental Assessments	6,801,189	(33,724)	301,461		(6,498)	$ (221,198)	(206,932)	6,634,298
Employee Contribution	401,084							401,084
Investment Income	232,382	3,934			16,571	8,139	37,045	298,071
Total Income	75,717,616	1,176,794	1,444,002	214,051	2,241,044	(213,059)	5,465,589	86,046,037
INCURRED LIABILITIES:								
Claims Paid (Net of Refunds)	71,558,124	1,116,340	1,441,126					74,115,590
Excess Insurance Recoveries	(3,450,883)							(3,450,883)
Insurance Premiums	8,313,390	57,399			2,240,977			10,611,766
Administrative Expenses							5,465,574	5,465,574
Total Liabilities	76,420,631	1,173,739	1,441,126	-	2,240,977	-	5,465,574	86,742,047
Net Position Before Return of Surplus	(703,015)	3,055	2,876	214,051	67	(213,059)	15	(696,010)
Return of Surplus								-
NET POSITION (DEFICIT)	$ (703,015)	$ 3,055	$ 2,876	$ 214,051	$ 67	$ (213,059)	$ 15	$ (696,010)

*Includes Retirees And COBRA

Schedule E-1

Metropolitan Health Insurance 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	$ 170,981	$ 767,569	$ 938,550
Program Manager	766,370	171,014	937,384
Third Party Administrators:			
Medical	928,085	99,799	1,027,884
Dental	79,368		79,368
Actuary	17,850		17,850
Attorney	43,350	38,520	81,870
Auditor		22,440	22,440
Meeting Expense	8,182	68	8,250
Miscellaneous Expense	62,537	213	62,750
Patient Centered Outcome Research Fee	17,808		17,808
Plan Documents	1,842,655		1,842,655
Postage		2,491	2,491
Qualified Purchasing Agent	2,417		2,417
Treasurer	30,125		30,125
Wellness Program (Net of Reimbursement)	74,356	7,743	82,099
Total Administrative Expenses	$ 4,044,084	$ 1,109,857	$ 5,153,941

Metropolitan Health Insurance 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	$ 1,088,960		$ 1,088,960
Program Manager	916,710		916,710
Third Party Administrators:			
Medical	1,230,841		1,230,841
Dental	66,957		66,957
Actuary	17,500		17,500
Attorney	27,805		27,805
Auditor	22,000		22,000
Medicare Adv Implementation	75,804		75,804
Meeting Expense	7,362		7,362
Miscellaneous Expense	3,001		3,001
Patient Centered Outcome Research Fee	19,222		19,222
Plan Documents	1,923,283		1,923,283
Postage	3,077		3,077
Treasurer	21,900		21,900
Total Administrative Expenses	$ 5,465,574	$ -	$ 5,465,574

Schedule F

Metropolitan Health Insurance Fund
Supplementary Information
Schedule of Cash and Cash Equivalents (Overdraft) - Statutory Basis
As of December 31, 2025

Description	Amount
CASH ACCOUNTS	
Citizens Bank	
General Account	$ (2,735,711)
Total Cash and Cash Equivalents (Overdraft) Per Schedule A	
Statement of Net Position - Statutory Basis	$ (2,735,711)
TOTAL CASH AND CASH EQUIVALENTS BY FUND YEAR:	
2025	$ 5,505,517
2024	(7,747,171)
Closed Years	(494,057)
	$ (2,735,711)

Metropolitan Health Insurance 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