

**NY44 HEALTH BENEFITS PLAN TRUST**  
**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 and 2023**



**BAHGAT & LAURITO-BAHGAT**

**CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS**

**PROVIDING THE TOOLS FOR FINANCIAL SUCCESS**



## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of  
NY44 Health Benefits Plan Trust

We have audited the accompanying financial statements of NY44 Health Benefits Plan Trust (a nonprofit organization), which comprise the statements of net assets as of June 30, 2024, and 2023, and the related statements of activities, functional expenses, and cash flows for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NY44 Health Benefits Plan Trust as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NY44 Health Benefits Plan Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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 NY44 Health Benefits Plan Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, 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 NY44 Health Benefits Plan Trust'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 NY44 Health Benefits Plan Trust'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.



Bahgat & Laurito-Bahgat  
Certified Public Accountants, P.C.  
Fredonia, New York

October 29, 2024

**NY44 HEALTH BENEFITS PLAN TRUST**  
**STATEMENTS OF NET ASSETS**  
**JUNE 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 59,584,348	\$ 61,346,534
Investments in securities	12,981,207	13,385,180
<b>TOTAL ASSETS</b>	<b><u>\$ 72,565,555</u></b>	<b><u>\$ 74,731,714</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Deferred participants' contributions	\$ 3,816,699	\$ 3,423,958
Estimated health claims payable	14,577,996	11,689,928
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>18,394,695</u></b>	<b><u>15,113,886</u></b>
<b>NET ASSETS</b>		
Without restriction	54,054,924	59,505,501
With restriction	115,936	112,327
<b>TOTAL NET ASSETS</b>	<b><u>54,170,860</u></b>	<b><u>59,617,828</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 72,565,555</u></b>	<b><u>\$ 74,731,714</u></b>

**NY44 HEALTH BENEFITS PLAN TRUST**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2024 and 2023**

	2024			2023		
	Without Restriction	With Restriction	Total	Without Restriction	With Restriction	Total
<b>REVENUES</b>						
Participants' contributions	\$ 120,823,490	\$ -	\$ 120,823,490	\$ 118,307,405	\$ -	\$ 118,307,405
Drug subsidy	733,217	-	733,217	700,112	-	700,112
Interest income	1,714,404	3,609	1,718,013	847,130	1,227	848,357
Trust administrative fee revenues	935,340	-	935,340	880,620	-	880,620
Realized and unrealized change in investments, net	105,774	-	105,774	(318,688)	-	(318,688)
Pharmacy rebates	6,352,363	-	6,352,363	6,007,609	-	6,007,609
Stop loss insurance reimbursement	68,579	-	68,579	65,490	-	65,490
<b>Total Revenues</b>	<b>130,733,167</b>	<b>3,609</b>	<b>130,736,776</b>	<b>126,489,678</b>	<b>1,227</b>	<b>126,490,905</b>
<b>EXPENSES</b>						
Program Services	135,837,397	-	135,837,397	119,126,701	-	119,126,701
Management and General	346,347	-	346,347	282,151	-	282,151
<b>Total Expenses</b>	<b>136,183,744</b>	<b>-</b>	<b>136,183,744</b>	<b>119,408,852</b>	<b>-</b>	<b>119,408,852</b>
<b>CHANGE IN NET ASSETS</b>	<b>(5,450,577)</b>	<b>3,609</b>	<b>(5,446,968)</b>	<b>7,080,826</b>	<b>1,227</b>	<b>7,082,053</b>
NET ASSETS, at beginning of year	59,505,501	112,327	59,617,828	52,424,675	111,100	52,535,775
NET ASSETS, at end of year	<u>\$ 54,054,924</u>	<u>\$ 115,936</u>	<u>\$ 54,170,860</u>	<u>\$ 59,505,501</u>	<u>\$ 112,327</u>	<u>\$ 59,617,828</u>

See accompanying notes and independent auditor's report.

**NY44 HEALTH BENEFITS PLAN TRUST**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2024 and 2023**

	<b>2024</b>			<b>2023</b>		
	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>
Medical & dental claim payments	\$ 130,386,211	\$ -	\$ 130,386,211	\$ 113,864,323	\$ -	\$ 113,864,323
<b>Total Claims</b>	<b>130,386,211</b>	<b>-</b>	<b>130,386,211</b>	<b>113,864,323</b>	<b>-</b>	<b>113,864,323</b>
Administrative expenses						
Claims administration	3,748,379	-	3,748,379	3,668,137	-	3,668,137
Salaries and payroll taxes	-	213,017	213,017	-	194,667	194,667
Legal and consulting	908,914	25,119	934,033	817,434	9,767	827,201
Insurance	763,750	39,226	802,976	747,371	29,090	776,461
Patient-centered outcomes research fee	30,143	-	30,143	29,436	-	29,436
Other	-	68,985	68,985	-	48,627	48,627
<b>Total Administrative</b>	<b>5,451,186</b>	<b>346,347</b>	<b>5,797,533</b>	<b>5,262,378</b>	<b>282,151</b>	<b>5,544,529</b>
<b>Total Expenses</b>	<b>\$ 135,837,397</b>	<b>\$ 346,347</b>	<b>\$ 136,183,744</b>	<b>\$ 119,126,701</b>	<b>\$ 282,151</b>	<b>\$ 119,408,852</b>

**NY44 HEALTH BENEFITS PLAN TRUST**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (5,446,968)	\$ 7,082,053
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized and unrealized change in investments	(105,774)	324,157
(Increase) decrease in current assets:		
Accounts receivable	-	114,345
Increase (decrease) in current liabilities:		
Deferred participant contributions	392,741	(149,473)
Estimated health claims payable	2,888,068	2,235,068
<b>NET CASH( USED IN )PROVIDED BY OPERATING ACTIVITIES</b>	<u><b>(2,271,933)</b></u>	<u><b>9,606,150</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(29,591,333)	(15,161,883)
Proceeds from sale of investments	30,101,080	17,611,345
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u><b>509,747</b></u>	<u><b>2,449,462</b></u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,762,186)</b>	<b>12,055,612</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u><b>61,346,534</b></u>	<u><b>49,290,922</b></u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><b>\$ 59,584,348</b></u>	<u><b>\$ 61,346,534</b></u>

## **NY44 HEALTH BENEFITS PLAN TRUST NOTES TO FINANCIAL STATEMENTS**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Description of Trust**

The following description of the NY44 Health Benefits Plan Trust provides only general information. Participants should refer to the Plan Trust Summary Plan Description (SPD) for a more complete description of the Trust's provisions which can be found on the Trust's website.

The Trust was established between the Erie 1 BOCES Board and the Board of Trustees of NY44 Health Benefits Plan Trust on May 15, 2003, and continued in existence to December 31, 2010, thereafter, it renews on a year to year basis, unless sooner terminated, pursuant to Article 12 of the Trust agreement.

The governing Board shall consist of five managerial representatives employed by Erie I BOCES and five labor employees of Erie I BOCES, each of whom shall be a member of, and separately designated by, one of the five labor organizations that has a collective bargaining agreement with Erie I BOCES. Any action taken by the Trustees shall be by unit vote, 1 management and 1 union. In addition, the Plan Administrator is considered an ex-officio member of the governing Board.

The purpose of the Trust, and the general nature of its business shall be established and maintained, pursuant to Article 44 of the Insurance Law of the State of New York, an employee welfare (Trust), self-funding in whole or in part, or insuring in whole or in part, health benefit coverage for eligible employees.

#### **Basis of Accounting**

The financial statements of the NY44 Health Benefits Plan Trust are prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.



# **NY44 HEALTH BENEFITS PLAN TRUST**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Financial Statement Presentation**

The Trust is required to report information regarding its financial position and activities according to two classes of net assets: net assets with restrictions and net assets without restrictions which are described as follows:

##### **With Restriction**

Restricted net assets are subject to imposed stipulations that may or will be met either by actions of the Trust and/or passage of time. When a restriction expires, restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Additionally, the Trust has net assets subject to imposed stipulations that require the net assets be maintained permanently by the Trust. Generally, the Trust is permitted to use all or a part of the income earned on any related investments for general or specific purposes.

##### **Without Restriction**

Net assets without restriction are not subject to donor imposed stipulation.

#### **Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Trust considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### **Investments**

Investments in equity securities with readily determinable fair values, mutual funds, and all investments in debt securities are measured at market value in the statement of net assets. The fair values for equity securities, mutual funds, and debt securities are based on quoted market prices.

Investment income and gains are reported as increases in additions to net assets in the reporting period in which the income and gains are reported.

#### **Deferred Participants Contributions**

Deferred participants' contributions represent contributions received in advance for the next fiscal year.

## **NY44 HEALTH BENEFITS PLAN TRUST**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Estimated Health Claims Payable**

The cost of claims payable for health care services provided to Trust members, covered employees and dependents include estimates based on evaluations of providers' claims submitted and provisions for incurred but not yet reported claims. Trust liabilities incurred but not yet reported are estimated by the Trust's contracted actuary based on the completion factor method. The completion factor method is based on an incurred claim estimation technique whereby ultimate claim costs are projected assuming claims complete at the same rate as historical experience dictates. The completion factor method permits the actuarial estimation of incurred claim costs for each month of the plan year.

##### **Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

##### **Participant Contributions**

The Trust receives contributions from its Trust members on behalf of the covered employees and dependents. This contribution is based on employee classification (single or family) multiplied by a predetermined rate per month, such rate being determined with the Board of Trustees.

##### **Participant Assessments**

The Trust receives monies from charter schools which is set aside for health claims payable subsequent to the termination of a charter school. These monies are accounted for in net assets with restrictions.

##### **Trust Amendment and/or Termination**

The Trust may be amended and/or terminated by a majority vote of the Board of Trustees. If terminated, all previous contributions by the Trust members shall continue to be issued for the purpose of paying benefits under the provisions of this Trust with respect to claims arising before such termination, or shall be used for the purpose of providing similar health benefits to covered participants.

# NY44 HEALTH BENEFITS PLAN TRUST

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2– CUSTODIAL CREDIT AND CONCENTRATION OF CREDIT RISKS

Custodial credit risk is the risk that in the event of bank failure, the Trust's deposits may not be returned to it. The Trust's deposits are exposed to custodial credit risk if they are not covered by depository insurance.

The Trust's aggregate bank balances at June 30, 2024 and 2023 totaled \$59,588,821 and \$61,402,066, respectively, and are categorized as follows:

- A. Insured,
- B. Collateralized with securities held by the pledging financial institution in the Trust's name, or trust department of agency in the Trust's name, or
- C. Uncollateralized.

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
A	\$ 500,000	\$ 500,000
B	54,859,006	57,772,582
C	4,229,815	3,129,484
<b>Total</b>	<b><u>\$ 59,588,821</u></b>	<b><u>\$ 61,402,066</u></b>

### NOTE 3– INVESTMENTS

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions (all Level 1 measurements).

<u>Description</u>	<u>2024</u>	<u>2023</u>
	Quoted Prices in Active Market for Identical Assets (Level 1)	Quoted Prices in Active Market for Identical Assets (Level 1)
Marketable Debt Securities		
Certificates of Deposits (greater than 90 day maturity)	\$ -	\$ 52,502
U.S. Treasury bonds	4,175,616	5,167,280
Municipal Bonds	8,805,591	8,165,398
<b>Total</b>	<b><u>\$ 12,981,207</u></b>	<b><u>\$ 13,385,180</u></b>

**NY44 HEALTH BENEFITS PLAN TRUST**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 4 – ESTIMATED HEALTH CLAIMS PAYABLE**

The cost of claims payable for health care services provided to consortium members' covered employees and dependents include estimates based on evaluations of provider's claims submitted and provisions for incurred but not yet reported claims. The estimated cost of claims payable of \$14,577,996 and \$11,689,928, as of June 30, 2024 and 2023 respectively, were calculated by the Trust's qualified actuary.

**NOTE 5– OTHER EXPENSES**

Other expenses consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Operations expense		
Management fee	\$ -	\$ 600
Rent	17,653	10,025
Supplies & Miscellaneous	838	1,694
Postage	31,363	22,782
Phone	6,535	350
Total Operations expense	56,389	35,451
Meeting expense	1,003	314
Engagement Incentive	3,625	2,750
Marketing	1,129	2,852
Other	6,839	7,260
<b>Total</b>	<u><u>\$ 68,985</u></u>	<u><u>\$ 48,627</u></u>

**NOTE 6 – RELATED PARTY**

The Trust finances are managed by its employees and employees of Erie 1 BOCES. All amounts detailed in Note 5 under operations expense are amounts paid to Erie 1 BOCES as per the agreements signed with Erie 1 BOCES. Erie 1 BOCES is also a participant in the medical benefits plan.

**NY44 HEALTH BENEFITS PLAN TRUST**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 7 – STOP-LOSS INSURANCE COVERAGE**

The Trust purchased a separate stop loss insurance policy, for the years ending June 30, 2024 and 2023, with a stop loss deductible of \$1,125,000 and \$1,250,000, respectively, per specific incident, with no annual or lifetime individual limit.

As of June 30, 2024 and 2023, the Trust has incurred \$713,273 and \$688,305 in stop loss premiums and the Trust has received \$68,579 and \$65,490 in stop loss reimbursements, respectively.

**NOTE 8 - INCOME TAXES**

The Trust is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(9) of the Internal Revenue Code and has been classified by the Internal Revenue Service as other than private foundation under Section 509(a)(2). The Trust believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax provisions that are material to the financial statements.

**NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects NY44 Health Benefits Plan Trust's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or imposed restrictions.

	<u>2024</u>	<u>2023</u>
Financial assets at year end	\$ 72,656,555	\$ 74,731,714
Less those unavailable for general expenditures:		
Subsequent period premium assessment:		
South Buffalo Charter School		
Premium Advance	<u>(115,936)</u>	<u>(112,327)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 72,540,619</u>	<u>\$ 74,619,387</u>

The Trust has a goal to maintain financial assets, which consists of cash, on hand to meet normal operating expenses. The Trust has its financial assets available as its general expenditures, liabilities, and other obligations come due.

## **NY44 HEALTH BENEFITS PLAN TRUST**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **NOTE 10 – NET ASSETS WITHOUT RESTRICTION**

At June 30, 2024 and 2023, the Trust had an amount in excess of the required reserves in the amounts of \$54,054,924 and \$59,505,501, respectively. This is the amount that is available to cover the short-falls when claims and administrative expenses exceed premium revenues.

#### **NOTE 11 – FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing various activities have been summarized in the Statements of Activities. The Trust presents Statements of Functional Expenses to allocate its expenses on a functional basis among program and supporting activities which are summarized and categorized based upon their functional classification. Expenses that can be identified with a specific program or activity are allocated directly according to their natural expenditure classification. Certain categories of expenses are attributable to both program and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The other expenses that are common to multiple functions are allocated by various statistical percentages determined by management.

#### **NOTE 12 - PARTICIPANT TERMINATIONS**

There were no terminated districts from July 1, 2023 to June 30, 2024.

#### **NOTE 13 – RETIREMENT PLAN**

Employees are eligible to contribute to a pooled 401(k) plan. This plan was adopted on July 31, 2023. To be eligible for the plan, employees must be at least age 18 and must have satisfied at least one year of service with the Trust. Employer contributions are discretionary, and as of June 30, 2024, none have been made.

#### **NOTE 14 – SUBSEQUENT EVENTS**

Events and transactions which have occurred from June 30, 2024 through October 29, 2024 which is the date the financial statements were available to be issued, have been evaluated by the Trust's management.