

**MAYFLOWER MUNICIPAL HEALTH GROUP
BASIC FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDING JUNE 30, 2024**

**MAYFLOWER MUNICIPAL HEALTH GROUP
BASIC FINANCIAL STATEMENTS AND
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

To the Steering Committee
Mayflower Municipal Health Group
Plymouth, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Mayflower Municipal Health Group (Group), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Group's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Mayflower Municipal Health Group, as of June 30, 2024, and the changes in financial position, and its 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Mayflower Municipal Health Group, 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 Group's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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.

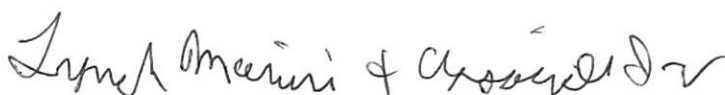
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 the Group'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 Group'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 on pages iii through iv and the Claims Development Information on page 12 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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.



Norwell, Massachusetts
February 4, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

MAYFLOWER MUNICIPAL HEALTH GROUP

Management's Discussion & Analysis

June 30, 2024

(unaudited)

The management of Mayflower Municipal Health Group (the Group) offers readers of our financial statements the following narrative overview and analysis of our financial activities for the year ended June 30, 2024. Please read this discussion and analysis in conjunction with the Group's basic financial statements on the accompanying pages.

Basic Financial Statements

The basic financial statements are prepared using the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred. The basic financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, a statement of cash flows, and notes to the financial statements.

The statement of net position presents information on the assets and liabilities of the Group, with the difference being reported as net position.

The statement of revenues, expenses, and changes in net position report the operating and non-operating revenues and expenses of the Group for the fiscal year. The net result of these activities combined with the beginning of the year net position reconciles to the net position at the end of the current fiscal year.

The statement of cash flows reports the changes in cash for the year resulting from operating and investing activities. The net result of the changes in cash for the year, when added to the balance of cash at the beginning of the year, equals cash at the end of the year.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements follow the basic financial statements described above.

Financial Highlights

- Assets exceeded liabilities and deferred inflows or resources (net position) as of June 30, 2024 and 2023 by \$31.4 million and \$31.2 million, respectively. Net position represents 27.32% and 28.12% of total operating expenses as of June 30, 2024 and 2023, respectively.
- Reinsurance and due from provider receivables were \$2.2 million and \$3.0 million at the years ended June 30, 2024 and 2023, respectively, representing amounts due from reinsurance and monthly deposits in excess of actual claims.
- The claims liability for the years ended June 30, 2024 and 2023 were \$7.2 million and \$8.0 million, respectively, representing an estimate for claims incurred but not reported.
- For the years ended June 30, 2024 and 2023, net position increased by \$206,000 and decreased by \$1.9 million, respectively.
- Member contributions for the years ended June 30, 2024 and 2023 were \$112.8 million and \$108.0 million, respectively.
- Claims and premium expenses for the years ended June 30, 2024 and 2023 were \$107.5 million and \$103.9 million, respectively.
- The statement of cash flows identifies the sources and uses of cash activity for the fiscal years ended June 30, 2024 and June 30, 2023 which displays a net decrease in cash of \$10.3 million and net decrease of \$5.5 million respectively.
- For the years ended June 30, 2024, and 2023, prepaid expenses and deposits were \$9.3 million and \$177,000, respectively.

See Independent Auditor's Report.

MAYFLOWER MUNICIPAL HEALTH GROUP

Management's Discussion & Analysis

June 30, 2024

(unaudited)

- The Group did not experience any member withdrawals or additions during fiscal year 2024 or 2025 to date.

Condensed Financial Information

A summary of financial information is presented:

Assets, , Deferred Inflows of Resources and Net Position:

	<u>2024</u>	<u>2023</u>
Cash and investments	\$ 29,731,520	\$ 36,925,799
Other current assets	11,494,412	3,165,034
Total assets	<u>41,225,932</u>	<u>40,090,833</u>
Accounts payable	2,274,407	597,616
Claims incurred but not reported	7,200,000	8,000,000
Total liabilities	<u>9,474,407</u>	<u>8,597,616</u>
Deferred inflows of resources	302,633	250,452
Unrestricted net position	<u>\$ 31,448,892</u>	<u>\$ 31,242,765</u>

Revenues, Expenses, and Changes in Net Position:

Contributions and other	\$ 112,841,292	\$ 108,007,502
<i>less</i>		
Claims expense	107,522,043	103,896,249
Claims administration expenses	4,075,588	4,017,984
Other group expenses	3,529,485	3,200,259
Total operating expense	<u>115,127,116</u>	<u>111,114,492</u>
<i>plus</i>		
Net investment income	2,491,951	1,252,574
Change in net position	<u>\$ 206,127</u>	<u>\$ (1,854,416)</u>

Economic Factors Affecting the Subsequent Year

The Group's Board set the rate structure for plan participation. For fiscal year 2025, the Group's Board approved a 4% composite rate increase for all active plans. The Group authorized the use of approximately \$4.5 million of net position to offset additional rate increases.

The Group is actively participating in ongoing wellness programs to promote healthier lifestyles and ultimately reduce health claims costs, as well as providing opportunities to members to purchase prescriptions through mail orders to reduce claims costs to the Group, members, and participating in other cost reducing measures with various vendors.

Requests for Information

This financial report is intended to provide an overview of the finances of the Group. Questions about this report or requests for additional information may be directed to the Steering Committee at P.O. Box 6008, Plymouth, MA 02362.

See Independent Auditor's Report.

BASIC FINANCIAL STATEMENTS

MAYFLOWER MUNICIPAL HEALTH GROUP
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS

Cash and cash equivalents	\$ 2,509,936
Investments	27,221,584
Reinsurance Recievable and due from provider	2,239,627
Prepaid expenses and deposits	9,254,785
Total assets	<u>41,225,932</u>

LIABILITIES

Accounts payable	2,274,407
Estimated claims incurred but not reported	7,200,000
Total liabilities	<u>9,474,407</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable Member Contributions	<u>302,633</u>
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NET POSITION

Unrestricted/total net position	<u><u>\$ 31,448,892</u></u>
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See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

MAYFLOWER MUNICIPAL HEALTH GROUP
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

Operating revenues:

Member contributions:

Medical contributions	\$ 110,933,168
Dental and vision contributions	1,908,124
Total contributions	112,841,292

Operating expenses:

Claims and premium expenses:

Medical claims	105,613,694
Dental and vision premiums	1,908,349
Total claims and premium expenses	107,522,043

Medical claims administration fees	4,075,588
Stop loss insurance premiums	2,703,361
Professional fees and other administrative services	826,124
Total operating expenses	115,127,116
Operating (loss)	(2,285,824)

Nonoperating revenues (expenses):

Investment income	572,276
Investment expense	(41,926)
Net unrealized appreciation (depreciation) of investments	1,961,601
Nonoperating income	2,491,951
Change in net position	206,127

Net position, beginning of year	31,242,765
Net position, end of year	\$ 31,448,892

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

MAYFLOWER MUNICIPAL HEALTH GROUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

Cash flows from operating activities:

Cash received from participants	\$ 112,893,473
Cash paid to insurance providers and other vendors	<u>(122,579,703)</u>
Net cash used in operating activities	<u>(9,686,230)</u>

Cash flows from investing activities:

Interest and dividend income, net of investment expense	1,169,787
Proceeds from sale of investments	13,192,852
Purchase of investments	<u>(14,971,164)</u>
Net cash provided by investing activities	<u>(608,525)</u>

Net decrease in cash and cash equivalents	(10,294,755)
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Cash and cash equivalents, beginning of year	<u>12,804,691</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,509,936</u></u>

**Reconciliation of operating income to net cash provided
by operating activities:**

Operating loss	\$ (2,285,824)
Changes in operating assets and liabilities:	
Decrease of reinsurance and due from provider receivables	735,470
Increase of other receivables, prepaid expense and deposits	(9,064,848)
Increase of unavailable member contributions	52,181
Decrease of estimated claims incurred but not reported	(800,000)
Increase of accounts payable and other	<u>1,676,791</u>
Net cash provided (used) by operating activities	<u><u>\$ (9,686,230)</u></u>

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

MAYFLOWER MUNICIPAL HEALTH GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Mayflower Municipal Health Group (the Group) is a Massachusetts Municipal Health Insurance Joint Purchase Group formed pursuant to Massachusetts General Laws, Chapter 32B, under a certain joint purchase agreement (Agreement) which became effective on July 1, 2008. The Group became operational on July 1, 2008. As a municipal entity, the Group is not subject to the provisions of the Employee Retirement Income Security Act of 1974, nor is it subject to federal and state income taxes.

Participating governmental units consist of those municipal groups that have signed an agreement for Joint Negotiation and Purchase of Medical, Health, Dental, and Life Coverage governmental agreement. At June 30, 2024, participants included the towns of Bridgewater, Halifax, Hanover, Hanson, Hull, Kingston, Marshfield, Pembroke, Plympton, Rochester, Wareham, West Bridgewater, and Whitman; Brockton Area Transit, Carver/Marion/Wareham RRDD, Dartmouth Fire District No. 3, Greater Attleboro Taunton Regional Authority, Greater New Bedford Regional Refuse Management District, North River Collaborative School, Onset Fire District, Plymouth County Retirement Association, Silver Lake Regional School District, South Shore Educational Collaborative, South Shore Regional Emergency Communication Center, South Shore Vocational School District, Southeastern Regional Transit Authority, Southfield Redevelopment Authority, Wareham Fire District, Whitman-Hanson Regional School District and the counties of Norfolk and Plymouth.

Governmental units may apply for membership and be added to the Group, commencing on a date mutually agreed upon, provided that a Board meeting is held with at least two-thirds of members units in attendance and two-thirds of the units in attendance voting in favor to accept such additional participants.

Upon entering the Group, new members are required to make contributions. Contributions are equal to the prior first or third quarter's net assets divided by the number of subscribers in the Group to derive a per-subscriber amount. The per-subscriber amount is then multiplied by the number of joining subscribers to calculate the contribution to be made. While this is the standard calculation, the Group has the ability to arrange different methods of payment to reach the same total, as approved by the Steering Committee. The contributions, if any, are included in other income.

Any participating governmental unit may withdraw participation at its discretion, but a withdrawal may only be effective at the close of June 30th of any Plan Year (July 1 to June 30). Any election by a governmental unit to terminate participation under this agreement requires written notification to the Board of such decision to withdraw no later than the December 31st that precedes the June 30th, upon which the withdrawal would be effective. Any participating governmental unit which is 60 days in arrears for payments may be terminated at the Board's discretion. Such termination shall not limit the Board from obtaining payment of all monies in arrears.

There is no liability for premium expense following the effective date of withdrawal or termination of a participating governmental unit's coverage under a contract purchased through the Group, except for the governmental unit's proportional share of any deficit in the trust as of its termination date, or of any premium expense, or any subsequent expense for its covered individuals continued on the plan after termination. The Group's Joint Purchase Agreement provides that a withdrawing or terminated participating governmental unit is not entitled to any surplus in the trust fund.

MAYFLOWER MUNICIPAL HEALTH GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Contributions to Mayflower Municipal Health Group from participating governmental units are on a monthly basis. Contributions are set by the Board; the rates are set at amounts which, in aggregate, will fully satisfy the funding requirements of the claims trust fund (including, but not limited to, anticipated incurred claims, retention, risk, and trust administration expenses) as established through underwriting and/or actuarial estimates.

All refunds, surplus, and deficits are dealt with on a proportional and collective basis. In the case of a certified surplus, the Board determines the investment and application of the excess funds. In the case of a certified deficit, the Board will determine whether it will resolve the deficit through increasing participants' future contributions or whether additional revenue will be raised and paid by the participating governmental units in proportion to the number of participating governmental unit's employees and retirees covered for a period of one year prior to when the deficit was incurred.

The Group offers the following self-insured plans:

- Blue Cross/Blue Shield - Network Blue Traditional
- Blue Cross/Blue Shield - Network Blue Rate Saver
- Blue Cross/Blue Shield - Network Blue Benchmark
- Blue Cross/Blue Shield - Network Blue High Deductible
- Blue Cross/Blue Shield - Blue Care Elect PPO Traditional
- Blue Cross/Blue Shield - Blue Care Elect PPO Rate Saver
- Blue Cross/Blue Shield - Blue Care Elect PPO Benchmark
- Blue Cross/Blue Shield - Blue Care Elect PPO High Deductible
- Harvard Pilgrim Health - HMO Traditional
- Harvard Pilgrim Health - HMO Rate Saver
- Harvard Pilgrim Health - HMO ChoiceNet Benchmark
- Harvard Pilgrim Health - HMO High Deductible
- Blue Cross/Blue Shield - Medex 2

These plans are administered by Blue Cross/Blue Shield and Harvard Pilgrim for monthly administration fees based on the number of individual and family plan subscribers for a particular month.

The Group offers the following insured, premium based plans:

- Blue Cross/Blue Shield - Blue Medicare RX PDP
- Eyemed
- Delta Dental PPO Plus Premier
- Blue Cross/Blue Shield – Medicare Freedom Rx

Member contributions and premiums paid for the Blue Cross/Blue Shield – Blue Medicare RX PDP plan are included with medical contributions revenue and medical claims expense, respectively.

During the fiscal year 2024, the Group employed the services of Gallagher Benefit Services, Inc. (GBS) to provide certain management, consulting, and technical functions and to audit medical claims paid. The expired agreement provided for a monthly fee of \$2.25 per subscriber. The Group paid GBS approximately \$201,000 in fiscal year 2024. Effective July 1, 2024, the Group signed a contract with the Northeast Series of Lockton Companies, LLC (Lockton) to provide certain management, consulting, and technical functions and to audit medical claims paid through June 30, 2027. The new rate with Lockton effective July 1, 2024 will be a monthly fee of \$2.05 per subscriber. The agreement may be terminated by either party, at any time with 30 days prior, written notice.

The Group elects a Treasurer who collects payment from member units, pays claims and vendor expenses, oversees investments, and maintains the financial records of the Group. These services are provided through

MAYFLOWER MUNICIPAL HEALTH GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

a contract with the County of Plymouth (County) for financial oversight and financial/administrative management. The Group paid the County \$417,000 in fiscal year 2024.

B. Basis of Accounting

The basic financial statements of the Group are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for the establishing governmental accounting and financial reporting principles.

Mayflower Municipal Health Group is a special purpose government engaged only in business-type activities. The financial statements are prepared using the accrual basis of accounting under which deductions/expenses are recorded when the liability is incurred and additions are recorded in the accounting period in which they are earned and become measurable.

Member contributions include the monthly premiums charged to each participating governmental unit and include costs for administrative services as well as insurance charges. Contributions are recorded as revenue during the period in which the Group is obligated to provide services to its members. The unearned portion of contributions for a coverage period is reported as unavailable member contributions and are recorded as deferred inflows until earned.

C. Accounting 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 reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results will differ from those estimates.

D. Fair Value Measurement

The Group measures assets and liabilities at fair value according to the hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy is based upon valuation inputs, which are assumptions that market participants would use when pricing an asset or liability, including the assumption of risk. The following are levels considered:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- Level 2 pricing inputs that are directly observable for an asset or a liability (including quoted prices for similar assets or liabilities), as well as inputs that are indirectly observable for the asset or liability.
- Level 3 unobservable pricing inputs for the asset or liability that should only be used if relevant Level 1 and Level 2 inputs are not available.

The Group considers most assets and liabilities to be reported as Level 1 inputs; however, see accompanying notes for additional information regarding investments and estimated incurred but not reported claims/liabilities.

MAYFLOWER MUNICIPAL HEALTH GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

E. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of cash on hand and cash in checking and savings accounts.

Investments are defined as securities or other assets that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or be sold to generate cash. Generally, investments are reported according to the fair value hierarchy established by generally accepted accounting principles. Certain investments, such as money market investments and 2a7-like external investment pools, are reported at amortized cost. 2a7-like pools are external investment pools that operate in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended, and should be measured at the net asset value per share provided by the pool.

F. Due from/Claims Payable to Providers

Amounts due from providers represent quarterly settlement of monthly payments to providers in excess of actual claims at June 30, 2024. Claims payable to providers represent the amounts payable at June 30, 2024 to providers based on monthly settlement of actual claims being higher than the agreed upon monthly payments.

G. Estimated Claims Incurred but Not Reported

The Group's obligations include estimated health claims incurred but not reported at June 30, 2024. The Group uses the latest reported claims to record the Group's outstanding liability and to estimate health claims incurred but not reported. Actual claims reported differ from claims estimated, but the Group's size and stop-loss coverage minimize the risk of a significant difference. Claims liabilities are reviewed periodically using claims data adjusted for the Group's current experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

H. Reinsurance

The Group has purchased stop loss insurance (reinsurance) to limit loss exposures. The Group has a specific excess medical and prescription drug claims reinsurance contract with an insurance carrier covering claims paid in excess of \$325,000, specific deductible per individual, with no lifetime maximum amount per participant for the year ended June 30, 2024. The policy period covers claims incurred, on a plan year, within 12 months and paid within 24 months.

The Group does not include reinsured risks as liabilities unless it is probable that the re-insurer will not cover those risks. Amounts recoverable through re-insurers on paid claims are classified as reinsurance claims receivable and as a reduction of claims expense.

I. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources, as applicable, represent a consumption of assets by the government that is applicable to a future reporting period. These deferred outflows of resources have a positive effect on net position and are reported after assets when applicable. Deferred inflows of resources, as applicable, represent the acquisition of assets by the government that is applicable to a future reporting period. These deferred inflows of resources have a negative effect on net position and are reported after liabilities when applicable.

MAYFLOWER MUNICIPAL HEALTH GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

J. Right to Use Asset/Lease Obligation

GASB Statement #87, Leases, requires the reporting of a lease liability and a lease asset for contractual arrangements for the use of certain underlying assets. Generally, the lease liability and lease asset (right to use) are required to be recognized at the commencement of the lease term. The lease liability is generally measured at the present value of payments expected to be received during the lease term. The lease asset is amortized in a systematic method over the shorter of the lease term or the useful life of the underlying asset. The Group did not report any material amounts associated with this pronouncement for fiscal year 2024.

K. Affordable Care Act and Patient Centered Outcomes Research Institute Fees

The Group was required to pay \$30,717 in the year ending June 30, 2024 for the Affordable Care Act's (ACA) and Patient-Centered Outcomes Research Institute's (PCORI) fees.

L. Member Contributions

Member contributions represent the monthly premiums, as voted by all member units, charged to each member unit and include costs for administrative services and insurance charges. Premiums are recorded as revenue during the period in which the Group is obligated to provide services to its members.

NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Group maintains deposits in authorized financial institutions. The Group may invest a portion of the Group's trust fund monies permitted by law and by the Agreement. Cash deposits are reported at fair value. In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the Group's deposits may not be returned. Although the Group has an Investment Policy, the policy does not address associated risks, including custodial credit risk. At June 30, 2024 deposits totaled \$2.5 million, which approximates the Group's carrying amounts. Differences between deposit amounts and carrying amounts generally represent outstanding checks. As of June 30, 2024, \$250,000 of the Group's deposits were covered by depository insurance and the balance was subject to a public authority deposit account pledge agreement signed with Rockland Trust Company.

The Group's investments as of June 30, 2024 are as follows:

<u>Investment Type</u>	<u>Fair Value Measurement</u>	<u>June 30, 2024 Value</u>
Fixed Income Funds	Level 1	\$ 15,150,974
Equity Funds - Domestic	Level 1	6,032,746
Equity Funds - International	Level 1	2,786,598
Money Market	Amortized Cost	3,251,266
		<u>\$ 27,221,584</u>

The Group's investments at June 30, 2024 consist of Fixed Income and Equity Mutual and Exchange Traded Funds which generally are exempt from the following disclosures.

The Group's investment policy does not address the following risks.

Custodial credit risk for investments is the risk that, in the event of the failure of the counter party to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Group's investment policy does not cover custodial credit risk.

MAYFLOWER MUNICIPAL HEALTH GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Obligations of the U.S. Government and certain of its agencies are not considered to have credit risk and therefore no rating is disclosed. Equity securities, money markets, and equity mutual funds are not rated as to credit risk.

Concentration of credit risk is the risk that the Group's potential losses from credit risk are heightened if a significant portion of the Group's funds are invested with a single issuer or institution. As mentioned above in credit risk, obligations of or guaranteed by the U.S. Government are not considered to be exposed to credit risk. The Group's investment policy does not limit the amount that can be invested in any one issuer or security.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. As of June 30, 2024, the Group invested \$2.8 million in international equity mutual funds.

Investment income reported in the financial statements as of June 30, 2024 is made up of the following:

	2024
Interest and dividend income	\$ 1,211,713
Realized loss on investments	(639,437)
Total investment income	\$ 572,276

NOTE 3. RECEIVABLES/PAYABLES

As of June 30, 2024, receivables of the Group, which are considered fully collectible, consisted of the following:

	2024
Reinsurance	\$ 205,806
Due from Providers	2,033,821
	\$ 2,239,627

The Group pays Blue Cross Blue Shield and Harvard Pilgrim a level, monthly payment to cover the expected cost of claims for that month. The amount represents approximately one month of projected claims for the plans. From July 1, 2024 through December 31, 2024, there was a quarterly reconciliation and settle-up against actual claims payments made by the providers on behalf of the Group. Beginning on January 1, 2024, the reconciliation and settle-up are completed monthly, for Blue Cross/Blue Shield.

MAYFLOWER MUNICIPAL HEALTH GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

As of June 30, 2024, \$2,033,821 was due from Harvard Pilgrim and \$2,226,732 was owed to Blue Cross Blue Shield, for the June 30, 2024 settle-up. The amount due to Blue Cross Blue Shield has been included in accounts payable, along with other amounts owed to Blue Cross Blue Shield. In addition, other amounts, representing premiums and services due as of June 30, 2024, totaling \$47,675 have also been reported as Accounts Payable as of June 30, 2024.

NOTE 4. PREPAID EXPENSES/DEPOSITS

As of June 30, 2024, the Group's prepaid expenses and deposits consisted of the following:

	2024
Health Insurance Premiums	\$ 9,001,200
Liability Insurance Premiums	246,307
Deposits	7,278
	\$ 9,254,785

NOTE 5. ESTIMATED CLAIMS INCURRED BUT NOT REPORTED

The Group establishes a liability for both reported and unreported insured events, which include estimates of both future payments of losses and related adjustment expenses, if any. Changes in the claim liability amount in fiscal year 2024 is as follows:

	2024
Unpaid claims and claims' adjustment expenses—beginning of year	\$ 8,000,000
Incurred claims and claims' adjustment expenses:	
Provision for insured events of the current fiscal year	107,131,930
Increase/(Decrease) in provision for insured events for prior fiscal years	(1,518,236)
	105,613,694
Payments:	
Claims and claims' adjustment expenses attributable to insured events of the fiscal year	(99,931,930)
Claims and claims' adjustment expenses attributable to insured events of prior fiscal years	(6,481,764)
	(106,413,694)
Total unpaid claims and claims' adjustment expenses—end of year	\$ 7,200,000

NOTE 6. OPERATING OBLIGATION

Management has determined that leases entered into by the Group are immaterial; accordingly, the provisions of GASB #87, *Leases* have not been implemented by the Group.

The Group's leasing activities consist primarily of a rental property under the terms of an agreement with the lessor.

MAYFLOWER MUNICIPAL HEALTH GROUP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

Effective March 1, 2024, the Group entered into a five (5) year agreement, with a renewal option for two (2) additional one (1) year terms to rent office space at 65 Cordage Park Circle, Suite 110, Plymouth, MA. The Group includes the rent expense in the professional fees and other administrative expense account. The rent expense for June 30, 2024 amounted to \$34,136.

The future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Total</u>
2025	\$ 38,152
2026	40,160
2027	42,168
2028	44,176
2029	46,184

NOTE 7. COMMITMENTS AND CONTINGENCIES

Management of the Group is not aware of any pending or contemplated lawsuits against the Group, as of the date of the financial statements, which would result in a material loss to the Group.

The activities of all plans are subject to examination by appropriate state, federal and other oversight agencies.

NOTE 8. GASB PRONOUNCEMENTS RECENTLY ISSUED

The Group believes there are no current or future GASB pronouncements issued as of the date of these financial statements which will have any material effect on its financial statements.

NOTE 9. SUBSEQUENT EVENTS

The Group has evaluated subsequent events through February 4, 2025, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

REQUIRED SUPPLEMENTARY INFORMATION

**MAYFLOWER MUNICIPAL HEALTH GROUP
REQUIRED SUPPLEMENTARY INFORMATION
CLAIMS DEVELOPMENT INFORMATION
(Unaudited)**

The table on this page illustrates how the Group's earned revenues and investment income compare to related costs of loss and other expenses assumed by the Group as of the end of the last fiscal year. The rows in the table are defined as follows: (1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues, net of investment expenses (2) This line shows each fiscal year's administrative and other operating costs of the Fund including, overhead and claims' expense not allocated to individual claims. (3) This line shows the Group's incurred self-insured claims and allocated claims' adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event triggered coverage under the contract occurred (called policy year). (4) This section of rows shows the cumulative amounts paid as of the end of successive years for each policy year. (5) This section of rows shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. (6) This line compares the latest re-estimated incurred claims' amount to the originally established (line 3) and shows whether this latest estimate of claims' cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
1. Earned participant contributions investment and other revenues	\$ 115,333,243	\$ 109,260,076	\$ 102,526,772	\$ 106,917,764	\$ 103,401,378	\$ 103,624,402	\$ 111,030,859	\$ 141,430,014	\$ 123,801,727	\$ 120,997,102
2. Administrative other operating expenses	\$ 7,605,073	\$ 7,218,243	\$ 6,865,486	\$ 6,858,421	\$ 6,940,385	\$ 6,479,541	\$ 6,538,127	\$ 8,791,120	\$ 8,369,765	\$ 8,448,148
3. Estimated incurred, self-insured claims and expense, end of fiscal year	\$ 107,131,930	\$ 102,566,122	\$ 99,085,057	\$ 95,303,020	\$ 85,378,584	\$ 88,989,733	\$ 99,046,843	\$ 135,997,482	\$ 130,453,610	\$ 121,398,538
4. Paid (cumulative) as of:										
End of fiscal year	\$ 99,931,930	\$ 94,566,122	\$ 91,585,057	\$ 89,403,020	\$ 79,878,584	\$ 82,639,733	\$ 92,096,843	\$ 127,547,482	\$ 122,153,610	\$ 113,498,538
One year later		\$ 101,047,886	\$ 98,547,980	\$ 95,363,545	\$ 83,934,808	\$ 87,619,371	\$ 97,593,610	\$ 134,977,759	\$ 130,219,692	\$ 121,640,804
Two years later			\$ 98,547,980	\$ 95,363,545	\$ 83,934,808	\$ 87,591,824	\$ 97,508,687	\$ 134,875,680	\$ 130,087,458	\$ 121,675,189
Three years later				\$ 95,363,545	\$ 83,934,808	\$ 87,591,824	\$ 97,487,802	\$ 134,882,831	\$ 130,112,899	\$ 121,650,400
Four years later					\$ 83,934,808	\$ 87,591,824	\$ 97,487,802	\$ 134,882,591	\$ 130,112,899	\$ 121,642,446
Five years later						\$ 87,591,824	\$ 97,487,802	\$ 134,882,591	\$ 130,112,899	\$ 121,642,446
Six years later							\$ 97,487,802	\$ 134,882,591	\$ 130,112,899	\$ 121,642,446
Seven years later								\$ 134,882,591	\$ 130,112,899	\$ 121,642,446
Eight years later									\$ 130,112,899	\$ 121,642,446
Nine years later										\$ 121,642,446
5. Re-estimated incurred, self-insured claims and expense:										
End of fiscal year	\$ 107,131,930	\$ 102,566,122	\$ 99,085,057	\$ 95,303,020	\$ 85,378,584	\$ 88,989,733	\$ 99,046,843	\$ 135,997,482	\$ 130,453,610	\$ 121,398,538
One year later		\$ 101,047,886	\$ 98,547,980	\$ 95,363,545	\$ 83,934,808	\$ 87,619,371	\$ 97,593,610	\$ 134,977,759	\$ 130,219,692	\$ 121,640,804
Two years later			\$ 98,547,980	\$ 95,363,545	\$ 83,934,808	\$ 87,591,824	\$ 97,508,687	\$ 134,875,680	\$ 130,087,458	\$ 121,675,189
Three years later				\$ 95,363,545	\$ 83,934,808	\$ 87,591,824	\$ 97,487,802	\$ 134,882,831	\$ 130,112,899	\$ 121,650,400
Four years later					\$ 83,934,808	\$ 87,591,824	\$ 97,487,802	\$ 134,882,591	\$ 130,112,899	\$ 121,642,446
Five years later						\$ 87,591,824	\$ 97,487,802	\$ 134,882,591	\$ 130,112,899	\$ 121,642,446
Six years later							\$ 97,487,802	\$ 134,882,591	\$ 130,112,899	\$ 121,642,446
Seven years later								\$ 134,882,591	\$ 130,112,899	\$ 121,642,446
Eight years later									\$ 130,112,899	\$ 121,642,446
Nine years later										\$ 121,642,446
6. (Increase) decrease in estimated, incurred, self-insured claims and expense from the end of the original policy year.		\$ 1,518,236	\$ 537,077	\$ (60,525)	\$ 1,443,776	\$ 1,397,909	\$ 1,474,118	\$ 1,122,042	\$ 340,711	\$ (243,908)

See Independent Auditor's Report.