

Sullivan County Adult Care Center
(An Enterprise Fund of the County of Sullivan, New York)

Financial Statements

December 31, 2019



Independent Auditors' Report

The Honorable Legislature of the County of Sullivan, New York Sullivan County Adult Care Center

We have audited the accompanying financial statements of Sullivan County Adult Care Center (the "Center"), an enterprise fund of the County of Sullivan, New York, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the Center's net pension liability of \$1,760,832 or other postemployment benefit obligations of \$17,749,576 and related deferred outflows and inflows of resources totaling \$2,654,765 and \$3,190,685 as of and for the year ended December 31, 2019. These liabilities were audited by other auditors whose audit work has been furnished to us, and in our opinion, in so far as it relates to the amounts included for the net pension liability and other postemployment benefit obligations, is based solely on the work of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sullivan County Adult Care Center as of December 31, 2019, 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.

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Emphasis of Matter

As discussed in Note 1, the financial statements present only the financial information of the Center and do not purport to, and do not, present fairly the financial position of the County of Sullivan as of December 31, 2019, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We did not audit the required supplementary schedule of the Center's proportionate share of the net pension liability, schedule of contributions and schedule of changes in the Center's total other post employment benefit obligation liability and related liabilities on pages 25-27. Certain limited procedures have been applied by other auditors whose audit work on these liabilities has been furnished to us. The limited procedures were applied 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 obtained during the audit of these liabilities.

Management has omitted management's discussion and analysis and the budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of operating expenses on page 28 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

PKF O'Connor Davies, LLP

Newburgh, New York
June 30, 2020

Sullivan County Adult Care Center
(An Enterprise Fund of the County of Sullivan, New York)

Statement of Net Position
December 31, 2019

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,727,063
Restricted cash - project capital fund	203,704
Funds held in trust for patients	72,216
Patient accounts receivable, net	2,121,775
Inter-governmental transfer receivable	1,466,070
Due from third party payors	208,473
Inventory	73,542
Prepaid expenses and other	<u>30,512</u>
Total Current Assets	5,903,355

Capital assets, net	<u>2,015,074</u>
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Total Assets	7,918,429
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DEFERRED OUTFLOWS OF RESOURCES 2,654,765

Total Assets and Deferred Outflows of Resources	<u>\$ 10,573,194</u>
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LIABILITIES AND NET POSITION (DEFICIT)

Current Liabilities

Accounts payable and accrued expenses	\$ 391,672
Accrued compensation and vacation	421,935
Due to third party payors	69,135
Retirement incentives and other pension obligations, current portion	128,078
Due to County	7,971,620
Funds held in trust for patients	<u>72,216</u>
Total Current Liabilities	9,054,656

Retirement incentives and other pension obligations, net of current portion	568,212
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Net pension liability	1,760,832
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Other post employment benefit obligations payable	<u>17,749,576</u>
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Total Liabilities	<u>29,133,276</u>
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DEFERRED INFLOWS OF RESOURCES 3,190,685

NET POSITION (DEFICIT)

Net investment in capital assets	2,015,074
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Restricted for grants	203,704
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Unrestricted	<u>(23,969,545)</u>
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Total Net Position (Deficit)	<u>(21,750,767)</u>
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Total Liabilities, Deferred Inflows of Resources and Net Position (Deficit)	<u>\$ 10,573,194</u>
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See notes to financial statements

Sullivan County Adult Care Center
(An Enterprise Fund of the County of Sullivan, New York)

Statement of Revenues and Expenses and Changes in Net Position (Deficit)
Year Ended December 31, 2019

OPERATING REVENUES

Net patient service revenues	
Skilled nursing facility	\$ 9,447,940
Adult day care	<u>74,752</u>
Total Net Patient Service Revenues	9,522,692
Other operating revenues	<u>380,931</u>
Total Operating Revenues	<u>9,903,623</u>

OPERATING EXPENSES

Professional care of residents	6,984,220
General services	4,193,563
Administrative services	1,684,309
Employee benefits	5,157,786
New York State cash assessment	473,695
Depreciation	400,021
Interest expense	<u>27,125</u>
Total Operating Expenses	<u>18,920,719</u>
Loss from Operations	<u>(9,017,096)</u>

NON-OPERATING REVENUES

Inter-governmental transfers	5,475,624
Interest income	5,027
County reimbursement	<u>25,692</u>
Total Non-Operating Revenues	<u>5,506,343</u>
Change in Net Position (deficit)	<u>(3,510,753)</u>

NET POSITION (DEFICIT)

Beginning of year	<u>(18,240,014)</u>
End of year	<u>\$ (21,750,767)</u>

Sullivan County Adult Care Center
(An Enterprise Fund of the County of Sullivan, New York)

Statement of Cash Flows
Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from patient services	\$ 9,063,069
Cash payments to suppliers for goods and services	(10,351,373)
Cash payments to employees for services	(8,022,806)
Other revenues	<u>380,931</u>
Net Cash from Operating Activities	<u>(8,930,179)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Receipts for inter-governmental transfer	5,112,661
Advances from County	3,638,826
Other non-operating activities	<u>30,719</u>
Net Cash from Non-Capital Financing Activities	<u>8,782,206</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets	<u>(91,662)</u>
Net Cash from Capital and Related Financing Activities	<u>(91,662)</u>
Net Change in Cash and Cash Equivalents (includes restricted amounts)	(239,635)

CASH AND CASH EQUIVALENTS (includes restricted amounts)

Beginning of year	<u>2,170,402</u>
End of year	<u>\$ 1,930,767</u>

RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES

Loss from operations	\$ (9,017,096)
Adjustments to reconcile loss from operations	
to net cash from operating activities	
Depreciation	400,021
Bad debt expense	340,408
Changes in assets/liabilities	
Patient accounts receivable, net	(660,693)
Due from third party payors	(208,473)
Inventory	3,241
Prepaid expenses and other	(888)
Retirement incentive and other pension obligations	(123,993)
Accounts payable and accrued expenses	(110,114)
Accrued compensation and vacation	(545,477)
Due to third party payors	69,135
Change in deferred outflows and inflows, net	(1,784,310)
Net pension liability	983,453
Other post employment benefit obligations payable	<u>1,724,607</u>
Net Cash from Operating Activities	<u>\$ (8,930,179)</u>

See notes to financial statements

Sullivan County Adult Care Center
(An Enterprise Fund of the County of Sullivan, New York)

Notes to Financial Statements
December 31, 2019

Note 1 – Description of Business

Sullivan County Adult Care Center (the "Center") is a 146 bed residential health care facility located in Liberty, New York, that also provides an on-site medical model adult daycare program. The Center is operated as an enterprise fund of the County of Sullivan, New York (the "County"), and is accounted for separately by the County Treasurer. All assets or liabilities used for, or arising from, the operations from the Center are owned by or are the responsibility of the County. All expenditures relating to the Center are paid by the County.

An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs or expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Indirect costs from other County departments attributable to shared services have been charged to the Center based on allocations from the most recent cost allocation plan for the County.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting and Use of Estimates

The financial statements of the Center have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. As an enterprise fund, the Center uses the accrual basis of accounting. Revenues are recognized in the period in which they are earned and expenses are recognized in the period incurred.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results can differ from those estimates.

Basis of Presentation

The accounts of the Center are organized on the basis of funds and account groups. A fund is a separate accounting entity with a self-balancing set of accounts.

The Center adopted the provisions of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Statement No. 65, Items Previously Reported as Assets and Liabilities, Statement No. 68, Accounting and Financial Reporting for Pensions, and Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. These statements provide guidance on presenting deferred outflows, deferred inflows, net position, pension obligations and postemployment benefits other than pensions. Net position represents assets and deferred outflows of resources less liabilities benefits and deferred inflows of resources. GASB requires the classification of net position into three classifications defined as follows:

Sullivan County Adult Care Center
(An Enterprise Fund of the County of Sullivan, New York)

Notes to Financial Statements (Continued)
December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Net Investment in Capital Assets

This component of net position consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted Net Position

This component of net position is considered restricted if the use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted Net Position

This component of net position consists of all other net position that does not meet the definition of the above two components and is available for general use by the Center.

Cash and Cash Equivalents

The Center considers all highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

The County's Treasurer has the responsibility for investing idle funds in accordance with the General Municipal Law of the State of New York. Cash, certificates of deposit and money market accounts are maintained with commercial banks doing business in the County.

Restricted Cash – Project Capital Fund

Restricted cash is reserved for the use of capital improvements to the Center related to the Health Care Efficiency and Affordability Law ("HEAL").

Allowance for Doubtful Accounts

The Center provides an allowance for doubtful accounts based upon prior experience and management's assessment of the collectability of specific accounts. Bad debt expense for the year ended December 31, 2019 was \$340,408.

Inventory

Inventory is recorded at cost (determined using first-in, first-out method) and consists primarily of food, medical supplies and drugs.

Sullivan County Adult Care Center
(An Enterprise Fund of the County of Sullivan, New York)

Notes to Financial Statements (Continued)
December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Funds Held in Trust for Patients

Funds held in trust for patients represents deposits held in custody for patients and as such represent fiduciary responsibilities of the Center rather than present or future interest. These funds are disbursed by the Center at the request of, or on behalf of, patients for their personal use.

Capital Assets

Capital assets, which include those located and used by the Center in providing services to patients, are stated at cost, less accumulated depreciation computed on the straight-line method over estimated useful lives as follows:

Building and improvements	10 - 40 Years
Land improvements	10 - 40 Years
Major moveable equipment	2 - 20 Years

All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets and exceed \$250 are capitalized. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. Maintenance and repairs are charged to expense as incurred, significant renewals and betterments are capitalized.

Property and equipment that are donated (without restriction) are recorded at their fair market values as a direct increase to the component of invested in capital assets, net of related debt.

Impairment of Long-Lived Assets

Long-lived assets, such as capital assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Center records impairment losses on long-lived assets used in operations when the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. No impairment charges were recorded as of December 31, 2019.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Sullivan County Adult Care Center
 (An Enterprise Fund of the County of Sullivan, New York)

Notes to Financial Statements (Continued)
 December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources (continued)

The Center reports deferred outflows of resources and deferred inflows of resources in relation to its pension obligations and other post employment benefit obligations. Deferred outflows and inflows of resources have been reported on the statement of net position as follows. These amounts are detailed in the discussion of the Center’s pension plans in Note 8 and other post employment benefit obligations in Note 9.

	<u>Deferred Outflows of Resources</u>
New York State and Local Employees' retirement system	\$ 1,504,723
Other post employment benefit obligations	<u>1,150,042</u>
	<u>\$ 2,654,765</u>
	<u>Deferred Inflows of Resources</u>
New York State and Local Employees' retirement system	\$ 793,599
Other post employment benefit obligations	<u>2,397,086</u>
	<u>\$ 3,190,685</u>

Postretirement Pension Obligation

The postretirement pension obligation represents the Center’s proportionate share of the net pension liability (asset) of the New York State and Local Employees’ Retirement System ("ERS"). The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date".

For purposes of measuring the net pension liability, deferred inflows/outflows of resources related to pensions, and pension expense of the Center, information about the fiduciary net position of the defined benefit pension plan, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Sullivan County Adult Care Center
(An Enterprise Fund of the County of Sullivan, New York)

Notes to Financial Statements (Continued)
December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Other Post Employment Benefit Obligation

The other post employment benefit obligation ("OPEB") represents the sum of expected future benefit payments which may be attributed to past service (or "earned"), discounted to the end of the fiscal year using the current discount rate. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions".

Vacation and Compensation Time

Employees are granted vacation leave and compensatory time off in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and compensatory time at various rates. Estimated vacation leave, compensatory time off and related benefits have been recognized in the financial statements at the present rates of pay.

Net Resident Service Revenue

The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. Payments are generally prospectively determined per-diem amounts. Net patient service revenue is reported at the estimated net realizable amounts due from patients and third-party payors for services rendered, including retroactive adjustments under reimbursement agreements with third-party payors.

Inter-Governmental Transfer

The New York State Association of Counties ("NYSAC") and the State Division of the Budget agreed on a methodology to bring additional federal revenues to county nursing homes. This methodology, known as the Inter-Governmental Transfer Program ("IGT"), provides for certain Medicaid rate enhancements to all non-state operated, publicly sponsored nursing facilities. In order to receive these funds, the County is required to provide a 50% local share of the total funds to be received by the Center.

Cash Receipt Assessment

An assessment was imposed on substantially all nursing home cash receipts effective April 1, 2002 as part of the Health Care Workforce Recruitment Retention Act of 2002. Medicare receipts are excluded from this assessment and Medicaid rates were effectively increased to reimburse nursing homes for their additional portion of the assessment. During the year ended December 31, 2019, the assessment was 6.8%. For the year ended December 31, 2019, the Center billed approximately \$190,000 to recover the Medicaid portion of the assessment which is included in net patient service revenue.

Performance Indicator

The statement of revenues and expenses and changes in net position (deficit) include loss from operations. Peripheral or incidental transactions are reported as non-operating revenue (expenses) and are excluded from the performance indicator.

Sullivan County Adult Care Center
(An Enterprise Fund of the County of Sullivan, New York)

Notes to Financial Statements (Continued)
December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is June 30, 2020.

Note 3 – Patient Accounts Receivable, Net

Patient accounts receivable consisted of the following at December 31, 2019:

Skilled Nursing Facility:	
Medicaid and Medicaid managed care	\$ 1,235,167
Medicare	196,837
Self pay	929,541
Private insurers	<u>54,606</u>
	2,416,151
Adult Day Care:	
Primarily Medicaid managed care	<u>41,998</u>
	2,458,149
Allowance for doubtful accounts	<u>(336,374)</u>
	<u>\$ 2,121,775</u>

Sullivan County Adult Care Center
 (An Enterprise Fund of the County of Sullivan, New York)

Notes to Financial Statements (Continued)
 December 31, 2019

Note 4 - Capital Assets

Changes in capital assets are as follows:

	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019
Capital assets, not being depreciated:				
Land	\$ 44,800	\$ -	\$ -	\$ 44,800
Capital assets, being depreciated:				
Buildings and improvements	\$ 12,674,959	\$ -	\$ -	\$ 12,674,959
Land improvements	87,600	-	-	87,600
Machinery and equipment	885,951	91,662	-	977,613
Total Capital Assets being Depreciated	<u>13,648,510</u>	<u>91,662</u>	<u>-</u>	<u>13,740,172</u>
Less accumulated depreciation for:				
Buildings and improvements	10,698,212	331,778	-	11,029,990
Land improvements	87,600	-	-	87,600
Machinery and equipment	584,065	68,243	-	652,308
Total Accumulated Depreciation	<u>11,369,877</u>	<u>400,021</u>	<u>-</u>	<u>11,769,898</u>
Total Capital Assets being Depreciated, net	<u>\$ 2,278,633</u>	<u>\$ (308,359)</u>	<u>\$ -</u>	<u>\$ 1,970,274</u>
Capital Assets, net	<u>\$ 2,323,433</u>	<u>\$ (308,359)</u>	<u>\$ -</u>	<u>\$ 2,015,074</u>

Note 5 - Payable to Third Party Payors

Payable to third party and private payors consisted of the following at December 31, 2019:

Due to third party payors	\$ 50,000
Patient credit balances	<u>19,135</u>
	<u>\$ 69,135</u>

Note 6 - Patient Service Revenues

The Center has agreements with third-party payors that provide for payments for services rendered by the Center. The summary of the payment arrangements with the major third-party payors follows:

Medicaid

Inpatient services rendered to Medicaid program beneficiaries are at a prospectively determined per-diem rate. This rate varies based on the clinical acuity level of the Medicaid population in the

Sullivan County Adult Care Center
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Notes to Financial Statements (Continued)
December 31, 2019

Note 6 - Patient Service Revenues (continued)

facility. In addition, a portion of the reimbursement rate is based on the actual capital-related costs of the Center. The non-capital Medicaid reimbursement from New York State is provided under a statewide pricing methodology that incorporates 2007 New York State allowable costs, facility-specific patient acuity levels measured semi-annually, and a wage adjustment that blends 2009 regional and facility-specific wage information. See Note 12 for future changes to Medicaid reimbursement.

Medicare

Inpatient services rendered to Medicare program beneficiaries are paid at prospectively determined per-diem rates through September 30, 2019. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Beginning October 1, 2019, reimbursement is based on a Patient Driven Payment Model case mix classification for inpatient services.

The Center has also entered into payment agreements with commercial insurance carriers. The basis for payment to the Center under these agreements generally is prospectively determined per-diem rates.

Third-party payors retain the right to review and propose adjustments to reimbursement amounts received by the Center. Provision is made in the financial statements for anticipated adjustments that may vary from such revisions.

In the normal course of business, the Center requests revisions to reimbursement amounts received under third-party payor agreements. No amounts are recorded unless the Center is reasonably assured that such revision will be granted.

The current Medicaid and Medicare programs are based upon extremely complex laws and regulations that are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Patient service revenues, net of contractual allowances and discounts, consisted of the following for the year ended December 31, 2019:

Skilled Nursing Facility -	
Medicaid and Medicaid managed care	\$ 6,442,964
Medicare	1,912,434
Self pay and other private insurers	<u>1,092,542</u>
	9,447,940
Adult Day Care -	
Primarily Medicaid managed care	<u>74,752</u>
	<u>\$ 9,522,692</u>

Sullivan County Adult Care Center
 (An Enterprise Fund of the County of Sullivan, New York)

Notes to Financial Statements (Continued)
 December 31, 2019

Note 7 - Related Party Transactions

The total amount due to the County was \$7,971,620 as of December 31, 2019. The Center records such costs within its accompanying statement of revenue and expenses and changes in net position (deficit). The County provides certain financial and operating services to various County operating units including the Center. The Center was the beneficiary of services valued at approximately \$770,000 for the year ended December 31, 2019.

Note 8 - Retirement Incentives and Other Pension Obligations

The State Legislature enacted Chapter 57 of the Laws of 2010. This Chapter authorized local governments, at their option, to amortize a portion of their respective ERS contributions beginning in 2011. The maximum amortization amount each year going forward will be determined by the difference between each employer's effective contribution rate as compared to the System's overall graded rate. The amortized amounts are to be paid in equal annual installments over a ten year period, although amounts may be prepaid at any time. Interest will be charged at rates which approximate a market rate of return on taxable fixed rate securities of a comparable duration and will be adjusted annually. The Center elected to amortize the maximum allowable ERS contributions in each of the fiscal years as noted in the table below:

	<u>Original Amount Amortized</u>	<u>Balance January 1, 2019</u>	<u>Current Year Payments</u>	<u>Balance December 31, 2019</u>	<u>Due Within One Year</u>
2013 ERS	\$ 424,568	\$ 227,942	\$ 42,934	\$ 185,008	\$ 44,222
2014 ERS	463,238	297,687	45,254	252,433	46,914
2015 ERS	217,739	159,349	20,702	138,647	21,354
2016 ERS	<u>164,116</u>	<u>135,305</u>	<u>15,103</u>	<u>120,202</u>	<u>15,588</u>
	<u>\$ 1,269,661</u>	<u>\$ 820,283</u>	<u>\$ 123,993</u>	<u>\$ 696,290</u>	<u>\$ 128,078</u>

Sullivan County Adult Care Center
(An Enterprise Fund of the County of Sullivan, New York)

Notes to Financial Statements (Continued)
December 31, 2019

Note 8 - Retirement Incentives and Other Pension Obligations (continued)

The Center participates in the New York State and Local Employees' Retirement System (the "System"). This is a cost-sharing, multiple-employer defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State's financial report as a pension trust fund. That report, including information with regards to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The system is noncontributory, except for employees who joined the System after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute three percent (3%) to six percent (6%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

At December 31, 2019, the Center reported a net pension liability of \$1,760,832 for its proportionate share of the net pension liability for System. The net pension liability was measured as of March 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to the measurement date. The Center's proportion of the net pension liability was based on a projection of the Center's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. At December 31, 2019, the Center's proportion was 0.0248519% an increase of 0.0007661% from the year ended December 31, 2018. The following information was provided by the System in reports provided to the Center:

	<u>ERS</u>
Measurement date	<u>March 31, 2019</u>
Net pension liability	<u>\$ 1,760,832</u>
Center's portion of the Plan's total net pension liability	<u>0.0248519 %</u>

Sullivan County Adult Care Center
 (An Enterprise Fund of the County of Sullivan, New York)

Notes to Financial Statements (Continued)
 December 31, 2019

Note 8 - Retirement Incentives and Other Pension Obligations (continued)

For the year ended December 31, 2019, the Center recognized System pension expense of \$1,041,074. At December 31, 2019 the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 346,745	\$ 118,201
Changes in assumptions	442,601	-
Net difference between projected and actual earnings on pension plan investments	-	451,927
Changes in employer proportion	56,768	223,471
Center contributions subsequent to the measurement date	<u>658,609</u>	<u>-</u>
	<u>\$ 1,504,723</u>	<u>\$ 793,599</u>

Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended
December 31,

2020	\$ 306,268
2021	(422,274)
2022	(68,109)
2023	236,630

The total pension liability as of the measurement date was determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the actuarial assumptions presented as follows:

Measurement date	March 31, 2019
Actuarial valuation date	April 1, 2018
Interest rate of return	7.0%*
Salary Scale	4.2%
Decrement tables	April 1, 2010 - March 31, 2015
Inflation Rate	2.5%
Cost of living adjustments	1.3%

*Compounded annually, net of pension plan investment expenses, including inflation.

Sullivan County Adult Care Center
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Notes to Financial Statements (Continued)
 December 31, 2019

Note 8 - Retirement Incentives and Other Pension Obligations (continued)

Annuitant mortality rates are based on the System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36 %	4.55 %
International equity	14	6.35
Private equity	10	7.50
Real estate	10	5.55
Absolute return strategies	2	3.75
Opportunistic portfolio	3	5.68
Real assets	3	5.29
Bonds and mortgages	17	1.31
Cash	1	(0.25)
Inflation-indexed bonds	4	1.25
	100 %	

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sullivan County Adult Care Center
 (An Enterprise Fund of the County of Sullivan, New York)

Notes to Financial Statements (Continued)
 December 31, 2019

Note 8 - Retirement Incentives and Other Pension Obligations (continued)

The following presents the Center's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.0%) or one percentage-point higher (8.0%) than the current assumption:

	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
Center's proportionate share of the net pension liability(asset)	<u>\$ 8,123,100</u>	<u>\$ 1,760,832</u>	<u>\$ (3,405,285)</u>

The components of the collective net pension liability of the System as of March 31, 2019, were as follows:

Total pension liability	\$ 189,803,429,000
Fiduciary net position	<u>182,718,124,000</u>
Employers' net pension liability	<u>\$ 7,085,305,000</u>
Fiduciary net position as a percentage of total pension liability	<u>96.27%</u>

Employer contributions to ERS are paid annually and cover the period through the end of the System fiscal year, which is March 31st. Retirement contributions as of December 31, 2019 represent the employer contribution for the period of April 1, 2019 through December 31, 2019 based on prior year System wages multiplied by the employers' contribution rate, by tier. Retirement contributions the System for the nine months ended December 31, 2019 were \$658,609 for the Center.

Note 9 – Other Post Employment Benefit Obligations

In addition to providing pension benefits, the Center provides certain health care benefits for retired employees through a single employer defined benefit Other Post Employment Benefit Obligations Plan ("OPEB"). The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Center may vary according to length of service. The cost of providing post employment health care benefits is shared between the Center and the retired employee as noted below. Substantially all of the Center's employees may become eligible for those benefits if they reach normal retirement age while working for the Center. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the OPEB plan.

Sullivan County Adult Care Center
 (An Enterprise Fund of the County of Sullivan, New York)

Notes to Financial Statements (Continued)
 December 31, 2019

Note 9 – Other Post Employment Benefit Obligations (continued)

At December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	115
Active employees	<u>13</u>
	<u>128</u>

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or “earned”), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (“UAAL”) under GASB Statement No. 45.

The Center's total OPEB liability of \$17,749,576 was measured as of December 31, 2019, and was determined by an actuarial valuation as of January 1, 2018, with update procedures used to roll forward the total OPEB liability to January 1, 2019.

Calculation of the Center's total OPEB liability is based on the types of benefits provided under the terms of the substantive plan, the plan as understood by the employer and the plan members, at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the January 1, 2019 actuarial valuation, the Entry Age Normal actuarial cost method, over a level percent of pay was used. The single discount rate is 3.26% effective December 31, 2019. The salary scale assumed to increase at 3.00% per year. The RP 2006 mortality table with MP-2019 projections were used for the mortality rates. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 8.0%, while the ultimate healthcare cost trend rate is 5.0% for years after 2023. An inflation rate of 3.00% was assumed for developing the rate of increase in healthcare costs.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period January 1, 2019 through December 31, 2019.

The Facility's change in the total OPEB liability for the years ended December 31 are as follows:

Total OPEB Liability - Beginning of Year	\$ 16,024,969
Service cost	724,986
Interest	576,534
Differences between expected and actual experience	(546,415)
Changes in assumptions or other inputs	1,341,716
Benefit payments	<u>(372,214)</u>
Total OPEB Liability - End of Year	<u>\$ 17,749,576</u>

Sullivan County Adult Care Center
 (An Enterprise Fund of the County of Sullivan, New York)

Notes to Financial Statements (Continued)
 December 31, 2019

Note 9 – Other Post Employment Benefit Obligations (continued)

The following presents the Center's total OPEB liability as well as what the Center's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.26%) or 1 percentage point higher (4.26%):

December 31, 2019	1% Decrease (2.26%)	Current Assumption (3.26%)	1% Increase (4.26%)
Total OPEB Liability	<u>\$ 21,282,140</u>	<u>\$ 17,749,576</u>	<u>\$ 14,217,010</u>

The following presents the Center's total OPEB liability as well as what the Center's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

December 31, 2019	1% Decrease (7.0% decreasing to 4.0%)	Healthcare Cost Trend Rates (8.0% decreasing to 5.0%)	1% Increase (9.0% decreasing to 6.0%)
Total OPEB Liability	<u>\$ 13,815,310</u>	<u>\$ 17,749,576</u>	<u>\$ 22,675,339</u>

Authorization for the Center to pay a portion of retiree health insurance premiums was enacted through various union contracts, which were ratified by the County's Board of Directors. The Center recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. For the year ended December 31, 2019, the Center recognized OPEB expense of \$767,388.

The Center reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability are required to be determined. The table below presents the Center's deferred outflows and inflows of resources at December 31, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 1,150,042	\$ -
Differences between expected and actual experience	<u>-</u>	<u>2,397,086</u>
	<u>\$ 1,150,042</u>	<u>\$ 2,397,086</u>

Sullivan County Adult Care Center
(An Enterprise Fund of the County of Sullivan, New York)

Notes to Financial Statements (Continued)
December 31, 2019

Note 9 – Other Post Employment Benefit Obligations (continued)

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended
December 31,

2020	\$ (161,918)
2021	(161,918)
2022	(161,918)
2023	(161,918)
2024	(161,918)
Thereafter	(437,454)

Note 10 - Risk Financing Activities

Unemployment Insurance - The Center currently uses reimbursement financing rather than pay contributions under the regular experience-rating provision of the New York State Unemployment Insurance Law. Under this method, the Center is liable to New York State for payments of amounts equal to the benefits paid to its claimants.

The Center reported an unemployment expense of approximately \$7,000 for the year ended December 31, 2019.

Workers' Compensation Insurance - The Center participates in a self-insurance plan sponsored by the County for workers' compensation under Local Law No. 3, 1989, pursuant to Article 5 of the Worker's Compensation Law. The plan is open to any eligible municipality or public entity within the geographic boundaries of Sullivan County for participation. The County, which is responsible for the administration of the plan and its reserves, accounts for this plan in a separate internal service fund which is included in the County's combined financial statements. Participant contributions are financed on an estimated claims basis with excess contributions transferred to a reserve at the end of the fiscal year. The Center's workers' compensation expense approximated \$175,000 for the year ended December 31, 2019.

Note 11 - Concentrations of Credit Risk

Financial instruments which potentially subject the Center to concentrations of credit risk consist primarily of cash and cash equivalents and patient accounts receivable. At times, cash balances may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit. The Center has not experienced any losses in such accounts. The Center's outstanding receivables are generated from third party payors and private pay sources for patients residing in the Center.

The Center provides credit in the normal course of business without collateral to its patients, most of whom are local residents and are insured under third party agreements. See Note 3 for the mix of receivables from patients and third party payors at December 31, 2019. The Center believes that no significant concentrations of credit risk exists with respect to the patient accounts receivable.

Sullivan County Adult Care Center
(An Enterprise Fund of the County of Sullivan, New York)

Notes to Financial Statements (Continued)
December 31, 2019

Note 12 - Commitments and Contingencies

Legal

The Center is involved in litigation arising in the normal course of business. Management estimates that such matters will be resolved without material adverse effect on the Center's future financial position, liquidity and results from operations.

Insurance

The Center participates in a premium based general and professional liability insurance plan. The plan assumes liability for most risks included, but not limited to, personal injury, malpractice, vehicle, and general liability. At December 31, 2019, no claims or outstanding premiums exist that meet the liability criteria.

Health Care Revenue and Regulatory Compliance

The health care industry is subject to numerous laws and regulations imposed by federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. In addition, certain cost reports, which serve as the basis for final settlement with the Medicare program, remain open for audit and settlement, as are New York State Medicaid cost reports for prior years.

Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue from patient services. Furthermore, noncompliance with such laws and regulations could result in fines, penalties and exclusion from such programs. Accordingly, there is at least a reasonable possibility that recorded estimates for health care revenue will change in the near term and the change could be material to the Center's financial condition, results of operations and cash flows.

Medicaid Reimbursement

Case Mix Methodology

In October 2019, the New York State Department of Health enacted a reduction in Medicaid reimbursement effective July 1, 2019 based on a new Medicaid case mix reimbursement methodology. The change in the Medicaid case mix reimbursement methodology was estimated to significantly reduce Medicaid reimbursement in New York State. In November 2019, the Albany Supreme Court issued an emergency injunction that temporarily delayed the implementation of the new case mix Medicaid methodology. The final decision as to whether the new Medicaid reimbursement methodology will be implemented is not known at this time. Management of the Center is unable to predict the ultimate outcome of this potential change in Medicaid reimbursement, if any, and its potential effect on its net patient service revenue.

Sullivan County Adult Care Center
(An Enterprise Fund of the County of Sullivan, New York)

Notes to Financial Statements (Continued)
December 31, 2019

Note 12 - Commitments and Contingencies (continued)

Medicaid Reimbursement (continued)

Reduction of 1% of Medicaid Reimbursement

Beginning January 1, 2020, Medicaid payments were reduced by 1% for most providers who receive Medicaid. Management of the Center is in the process of reviewing the effects of this reduction in Medicaid payments on the Center, including the effects it will have on the Center's future operations. The Center is unable to predict the ultimate changes to the Center, if any, for the 1% reduction in Medicaid reimbursement at this time.

Universal Settlement

In February 2016, the Center and a majority of other nursing home providers signed an agreement (the "Universal Settlement") with New York State (the "State") that surrendered most of the Center's rights to pursue pending Medicaid rate lawsuits and rate appeals prior to 2012 and certain future rights to challenge Medicaid reimbursement against the State. In March 2016, the State obtained approval for the federal financial participation in the Universal Settlement from the Centers for Medicare and Medicaid Service, subject to compliance with the upper payment limit requirements. The State has agreed to pay the nursing home providers \$850 million over five years. In accordance with the Universal Settlement, payments are contingent upon the Governor's appropriation of such funds in the Executive Budget.

As a result of the Universal Settlement, the State agreed to pay the Center a total of \$842,450. For the year ended December 31, 2019, the Center recognized \$168,490 for the fifth (and final) Universal Settlement payment received in 2019, which is included in net patient service revenue.

Third Party Rate Adjustments

As stated in Note 2, net patient service revenue is reported at estimated net realizable amounts from residents, third-party payors, and others for services rendered and include estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known.

Revenue from the Medicaid and Medicare programs accounted for approximately 87% of the Center's net resident service revenue for the year ended December 31, 2019.

COVID-19

The Center's operations have been affected by the recent and ongoing outbreak of the coronavirus disease (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. Many countries around the world, including the United States, have significant governmental measures being implemented to control the spread of COVID-19, including temporary closures of businesses, severe restrictions on travel and the movement of people and other material limitation on the conduct of business. As a result of the COVID-19 pandemic, the Center is experiencing a reduction in patient census that is having a direct negative effect on the Center's operations. The rise in demand for health care supplies and potential staffing shortages will likely increase costs incurred by the Center as well.

Sullivan County Adult Care Center
(An Enterprise Fund of the County of Sullivan, New York)

Notes to Financial Statements (Continued)
December 31, 2019

Note 12 - Commitments and Contingencies (continued)

COVID-19 (continued)

The Center has taken steps to strengthen its financial position and balance sheet to maintain financial liquidity and flexibility. The Center has received funding from the Coronavirus Aid, Relief and Economics Act ("CARES Act") through the Department of Health & Human Services Public Health and Social Services Emergency Fund ("Relief Fund") totaling \$486,522. Additional relief fund payments may become available. Relief Fund awards do not require repayment as long as the Center meets certain expense payment and reporting requirements.

The full duration and extent of the COVID-19 pandemic, related business and travel restrictions and changes to behavior intended to reduce its spread are uncertain as of the date these financial statements were available for issuance, as the pandemic continues to evolve globally. Therefore, the full extent of any adverse impact on the results of operations, financial position and cash flows in 2020 cannot be reasonably estimated at this time.

Sullivan County Adult Care Center
(An Enterprise Fund of the County of Sullivan, New York)

Supplementary Information

December 31, 2019

**Sullivan County Adult Care Center
(An Enterprise Fund of the County of Sullivan)**

Required Supplementary Information - Schedule of the
Center's Proportionate Share of the Net Pension Liability
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

	2019	2018	2017	2016 (2)	2015
Measurement date	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Center's proportion of the net pension liability	0.0248519%	0.0240858%	0.0257297%	0.0261291%	0.0262174%
Center's proportionate share of the net pension liability	\$ 1,760,832	\$ 777,379	\$ 2,417,622	\$ 4,193,799	\$ 885,687
Center's covered payroll	\$ 7,052,583	\$ 6,872,926	\$ 6,676,520	\$ 8,063,774	\$ 7,844,031
Center's proportionate share of the net pension liability as a percentage of its covered payroll	25.0%	11.3%	36.2%	52.0%	11.3%
Plan fiduciary net position as a percentage of the total pension liability	96.3%	90.7%	94.7%	90.7%	97.9%

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

(2) The discount rate used to calculate the total pension liabilities was decreased from: 7.5% to 7.0% effective with the March 31, 2016 measurement date.

**Sullivan County Adult Care Center
(An Enterprise Fund of the County of Sullivan)**

**Required Supplementary Information - Schedule of Contributions
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)**

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 876,444	\$ 880,248	\$ 927,197	\$ 1,009,798	\$ 1,106,428
Contributions in relation to the contractually required contribution	(876,444)	(880,248)	(927,197)	(1,009,798)	(1,106,428)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Center's covered payroll	\$ 7,981,865	\$ 7,062,896	\$ 6,829,079	\$ 6,683,257	\$ 6,772,279
Contributions as a percentage of covered payroll	11.0%	12.5%	13.6%	15.1%	16.3%

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Sullivan County Adult Care Center
(An Enterprise Fund of the County of Sullivan)

Required Supplementary Information - Schedule of Changes in the
Center's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years (1)

	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 724,986	\$ 945,949	\$ 940,216
Interest	576,534	526,096	512,821
Differences between expected and actual experience	(546,415)	(908,512)	(383,147)
Changes of assumptions	1,341,716 (2)	(1,188,136)	-
Benefit payments	(372,214)	(350,478)	(298,346)
Net changes in total OPEB liability	1,724,607	(975,081)	771,544
Total OPEB liability - beginning	16,024,969	17,000,050	16,228,506
Total OPEB liability - ending	<u>\$ 17,749,576</u>	<u>\$ 16,024,969</u>	<u>\$ 17,000,050</u>
Center's covered payroll	<u>\$ 4,064,441</u>	<u>\$ 3,504,281</u>	<u>\$ 3,223,306</u>
Contributions as a percentage of covered payroll	<u>436.7%</u>	<u>457.3%</u>	<u>527.4%</u>

(1) Data not available prior to fiscal year 2017 implementation of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

(2) The discount rate used to calculate the total OPEB Liability was decreased from 3.64% to 3.26% effective with the December 31, 2019 measurement date.

Sullivan County Adult Care Center
(An Enterprise Fund of the County of Sullivan, New York)

Schedule of Expenses
Year Ended December 31, 2019

	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
PROFESSIONAL CARE OF RESIDENTS			
Nursing administration	\$ 220,665	\$ 1,100	\$ 221,765
Skilled nursing facility	4,696,684	363,588	5,060,272
Adult day care	169,845	8,097	177,942
Recreational therapy	214,815	13,610	228,425
Pharmacy	-	200,372	200,372
Dental services	-	43,611	43,611
Physical therapy	-	292,442	292,442
Occupational therapy	-	306,880	306,880
Speech therapy	-	51,694	51,694
Social services	177,747	355	178,102
Central medical supplies	80,249	117,085	197,334
Medical records	-	1,381	1,381
Medical director and medical staff	-	24,000	24,000
	<u> </u>	<u> </u>	<u> </u>
Total Professional Care of Residents	<u>\$ 5,560,005</u>	<u>\$ 1,424,215</u>	<u>\$ 6,984,220</u>
GENERAL SERVICES			
Patient food services	\$ 1,010,997	\$ 754,718	\$ 1,765,715
Maintenance and operations	151,315	1,737,097	1,888,412
Laundry and linen	126,537	301,955	428,492
Meals on wheels	108,892	2,052	110,944
	<u> </u>	<u> </u>	<u> </u>
Total General Services	<u>\$ 1,397,741</u>	<u>\$ 2,795,822</u>	<u>\$ 4,193,563</u>
ADMINISTRATIVE SERVICES			
Fiscal services	\$ 184,556	\$ 20,328	\$ 204,884
Administration	335,027	1,022,420	1,357,447
Insurance	-	121,978	121,978
	<u> </u>	<u> </u>	<u> </u>
Total Administrative Services	<u>\$ 519,583</u>	<u>\$ 1,164,726</u>	<u>\$ 1,684,309</u>
NON-DEPARTMENTAL EXPENSES			
Depreciation	\$ -	\$ 400,021	\$ 400,021
New York State cash assessment	-	473,695	473,695
Employee benefits	-	5,157,786	5,157,786
Interest expense	-	27,125	27,125
	<u> </u>	<u> </u>	<u> </u>
Total Non-Departmental Expenses	<u>\$ -</u>	<u>\$ 6,058,627</u>	<u>\$ 6,058,627</u>
	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 7,477,329</u>	<u>\$ 11,443,390</u>	<u>\$ 18,920,719</u>