

CHEMUNG COUNTY NURSING FACILITY
(An Enterprise Fund of Chemung County)

ELMIRA, NEW YORK

AUDITED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2021 AND 2020



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Chemung County Nursing Facility
(An Enterprise Fund of Chemung County)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Chemung County Nursing Facility, an enterprise fund of Chemung County, which comprise the statements of net position as of December 31, 2021 and 2020, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Chemung County Nursing Facility as of December 31, 2021 and 2020, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Chemung County Nursing Facility 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 these 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 Chemung County Nursing Facility's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 Chemung County Nursing Facility'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 Chemung County Nursing Facility'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.

As discussed in Note A, the financial statements present only the accounts of Chemung County Nursing Facility and are not intended to present the financial position, changes in net position and cash flows of Chemung County, New York State, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of Facility's proportionate share of the net pension liability, schedule of Facility contributions – pension, and schedule of changes in the Facility's total other postemployment benefit liability and related ratios on pages 6 through 8 and 33 through 35, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Revenues and Expenses on page 36 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.

Mengel, Metzger, Baw & Co. LLP

Elmira, New York
May 26, 2022

CHEMUNG COUNTY NURSING FACILITY
(An Enterprise Fund of Chemung County)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2021

Introduction

Our discussion and analysis of the Chemung County Nursing Facility's (the "Facility") financial performance provides an overview of the Facility's financial activities for the fiscal year ended December 31, 2021. It also provides a description and understanding of the various financial statements and other financial and statistical information contained herein. Please read it in conjunction with the Facility's basic financial statements.

The financial statements present only the accounts of Chemung County Nursing Facility and are not intended to present the financial position, changes in net position and cash flows of Chemung County, New York State (the "County").

The County's basic financial statements are audited by the independent Certified Public Accounting firm of EFPR Group, CPA's, PLLC. The independent audit of the County's basic financial statements was part of a federally mandated "Single Audit" designed to report on specific requirements of the recipient of federal funds. The Single Audit includes the Schedule of Expenditures of Federal Awards, the independent auditors report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards and a schedule of findings and questioned costs. This report is issued separately and includes federal funds received by the Facility. A copy can be obtained at the Chemung County Treasurer's Office, 320 East Market Street, Elmira, New York 14901.

Financial Highlights

- The Facility's net position of \$3,610,124 at December 31, 2021 represents a fund balance increase of \$1,387,661 from the 2020 balance of \$2,222,463. The ending net position consists of \$1,542,615 invested in capital assets, net of related debt, and \$2,067,509 unrestricted net position.
 - The current ratio, which is an indicator of liquidity, was 3.96 and 4.03 as of December 31, 2021 and 2020, respectively.

Components of the Annual Report

Statements of Net Position

The statements of net position present information on all of the Facility's assets and liabilities, with the differences reported as net position. Comparison of the change in net position over time could be useful as an indicator of the Facility's overall economic condition.

Net position is classified into two components as follows:

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets, net of accumulated depreciation and reduced by outstanding debt.

Unrestricted Net Position – This amount is all the net assets that are not invested in Capital Assets or Restricted Net Assets.

Statements of Revenues, Expenses and Changes in Net Position

The statements of revenues, expenses and changes in net position illustrate the changes in net position over the course of the fiscal year. The statements of revenues, expenses and changes in net position present the results of transactions based on when transactions occurred and not when cash is received or expended. This full accrual methodology is required for enterprise funds.

CHEMUNG COUNTY NURSING FACILITY
(An Enterprise Fund of Chemung County)

MANAGEMENT'S DISCUSSION AND ANALYSIS, Cont'd

FOR THE YEAR ENDED DECEMBER 31, 2021

Statements of Cash Flows

The statements of cash flows present the changes in the balances of cash resulting from the activity in the various sources and uses derived from the operation of the Facility.

Notes to the Financial Statements

Notes to the financial statements provide essential information with regard to the financial statements taken as a whole and are, therefore, essential to gain an accurate understanding of the financial position and the results of the Facility's operations.

Summary Comparison of Net Position

	<u>Business Type Activities</u>		
	<u>2021</u>	<u>2020</u>	<u>Change</u>
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
Current assets	\$ 11,045,106	\$ 12,700,029	\$ (1,654,923)
Deferred outflows	7,040,744	7,184,936	(144,192)
Noncurrent assets	<u>4,343,372</u>	<u>4,471,223</u>	<u>(127,851)</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 22,429,222</u>	<u>\$ 24,356,188</u>	<u>\$ (1,926,966)</u>
<u>LIABILITIES</u>			
Current liabilities	\$ 2,813,913	\$ 3,148,014	\$ (334,101)
Long-term liabilities	7,457,626	17,981,542	(10,523,916)
Deferred inflows	<u>8,547,559</u>	<u>1,004,169</u>	<u>7,543,390</u>
TOTAL LIABILITIES	18,819,098	22,133,725	(3,314,627)
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	1,542,615	1,423,913	118,702
Unrestricted	<u>2,067,509</u>	<u>798,550</u>	<u>1,268,959</u>
TOTAL NET POSITION	<u>3,610,124</u>	<u>2,222,463</u>	<u>1,387,661</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 22,429,222</u>	<u>\$ 24,356,188</u>	<u>\$ (1,926,966)</u>

This schedule is being presented in comparative format with the current and previous year. The change column indicates the net increase or (decrease) of each component of the net position summary.

CHEMUNG COUNTY NURSING FACILITY
(An Enterprise Fund of Chemung County)

MANAGEMENT'S DISCUSSION AND ANALYSIS, Cont'd

FOR THE YEAR ENDED DECEMBER 31, 2021

Summary Comparison of Revenues, Expenses and Changes in Net Position

	Business Type Activities		
	2021	2020	Change
<u>REVENUE</u>			
Program revenue:			
Charges for services, net	\$ 14,912,927	\$ 14,797,501	\$ 115,426
General revenues:			
Other revenues	<u>3,207,803</u>	<u>5,211,291</u>	<u>(2,003,488)</u>
TOTAL REVENUE	18,120,730	20,008,792	(1,888,062)
<u>EXPENSES</u>			
Personal services	7,291,540	8,600,227	(1,308,687)
Employee benefits	2,910,844	6,213,512	(3,302,668)
Contractual expenses	7,094,487	7,410,695	(316,208)
Postemployment healthcare benefits (credits)	(1,268,383)	(3,860)	(1,264,523)
Depreciation	452,174	508,988	(56,814)
Indirect expense	380,287	379,691	596
Workers' compensation permanent benefit (credit)	(209,524)	(107,504)	(102,020)
Interest expense	<u>81,644</u>	<u>124,094</u>	<u>(42,450)</u>
TOTAL EXPENSES	<u>16,733,069</u>	<u>23,125,843</u>	<u>(6,392,774)</u>
CHANGE IN NET POSITION	1,387,661	(3,117,051)	4,504,712
Net position at beginning of year	<u>2,222,463</u>	<u>5,339,514</u>	<u>(3,117,051)</u>
NET POSITION AT END OF YEAR	<u>\$ 3,610,124</u>	<u>\$ 2,222,463</u>	<u>\$ 1,387,661</u>

This schedule presents activity summary in comparative format with the current and previous year.

CHEMUNG COUNTY NURSING FACILITY
(An Enterprise Fund of Chemung County)

STATEMENTS OF NET POSITION

<u>ASSETS AND DEFERRED OUTFLOWS</u>	December 31,	
	2021	2020
<u>CURRENT ASSETS</u>		
Cash	\$ 5,334,072	\$ 6,434,040
Patient accounts receivable, less allowances for doubtful accounts of \$2,648,011 and \$2,134,316, respectively	2,768,849	3,007,240
Other receivables	2,681,499	2,988,305
Inventories	226,883	233,448
Due from Chemung County	-	5,842
Due from external parties	33,803	31,154
TOTAL CURRENT ASSETS	11,045,106	12,700,029
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Prepaid expenses	263,815	314,242
Related to bond refunding	53,559	65,572
Related to postemployment benefits	566,850	855,879
Related to pensions	6,156,520	5,949,243
	7,040,744	7,184,936
<u>NONCURRENT ASSETS</u>		
Capital assets, net of accumulated depreciation	4,343,372	4,471,223
	\$ 22,429,222	\$ 24,356,188

The accompanying notes are an integral part of the financial statements.

<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
<u>CURRENT LIABILITIES</u>		
Current portion of bonds payable	\$ 631,972	\$ 449,357
Accounts payable	583,674	870,946
Accrued compensation and related liabilities	1,261,893	1,368,315
Other accrued expenses	32,660	27,507
Due to third party payors	278,114	431,889
Deferred revenue	<u>25,600</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	2,813,913	3,148,014
<u>LONG-TERM LIABILITIES</u>		
Workers' compensation benefits	1,921,265	2,106,765
Postemployment healthcare benefit	3,340,499	4,741,867
Net pension liability	27,077	8,557,116
Bonds payable	<u>2,168,785</u>	<u>2,575,794</u>
	7,457,626	17,981,542
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Related to postemployment benefits	369,842	525,886
Related to pensions	<u>8,177,717</u>	<u>478,283</u>
	8,547,559	1,004,169
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	1,542,615	1,423,913
Unrestricted	<u>2,067,509</u>	<u>798,550</u>
	<u>3,610,124</u>	<u>2,222,463</u>
	<u>\$ 22,429,222</u>	<u>\$ 24,356,188</u>

CHEMUNG COUNTY NURSING FACILITY
(An Enterprise Fund of Chemung County)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Year ended December 31,	
	2021	2020
Operating revenues:		
Charges for services, net	\$ 14,912,927	\$ 14,797,501
CARES Act Provider Relief Funds	568,767	1,699,250
FEMA Emergency Management Performance Grant	-	19,419
Other revenue	2,639,036	3,492,622
TOTAL OPERATING REVENUES	18,120,730	20,008,792
Operating expenses:		
Personal services	7,291,540	8,600,227
Employee benefits	2,910,844	6,213,512
Contractual expenses	7,094,487	7,410,695
Postemployment healthcare credits	(1,268,383)	(3,860)
Depreciation	452,174	508,988
Indirect expense	380,287	379,691
Workers' compensation permanent credit	(209,524)	(107,504)
TOTAL OPERATING EXPENSES	16,651,425	23,001,749
OPERATING GAIN (LOSS)	1,469,305	(2,992,957)
Non-operating expense:		
Interest expense	(81,644)	(124,094)
CHANGE IN NET POSITION	1,387,661	(3,117,051)
Net position at beginning of year	2,222,463	5,339,514
NET POSITION AT END OF YEAR	\$ 3,610,124	\$ 2,222,463

The accompanying notes are an integral part of the financial statements.

CHEMUNG COUNTY NURSING FACILITY
(An Enterprise Fund of Chemung County)

STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2021	2020
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Receipts from services	\$ 14,054,053	\$ 17,050,932
Inter-governmental transfer payment	4,388,737	4,000,000
Payments to suppliers and contractors for goods and services	(8,886,866)	(106,021)
Payments to employees for services and benefits	(10,128,738)	(15,296,684)
Other receipts	94,962	84,563
NET CASH (USED FOR) PROVIDED FROM OPERATING ACTIVITIES	(477,852)	5,732,790
<u>CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase and construction of capital assets, net of reclassifications	(324,884)	(78,401)
Payment of bond principal	(427,262)	(498,585)
Net proceeds from issuance of bonds	225,000	38,934
Payment of bond interest	(94,970)	(133,021)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(622,116)	(671,073)
NET CHANGE IN CASH	(1,099,968)	5,061,717
Cash at beginning of year	6,434,040	1,372,323
CASH AT END OF YEAR	\$ 5,334,072	\$ 6,434,040

CHEMUNG COUNTY NURSING FACILITY
(An Enterprise Fund of Chemung County)

STATEMENTS OF CASH FLOWS, Cont'd

	Year ended December 31,	
	2021	2020
<u>RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH</u>		
<u>(USED FOR) PROVIDED FROM OPERATING ACTIVITIES:</u>		
Change in net position	\$ 1,387,661	\$ (3,117,051)
Adjustment to reconcile change in net position to net cash (used for) provided from operating activities:		
Depreciation	452,174	508,988
Loss on sale of equipment	561	769
Interest	81,644	124,094
Bad debts	513,695	484,094
Changes in assets and liabilities:		
Patient accounts receivable	(275,304)	90,242
Due from Chemung County and external parties	3,193	5,739,041
Other receivables	306,806	222,808
Inventories	6,565	(86,808)
Prepaid expenses	50,427	351,496
Due to third party payors	(153,775)	329,559
Resources related to postemployment benefits	289,029	(473,992)
Resources related to pensions	(207,277)	(3,768,003)
Accounts payable and accrued expenses	(278,912)	364,287
Accrued compensation and related liabilities	(1,693,290)	(120,317)
Deferred inflows related to postemployment benefits	(156,044)	(118,710)
Deferred inflows related to pensions	7,699,434	(738,056)
Deferred revenue	25,600	-
Net pension liability	(8,530,039)	5,940,349
NET CASH (USED FOR) PROVIDED FROM OPERATING ACTIVITIES	\$ (477,852)	\$ 5,732,790

The accompanying notes are an integral part of the financial statements.

CHEMUNG COUNTY NURSING FACILITY
(An Enterprise Fund of Chemung County)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE A: THE FACILITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of reporting

The Facility is a 200-bed skilled nursing facility funded primarily through Medicaid, Medicare and private fees. The Facility is not a legal entity, but rather an enterprise fund within Chemung County, New York. The County has proprietary interest in all assets and the responsibility for all obligations of the Facility. The Facility's accounts are segregated into a separate enterprise fund.

The financial statements of the Facility have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Facility receives certain administrative and other support services from the County. Costs for these services that are not billed and paid directly to the County are reflected in the indirect cost allocation included in the accompanying statements of revenues, expenses and changes in net position.

The Facility is required to operate within certain budget constraints dictated by the County. Certain costs such as retiree benefit costs, depreciation, and the indirect cost allocation, which are reflected in the accompanying statements of revenues, expenses and changes in net position, are not budgeted costs which are funded by the County. Therefore, the changes in net position reflected in these financial statements are not comparable to the Facility's net operating results included in the County's operating budget.

Cash

For purposes of cash flow reporting, cash equivalents include all temporary investments purchased with an original maturity of three months or less.

Collateral is required for cash balances not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies. At December 31, 2021 and 2020, the Facility's cash balances were FDIC insured or collateralized with securities held by the pledging financial institution.

Charges for services and accounts receivable

Charges for services represent the estimated net realizable amounts from patients, third-party payors, and others for services rendered and are recognized as operating revenues as services are performed. Patient accounts receivable are recorded net of contractual allowances. Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for third-party payor settlements are provided in the period when the settlements are determinable.

CHEMUNG COUNTY NURSING FACILITY
(An Enterprise Fund of Chemung County)

NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

NOTE A: THE FACILITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Facility analyzes its history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Facility analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with private-pay patients (which includes patients without insurance, patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, and patients awaiting Medicaid approval), the Facility records a significant provision for bad debts in the period of service on the basis of its past experience. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. The allowance for doubtful accounts at December 31, 2021 and 2020 was \$2,648,011 and \$2,134,316, respectively. The Facility's allowance for doubtful accounts increase of \$513,695 is the result of specific reserves for private-pay patients. The Facility does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write-offs from third party payors.

Revenue from Medicaid and Medicare accounted for approximately 70% and 69% of the Facility's total revenue, excluding inter-governmental transfer, for the years ended December 31, 2021 and 2020, respectively. Laws and regulations governing Medicaid and Medicare are extremely complex and 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.

Inventories

Inventories, consisting of supplies for various departments, are stated at the lower of cost and net realizable value, with cost being determined using the first-in, first-out basis.

Compensated absences

Employees are entitled to vacation leave, sick leave and other compensated absences with similar characteristics according to various employment contracts. Payment of compensated absences is dependent upon many factors; therefore, timing of future payment is not readily determinable. Accordingly, payments are budgeted annually without accrual and are recorded when paid.

The Facility contracts permit employees to accumulate earned but unused vacation leave, which is eligible for payment upon separation from the Facility. Year-to-year vacation leave accumulation varies by contract while payment at separation is capped at 40 days. The liability for such leave is reported as incurred in the financial statements.

Sick leave is awarded on a monthly basis to those employees on payroll for more than 50% of the month. Employees can accumulate a maximum of 250 sick days from year to year. Upon retirement, employees may elect to have a percentage of their accumulated sick leave balance converted to escrow and used to pay for continued health insurance or be paid as wages. The percentage converted to escrow is based on years of service and is capped at 200 days. The liability for such leave is calculated using the termination method and reported as estimated in the financial statements and has not been funded.

CHEMUNG COUNTY NURSING FACILITY
(An Enterprise Fund of Chemung County)

NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

NOTE A: THE FACILITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Pensions

For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New York State and Local Employees' Retirement System ("the System") and additions to/deductions from the System's net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Other postemployment benefits (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Facility's plan has been supplied to an actuary for determination of those amounts. The Facility operates the OPEB plan on a pay-as-you-go basis.

Capital assets

Capital assets are stated on the basis of cost. Depreciation is computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from two to forty years. Expenditures for renewals and betterments are capitalized while expenditures for repairs and maintenance are charged to operations as incurred. Upon sale or retirement, the related cost and allowances for depreciation are removed from the accounts and the related gain or loss is reflected in operations.

Use of estimates in the preparation of financial statements

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 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 could differ from those estimates.

Subsequent events

The Facility has conducted an evaluation of potential subsequent events occurring after the statement of net position date through May 26, 2022, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

CHEMUNG COUNTY NURSING FACILITY
(An Enterprise Fund of Chemung County)

NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

NOTE B: THIRD-PARTY REIMBURSEMENT

The Medicaid program provides for reimbursement to nursing homes on a prospective basis with no provision for retroactive adjustments other than those resulting from audit by the third-party agency, which involve either errors in the original cost reports used by such agencies to develop the prospective rates or changes in regulations promulgated by the Courts.

Under the Medicare program, nursing homes are reimbursed for defined costs of services rendered to patients. During the year, the Medicare intermediary makes interim payments which are tentatively adjusted upon filing various cost reports and are subject to final adjustment upon audit.

Adjustments resulting from third party audits are generally made by withholding amounts from current remittances or adjusting future reimbursement rates.

Prior year adjustments and settlements

Medicaid retroactive adjustments amounting to approximately \$1,964,737 were recorded as increases in operating revenues for the year ended December 31, 2021.

Medicaid retroactive adjustments amounting to approximately \$106,000 were recorded as decreases in operating revenues for the year ended December 31, 2020.

Reimbursement rate audit

The effect of the above-mentioned rate adjustments and audits on rate years subsequent to those mentioned is not presently determinable and, accordingly, has not been reflected in the accompanying financial statements.

Due to third party payors, as reflected in the accompanying statements of net position, are generally payable as a 15% maximum withholding from current Medicaid remittances. The amount payable to New York State Department of Health for Medicaid rate and other adjustments amounted to \$278,114 and \$431,889 at December 31, 2021 and 2020, respectively.

Inter-Governmental Transfer (IGT)

The New York State Public Health Law has provided for payments to non-state operated public residential healthcare facilities, such as the Chemung County Nursing Facility, based on Medicaid days. This funding, which is an "Inter-Governmental Transfer (IGT)", has historically been received through the County of Chemung. IGT revenues of \$2,569,674 and \$3,408,059 were recorded by the Facility in 2021 and 2020, respectively, which represented payments for the New York State 2021/2022 and 2020/2021 fiscal years, respectively. Of this amount, \$588,996 and \$2,408,059 is included in other receivables at December 31, 2021 and 2020, respectively.

CHEMUNG COUNTY NURSING FACILITY
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NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

NOTE C: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 follows:

	Balance January 1, 2021	<u>Additions</u>	<u>Deductions</u>	Balance December 31, 2021
<u>Non-depreciable capital assets:</u>				
Land	\$ 48,287	\$ -	\$ -	\$ 48,287
Projects in process	<u>23,722</u>	<u>200,982</u>	<u>(13,472)</u>	<u>211,232</u>
TOTAL NON-DEPRECIABLE CAPITAL ASSETS	72,009	200,982	(13,472)	259,519
<u>Depreciable capital assets:</u>				
Land improvements	468,830	-	-	468,830
Building and fixed equipment	12,691,581	48,290	(3,649)	12,736,222
Moveable equipment	<u>1,829,676</u>	<u>89,084</u>	<u>(54,224)</u>	<u>1,864,536</u>
TOTAL DEPRECIABLE CAPITAL ASSETS	14,990,087	137,374	(57,873)	15,069,588
<u>Less accumulated depreciation for:</u>				
Land improvements	(332,451)	(19,641)	-	(352,092)
Buildings and fixed equipment	(8,747,965)	(341,651)	3,649	(9,085,967)
Moveable equipment	<u>(1,510,457)</u>	<u>(90,882)</u>	<u>53,663</u>	<u>(1,547,676)</u>
TOTAL ACCUMULATED DEPRECIATION	<u>(10,590,873)</u>	<u>(452,174)</u>	<u>57,312</u>	<u>(10,985,735)</u>
CAPITAL ASSETS, NET	<u>\$ 4,471,223</u>	<u>\$ (113,818)</u>	<u>\$ (14,033)</u>	<u>\$ 4,343,372</u>

No provision for depreciation is made until the projects are fully complete. Upon completion, the asset is transferred from projects in process to the appropriate capital account of the Facility.

CHEMUNG COUNTY NURSING FACILITY
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NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

NOTE D: LONG-TERM DEBT

Bonds payable of the Facility are summarized as follows:

	Year ended December 31, 2021		December 31,	
	Interest Payments	Principal Payments	2021 Amount	2020 Amount
Public improvement revenue bond payable to bank in annual installments varying from \$43,090 to \$49,801 through December 2027 plus interest varying from 2% to 2.5%, payable semi-annually.	\$ 6,934	\$ 43,092	\$ 282,041	\$ 325,133
Public improvement revenue bond payable to bank in annual installments varying from \$60,627 to \$73,964 through December 2028 plus interest varying from 2.25% to 3%, payable semi-annually.	13,456	60,627	477,121	537,748
Refunded public improvement revenue bond payable to bank in annual installments varying from \$35,152 to \$151,020 through March 2027 plus interest at 5%, payable semi-annually.	33,591	135,499	603,575	739,074
Public improvement bond, payable in annual installments varying from \$17,760 to \$22,390 through December 2029 plus interest varying from 2.25% to 3%, payable semi-annually.	4,617	17,760	161,710	179,470
Refunded public improvement revenue bond payable to bank in annual installments varying from \$90,210 to \$135,870 through October 2028 plus interest varying from 2% to 4%, payable semi-annually.	35,367	108,914	829,727	938,641
Bond anticipation note, payable December 2022 plus interest at 1.5%	-	-	225,000	-
Bonds paid in 2021	<u>1,005</u>	<u>61,371</u>	-	<u>61,371</u>
Total principal and interest	<u>\$ 94,970</u>	<u>\$ 427,263</u>		
Total bonds payable			2,579,174	2,781,437
Add unamortized bond premium			221,583	243,714
Less current portion			<u>(631,972)</u>	<u>(449,357)</u>
			<u>\$ 2,168,785</u>	<u>\$ 2,575,794</u>

CHEMUNG COUNTY NURSING FACILITY
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NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

NOTE D: LONG-TERM DEBT, Cont'd

The following is a schedule of maturities of debt:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 631,972	\$ 85,583
2023	429,490	67,769
2024	393,939	53,869
2025	376,003	41,384
2026	392,899	29,034
Thereafter	<u>576,454</u>	<u>25,231</u>
	<u>\$ 2,800,757</u>	<u>\$ 302,870</u>

NOTE E: EMPLOYEE BENEFIT PLAN

Plan description

The Facility participates in the New York State and Local Employees' Retirement System ("the System"). This is a cost-sharing multiple-employer defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund ("the Fund"), which was established to hold all net 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. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2018, he was elected for a new term commencing January 1, 2019. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). 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. Separately issued financial statements for the System can be accessed on the Comptroller's website at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Benefits provided

The system provides retirement benefits, as well as death and disability benefits. Eligibility is based on Tier membership and years of service.

Retirement

Generally, the retirement benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of services, the retirement benefit increases depending on Tier membership. Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 3, 4 and 5 members, each year used in the final average salary calculation is limited to no more than 10% greater than the average of the previous two years. For Tier 6 members, each year used in the final average salary calculation is limited to no more than 10% greater than the average of the previous four years.

CHEMUNG COUNTY NURSING FACILITY
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NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

NOTE E: EMPLOYEE BENEFIT PLAN, Cont'd

Disability Retirement Benefits

Disability retirement benefits are available to members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets or other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) System recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

Contributions

The System is noncontributory except for employees who joined the System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the RSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. The pension contribution for the years ended December 31, 2021 and 2020 amounted to \$763,808 and \$853,653, respectively.

CHEMUNG COUNTY NURSING FACILITY
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NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

NOTE E: EMPLOYEE BENEFIT PLAN, Cont'd

Pension plan fiduciary net position

The components of the current year net pension liability of the employers as of March 31, 2021, were approximately as follows:

Employers' total pension liability	\$ 220,680,157,000
Plan net position	<u>(220,580,583,000)</u>
Employers' net pension liability	<u>\$ 99,574,000</u>

Ratio of plan net position to the employers' total pension liability	99.95%
----------------------------------------------------------------------	--------

Actuarial assumptions

The total pension liability for the March 31, 2021 and 2020 measurement dates were determined by using an actuarial valuation as of April 1, 2020 and 2019, respectively, with updated procedures used to roll forward the total pension liability to March 31, 2021 and 2020, respectively. The following actuarial assumptions were used in the valuation as of March 31, 2021 and 2020:

Actuarial cost method	Aggregate Cost Method
Inflation	2.7% (2021) 2.5% (2020)
Salary scale	4.4% (2021) 4.2% (2020)
Investment rate of return	5.9% compounded annually, net of investment expenses (2021) 6.8% compounded annually, net of investment expenses (2020)
Cost of living adjustments	1.4% annually (2021) 1.3% annually (2020)
Decremets	Based upon FY 2015-2020 experience (2021) Based upon FY 2011-2015 experience (2020)
Mortality improvement	Society of Actuaries' Scale MP-2020 (2021) Society of Actuaries' Scale MP-2018 (2020)

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 of investment expenses 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.

CHEMUNG COUNTY NURSING FACILITY
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NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

NOTE E: EMPLOYEE BENEFIT PLAN, Cont'd

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target allocation	Long-term expected real rate of return
Domestic equity	32%	4.05%
International equity	15%	6.30%
Private equity	10%	6.75%
Real estate	9%	4.95%
Absolute return strategies	3%	4.50%
Credit	4%	3.63%
Real assets	3%	5.95%
Fixed income	23%	0.00%
Cash	1%	0.50%
	<u>100%</u>	

The real rate of return is net of the long-term inflation assumption of 2.0%.

Discount rate

The discount rate used to calculate the total pension liability at March 31, 2021 and 2020 was 5.9% and 6.8%, respectively. 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. Based upon the 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.

Sensitivity of the net pension liability to the discount rate assumption

The following presents the current period net pension liability of the Facility calculated using the discount rate of 5.9%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9%) or 1-percentage-point higher (6.9%) than the current rate at the March 31, 2021 measurement date:

	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Facility's proportionate share of the Net Pension Liability (Asset)	\$ 7,515,578	\$ 27,077	\$ (6,879,073)

CHEMUNG COUNTY NURSING FACILITY
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NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

NOTE E: EMPLOYEE BENEFIT PLAN, Cont'd

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At December 31, 2021 and 2020, the Facility reported a liability of \$27,077 and \$8,557,116, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2020 and 2019. The Facility's proportion of the net pension liability was based on a projection of the Facility's long-term share of contributions to the pension plan relative to the projected contributions of Chemung County, New York, actuarially determined. At December 31, 2021 and 2020, the Facility's proportion was 12.9% and 15.8%, respectively.

For the years ended December 31, 2021 and 2020, the Facility recognized pension expense of \$14,939 and \$2,603,179, respectively. At December 31, 2021 and 2020, the Facility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31,			
	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 330,686	\$ -	\$ 503,621	\$ -
Change of assumptions	4,978,620	93,898	172,300	148,778
Net difference between projected and actual earnings on pension plan investments	-	7,778,161	4,386,794	-
Changes in proportion and differences between Facility contributions and proportionate share of contributions	83,406	305,658	32,875	329,505
Facility contributions subsequent to the measurement date	763,808	-	853,653	-
	<u>\$ 6,156,520</u>	<u>\$ 8,177,717</u>	<u>\$ 5,949,243</u>	<u>\$ 478,283</u>

CHEMUNG COUNTY NURSING FACILITY
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NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

NOTE E: EMPLOYEE BENEFIT PLAN, Cont'd

Deferred outflows of resources related to pensions resulting from Facility contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	
2022	\$ (555,693)
2023	(238,358)
2024	(473,379)
2025	<u>(1,517,575)</u>
	<u>\$ (2,785,005)</u>

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan description

The County contributes to the Chemung County Employee Health Care Plan (“CCEHCP”), a cost sharing single-employer defined benefit healthcare plan administered by Excellus Blue Cross and Blue Shield. The Plan provides medical benefits to active and retired employees. Currently, the costs of these benefits are expensed as claims are incurred and are included by the County in the allocation of health insurance expense applicable to the Facility. The retired employees reimburse the Facility for a portion of these expenses and the reimbursed amount is allocated against this expense.

Eligibility

Eligibility for postemployment benefits requires a minimum age of 55 with at least fifteen (15) years of service for employees hired after January 1, 2000. For employees hired prior to January 1, 2000 the County requires the employee to qualify for retirement as a member of the New York State retirement system.

Funding policy

The Facility and the retiree each pay 50% of the premium cost until the retiree becomes Medicare eligible. When the employee becomes Medicare eligible the coverage converts to a Medicare PPO plan if the employee continues to live in New York State and remains the same for retirees out of the State. The Facility pays \$108 per month of the Medicare PPO cost and 50% of the non-PPO coverage plus a Medicare off-set. There is no mechanism in place for funding the liability.

Employees covered by benefit terms

At January 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>137</u>
	<u><u>140</u></u>

CHEMUNG COUNTY NURSING FACILITY
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NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

Actuarial methods and assumptions

The total OPEB liability for the January 1, 2021 measurement date was determined by using an actuarial valuation using plan and financial data as of January 1, 2021. The following actuarial assumptions were used in the valuation:

Actuarial Cost Method	Entry-Age Normal - Level Percent of Pay
Plan Type	Single Employer Defined Benefit Plan
Discount Rate	2.12%, as of the measurement date (2021) 2.74%, as of the measurement date (2020)
Salary Scale	3.5%
Rate of Inflation	2.4% (2021) 2.2% (2020)
Mortality - Actives	The RPH-2014 Mortality Table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2021 (2021) and MP-2019 (2020).
Mortality - Retirees	The RPH-2014 Mortality Table for Healthy Annuitants, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2021 (2021) and MP-2019 (2020).
Turnover & Retirement Incidence	Rates of decrement due to turnover based on the experience under the New York State & Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, <u>Development of Recommended Actuarial Assumption of New York State / SUNY GASB 75 Valuation (June 2019)</u> .

CHEMUNG COUNTY NURSING FACILITY
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NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

Medical Trend	<u>To Fiscal Year Ending</u>	<u>Healthcare Trend</u>
	2022	6.00%
	2023	5.75%
	2024	5.50%
	2025	5.25%
	2026	5.24%
	2031	5.18%
	2036	5.18%
	2041	5.18%
	2051	5.18%
	2061	4.86%
	2071	4.45%
	2081	4.04%
	2091	4.04%

The above trend rates were developed using the baseline projection of the SOA Long-Run Medical Cost Trend Model. The short term (first 4 years) trend rates were based on the recent premium rate history for the Facility. The long-term (after 4 years) trend rates were based on the following assumptions:

Rate of Inflation: 2.4%

Rate of Growth in Real Income/GDP per capita: 1.5%

Extra Trend due to Technology and other factors: 1.1%

Health Share of GDP Resistance Point: 25%

Election Percentage Upon retirement it is assumed that eligible employees will elect to participate in the Facility's OPEB plan at the following rates:

<u>Participation Group</u>	<u>% Electing Coverage</u>
Retiree	100%
Retiree's Spouse	85%
Surviving Spouse	10%

Discount rate

The discount rate used to calculate the total OPEB liability was 2.12% as of January 1, 2021. With a pay-as-you-go funded plan the discount rate is calculated using a yield index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

CHEMUNG COUNTY NURSING FACILITY
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NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

Changes in the total OPEB liability

	<u>Year ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 4,741,867	\$ 4,153,025
<u>Changes for the year:</u>		
Service cost	143,134	93,592
Interest	132,211	168,929
Differences between expected and actual experience	4,304	-
Changes in assumptions and other inputs	(1,229,013)	579,098
Benefit payments	<u>(452,004)</u>	<u>(252,777)</u>
	<u>(1,401,368)</u>	<u>588,842</u>
Balance at end of year	<u>\$ 3,340,499</u>	<u>\$ 4,741,867</u>

Changes of assumptions and other inputs for 2021 reflect a change in the discount rate from 2.74% on January 1, 2020 to 2.12% on January 1, 2021. For 2020, changes of assumptions and other inputs reflect a change in the discount rate from 4.10% on January 1, 2019 to 2.74% on January 1, 2020 and removal of the PPACA excise tax trend adjustment.

Sensitivity of the total OPEB liability to changes in the discount rate assumption

The following presents the Total OPEB Liability of the Facility, as well as what the Facility's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.12%) or 1-percentage point higher (3.12%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>1.12%</u>	<u>2.12%</u>	<u>3.12%</u>
Total OPEB Liability	\$ 3,699,654	\$ 3,340,499	\$ 3,027,581

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the Total OPEB Liability of the Facility, as well as what the Facility'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:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
	<u>1% Decrease</u>	<u>Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 2,937,291	\$ 3,340,499	\$ 3,836,600

CHEMUNG COUNTY NURSING FACILITY
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NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

NOTE F: POSTEMPLOYMENT HEALTHCARE BENEFITS, Cont'd

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits

At December 31, 2021 and 2020 the Facility reported a liability of \$3,340,499 and \$4,741,867, respectively. The Net OPEB Liability is equal to the Total OPEB Liability minus the Fiduciary Net Position. Since the Facility operates the OPEB Plan on a pay-as-you-go basis the Fiduciary Net Position is \$0. The Net OPEB liability for 2021 was measured as of January 1, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021.

For the year ended December 31, 2021 and 2020 the Facility recognized OPEB expense of \$264,764 and \$218,287, respectively.

For the years ended December 31, 2021 and 2020, the Facility reported deferred outflows of resources and inflows of resources related to OPEB from the following sources:

	December 31,			
	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 403,875	\$ 280,181	\$ 589,518	343,186
Differences between expected and actual experience	3,614	89,661	-	182,700
Facility contributions subsequent to the measurement date	159,361	-	266,361	-
	<u>\$ 566,850</u>	<u>\$ 369,842</u>	<u>\$ 855,879</u>	<u>\$ 525,886</u>

The amortization period for the beginning of the measurement period is 6.24 years for the average expected remaining service life of members. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended December 31,</u>	
2022	\$ (10,580)
2023	(10,580)
2024	(19,869)
2025	31,923
2026	42,875
Thereafter	3,878
	<u>\$ 37,647</u>

CHEMUNG COUNTY NURSING FACILITY
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NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

NOTE G: WORKERS' COMPENSATION BENEFITS

Workers' compensation benefits are provided by the Facility to their employees through the County's self-insured programs. The cost of benefits (net of reimbursement from New York State, if any) for non-permanent disability are expensed as claims are incurred and have been included as employee benefits expense in the accompanying statements of revenues, expenses and changes in net position. Certain Workers' compensation cases have been ruled by the Workers' Compensation Board as permanent disability. Benefits for such claims are awarded for the life of the claimants and discharged only upon death or when the claimant returns to work full time. At December 31, 2021 and 2020, 28 and 37, respectively, of the Facility's claimants met the requirements for eligibility of lifetime benefits.

The total workers' compensation liability for the December 31, 2021 and 2020 measurement dates were determined by using an actuarial valuation using data valued as of December 31, 2021 and 2019, respectively. The liability is presented on an expected loss basis which reflects the most likely outcome from within a range of reasonable outcomes. The liability generally reflects a statistical confidence level of between 50% and 55%. The liability includes provisions for losses on claims that have occurred but that are not yet known and not yet reported, case reserves for known, recorded claims, future loss development on known, recorded claims, and unallocated loss adjustment expense. The liability presented is on an undiscounted basis as there is no provision for future investment income to be earned on the assets underlying the liability. At December 31, 2021 and 2020, the Facility has recorded a liability of \$2,359,818 and \$2,569,342, respectively, with an amount expected to be paid in the next calendar year, \$438,553 and \$462,577, respectively, included in current liabilities in the accompanying statements of net position.

The decrease in the workers' compensation liability is mainly due to a change to an actuarial valuation methodology. Accordingly, the provision has been presented in the accompanying statements of revenues, expenses and changes in net position as an operating expense (benefit).

NOTE H: LEGAL CONTINGENCIES

The Facility is a party to various legal actions arising in the ordinary course of business, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to the financial condition of the Chemung County Nursing Facility.

CHEMUNG COUNTY NURSING FACILITY
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NOTES TO FINANCIAL STATEMENTS, Cont'd

DECEMBER 31, 2021 AND 2020

NOTE I: FINANCIAL IMPACT OF COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risk to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Facility's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Facility is not able to estimate the effects of the COVID-19 outbreak on its results of operations financial condition, or liquidity for 2022.

During the years ended December 31, 2021 and 2020, the Facility received \$568,767 and \$1,699,250, respectively, from the U.S. Department of Health and Human Services' Provider Relief Fund under the CARES Act. The funds are for healthcare-related expenses or lost revenue due to COVID-19. Retention and use of these funds are subject to certain terms and conditions. If these terms and conditions are met, amounts do not need to be repaid at a later date. The Facility has satisfied the terms and conditions of the funding and recorded the amounts as revenue in the accompanying statements of revenues, expenses and changes in net position.

CHEMUNG COUNTY NURSING FACILITY
(An Enterprise Fund of Chemung County)

OTHER FINANCIAL INFORMATION

CHEMUNG COUNTY NURSING FACILITY
(An Enterprise Fund of Chemung County)

SCHEDULE OF FACILITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY

	Year ended December 31,						
	2021	2020	2019	2018	2017	2016	2015
Facility's proportion of the net pension liability	12.9%	15.8%	17.7%	15.1%	14.9%	15.8%	17.0%
Facility's proportionate share of the net pension liability	\$ 27,077	\$8,557,116	\$2,616,767	\$1,006,405	\$2,865,077	\$4,874,581	\$1,163,243
Facility's covered payroll	\$6,277,865	\$8,017,550	\$8,927,354	\$7,465,132	\$7,120,487	\$7,344,855	\$7,664,521
Facility's proportionate share of the net pension liability as a percentage of covered payroll	0.40%	106.7%	29.3%	13.5%	40.2%	66.4%	15.2%
Plan fiduciary net position as a percentage of the total pension	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

The amounts presented for each fiscal year were determined as of the System's measurement date.

CHEMUNG COUNTY NURSING FACILITY
(An Enterprise Fund of Chemung County)

SCHEDULE OF FACILITY CONTRIBUTIONS - PENSION

	Year ended December 31,						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 763,808	\$ 853,653	\$ 945,702	\$ 804,072	\$1,072,977	\$1,129,881	\$1,189,722
Contribution in relation to the contractually required contribution	<u>(763,808)</u>	<u>(853,653)</u>	<u>(945,702)</u>	<u>(804,072)</u>	<u>(1,072,977)</u>	<u>(1,129,881)</u>	<u>(1,189,722)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Facility's covered payroll	\$6,147,298	\$8,095,811	\$8,949,861	\$7,646,079	\$7,296,354	\$7,470,102	\$7,795,219
Contributions as a percentage of covered payroll	12.4%	10.5%	10.6%	10.5%	14.7%	15.1%	15.3%

The amounts presented for each fiscal year were determined as of the fiscal year end.

CHEMUNG COUNTY NURSING FACILITY
(An Enterprise Fund of Chemung County)

SCHEDULE OF CHANGES IN THE FACILITY'S TOTAL
OTHER POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS

	<u>Year ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
Service cost	\$ 143,134	\$ 93,592
Interest	132,211	168,929
Differences between expected and actual experience	4,304	-
Changes of assumptions or other inputs	(1,229,013)	579,098
Benefit payments	<u>(452,004)</u>	<u>(252,777)</u>
Net change in total OPEB liability	(1,401,368)	588,842
Total OPEB liability - beginning of year	<u>4,741,867</u>	<u>4,153,025</u>
Total OPEB liability - end of year	<u>\$ 3,340,499</u>	<u>\$ 4,741,867</u>
Facility's covered-employee payroll	\$ 6,664,567	\$ 8,238,711
Contributions as a percentage of covered-employee payroll	50.1%	57.6%

Notes to schedule:

Changes in assumptions and other inputs:

For 2021, updated the mortality tables to the RPH-2014 SOA Mortality Tables adjusted back to 2006 using scale MP-2014 and projected forward using scale MP-2021; lowered the discount rate from 2.74% in 2020 to 2.12% in 2021; the Getzen trend table was updated for 2021 using model v2020_b. For 2020, changes in assumptions and other inputs reflect a change in the discount rate from 4.1% in 2019 to 2.74% in 2020 and removal of the PPACA excise tax adjustment.

CHEMUNG COUNTY NURSING FACILITY
(An Enterprise Fund of Chemung County)

SCHEDULES OF REVENUES AND EXPENSES

	Year ended December 31,	
	2021	2020
Net patient service revenue	\$ 13,461,885	\$ 15,387,852
CARES Act Provider Relief Funds	568,767	1,699,250
FEMA Emergency Management Performance Grant	-	19,419
Inter-governmental transfer	2,569,674	3,408,059
Other revenue	69,362	84,563
Prior year adjustments and settlement revenue	1,964,737	(106,257)
Bad debts	<u>(513,695)</u>	<u>(484,094)</u>
TOTAL REVENUES	18,120,730	20,008,792
Expenses:		
Funded and budgeted:		
Nursing and medical services	5,415,555	6,665,154
Staff development services	258,849	207,273
Central supply services	343,903	447,543
Activities	244,757	284,536
Pharmaceutical services	923,648	938,926
Therapeutic services	1,355,742	1,565,649
General services	345,710	333,661
Dietary services	2,084,798	1,978,301
Maintenance	658,512	669,416
Housekeeping and laundry	721,568	805,173
Administrative services	1,396,436	1,317,149
Employee benefits	2,366,832	5,570,143
Payroll taxes	544,012	643,369
Cash receipts assessment	636,549	798,141
Interest - bonds	<u>81,644</u>	<u>124,094</u>
TOTAL FUNDED AND BUDGETED EXPENSES	<u>17,378,515</u>	<u>22,348,528</u>
EXCESS (DEFICIT) OF REVENUES OVER FUNDED AND BUDGETED EXPENSES	742,215	(2,339,736)
Non-funded and non-budgeted:		
Workers' compensation permanent credit	(209,524)	(107,504)
Postemployment healthcare credits	(1,268,383)	(3,860)
Depreciation	452,174	508,988
Indirect cost allocation from Chemung County	<u>380,287</u>	<u>379,691</u>
TOTAL NON-FUNDED AND NON-BUDGETED (REVENUE) EXPENSES	<u>(645,446)</u>	<u>777,315</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ 1,387,661</u>	<u>\$ (3,117,051)</u>