



Basic Financial Statements,
Supplementary Schedules (with
Management's Discussion and
Analysis) and Report of Independent
Certified Public Accountants

Westchester County Health Care Corporation

December 31, 2020 and 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Westchester County Health Care Corporation

Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Westchester County Health Care Corporation (“WCHCC”) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise WCHCC’s basic financial statements as listed in the table of contents.

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.

Auditor’s responsibility

Our responsibility is to an express opinion on these financial statements based on our audits. We did not audit the financial statements of WCHCC (Bermuda), Limited, a wholly owned subsidiary of WMC-New York, Inc., which is a blended component unit of WCHCC, which statements reflect total assets constituting \$230,715,000 and \$190,050,000 and total liabilities constituting \$102,096,000 and \$83,137,000 as of December 31, 2020 and 2019, respectively. We did not audit the 2019 financial statements of Hudson River West Insurance (Barbados) Limited, which was a wholly owned subsidiary of Bon Secours Charity Health System, Inc. and a blended component unit of WCHCC’s discretely presented component unit, which statements reflect total assets constituting \$28,977,000 and total liabilities constituting \$23,063,000 as of December 31, 2019. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for WCHCC (Bermuda), Limited and Hudson River West Insurance (Barbados) Limited, are based solely on the reports 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 audits 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 auditor's 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 WCHCC'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 WCHCC'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, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the business-type activities and the aggregate discretely presented component unit of Westchester County Health Care Corporation as of December 31, 2020 and 2019, and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of matter

As discussed in Note 2 to the financial statements, in 2020 WCHCC adopted Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Other matter

Required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14 and the required supplementary information on pages 54 through 56 be presented to supplement the basic financial statements. Such information, although not a required 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



New York, New York
April 8, 2021

Westchester County Health Care Corporation
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2020 and 2019

Overview

This annual report consists of four parts - management's discussion and analysis, the basic financial statements, required supplementary schedules and other information.

Management's Discussion and Analysis of the Westchester County Health Care Corporation's ("WCHCC") annual financial report presents WCHCC and its blended component units' financial performance during the years ended December 31, 2020, 2019 and 2018. The purpose is to provide an objective analysis of the financial activities of WCHCC based on currently known facts, decisions, and conditions. Please read it in conjunction with the basic financial statements, which follow this section.

The basic financial statements (Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, Statements of Cash Flows, and the Notes to Financial Statements) present on a comparative basis the financial position of WCHCC at December 31, 2020, 2019 and 2018 and the changes in its financial position and cash flows for the years then ended. The Statement of Revenues, Expenses, and Changes in Net Position reflect the years' activities on the accrual basis of accounting, where revenues and expenses are recorded when services are provided or obligations are incurred, not when cash is received or paid. The financial statements also report WCHCC's net position (the difference between assets and liabilities) and how that has changed. Net position is one way to measure financial health or condition. The Statement of Cash Flows provides relevant information about the years' cash receipts and cash payments and classifies them as operating, noncapital financing, capital and related financing and investing activities. The Notes to Financial Statements explain information in the financial statements and provide more detailed data.

On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic and on March 13, 2020, President Trump declared a national emergency. On March 22, 2020, Governor Andrew Cuomo via Executive Order 202.10 suspended all but essential surgeries and procedures within New York State and most outpatient services were curtailed. As a result, WCHCC experienced a significant reduction in net patient service revenue due to volume and increase in costs for supplies and other expenses necessary to treat COVID-19 patients. Elective surgeries resumed during the month of May. The COVID-19 pandemic negatively impacted patient service volumes and increased expenses.

The COVID-19 pandemic required an unprecedented mobilization effort on the part of WCHCC in order to appropriately care for COVID-19 patients while simultaneously ensuring the safety and well-being of its staff. This effort cut across virtually all departments and disciplines. This enabled a significantly high level of operational and clinical coordination that allowed WCHCC to achieve meaningful access and high quality clinical outcomes for its patients. The processes and procedures implemented for COVID-19 provided for adequate supplies of Personal Protective Equipment ("PPE") for all clinical and non-clinical staff.

Bon Secours Charity Health System, Inc. ("Charity"), Bon Secours Health System Inc. ("BSHI"), and the Sisters of Charity of Saint Elizabeth ("SOC") entered into an affiliation agreement with WCHCC and WMC Health Network - Rockland, Inc. ("WMC - Rockland," a subsidiary of WCHCC), in which WMC - Rockland became the majority member of Charity, holding 60% of the economic interest in Charity and appointing 60% of the Charity Board of Directors. Bon Secours Mercy Health, Inc. ("BSMH") is the successor entity to BHSI. BSMH holds a 40% economic interest in Charity and, together with SOC, appoints 40% of the Charity Board of Directors. Charity is a discretely presented component unit.

WCHCC has an Affiliation Agreement with HealthAlliance, Inc. ("HealthAlliance") and WMC Health Network - Ulster, Inc. ("WMC - Ulster," a subsidiary of WCHCC), in which WMC - Ulster is the sole member of HealthAlliance. On October 21, 2019, WCHCC became the sole member of HealthAlliance in place of WMC - Ulster.

Westchester County Health Care Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

December 31, 2020, 2019 and 2018

(amounts in thousands)

Financial Analysis
Summary of Assets, Liabilities, and Net Position
December 31, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020-2019 Percentage Change</u>
Assets				
Current assets	\$ 859,175	\$ 593,681	\$ 595,274	44.7%
Capital assets, net	869,721	816,680	643,598	6.5
Other assets	156,029	45,596	64,184	242.2
Total assets	<u>\$ 1,884,925</u>	<u>\$ 1,455,957</u>	<u>\$ 1,303,056</u>	<u>29.5%</u>
Deferred outflows of resources	<u>\$ 206,797</u>	<u>\$ 58,385</u>	<u>\$ 103,741</u>	<u>254.2%</u>
Liabilities				
Current liabilities	\$ 633,306	\$ 472,226	\$ 395,078	34.1%
Long-term portion of debt, net	773,069	710,293	707,945	8.8
Other long-term liabilities	1,039,239	611,001	524,831	70.1
Total liabilities	<u>\$ 2,445,614</u>	<u>\$ 1,793,520</u>	<u>\$ 1,627,854</u>	<u>36.4%</u>
Deferred inflows of resources	<u>\$ 19,673</u>	<u>\$ 28,670</u>	<u>\$ 99,326</u>	<u>(31.4)%</u>
Net position				
Restricted	\$ 16,509	\$ 14,909	\$ 13,525	10.7%
Unrestricted	<u>(390,074)</u>	<u>(322,757)</u>	<u>(333,908)</u>	<u>20.9%</u>
Total net position	<u>\$ (373,565)</u>	<u>\$ (307,848)</u>	<u>\$ (320,383)</u>	<u>21.3%</u>

Westchester County Health Care Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

December 31, 2020, 2019 and 2018

(amounts in thousands)

Financial Analysis
Summary of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020-2019 Percentage Change</u>
Operating revenues				
Net patient service revenue	\$ 1,406,603	\$ 1,586,830	\$ 1,514,835	(11.4)%
Other revenue	130,215	132,144	127,054	(1.5)
Total operating revenues	<u>1,536,818</u>	<u>1,718,974</u>	<u>1,641,889</u>	<u>(10.6)</u>
Operating expenses				
Salaries and benefits	1,015,481	942,177	891,433	7.8
Supplies and other expenses	588,979	634,972	624,932	(7.2)
Depreciation and amortization	88,655	69,220	66,445	28.1
Total operating expenses	<u>1,693,115</u>	<u>1,646,369</u>	<u>1,582,810</u>	<u>2.8</u>
Operating (loss) income before OPEB and pension expenses	(156,297)	72,605	59,079	(315.3)
Salaries and benefits - OPEB expenses	16,349	15,918	17,037	2.7
Salaries and benefits - NYS pension expense	32,115	32,113	32,115	0.0
Operating (loss) income before NYS pension adjustment	(204,761)	24,574	9,927	(933.2)
NYS non-cash pension adjustment	47,308	9,466	4,055	399.8
Operating (loss) income	<u>(252,069)</u>	<u>15,108</u>	<u>5,872</u>	<u>(1,768.4)</u>
Nonoperating activities, net				
Investment income	7,281	14,272	9,903	(49.0)
Unrealized gains (losses) on marketable securities, net	12,766	7,612	(7,944)	67.7
Interest expense	(44,504)	(33,513)	(27,370)	32.8
Government stimulus grants	207,636	-	-	100.0
Other nonoperating activities, net	(7,153)	412	9,471	(1,836.2)
Total nonoperating activities, net	<u>176,026</u>	<u>(11,217)</u>	<u>(15,940)</u>	<u>(1,669.3)</u>
(Loss) income before other additions and deductions	<u>(76,043)</u>	<u>3,891</u>	<u>(10,068)</u>	<u>(2,054.3)</u>
Other additions				
NYS Capital Restructuring Financing Program Grant Award	10,326	8,644	-	-
(Decrease) increase in net position	<u>(65,717)</u>	<u>12,535</u>	<u>(10,068)</u>	<u>(624.3)</u>
Net position				
Beginning of year	<u>(307,848)</u>	<u>(320,383)</u>	<u>(310,315)</u>	<u>(3.9)</u>
End of year	<u>\$ (373,565)</u>	<u>\$ (307,848)</u>	<u>\$ (320,383)</u>	<u>21.3%</u>

Financial Analysis
Calculation of (Decrease) Increase in Net Position Excluding NYS Non-Cash Pension Adjustment
Year Ended December 31, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020-2019 Percentage Change</u>
Calculation				
(Decrease) increase in net position	\$ (65,717)	\$ 12,535	\$ (10,068)	(624.3)%
NYS non-cash pension adjustment	47,308	9,466	4,055	399.8
(Decrease) increase in net position excluding NYS non-cash pension adjustment	<u>\$ (18,409)</u>	<u>\$ 22,001</u>	<u>\$ (6,013)</u>	<u>(183.7)%</u>

Westchester County Health Care Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

December 31, 2020 and 2019

Management's Discussion and Analysis includes the activities of WCHCC and its subsidiary entities and excludes the activities of Charity.

Overall Financial Position and Operations

WCHCC reported (decrease)/increase in net position excluding NYS non-cash pension adjustment of (\$18.4) million, \$22.0 million, and (\$6.0) million for the years ended December 31, 2020, 2019, and 2018, respectively. WCHCC's net position decreased \$65.7 million from December 31, 2019 to December 31, 2020 and increased \$12.5 million from December 31, 2018 to December 31, 2019.

Significant financial indicators are as follows:

	2020	2019		2018
(Decrease)/increase in net position excluding NYS non-cash pension adjustment (in millions)	\$ (18.4)	\$ 22.0	\$	(6.0)
Current ratio	1.4	1.3		1.5
Quick ratio	1.3	1.2		1.4
Days cash on hand	131.9	53.4		55.9

Analysis of Financial Position

In this section, WCHCC's management provides its analysis of December 31, 2020 financial amounts compared to December 31, 2019 financial amounts and, where appropriate, December 31, 2019 financial amounts compared to December 31, 2018 financial amounts.

Assets and Liabilities

Cash and Cash Equivalents

The cash position increased \$290.7 million at December 31, 2020 compared to December 31, 2019, primarily due to Medicare advances (\$119.1 million) and deferred employer social security tax payments (\$24.8 million) as a result of The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), proceeds from debt refinancing (\$54.0 million), a line of credit draw (\$70.0 million) and other statement of net position changes. The cash position decreased \$15.6 million at December 31, 2019 compared to December 31, 2018, primarily due to capital purchases and other statement of net position changes.

Investments

Investments increased \$65.8 million at December 31, 2020 compared to December 31, 2019 and increased \$14.2 million at December 31, 2019 compared to December 31, 2018, primarily due to purchases of new investments with available cash and favorable market performance.

Patient Accounts Receivable, net

Patient accounts receivable reflected days outstanding of 49.0, 48.4, and 46.6 at December 31, 2020, 2019 and 2018, respectively. Days outstanding at December 31, 2020 compared to December 31, 2019 were relatively consistent, and days outstanding at December 31, 2019 compared to December 31, 2018 increased due to higher reimbursement rates and increased volume.

Westchester County Health Care Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

December 31, 2020 and 2019

Other Current Assets

Other current assets decreased \$69.9 million from December 31, 2019 to December 31, 2020 due to a decrease in other receivables and other statement of net position changes and increased \$5.3 million from December 31, 2018 to December 31, 2019 due to an increase in other receivables and other statement of net position changes.

Assets Restricted as to Use

Assets restricted as to use decreased \$12.8 million from December 31, 2019 to December 31, 2020 primarily due to the release of debt service reserve funds due to a bond refinancing and decreased \$40.6 million from December 31, 2018 to December 31, 2019, primarily due to the release of construction funds used for the Ambulatory Care Pavilion ("ACP") project. The ACP project was placed in service during July 2019.

Other Assets, net

Other assets increased \$7.3 million from December 31, 2019 to December 31, 2020 primarily due an increase in inventories and decreased \$400,000 from December 31, 2018 to December 31, 2019 due to various statement of net position changes.

Capital Assets, net

Capital assets increased \$53.0 million from December 31, 2019 to December 31, 2020 primarily due to the new electronic health record ("EHR") system implemented in October 2020, and capital assets increased \$173.1 million from December 31, 2018 to December 31, 2019, primarily due to capital expenditures for the ACP, EHR system, and other capital acquisitions net of depreciation and amortization.

Right to Use Lease Assets, net

Right to use lease assets increased \$116.2 million from December 31, 2019 to December 31, 2020 due to the implementation on January 1, 2020 of Governmental Accounting Standards Board Statement No. 87, Leases, ("GASB 87").

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses decreased \$18.5 million from December 31, 2019 to December 31, 2020 due to the timing of payments and increased \$25.2 million from December 31, 2018 to December 31, 2019 due to timing of payments, and increased patient care supplies and other costs.

Accrued Salaries and Related Withholdings

Accrued salaries and related withholdings increased \$39.6 million from December 31, 2019 to December 31, 2020 due to deferred employer social security tax payments and an increase in vacation liabilities, and increased \$6.8 million from December 31, 2018 to December 31, 2019 due to increases in salaries and the timing of payrolls.

Current Portion of Right to Use Lease Liabilities

Current portion of right to use lease liabilities increased \$10.1 million from December 31, 2019 to December 31, 2020 due to the adoption of GASB 87 effective January 1, 2020.

Westchester County Health Care Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

December 31, 2020 and 2019

Current Portion of Other Long-Term Liabilities

Other current liabilities increased \$69.2 million from December 31, 2019 to December 31, 2020 primarily due to Medicare advances received under the CARES Act and offset by other current year activity, and increased \$42.1 million from December 31, 2018 to December 31, 2019, primarily due to increases in deferred payments for the EHR system.

Line of Credit

Line of credit increased \$70.0 million from December 31, 2019 to December 31, 2020, due to the draw from the line during 2020.

Long-Term Debt

Long-term debt increased \$53.6 million from December 31, 2019 to December 31, 2020, due to new financed purchases of \$17.2 million and bond issue refinancing of \$68.1 million partially offset by principal payments and amortization of bond premiums and discounts of \$31.7 million.

Long-term debt increased \$5.4 million from December 31, 2018 to December 31, 2019, due new financed purchases of \$23.2 million and new debt of \$10.0 million partially offset by principal payments and amortization of bond premiums and discounts of \$27.8 million.

Non-Current Right to Use Lease Liabilities, net

Non-current right to use lease liabilities increased \$110.7 million from December 31, 2019 to December 31, 2020 due to the adoption of GASB 87 effective January 1, 2020.

Other Long-Term Liabilities

Other long-term liabilities increased \$317.5 million from December 31, 2019 to December 31, 2020, due to an increase of \$169.0 million for the New York State ("NYS") pension liability, an increase of \$60.3 million due to Medicare advances under the CARES Act, increase of \$17.6 million in deferred payments for the EHR system, and increase of \$7.1 million in employer deferred social security payments under the CARES Act and various other activity.

Other long-term liabilities increased \$86.2 million from December 31, 2018 to December 31, 2019, due to increases of \$33.6 million for the New York State ("NYS") pension liability, increases in deferred payments for the EHR system and capital purchases of \$58.6 million, partially offset by \$6.0 million via reduction in all other liabilities.

Deferred Outflows and Inflows of Resources

Deferred Outflows

Deferred outflows increased approximately \$148.4 million from December 31, 2019 to December 31, 2020 primarily due to increases in NYS deferred pension outflows of \$108.7 million, post retirement outflows of \$10.5 million, and bond outflows of \$29.2 million, and decreased approximately \$45.4 million from December 31, 2018 to December 31, 2019 primarily due to decreases in deferred NYS pension outflows.

Westchester County Health Care Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

December 31, 2020 and 2019

Deferred Inflows

Deferred inflows decreased \$9.0 million from December 31, 2019 to December 31, 2020 due to deferred NYS pension inflows of \$16.1 million and deferred post-retirement inflows of \$2.6 million, partially offset by \$9.7 million for deferred lease outflows due to the implementation of GASB 87, and decreased \$70.7 million from December 31, 2018 to December 31, 2019 due to deferred pension inflows of \$73.1 million partially offset by deferred post-retirement inflows of \$2.4 million.

Revenues and Expenses

Net Patient Service Revenue

Net patient service revenue decreased \$180.3 million from 2019 to 2020 due to a decrease in patient volume from the impact of COVID-19, and increased \$72.0 million from 2018 to 2019 due to increases in volume, rates and revenue cycle initiatives.

Other Revenue

Other revenue decreased \$1.9 million from 2019 to 2020, primarily due to the impact of COVID-19 to WCHCC's ancillary services, and increased \$5.1 million from 2018 to 2019, primarily due to increases in Value Based Payment Quality Improvement Program ("VBP-QIP") revenue, partially offset by a decrease in income earned by the WMCHHealth Performing Provider System ("WMCHHealth PPS").

Salaries and Benefits

Salaries and benefits increased \$111.6 million from 2019 to 2020, approximately \$64.3 million of which is due to salaries related to new physicians and support staff, insourcing of contracted staff, contractual salary increases, an increase in salaries due to COVID-19 and a \$47.3 million non-cash adjustment for the New York State Local Retirement System ("NYSLRS") and increased \$55.0 million from 2018 to 2019, primarily due to salaries related to new physicians and related support staff and contractual salary increases.

Supplies and Other Expenses

Supplies and other expenses decreased approximately \$46.0 million from 2019 to 2020, primarily due to:

- Decrease in medical supplies of \$1.3 million
- Decrease in consulting and professional fees of \$14.2 million
- Decrease in rent expense of \$9.0 million
- Decrease in insurance expense of \$4.3 million
- Decrease in other expenses of \$17.2 million

Supplies and other expenses increased approximately \$10.0 million from 2018 to 2019, primarily due to:

- Increase in medical supplies of \$6.5 million
- Increase in contractual services of \$4.5 million
- Decrease in other expenses of \$600,000

Westchester County Health Care Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

December 31, 2020 and 2019

Depreciation and Amortization Expense

Depreciation and amortization expense increased \$19.4 million from 2019 to 2020 due to capital asset additions in 2020, the implementation of GASB 87 and a full year of ACP depreciation. Depreciation and amortization expense increased \$2.8 million from 2018 to 2019 due to capital asset additions in 2019, and the opening of the ACP in July 2019.

Nonoperating Activities, net

Nonoperating activities, net increased \$187.2 million from 2019 to 2020, primarily due to Government stimulus grants obtained from the CARES Act and unrealized gains on investments partially offset by a decrease in interest income and an increase in interest expense.

Nonoperating activities, net decreased \$4.7 million from 2018 to 2019, primarily due to increased interest income and realized/unrealized gains on investments partially offset by an increase in interest expense.

Net Position

As shown in the Statements of Net Position, WCHCC's net position has the following components:

- Restricted
- Unrestricted

Restricted

Increased \$1.6 million and \$1.4 million from December 31, 2019 to December 31, 2020, and December 31, 2018 to December 31, 2019, respectively, primarily due to increased restricted contributions.

Unrestricted

Unrestricted net deficit increased by (\$67.3) million to (\$390.1) million at December 31, 2020 from (\$322.8) million at December 31, 2019, primarily due to the financial results for the year ended December 31, 2020.

Unrestricted net deficit decreased by \$11.1 million to (\$322.8) million at December 31, 2019 from (\$333.9) million at December 31, 2018, primarily due to the financial results for the year ended December 31, 2019.

Capital Assets and Long-Term Debt Activity

Westchester County Health Care Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

December 31, 2020 and 2019

Capital Assets, net

At December 31, 2020, WCHCC had capital assets, net of accumulated depreciation of \$869.7 million, compared to \$816.7 million at December 31, 2019 and \$643.6 million at December 31, 2018. Major categories of capital assets, net are set forth in the table below (amounts in thousands):

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Land and land improvements	\$ 12,001	\$ 12,385	\$ 12,028
Buildings and building improvements	499,939	470,626	286,783
Equipment	381,122	235,836	177,827
Construction in progress	26,659	97,833	166,960
	<u>\$ 869,721</u>	<u>\$ 816,680</u>	<u>\$ 643,598</u>

Capital assets, net increased in 2020 by \$53.0 million, consisting of additions for the EHR system and various other capital projects and medical equipment purchases of \$112.0 million, offset by depreciation expense of \$59.0 million. Capital assets, net increased in 2019 by \$173.1 million, consisting of additions to the ACP and various other capital projects and medical equipment purchases of \$242.3 million, offset by depreciation expense of \$69.2 million. More detailed information about WCHCC's capital assets is presented in Note 7 to the financial statements.

Long-Term Debt

At December 31, 2020, WCHCC had \$794.0 million in total long-term debt outstanding, as follows with comparative amounts at December 31, 2019 and December 31, 2018 (amounts in thousands):

	<u>2020</u>	<u>2019</u>	<u>2018</u>
2000 Series Bonds	\$ -	\$ 108,170	\$ 108,170
2010 Series Bonds	71,605	142,810	153,805
2011 Series Bonds	-	62,570	63,580
2014 Series Bonds	24,551	25,077	25,578
2015 Series Bonds	21,614	22,305	22,971
2016 Series Bonds	278,555	280,810	282,955
2020 Series Bonds	300,000	-	-
Other, net	26,327	27,884	20,410
Bond premium/discount	21,529	22,504	23,387
Financed purchases	49,857	48,330	34,222
	<u>\$ 794,038</u>	<u>\$ 740,460</u>	<u>\$ 735,078</u>

Long-term debt increased \$53.6 million from December 31, 2019 to December 31, 2020 due to refinancing several bond issues into one new bond offering and new financed purchases for equipment of \$16.9 million, partially offset by principal payments and amortization of bond premiums and discounts and increased \$5.4 million from December 31, 2018 to December 31, 2019 due to new financed purchases and new debt partially offset by principal payments and amortization of bond premiums and discounts.

More detailed information about WCHCC's long-term debt is presented in Note 8 to the financial statements.

Westchester County Health Care Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

December 31, 2020 and 2019

Contacting WCHCC's Financial Management

This financial report provides a general overview of WCHCC's finances and operations. If you have questions about this report or need additional financial information, please contact Gary F. Brudnicki, Senior Executive Vice President, Westchester County Health Care Corporation, Executive Offices, Valhalla, New York 10595.

Westchester County Health Care Corporation

STATEMENTS OF NET POSITION

December 31, 2020 and 2019

(amounts in thousands)

	2020		2019	
	WCHCC	Bon Secours Charity	WCHCC	Bon Secours Charity
Assets				
Current assets:				
Cash and cash equivalents	\$ 387,260	\$ 151,927	\$ 96,538	\$ 41,627
Investments	208,274	26,459	142,439	18,499
Total cash, cash equivalents and investments	595,534	178,386	238,977	60,126
Patient accounts receivable, net	188,836	48,940	210,290	70,795
Assets restricted as to use, required for current liabilities	15,457	5,654	15,211	5,670
Other current assets	59,348	20,067	129,203	20,425
Total current assets	859,175	253,047	593,681	157,016
Assets restricted as to use, net	23,408	4,179	36,467	4,703
Capital assets, net	869,721	132,235	816,680	122,645
Right to use lease assets, net	116,182	15,054	-	-
Other assets, net	16,439	1,909	9,129	3,009
Total assets	1,884,925	406,424	1,455,957	287,373
Deferred Outflows of Resources				
Pension, OPEB and bond related	206,797	161	58,385	241
Liabilities				
Current liabilities:				
Line of credit	70,000	20,000	-	-
Current portion of long-term debt	20,969	2,387	30,167	2,547
Current portion of right to use lease liabilities	10,074	5,704	-	-
Accounts payable and accrued expenses	215,592	45,158	234,135	43,351
Accrued salaries and related withholdings	124,141	42,534	84,591	33,316
Current portion of other long-term liabilities	192,530	44,640	123,333	17,230
Total current liabilities	633,306	160,423	472,226	96,444
Long-term debt, net	773,069	124,687	710,293	125,910
Long-term right to use lease liabilities, net	110,726	9,791	-	-
Other long-term liabilities, net	928,513	88,516	611,001	30,539
Total liabilities	2,445,614	383,417	1,793,520	252,893
Deferred Inflows of Resources				
Pension, OPEB and lease related	19,673	1,813	28,670	-
Commitments and contingencies				
Net Position				
Restricted				
Expendable for capital acquisitions	1,217	1,683	1,217	1,682
Expendable for specific operating activities	9,326	3,062	8,656	3,639
Nonexpendable for endowment	5,966	664	5,036	664
Total restricted	16,509	5,409	14,909	5,985
Unrestricted				
Net investment in capital assets	125,572	128,199	146,066	116,930
Unrestricted	(515,646)	(112,253)	(468,823)	(88,194)
Total unrestricted	(390,074)	15,946	(322,757)	28,736
Total net position	\$ (373,565)	\$ 21,355	\$ (307,848)	\$ 34,721

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

Westchester County Health Care Corporation

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years ended December 31, 2020 and 2019

(amounts in thousands)

	2020		2019	
	WCHCC	Bon Secours Charity	WCHCC	Bon Secours Charity
Operating revenues				
Net patient service revenue (net of provision for bad debts of \$99,145 and \$34,453 in 2020 and \$81,289 and \$39,074 in 2019, respectively)	\$ 1,406,603	\$ 485,433	\$ 1,586,830	\$ 564,139
Other revenue	130,215	14,142	132,144	13,701
Total operating revenues	<u>1,536,818</u>	<u>499,575</u>	<u>1,718,974</u>	<u>577,840</u>
Operating expenses				
Salaries and benefits	1,015,481	332,292	942,177	326,080
Supplies and other expenses	588,979	239,298	634,972	242,979
Depreciation and amortization	88,655	32,979	69,220	24,649
Total operating expenses	<u>1,693,115</u>	<u>604,569</u>	<u>1,646,369</u>	<u>593,708</u>
Operating (loss) income before OPEB and pension expense	(156,297)	(104,994)	72,605	(15,868)
Salaries and benefits - OPEB expenses	16,349	-	15,918	-
Salaries and benefits - NYS pension expenses	32,115	-	32,113	-
Operating (loss) income before NYS pension adjustment	(204,761)	(104,994)	24,574	(15,868)
NYS non-cash pension adjustment	47,308	-	9,466	-
Operating (loss) income	<u>(252,069)</u>	<u>(104,994)</u>	<u>15,108</u>	<u>(15,868)</u>
Nonoperating activities				
Investment income	7,281	625	14,272	554
Unrealized gains on investments, net	12,766	1,295	7,612	1,516
Interest expense	(44,504)	(8,994)	(33,513)	(7,523)
Government stimulus grants	207,636	92,770	-	-
Other nonoperating activities, net	(7,153)	115	412	827
Total nonoperating activities, net	<u>176,026</u>	<u>85,811</u>	<u>(11,217)</u>	<u>(4,626)</u>
(Decrease) increase in net position before other changes	(76,043)	(19,183)	3,891	(20,494)
Other changes in net position				
NYS Capital Restructuring Financing Program Grant Award	10,326	5,817	8,644	3,198
(Decrease) increase in net position	<u>(65,717)</u>	<u>(13,366)</u>	<u>12,535</u>	<u>(17,296)</u>
Net position				
Beginning of year	<u>(307,848)</u>	<u>34,721</u>	<u>(320,383)</u>	<u>52,017</u>
End of year	<u>\$ (373,565)</u>	<u>\$ 21,355</u>	<u>\$ (307,848)</u>	<u>\$ 34,721</u>

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

Westchester County Health Care Corporation

STATEMENTS OF CASH FLOWS

Years ended December 31, 2020 and 2019

(amounts in thousands)

	2020		2019	
	WCHCC	Bon Secours Charity	WCHCC	Bon Secours Charity
Cash flows from operating activities:				
Cash received from patients and third-party payors	\$ 1,552,685	\$ 513,530	\$ 1,585,507	\$ 560,614
Cash received from Medicare advances	119,077	61,900	-	-
Other receipts	178,534	13,555	140,065	12,227
Cash paid to employees for salaries and benefits	(1,065,855)	(325,596)	(992,344)	(324,833)
Cash paid for supplies and other expenses	(591,799)	(206,179)	(534,025)	(229,770)
Net cash provided by operating activities	192,642	57,210	199,203	18,238
Cash flows from noncapital financing activities:				
Proceeds from contributions restricted for specific operating activities	4,760	-	6,141	-
Proceeds from issuance of long-term debt	-	-	8,500	-
Proceeds from line of credit	-	20,000	-	-
Proceeds from Government grants	207,636	90,362	-	-
Net cash receipts for nonoperating items	1,525	3,239	35	2,190
Repayments of principal on long-term debt	(124)	-	(983)	-
Interest paid	(1,168)	(8,726)	-	(7,252)
Net cash provided by (used in) noncapital financing activities	212,629	104,875	13,693	(5,062)
Cash flows from capital and related financing activities:				
Purchase of capital assets	(138,299)	(34,606)	(221,572)	(23,074)
Payments on right to use leased assets	(10,150)	(15,130)	-	-
Proceeds from sale of assets	172	-	216	-
Proceeds from issuance of long-term debt	300,268	-	1,500	-
Proceeds from line of credit	210,000	-	35,000	-
Repayment of line of credit	(140,000)	-	(35,000)	-
Repayment of redeemed long-term debt	(231,635)	-	-	-
Repayments of principal on long-term debt	(31,580)	(2,098)	(26,804)	(1,979)
Bond issuance costs	(3,981)	-	-	-
Interest paid	(41,968)	(268)	(32,694)	(270)
NYS Capital Restructuring Financing Program Grant Award	10,326	5,817	8,644	3,198
Net cash used in capital and related financing activities	(76,847)	(46,285)	(270,710)	(22,125)
Cash flows from investing activities:				
Purchase of investments and assets restricted as to use	(136,213)	(22,139)	(56,953)	(14,535)
Sale of investments and assets restricted as to use	91,082	14,719	84,674	7,377
Proceeds from gain on sale of investment in insurance company	-	-	40	-
Interest received	7,429	1,920	14,459	707
Net cash (used in) provided by investing activities	(37,702)	(5,500)	42,220	(6,451)
Net increase (decrease) in cash and cash equivalents	290,722	110,300	(15,594)	(15,400)
Cash and cash equivalents				
Beginning of year	96,538	41,627	112,132	57,027
End of year	\$ 387,260	\$ 151,927	\$ 96,538	\$ 41,627

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

Westchester County Health Care Corporation

STATEMENTS OF CASH FLOWS - CONTINUED

Years ended December 31, 2020 and 2019

(amounts in thousands)

	2020		2019	
	WCHCC	Bon Secours Charity	WCHCC	Bon Secours Charity
Reconciliation of operating (loss) income to net cash provided by operating activities:				
Operating (loss) income	\$ (252,034)	\$ (104,994)	\$ 15,108	\$ (15,868)
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:				
Depreciation and amortization	88,655	32,979	69,220	24,649
Provision for bad debts, net	99,145	34,453	81,289	39,075
Deferred inflows and outflows, net	(158,223)	1,893	(25,780)	(26)
Changes in assets and liabilities:				
Patient accounts receivable	(77,691)	(12,598)	(98,236)	(47,164)
Other assets	86,235	1,534	(1,469)	(3,493)
Accounts payable and accrued expenses	2,056	1,807	27,654	10,111
Accrued salaries and related withholdings	39,550	9,218	6,832	3,717
Other liabilities	364,949	92,918	124,585	7,237
Net cash provided by operating activities	<u>\$ 192,642</u>	<u>\$ 57,210</u>	<u>\$ 199,203</u>	<u>\$ 18,238</u>
Supplemental disclosure of cash flow information				
Change in amounts accrued for purchase of capital assets	<u>\$ 22,593</u>	<u>\$ -</u>	<u>\$ 203</u>	<u>\$ -</u>
Assets acquired under financed purchases	<u>\$ (16,916)</u>	<u>\$ (416)</u>	<u>\$ (23,191)</u>	<u>\$ (2,556)</u>

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

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE 1 - ORGANIZATION

In 1997, the State of New York enacted legislation to authorize the creation of the Westchester County Health Care Corporation (“WCHCC”) in response to the efforts of Westchester County (the “County”) to provide a form of governance for Westchester Medical Center (the “Medical Center”) with the flexibility to cope with the rapidly changing health care environment, to become more competitive, and to provide the County and area residents with quality health care in an efficient and effective manner.

The accompanying financial statements include the accounts of the following component units, entities for which WCHCC is considered to be financially accountable. All significant inter-entity accounts and activities have been eliminated in consolidation.

Medical Center:	HealthAlliance:
<ul style="list-style-type: none">• Westchester County Health Care Corporation (d/b/a Westchester Medical Center)• The Westchester Medical Center Foundation, Inc. (“WMC Foundation”)• Mid-Hudson Valley Early Education Center (“Early Education Center”)• North Road LHCSA, Inc. (“LHCSA”)• WMC New York Inc. (“WMC New York”)• WCHCC (Bermuda), Limited (“WCHCC Bermuda”)• Mid-Hudson Valley Staffco, LLC (“Mid-Hudson Valley Staffco”)• Center for Regional Healthcare Innovation, LLC (“CRHI”)• Hudson Valley Property Holdings, LLC (“HVPH”)• Westchester Medical Center Advanced Physician Services, P.C. (“WMC Advanced Physician Services”)• NorthEast Provider Solutions, Inc. (“NorthEast Provider”)• WMC - Health Network - Ulster, Inc. (“WMC - Ulster”)• WMC - Health Network - Rockland, Inc. (“WMC - Rockland”)	<ul style="list-style-type: none">• HealthAlliance, Inc. (“HealthAlliance”)• HealthAlliance Hospital: Broadway Campus (“Broadway”)• HealthAlliance Hospital: Mary’s Ave Campus (“Mary’s Ave”)• Kingston Regional Health Care Enterprises, Inc. (“Enterprises”)• Foxhall Ambulatory Surgery Center Foundation (“FASC Foundation”)• Multi-Provider Support Services, LLC (“MPSS”) (dissolved May 17, 2019)• Margaretville Hospital (“Margaretville”)• Margaretville Nursing Home (the “Nursing Home”)• Margaretville Health Foundation (“MHF”)• Mid-Hudson Physicians, P.C. (“Mid-Hudson Physicians”)• HealthAlliance Physician Network IPA, LLC (“HAPN”)• Hudson River North Limited (“HRNL”) - effective January 31, 2020, the operations of Kingston Insurance (Barbados) Limited were relocated to the Cayman Islands• HealthAlliance Foundation (“HAF”)

As part of the single campus construction project described in Note 7, Broadway’s licenses and provider numbers were merged into the Mary’s Ave licenses and provider numbers, retroactive to September 22, 2020.

The auditor’s opinion on the stand-alone audited financial statements of HealthAlliance for the years ended December 31, 2020 and 2019 includes an emphasis of matter paragraph relating to the uncertainty regarding HealthAlliance’s ability to continue as a going concern due to HealthAlliance’s working capital deficit, recurring operating losses, and noncompliance with certain financial debt covenant requirements. Total assets for HealthAlliance were approximately \$108.1 million and \$84.4 million as of December 31, 2020 and 2019, respectively, and operating revenues were approximately \$184.6 million and \$210.8 million for the years then ended, respectively. The ongoing financial viability of HealthAlliance is not guaranteed by WCHCC.

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

WCHCC is party to an Affiliation Agreement with Bon Secours Mercy Health, Inc. (“BSMH”), as successor to Bon Secours Health System Inc. (“BSHI”), the Sisters of Charity of Saint Elizabeth (“SOC”), Bon Secours Charity Health System, Inc. (“Bon Secours Charity” or “Charity”) and WMC Health Network - Rockland, Inc. (“WMC - Rockland,” a subsidiary of WCHCC), in which WMC - Rockland is the majority member of Charity, holding 60% of the economic interest in Charity and appointing 60% of the Charity Board of Directors. BSMH holds a 40% economic interest in Charity and, together with SOC, appoints 40% of the Charity Board of Directors. WCHCC provides management services to Charity pursuant to a Department of Health-approved exclusive management agreement between WCHCC and Charity. Charity is shown as a discretely presented component unit in WCHCC’s audited financial statements. More detailed information about Charity is presented in Note 17.

WCHCC, HealthAlliance and Charity and their controlled organizations (collectively, referred to as the “WCHCC Network”) comprise an integrated health care delivery network. The facilities are located in Westchester, Rockland, Orange, Putnam, Dutchess, Ulster, Sullivan and Delaware counties in New York State. WCHCC Network provides patient care, teaching and community health services.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

WCHCC is considered a special-purpose government entity engaged only in business-type activities. WCHCC’s financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus and are based on accounting principles applicable to governmental units as established by the Governmental Accounting Standards Board (“GASB”) and the provisions of the American Institute of Certified Public Accountants *Audit and Accounting Guide, Health Care Entities*, to the extent that they do not conflict with GASB.

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as operating revenues and operating expenses. All other activities are reported as nonoperating activities.

The notes to the financial statements present financial information for WCHCC and its blended component units and do not include Charity, except for Note 17.

Recently Adopted Accounting Pronouncements

GASB 87

In June 2017, GASB issued Statement No. 87, *Leases* (“GASB 87”). GASB 87 increases the usefulness of governments’ financial statements by requiring the reporting of certain lease related assets, liabilities and deferred inflows of resources on the Statement of Net Position that previously were not reported on that statement. It also enhances the comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. The new standard establishes a right to use (“RTU”) model that requires a lessee to recognize a RTU asset and lease liability on the Statement of Net Position for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the Statements of Revenues, Expenses, and Changes in Net Position.

WCHCC adopted the new standard on January 1, 2020, and elected the option to apply the transition requirements in the standard. Consequently, financial information were not updated and the disclosures required under the standard are not provided for dates and periods before January 1, 2020. It was determined that it was not practical to apply the new standard to prior reporting periods based on the number of leases and availability of information.

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

The new standard provides a number of optional practical expedients in transition. WCHCC has elected the “package of practical expedients,” which permits entities to not reassess conclusions prior to the implementation of the new standard about lease identification, lease classification, and initial direct costs.

The most significant effects on the WCHCC’s consolidated financial statements related to: (1) the recognition of new RTU assets and lease liabilities on the Statement of Net Position for existing real estate and equipment operating leases; and (2) providing significant new disclosures about leasing activities.

The impact on the January 1, 2020 Statement of Net Position is the recognition of the RTU assets and corresponding operating lease liabilities of \$119.4 million based on the present value of the remaining minimum rental payments for existing operating leases.

The new standard also provides practical expedients for an entity’s ongoing accounting. WCHCC has elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, WCHCC does not recognize RTU assets or lease liabilities, and this includes not recognizing RTU assets or lease liabilities for existing short-term leases of those assets in transition.

GASB 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* (“GASB 89”). GASB 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred, and no longer be included in the historical cost of a capital asset reported in a business-type activity. The requirements of GASB 89 are effective for financial statements for periods beginning after December 15, 2019. The requirements of GASB 89 have been applied prospectively by WCHCC beginning January 1, 2020 and had no material impact to the financial statements. The capitalization of interest expense and the related income earned ended on December 31, 2019.

Relevant Pending Accounting Pronouncements

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, (“GASB 93”), with subsequent amendments. GASB 93, and its amendments, addresses the accounting and financial reporting implications resulting from the replacement of interbank offered rates (“IBOR”). The objective of GASB 93 is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR, including providing exceptions for termination accounting specific to financial instruments, and defining new reference rates where an IBOR was used as an appropriate benchmark. The requirements of GASB 93 are effective for financial statements for periods beginning after June 15, 2021. WCHCC is currently evaluating the impact of this guidance.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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 revenue and expenses during the reporting period. WCHCC’s significant estimates include the allowance for estimated uncollectible patient accounts receivable, estimated third-party contractual allowances, estimated third-party payor receivables and payables, the estimated useful lives of depreciable assets, pension liabilities, self-insurance liabilities, workers’ compensation liabilities and post-retirement health insurance liabilities. Actual results may differ from those estimates.

Revisions to previously recorded estimates of net patient accounts receivable, third-party payor liabilities and insurance reserves and settlements for the year ended December 31, 2020 and net patient accounts receivable, third-party payor liabilities, and insurance reserves and settlements for the year ended December 31, 2019 resulted in a decrease in operating loss and an increase in operating income of approximately \$29.3 million and \$83.2 million, respectively.

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Patient Accounts Receivable and Net Patient Service Revenue

Accounts receivable from patients and third-party payors at December 31, 2020 and 2019 was comprised of Medicare, 31% and 22%, Medicaid, 23% and 20%, and commercial insurance, health maintenance organizations and others, 46% and 58%, respectively. Patient accounts receivable are recorded net of allowances for estimated uncollectible accounts of approximately \$137.9 million and \$104.9 million at December 31, 2020 and 2019, respectively. Most of WCHCC's net patient service revenues are derived from third-party payment programs, including Medicare and Medicaid.

Patient accounts receivable are recorded at the reimbursable or contracted amounts and do not bear interest. The allowance for uncollectible accounts is WCHCC's estimate of the amount of probable credit losses in WCHCC's patient accounts receivable. WCHCC determines the allowance based on historical write-off experience. WCHCC evaluates its allowance for uncollectible accounts periodically. Past due balances are evaluated individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Net patient service revenues are recognized in the period services are performed. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive revenue adjustments due to audits, reviews and investigations. Third-party contractual adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations.

WCHCC has payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to WCHCC under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

There are various proposals at the federal and state levels that could, among other things, reduce payment rates and increase managed care penetration, including Medicaid. The ultimate outcome of these proposals and other market changes cannot presently be determined. The Medical Center's cost reports have been audited and finalized by its Medicare fiscal intermediary through December 31, 2015, with the exception of December 31, 2004, and HealthAlliance's three cost reports through December 31, 2018 for Broadway, December 31, 2016 for Mary's Ave and December 31, 2018 for Margaretville.

Assets Restricted as to Use

Assets restricted as to use include certain assets of the WMC Foundation, the proceeds of indebtedness held by the trustees under debt agreements, assets restricted for the purchase of capital assets and assets restricted by donors and amounts designated by the Board of Directors.

Donor-restricted assets represent contributions to provide health care services and for capital acquisitions. Resources restricted by donors for plant replacement and expansion are added to the net position - net investment in capital assets balance to the extent expended within the period. Resources restricted by donors or grantors for specific operating activities are reported as other revenue to the extent used within the period they were received. WCHCC generally utilizes donor-restricted resources for expenses incurred before utilizing available unrestricted assets.

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Grants and Contributions

From time to time, WCHCC receives grants from the local, state and federal government as well as contributions from individuals, foundations and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific-operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific-operating purpose are reported as other revenue. At December 31, 2020 and 2019, net contributions and grants receivable of approximately \$3.7 million and \$4.5 million, respectively, are included in other assets in the accompanying Statements of Net Position.

WCHCC received grant funding during the year ended December 31, 2020 through legislation established by the Corona Virus Aid, Relief and Economic Security ("CARES") Act. This funding is presented as nonoperating activities in accordance with technical guidance established by GASB. See Note 3 for additional information.

Cash and Cash Equivalents

WCHCC's cash and cash equivalents policies are governed by state statutes. Funds must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks or trust companies located within the state. Certain funds deposited with banking institutions exceed FDIC limits; however, WCHCC has a collateralization agreement with its depository institutions which management believes reduces the risks related to these balances to a minimal level. WCHCC's cash balances are collateralized under a third-party custodian agreement.

At December 31, 2020 and 2019, cash and cash equivalents consist of cash and all highly-liquid instruments with maturities of three months or less at the date of purchase. Approximately 93% and 72% of cash and cash equivalents reside with a major financial institution at December 31, 2020 and 2019, respectively.

Investments

WCHCC's investments consist primarily of equities and fixed income holdings, which are stated at fair value in the Statements of Net Position.

Inventories

Inventories, included in other current assets, are primarily prepaid supplies that are carried at the lower of cost, principally on a first-in, first-out ("FIFO") basis, or market.

Capital Assets

In connection with the establishment of the public benefit corporation in 1997, WCHCC recorded buildings, fixed equipment, and land received from the County at book value. Capital assets acquired subsequent to the establishment of the public benefit corporation are recorded at cost. Assets with a purchase price of \$1,000 or more that have an economic life greater than one year are capitalized and assets with a purchase price of less than \$1,000 are expensed.

Gifts of long-lived assets such as land, buildings and equipment are recorded at fair value at the date of the contribution and are excluded from operating income.

Westchester County Health Care Corporation
NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Depreciation is recorded using the straight-line method over the estimated useful life of each class of depreciable assets.

	Estimated Useful Lives	
	Medical Center	HealthAlliance
Land improvements	10 years	2 to 30 years
Buildings and building improvements	5 to 60 years	3 to 60 years
Equipment	10 to 20 years	3 to 25 years

Equipment obtained through financed purchases are amortized using the straight-line method over the shorter period of the lease term or the estimated useful life of the leased equipment. Such amortization is included in depreciation and amortization expense in the financial statements. Interest cost, net of interest earned on those funds, incurred on borrowed funds during the period of construction of capital assets was capitalized as a component of the costs of construction through December 31, 2019.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources until then. In addition to the liabilities, the Statements of Net Position include deferred inflows of resources which represent an acquisition of a net position that applies to future periods and will not be recognized as an inflow of resources until that time.

Net Position

Unrestricted net position has no external restrictions as to use or purpose and is distinguished from net position restricted externally for specific purposes. Restricted net positions relate primarily to federal and state grants for research and community programs and restricted contributions and endowments received from donors. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and trustee held assets for capital projects reduced by the outstanding balances of debt attributable to those assets.

Concentrations of Credit Risk

WCHCC grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. WCHCC generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of patients' benefits under their health insurance policies.

Charity Care

WCHCC provides care to patients who meet certain criteria under its charity care policy without charge and Medicaid amounts less than established rates ("Charity Care"). Because WCHCC does not pursue collection of amounts determined to qualify as Charity Care, such amounts are not reported as revenue.

WCHCC maintains records identifying and monitoring the level of Charity Care it provides. WCHCC estimates the cost of Charity Care for the years ended December 31, 2020 and 2019, at approximately \$177.8 million and \$196.7 million, respectively.

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Leases

In conjunction with the adoption of GASB 87, WCHCC determines if an arrangement is a lease at inception of the contract. RTU assets represent WCHCC's right to use the underlying assets for the lease term and lease liabilities represent WCHCC's obligation to make lease payments arising from the leases. RTU assets and lease liabilities are recognized at commencement date based on the present value of lease payments attributable to rent over the lease term. WCHCC uses an estimated incremental borrowing rate, which is derived from a rate that approximates actual financed purchase arrangements for equipment with similar characteristics. WCHCC does not record leases deemed to be short term, with an initial term of 12 months or less, in its Statements of Net Position.

WCHCC's real estate leases may include one or more options to renew, with renewals that typically can extend the lease term from five to ten years. The exercise of lease renewal options is at WCHCC's sole discretion. In general, WCHCC does not consider renewal options to be reasonably likely to be exercised, therefore, renewal options are generally not recognized as part of RTU assets and lease liabilities. The useful life of right to use leased assets and leasehold improvements is the shorter of the useful life or the lease term, including reasonably certain extensions. The majority of the medical equipment leases have terms of three years with no renewal options or bargain purchase options, so these assets are amortized over their lease term.

Certain of WCHCC's lease arrangements for real estate include payments based on actual common area maintenance expenses. These variable lease payments are recognized as other operating expenses in the Statements of Revenues, Expenses, and Changes in Net Position, and are not included in the RTU asset or liability balances. WCHCC's lease agreements do not contain any material residual value guarantees, restrictions or covenants.

Prior to the adoption of GASB 87, WCHCC's operating leases were primarily for real estate, including off-campus outpatient facilities, medical office buildings, and corporate and other administrative offices, as well as medical and office equipment. Finance leases are for medical equipment. The real estate lease agreements typically had initial terms of five to ten years, and equipment lease agreements typically had initial terms of one to three years. WCHCC did not record leases with an initial term of 12 months or less ("short-term leases") in its Statements of Net Position prior to the adoption of GASB 87.

Taxation

The Medical Center is a public benefit corporation of the State of New York and is exempt from federal income taxes under Section 115 of the Internal Revenue Code (the "Code"). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

WCHCC's component units are exempt from income tax under Section 501(c)(3) of the Code, except for WCHCC's for-profit blended component units, WMC Advanced Physician Services, NorthEast Provider, Mid-Hudson Physicians, MPSS, HAPN and Enterprises. Income taxes of WCHCC's for-profit blended component unit are not material to the financial statements.

Compensated Absences

WCHCC employees earn paid time off at varying rates depending on years of service, union affiliation and affiliated entity. Eligible paid time off accumulates and certain days are payable upon separation or retirement. The estimated amount of paid time off and related taxes payable as separation payments or upon retirement is recorded as part of accrued salaries and related benefits withholdings in the accompanying Statements of Net Position.

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment if circumstances suggest that there is a significant, unexpected decline in the service utility of a long-lived asset. The service utility of a long-lived asset is the usable capacity that at acquisition was expected to be used to provide service. An assessment of recoverability is performed prior to any write-down of assets and an impairment charge is recorded on those assets for which the estimated fair value is below its carrying amount. WCHCC recorded impairment charges to long-lived assets of approximately \$4.0 million during the year ended December 31, 2020. The impairment of assets is recorded as part of other nonoperating activities in the accompanying Statements of Revenues and Expenses and Changes in Net Position. No impairment charges to long-lived assets were required to be recorded for the year ended December 31, 2019.

Fair Value of Financial Instruments

Fair value of financial instruments disclosure authoritative guidance defines fair value of a financial instrument as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. WCHCC's assets restricted as to use consist primarily of cash and cash equivalents, United States Treasury Obligations and United States Government Agency Securities, which are stated at fair value in the Statements of Net Position. The carrying amounts reported in the Statements of Net Position for cash and cash equivalents, patient accounts receivable, accounts payable and accrued expenses, and estimated payables and receivables due to and from third-party payors approximate their fair value. The carrying amounts of WCHCC's bonds and notes payable approximates fair value based upon their interest rates.

NOTE 3 - COVID-19 PANDEMIC

In March 2020, the World Health Organization declared COVID-19, the disease caused by the novel coronavirus, a global pandemic. WCHCC experienced a decline in inpatient and outpatient activities and an increase in the cost and utilization of medical supplies and personal protective equipment necessary to ensure employee and patient safety.

On March 27, 2020, the CARES Act was signed into law. The CARES Act authorizes funding to hospitals and other healthcare providers to be distributed through the Public Health and Social Services Emergency Fund ("Provider Relief Fund"). Such payments are to be used to prevent, prepare for, and respond to coronavirus and shall reimburse providers for health care related expenses and/or lost revenues attributable to the coronavirus.

During 2020, WCHCC received funding of approximately \$207.6 million through the Provider Relief Fund established by the CARES Act and administered by the Department of Health and Human Services. The amounts received were included in nonoperating activities in the Statements of Revenues, Expenses, and Changes in Net Position. These payments are subject to audit and compliance with federal regulations. While the federal regulations have not been finalized as of the issuance of these financial statements, WCHCC believes it has met the conditions to retain these funds, and has recognized the full amount as nonoperating activities for the year ended December 31, 2020.

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

The CARES Act also provided for an expansion of the Medicare Accelerated and Advance Payment Program for patient services. Under the program, WCHCC received approximately \$119.1 million and recorded these payments in other short-term and long-term liabilities in the Statements of Net Position at December 31, 2020. Prior to the beginning of the recoupment period, WCHCC continued to bill for services provided to Medicare patients and was paid by Medicare, as usual. Once the recoupment period begins, amounts billed to Medicare for services provided will be offset against the advance payments received until the advance is fully recouped by the Medicare program. During the first 11 months that such payment offsets are made, a total of 25% of the payments received will be offset; during the succeeding 6 months, 50% of the payments will be offset, with no interest charged. After the initial 17 months, WCHCC will have an additional 12 months to repay any unpaid advances, the balance of which will be subject to interest charges.

Additionally, the Internal Revenue Service ("IRS") allowed WCHCC to defer remittance of employer Social Security tax of \$24.8 million through the year ended December 31, 2020, \$12.4 million of which is recorded in accrued salaries and related withholdings, and the remainder in other long term liabilities in the Statement of Net Position. 50% of the deferred employer Social Security tax must be paid by December 31, 2021, with the remaining balance due by December 31, 2022.

NOTE 4 - NET PATIENT SERVICE REVENUE

Hospital Reimbursement

WCHCC has agreements with third-party payors that provide for payments to WCHCC at amounts different from its established rates. Estimated third-party payor liabilities and Medicare advances at December 31, 2020 and 2019 were approximately \$231.9 million and \$65.8 million, respectively, and were included in other long-term liabilities (Note 14). A summary of the payment arrangements follows:

Hospital Reimbursement - Medicare

Under the Medicare program, WCHCC receives reimbursement under a prospective payment system ("PPS") for inpatient and outpatient services. Under inpatient PPS, fixed payment amounts per inpatient discharge are established based on the patient's assigned diagnosis-related group ("DRG"). When the estimated cost of treatment for certain patients is higher than the average, providers typically will receive additional outlier payments. Under outpatient PPS, services are paid based on service groups called ambulatory payment classifications ("APCs").

Hospital Reimbursement - Medicaid and Other Third-Party Payors

Medicaid, workers' compensation and no-fault payors pay rates that are promulgated by the New York State Department of Health ("Department of Health"). Fixed payment amounts per inpatient discharge are established based on the patient's assigned case mix intensity similar to a Medicare DRG. WCHCC is eligible to receive certain Disproportionate Share ("DSH") payments in recognition of the costs associated with the provision of care to uninsured patients. Funding for these payments is provided by local and federal sources.

All other third-party payors, principally Blue Cross, other private insurance companies, Health Maintenance Organizations ("HMOs"), Preferred Provider Organizations ("PPOs"), and other managed care plans, negotiate payment rates directly with WCHCC. Such arrangements vary from DRG-based payment systems, per diems, case rates, and percentage of billed charges. If such rates are not negotiated, then the payors are billed at WCHCC's established charges.

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NYS regulations provide for the distribution of funds from an indigent care pool which is intended to partially offset the cost of services provided to the uninsured. The funds are distributed to the hospitals based on each hospital's level of bad debts and charity care in relation to all other hospitals. During the years ended December 31, 2020 and 2019, WCHCC received distributions of approximately \$40.6 million and \$50.4 million, respectively, from the indigent care pool, which are included in net patient service revenue in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

Both federal and New York state regulations provide for certain adjustments to current and prior years' payment rates and indigent care pool distributions based on industry-wide and hospital-specific data. WCHCC has established estimates based on information presently available of the amounts due to or from Medicare, Medicaid, workers' compensation, and no-fault payors and amounts due from the indigent care pool for such adjustments.

There are various proposals at the federal and NYS levels that could, among other things, reduce reimbursement rates, modify reimbursement methods, and increase managed care penetration, including Medicare and Medicaid. The ultimate outcome of these proposals and other market changes cannot presently be determined.

WCHCC receives payments related to Medicaid services, including DSH, and other Medicare related reimbursements. Due to the fact that certain of these revenues may be subject to adjustment as a result of examination by government agencies, management has determined that not all of these receipts are realizable as of December 31, 2020 and 2019 and, therefore, have only been recognized as revenue when uncertainties over these amounts are mitigated.

Revenue from the Medicare and Medicaid (including DSH) programs accounted for approximately 28% and 22% (7% DSH), and 23% and 25% (7% DSH), respectively, of WCHCC's net patient service revenue for the years ended December 31, 2020 and 2019. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by material amounts in the near term. WCHCC believes that it is in compliance, in all material respects, with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation. Noncompliance with such laws and regulations could result in repayments of amounts improperly reimbursed, substantial monetary fines, civil and criminal penalties, and exclusion from the Medicare and Medicaid programs.

Nursing Home Reimbursement

The Nursing Home has agreements with third-party payors, which provide for reimbursement to the Nursing Home at amounts different from its established charges for its skilled nursing unit. A summary of the basis of reimbursement with significant payors is as follows:

Medicaid

Net patient service revenue under the Medicaid program is based on a modified pricing system using the resource utilization group's patient classification system. Under this methodology, the Nursing Home is reimbursed at a predetermined rate depending on the intensity of the services rendered to residents regardless of the cost of delivering those services. Medicaid's predetermined rate is computed using cost report data from the facility's designated base year and elements from annual cost report filings. Management believes that its final Medicaid rates for the years ended December 31, 2020 and 2019 will not be significantly different from those recorded in the accompanying financial statements.

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Medicare

Reimbursement for resident services under Part A of the Medicare program is based on the skilled nursing facility PPS. Under a PPS, the Nursing Home is paid a single per-diem rate depending on the intensity of the services rendered to residents regardless of the cost of delivering those services that covers all routine, ancillary, and capital-related costs. The per diem payment is adjusted for each Medicare beneficiary based on his or her care needs as measured by the minimum data set assessment form. The Nursing Home also receives reimbursement for certain ancillary services provided to its residents through Part B of the Medicare program.

Other Matters

A health care entity's revenues may be subject to adjustment as a result of examination by government agencies or contractors. The audit process and the resolution of significant related matters often are not finalized until several years after the services were rendered. Reasonable estimates of such adjustments are made to third-party revenue recognition in order to not recognize revenue that may not ultimately be realized. The delay between rendering services and reaching final settlement, as well as the complexities and ambiguities of billing and reimbursement regulations, makes it difficult to estimate net realizable third-party revenues. Actual results may differ significantly from those estimates.

Management recognizes revenues relating to third-party settlements and patient service revenues when the realization of such amounts are reasonably assured. Management makes a reasonable estimate of amounts that ultimately will be realized, considering, among other things, adjustments associated with regulatory reviews, audits, billing reviews, investigations or other proceedings.

The operation of WCHCC's patient care services business is subject to federal and state laws prohibiting fraud by healthcare providers, including laws containing criminal provisions, which prohibit filing false claims or making false statements in order to receive payment or obtain certification under Medicare and Medicaid programs, or failing to refund overpayments or improper payments. Violation of these criminal provisions is a felony punishable by imprisonment and/or fines. WCHCC should also be subject to fines and treble damage claims if WCHCC knowingly filed a false claim or knowingly used false statements to obtain payment. State and federal governments are devoting increased attention and resources to anti-fraud initiatives against healthcare providers. The Health Insurance Portability and Accountability Act of 1996 and the Balanced Budget Act of 1997 expanded the penalties for healthcare fraud, including broader provisions for the exclusion of providers from the Medicare and Medicaid programs. WCHCC has policies and procedures that it believes are sufficient to ensure that it operates in substantial compliance with these anti-fraud and abuse requirements.

Various suits and claims arising in the normal course of operations are pending. While the outcome of these suits and claims cannot be determined at this time, management believes that such suits and claims are either specifically covered by insurance or the final disposition of such claims will not have a material effect on WCHCC's financial position, results of operations or liquidity.

Delivery System Reform Incentive Program

WCHCC led one of the Performing Provider Systems ("PPS") in New York State that implemented the Delivery System Reform Incentive Program ("DSRIP"). WCHCC recorded approximately \$34.7 million and \$38.7 million, for the years ended December 31, 2020 and 2019, respectively, under DSRIP in other operating revenue in the accompanying Statements of Revenues, Expenses, and Changes in Net Position. The DSRIP program ended on March 31, 2020.

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

WCHCC's PPS involved partnerships with over 200 organizations throughout its primary and secondary service areas. These included other hospitals, physician groups, community health centers, behavioral health providers, county health and mental health departments and community-based organizations. The DSRIP Program goals included more efficient and effective delivery of care to Medicaid recipients and the reduction of unnecessary emergency room visits, hospitalizations and readmissions.

NOTE 5 - DEPOSITS AND INVESTMENTS

Deposits and investments consist of the following at December 31, 2020 and 2019 (amounts in thousands):

	2020	2019
Description		
Bank deposits	\$ 387,196	\$ 97,743
Money market accounts	15,719	14,233
Equity mutual funds	5,874	4,676
Equities	58,258	47,414
Other	7,584	6,928
Fixed income:		
U.S. Treasury securities	82,815	68,873
Corporate bonds	75,867	49,250
	\$ 633,313	\$ 289,117
Description on Statement of Net Position		
Cash and cash equivalents	\$ 387,260	\$ 96,538
Investments	208,274	142,439
Assets restricted as to use, required for current liabilities	15,238	14,863
Assets restricted as to use, net	22,541	35,277
	\$ 633,313	\$ 289,117
Investment maturities of fixed income securities		
One year or less	\$ 33,571	\$ 31,128
After one through five years	80,231	55,662
After five through ten years	44,880	31,333
	\$ 158,682	\$ 118,123

Estimated fair values have been determined by WCHCC using appropriate valuation methodologies by third parties, quoted market prices, and information available to management.

WCHCC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in advance markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At December 31, 2020 and 2019, all of WCHCC's financial instruments measured at fair value were categorized as Level 1.

Westchester County Health Care Corporation
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2020 and 2019

Custodial credit risk - investments - is the risk that, in the event of the failure of a counterparty, WCHCC will not be able to recover the value of the investments that are in that counterparty's possession. WCHCC's investment securities are exposed to custodial credit risk if the securities are uninsured and unregistered and held by the counterparty, or by its trust department or agent, but not in WCHCC's name. At December 31, 2020 and 2019, all investments are either insured or held by WCHCC or its agent in WCHCC's name and, therefore, are not exposed to custodial credit risk. Accordingly, WCHCC's investment policy properly addresses custodial credit risk for investments.

Concentration of credit risk - is the risk of loss attributed to the magnitude of WCHCC's investment in a single issuer. WCHCC's investments are diversified and are not currently exposed to this risk.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair market value of an investment. WCHCC invests in fixed-rate debt and U.S. Treasury securities with primarily one to seven year maturities.

Credit risk - is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. WCHCC's investment policy allows for up to 10% of investments in Baa/BBB Bonds.

NOTE 6 - ASSETS RESTRICTED AS TO USE

Assets restricted as to use consist of the following at December 31, 2020 and 2019 (amounts in thousands):

	2020	2019
Time and purpose restricted		
The Westchester Medical Center Foundation, Inc.	\$ 15,918	\$ 14,344
Other purposes	8,604	7,843
	24,522	22,187
Under debt agreements		
Debt service reserve funds	10,896	25,090
Other	3,447	4,401
	14,343	29,491
	38,865	51,678
Less portion required for current liabilities	15,457	15,211
	\$ 23,408	\$ 36,467

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

WCHCC's assets restricted as to use are reported at fair value, as described in Note 2. At December 31, 2020 and 2019, the composition of assets restricted as to use consisted of the following (amounts in thousands):

	2020	2019
Bank deposits	\$ 9,315	\$ 8,740
Money market accounts	6,117	5,474
Equity mutual funds	3,788	3,075
Equities	2,650	2,179
Other	1,954	2,222
Fixed income:		
U.S. Treasury securities	11,159	26,347
Other	3,882	3,641
	\$ 38,865	\$ 51,678

WCHCC's assets restricted as to use reported under debt agreements represent insured or registered funds or securities held by WCHCC or its agent in WCHCC's name.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2020 and 2019 was as follows (amounts in thousands):

	2020			
	Beginning Balance	Additions and Transfers	Retirements and Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,251	\$ -	\$ (212)	\$ 3,039
Construction in process	97,833	(70,824)	(350)	26,659
Capital assets, being depreciated:				
Building and improvements	943,160	13,195	(20,154)	936,262
Equipment	921,077	191,454	(1,528)	1,110,943
Land improvements	20,984	526	(139)	21,370
Total capital assets	1,986,305	134,351	(22,383)	2,098,273
Less accumulated depreciation and amortization for:				
Building and improvements	(472,534)	(27,214)	13,486	(486,262)
Equipment	(685,241)	(46,072)	1,432	(729,881)
Land improvements	(11,850)	(601)	42	(12,409)
Total accumulated depreciation and amortization	(1,169,625)	(73,887)	14,960	(1,228,552)
Carrying value of all capital assets, net	\$ 816,680	\$ 62,464	\$ (7,423)	\$ 869,721

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

	2019			Ending Balance
	Beginning Balance	Additions and Transfers	Retirements and Transfers	
Capital assets, not being depreciated:				
Land	\$ 3,251	\$ -	\$ -	\$ 3,251
Construction in process	166,690	(69,065)	(62)	97,833
Capital assets, being depreciated:				
Building and improvements	732,606	210,312	242	943,160
Equipment	821,162	100,142	(227)	921,077
Land improvements	20,054	913	17	20,984
Total capital assets	<u>1,744,033</u>	<u>242,302</u>	<u>(30)</u>	<u>1,986,305</u>
Less accumulated depreciation and amortization for:				
Building and improvements	(445,823)	(26,711)	-	(472,534)
Equipment	(643,335)	(41,936)	30	(685,241)
Land improvements	(11,277)	(573)	-	(11,850)
Total accumulated depreciation and amortization	<u>(1,100,435)</u>	<u>(69,220)</u>	<u>30</u>	<u>(1,169,625)</u>
Carrying value of all capital assets, net	<u>\$ 643,598</u>	<u>\$ 173,082</u>	<u>\$ -</u>	<u>\$ 816,680</u>

Included in construction in progress are costs associated with HealthAlliance's plan to transition its Broadway and Mary's Ave campuses into a single campus located at the Mary's Ave campus and to redevelop the Broadway campus into a "medical village." The single campus project is projected to cost approximately \$96.5 million of which approximately \$74.8 million is expected to be funded by proceeds from an estimated \$88.8 million CRFP grant. At December 31, 2020, WCHCC was committed to non-cancelable construction contracts related to capital projects of approximately \$68.6 million, \$55.6 million of which is related to the Mary's Ave Single-Campus project.

Interest capitalized during the year ended December 31, 2019 was approximately \$4.6 million.

The net book value of capital assets held under financed purchase obligations, included in equipment, was approximately \$50.6 million, and capital assets held under capital lease obligations, included in equipment, was \$41.9 million at December 31, 2020 and 2019, respectively.

Westchester County Health Care Corporation
NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE 8 - LONG-TERM DEBT

Long-term debt activity as of December 31, 2020 and 2019 was as follows (amounts in thousands):

	December 31, 2019	Additions	Reductions	December 31, 2020	Amounts Due Within One Year
2000 Series Bonds ^(a)	\$ 108,170	\$ -	\$ (108,170)	\$ -	\$ -
2010 Series Bonds ^(b)	142,810	-	(71,205)	71,605	35
2011 Series Bonds ^(c)	62,570	-	(62,570)	-	-
2014 Series Bonds ^(d)	25,077	-	(526)	24,551	551
2015 Series Bonds ^(e)	22,305	-	(691)	21,614	723
2016 Series Bonds ^(f)	280,810	-	(2,255)	278,555	2,565
2020 Series Bonds ^(g)	-	300,000	-	300,000	-
Other ^(h)	27,884	-	(1,557)	26,327	2,220
Bond premium/discount	22,504	-	(975)	21,529	836
Financed purchases ⁽ⁱ⁾	48,330	16,916	(15,389)	49,857	14,039
	<u>\$ 740,460</u>	<u>\$ 316,916</u>	<u>\$ (263,338)</u>	<u>\$ 794,038</u>	<u>\$ 20,969</u>

	December 31, 2018	Additions	Reductions	December 31, 2019	Amounts Due Within One Year
2000 Series Bonds ^(a)	\$ 108,170	\$ -	\$ -	\$ 108,170	\$ -
2010 Series Bonds ^(b)	153,805	-	(10,995)	142,810	10,310
2011 Series Bonds ^(c)	63,580	-	(1,010)	62,570	2,010
2014 Series Bonds ^(d)	25,578	-	(501)	25,077	526
2015 Series Bonds ^(e)	22,971	-	(666)	22,305	691
2016 Series Bonds ^(f)	282,955	-	(2,145)	280,810	2,255
Other ^(h)	20,410	10,000	(2,526)	27,884	2,121
Bond premium/discount	23,387	-	(883)	22,504	883
Capital leases ⁽ⁱ⁾	34,222	23,191	(9,083)	48,330	11,371
	<u>\$ 735,078</u>	<u>\$ 33,191</u>	<u>\$ (27,809)</u>	<u>\$ 740,460</u>	<u>\$ 30,167</u>

(a) The WCHCC Series 2000 Bonds were refunded as part of the issuance of the Series 2020 Bonds in September 2020. At December 31, 2019, the balance of WCHCC Series 2000 Bonds had interest rates varying from 4.50% to 5.00% and matured annually on November 1, 2021 through 2030.

WCHCC had granted a collateral interest in its gross receipts as well as pledged all funds and accounts established with respect to the Series 2000 Bonds, including a debt service reserve fund of approximately \$10.8 million as of December 31, 2019 (see Note 6).

Interest expense relating to the Series 2000 Revenue Bonds was approximately \$1.7 million and \$5.3 million in 2020 and 2019, respectively.

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

- (b) At December 31, 2020, the outstanding WCHCC Revenue Bonds, Series 2010, Senior Lien consists of \$37.4 million Series 2010A (Federally Taxable – Direct Payment – Build America Bonds) bonds with an interest rate of 8.57% and maturing on November 1, 2040; \$2.8 million Series 2010B (Tax-Exempt) bonds with interest rates varying from 4.00% to 6.13% and maturing through November 1, 2030 and November 1, 2037; \$31.5 million Series 2010C-1 (Federally Taxable – Direct Payment – Build America Bonds) bonds with an interest rate of 8.57% maturing on November 1, 2040. Subsidy payments of approximately \$2.0 million and \$1.9 million were received through the Build America Bonds program related to these bonds for the years ended December 31, 2020 and 2019, respectively. The Series 2010C-2 (Tax Exempt) bonds were refunded as part of the issuance of the Series 2020 Bonds in September 2020.

The WCHCC Revenue Bonds, Series 2010D, Senior Lien (Taxable) Bonds were refunded as part of the issuance of the Series 2020 Bonds in September 2020. WCHCC had \$57.3 million of WCHCC Revenue Bonds, Series 2010D, Senior Lien (Taxable) bonds outstanding bearing interest under a Weekly Interest Rate, such rate being 1.62% at December 31, 2019, maturing November 1, 2034. The Series 2010D consisted of variable rate demand bonds (“VRDBs”).

WCHCC has granted a collateral interest in its gross receipts, as well as pledged all funds and accounts established with respect to the various Series 2010 Bonds, including a debt service reserve fund of approximately \$10.9 million and \$12.0 million as of December 31, 2020 and 2019, respectively (see Note 6).

Interest expense relating to the various Series 2010 Bonds was approximately \$6.8 million and \$8.5 million in 2020 and 2019, respectively.

- (c) The WCHCC Revenue Bonds, Series 2011, Senior Lien were refunded as part of the issuance of the Series 2020 Bonds in September 2020. At December 31, 2019, the WCHCC Revenue Bonds, Series 2011, Senior Lien consisted of \$47.3 million Series 2011A (Tax-Exempt) bonds with interest rates varying from 2.00% to 5.32%, maturing annually through November 1, 2026, November 1, 2032 and November 1, 2041 and \$15.3 million Series 2011B (Tax-Exempt) bonds with an interest rate of 5.32%, maturing November 1, 2041.

WCHCC had granted a collateral interest in its gross receipts, as well as pledged all funds and accounts established with respect to the Series 2011 Bonds, including a debt service reserve fund of approximately \$2.3 million as of December 31, 2019 (see Note 6).

Interest expense relating to the Series 2011 Bonds was approximately \$1.0 million and \$3.1 million in 2020 and 2019, respectively.

- (d) At December 31, 2020, the balance of WCHCC Revenue Bonds, Series 2014A, Senior Lien with an interest rate of 5.0% and maturing November 1, 2044 was outstanding.

Interest expense relating to the Series 2014 Bonds was approximately \$1.2 million and \$1.3 million in 2020 and 2019, respectively.

- (e) At December 31, 2020, the balance of a private placement bond offering relating to Dutchess County Local Development Corporation Revenue Bonds, Series 2015, consists \$17.5 million Series 2015A (Tax-Exempt) with an interest rate of 3.75%, maturing August 1, 2030, and \$4.1 million Series 2015B (Taxable) with an interest rate of 5.95% maturing August 1, 2030.

Interest expense relating to the Series 2015 Bonds was approximately \$933,000 and \$958,000 in 2020 and 2019, respectively.

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

- (f) At December 31, 2020, \$278.5 million of Westchester County Local Development Corporation Revenue Bonds, Series 2016 (Westchester Medical Center Obligated Group Project) (Series 2016 Bonds), Tax Exempt bonds with interest rates varying from 3.0% to 5.0% and maturing annually November 1, through 2034, November 1, 2037 and November 1, 2046 are outstanding.

Interest expense relating to the Series 2016 Bonds was approximately \$13.4 million and \$8.9 million in 2020 and 2019, respectively.

- (g) In September 2020, WCHCC participated in a new bond offering relating to \$300.0 million of Westchester County Local Development Corporation Revenue Bonds, Series 2020 (Taxable) (Westchester Medical Center Obligated Group Project) ("Series 2020 Bonds") with an interest rate of 3.85% and maturing November 1, 2050. At December 31, 2020, \$300.0 million was outstanding.

The proceeds of the Series 2020 Bonds, together with all available funds, were used: (i) to refund Series 2000A Bonds outstanding in the amount of \$108.2 million, Series 2010C-2 Bonds outstanding in the amount of \$3.6 million, Series 2010D Bonds outstanding in the amount of \$57.3 million, Series 2011A Bonds outstanding in the amount of \$47.3 million and Series 2011B Bonds outstanding in the amount of \$15.3 million; (ii) to fund capitalized interest in connection with the Series 2020 Bonds; (iii) to pay costs related to the issuance of the Series 2020 Bonds and; (iv) for general corporate purposes.

Interest expense relating to the Series 2020 Bonds was approximately \$3.8 million in 2020.

- (h) On November 6, 2019, WCHCC purchased a building for \$2.0 million from the Board of Education of the Spackenkill Union Free School District (the "District"). At closing, \$1.5 million was financed through a non-interest bearing note payable provided by the District, due in four equal annual installments of \$375,000 through 2023.

HealthAlliance has the following debt obligations, which are included in Other:

DASNY Capital Loan

On January 22, 2016, HealthAlliance entered into a reimbursement agreement for approximately \$4.4 million with the Dormitory Authority of the State of New York ("DASNY") to finance certain capital projects at Broadway and Mary's Ave.

DASNY Operating Loans

On December 14, 2016, June 14, 2017, July 25, 2018, April 3, 2019, and May 15, 2019, HealthAlliance entered into reimbursement agreements for \$5.0 million, \$4.0 million, \$2.2 million, \$2.0 million, and \$1.5 million, respectively, with DASNY to finance operations at Broadway and Mary's Ave. The loans, along with existing DASNY capital and operating loans were consolidated into one repayment agreement which was initially scheduled to mature on July 1, 2020. In March 2020, the maturity date was extended to July 1, 2022. The interest rate is 2.00% with monthly principal and interest payments of \$25,000 from January through March 2020 and \$30,000 from April 2020 through July 2022, at which point all remaining outstanding principal and interest is due. HealthAlliance and DASNY will enter into discussions to amend the reimbursement agreement prior to the maturity date. On January 23, 2019, HealthAlliance entered into an agreement with DASNY for an additional loan facility of \$5.0 million with an interest rate of 2.00%. In October 2019, HealthAlliance repaid \$1.0 million. The agreement requires repayments of \$1.0 million on each of the following dates: December 31, 2021; December 31, 2023; December 21, 2024; and December 21, 2025. All DASNY loans are collateralized by a lien on certain properties owned by HealthAlliance.

Westchester County Health Care Corporation
NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Series 2006 Revenue Bonds

At December 31, 2020, the balance of the Ulster County Industrial Development Agency, Series 2006A ("Series 2006 Revenue Bonds") related to the payoff of certain other notes and financed purchase obligations was outstanding. The Series 2006 Revenue Bonds carry interest rates varying from 5.00% to 6.15% maturing November 1, 2021. The Series 2006 Revenue Bonds are collateralized by the balances in the assets restricted as to use, a mortgage lien on real property and a pledge of gross revenues, including revenues from joint ventures.

Under the Master Trust Indenture associated with the Series 2006 Revenue Bonds, Mary's Ave is required to meet a debt service coverage ratio, minimum days' cash on hand and other certain financial covenants. As of December 31, 2020 and 2019, Mary's Ave did not meet certain of its required financial covenants, which is an event of default under the Master Trust Indenture. Accordingly, the entire Series 2006 Revenue bonds of \$565,000 and \$1.1 million, are classified as a current liability at December 31, 2020 and 2019, respectively. All schedule principal and interest payments have been made as required.

Series 2010A Revenue Bonds

At December 31, 2020, the balance of Ulster County Capital Resource Corporation Series 2010A Tax Exempt Multi-Mode Revenue Bonds ("Series 2010A Revenue Bonds") related to the refinancing of previous bonds and the establishment of a Project Fund were paid in full.

Under the Master Trust Indenture associated with the Series 2010A Revenue Bonds, Broadway is required to meet a debt service coverage ratio, minimum days' cash on hand and other certain financial covenants. As of December 31, 2019, Broadway did not meet certain of its required financial covenants, which is an event of default under the Master Trust Indenture. Accordingly, the entire Series 2010 Revenue bonds of \$152,936, were classified as a current liability at December 31, 2019.

Interest expense for all HealthAlliance debt was approximately \$1.2 million in 2020 and 2019, respectively.

- (i) WCHCC has entered into certain equipment financed purchase agreements that are collateralized by the underlying assets and bear interest at rates between 6.28% and 2.49%. The interest expense under these financed purchase agreements was approximately \$2.6 million and \$2.3 million in 2020 and 2019, respectively.

Long-Term Debt Service Coverage Ratio

Under Section 6.13(a) of the Series 2000 Bonds Master Trust Indenture ("MTI") between WCHCC and Deutsche Bank as the Master Trustee, the Obligated Group, which is defined as the operating unit of Westchester County Health Care Corporation (the "Medical Center"), must maintain a Long-Term Debt Service Coverage Ratio, tested on a semi-annual basis in accordance with the provisions of the MTI, of at least 1.25 for all Bond series. During the years ended December 31, 2020 and 2019, WCHCC met the required Long-Term Debt Service Coverage Ratio.

Westchester County Health Care Corporation
NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Future Principal and Interest Payments

The following is a schedule by year of future contractual principal and interest (based on interest rates at December 31, 2020) payments on the bonds and other long-term debt at December 31, 2020 (amounts in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 6,094	\$ 33,410	\$ 39,504
2022 (A)	21,287	33,158	51,145
2023	5,785	32,761	38,546
2024	5,624	32,551	38,175
2025	5,845	32,324	38,169
2026-2030	43,930	157,289	201,219
2031-2035	42,111	147,557	189,968
2036-2040	123,111	127,784	250,895
2041-2045	135,715	87,111	222,826
2046-2050	332,150	59,298	391,448
	<u>\$ 722,652</u>	<u>\$ 743,243</u>	<u>\$ 1,465,895</u>

(A) The balance of the DASNY loans is due July 2022. HealthAlliance plans to enter into discussions to amend the reimbursement agreement to extend the due date.

Included in deferred outflows of resources as of December 31, 2020 and 2019 are \$37.9 million and \$8.6 million deferred outflows related to the early redemption of certain bond issuances.

Financed Purchases

The future minimum payments under the financed purchases agreements, together with the present value of the minimum financed purchases payments at December 31, 2020 are as follows (amounts in thousands):

	<u>Amount</u>
2021	\$ 16,361
2022	15,081
2023	12,314
2024	8,352
2025	3,014
	<u>55,122</u>
Less: amount representing interest	<u>5,265</u>
Present value of net minimum financed purchased payments	49,857
Less: current portion	<u>14,039</u>
	<u>\$ 35,818</u>

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE 9 - LINES OF CREDIT

WCHCC currently has two \$70.0 million working capital revolving lines of credit from a financial institution. The available lines of credit were \$140.0 million and \$70.0 million as of December 31, 2020 and 2019, respectively. The amount drawn on the lines of credit was \$70.0 million at December 31, 2020 bearing interest at 1.42%. No amount was drawn at December 31, 2019. One of the lines of credit matures on April 24, 2021 and the other on October 22, 2021.

NOTE 10 - LEASES

Lease Receivables

WCHCC leases real estate to independent third parties. The rental income under these lease agreements was approximately \$1.3 million in 2020. As of December 31, 2020, WCHCC had lease receivables of approximately \$10.0 million, which are included as a component of other assets, and deferred inflows of resources of approximately \$9.7 million associated with these leases.

Right to Use Leased Assets

Right to use leased asset activity whereby WCHCC is the lessee in a lease agreement, for the year ended December 31, 2020 was as follows (amounts in thousands):

	Beginning Balance Upon Adoption of GASB 87	Additions	Retirements	Ending Balance
Right to use leased assets:				
Leased buildings	\$ 109,073	\$ 7,246	\$ (52)	\$ 116,267
Leased equipment	10,314	4,782	(414)	14,682
Total right to use lease assets	119,387	12,028	(466)	130,949
Less accumulated amortization for:				
Leased buildings	-	9,415	(53)	9,362
Leased equipment	-	5,780	(375)	5,405
Total accumulated amortization	-	15,195	(428)	14,767
Right to use leased assets, net	<u>\$ 119,387</u>	<u>\$ (3,167)</u>	<u>\$ (38)</u>	<u>\$ 116,182</u>

Right to Use Lease liabilities

WCHCC has entered into certain lease agreements that are collateralized by the underlying assets and bear interest at the rate of 5.45%. The interest expense under these leases was approximately \$6.7 million in 2020.

Westchester County Health Care Corporation
NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

The following is a schedule by year of future contractual principal and interest (based on interest rates at December 31, 2020) payments on lease liabilities at December 31, 2020 (amounts in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 10,074	\$ 6,243	\$ 16,317
2022	7,567	5,767	13,334
2023	3,890	5,477	9,367
2024	3,835	5,268	9,103
2025-2029	18,364	23,486	41,850
2030-2034	23,364	17,919	41,283
2035-2039	35,060	10,062	45,122
2040-2041	18,646	994	19,640
	<u>\$ 120,800</u>	<u>\$ 75,216</u>	<u>\$ 196,016</u>

Total rental expense and income in 2019, prior to the adoption of GASB 87, for all operating leases was approximately \$20.7 million and \$3.1 million, respectively.

NOTE 11 - RETIREMENT PLANS

Defined Benefit Plans

The New York State Comptroller's Office administers the New York State and Local Employers' Retirement System ("ERS") for which WCHCC is a participating employer. The net position of ERS 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 ERS.

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. ERS 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 ERS, 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.

ERS is a cost-sharing, multiple employer defined benefit pension plan. ERS is included in the NYS financial statements as a pension trust fund. The Public Employees' Group Life Insurance Plan ("GLIP") provides death benefits in the form of life insurance. Amounts related to GLIP have been apportioned to ERS. Separately issued financial statements for ERS can be accessed on the State Comptroller's website at www.osc.state.ny.us/pension/cafr.htm.

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

ERS offers a wide range of programs and benefits. ERS benefits vary based on the date of membership, years of credited service and final average salary, vesting of retirement benefits, death and disability benefits, and optional methods of benefit payments. Both plans provide a permanent annual cost-of-living increase to both current and future retired members meeting certain eligibility requirements. Participating employers are required under law to contribute to ERS on an actuarially determined rate, which is determined annually by the State Comptroller and the average contribution rates for the NYS fiscal years ended March 31, 2020 and 2019 were approximately 14.6% and 14.9%, respectively, of payroll. ERS provides retirement benefits as well as death and disability benefits. For those members joining prior to January 1, 2010, benefits generally vest after five years of credited service. For those joining after January 1, 2010, benefits generally vest after 10 years of credited service. The RSSL provides that all participants in ERS are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Employees who joined ERS after July 27, 1976 and before January 1, 2010, and have less than ten years of service or membership are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012 are required to contribute 3.5% of their annual salary for their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. Employee contributions are deducted from their salaries and remitted on a current basis to ERS. The NYS non-cash pension adjustment of approximately \$47.3 million and \$9.5 million for the years ended December 31, 2020 and 2019, respectively, in the Statements of Revenues, Expenses, and Changes in Net Position represents the difference between the actuarial expense and the required calculated funding.

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

Net pension liabilities, pension expense, deferred outflows of resources, and deferred inflows of resources amounts recorded reflect ERS' published financial statements and actuarial valuations as of March 31, 2020 and 2019 (the "Measurement Dates").

WCHCC's respective net pension liability, deferred outflows of resources, deferred inflows of resources and net pension expense related to ERS as of and for the years ended December 31, 2020 and 2019, are as follows (amounts in thousands):

	2020	2019
Proportionate share of the net pension liability		
Amount	\$ 232,341	\$ 63,349
Percentage	0.88%	0.89%
Deferred outflows of resources	140,073	31,409
Deferred inflows of resources	5,937	22,804
Net pension expense		
Salaries and benefits - NYS pension expenses	\$ 32,115	\$ 32,113
NYS non-cash pension adjustment	47,308	9,466
Total net pension expense	\$ 79,423	\$ 41,579

WCHCC's proportionate share of ERS' 2020 and 2019 net pension liability is consistent with the manner in which contributions to ERS are determined. ERS computed each employer's projected long-term contribution effort to ERS as compared to the total projected long-term contribution of all employers to ERS.

Westchester County Health Care Corporation
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2020 and 2019

The components of pension related deferred outflows of resources and deferred inflows of resources at the Measurement Dates are as follows (amounts in thousands):

	2020	2019
Deferred outflows of resources		
Differences between expected and actual experience	\$ 13,674	\$ 12,475
Changes of assumptions	4,678	15,923
Net difference between projected and actual investment earnings on pension plan investments	119,109	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,612	3,011
	\$ 140,073	\$ 31,409
Deferred inflows of resources		
Differences between expected and actual experience	\$ 4,040	\$ 4,252
Net difference between projected and actual investment earnings on pension plan investments	-	16,259
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,897	1,573
	\$ 5,937	\$ 22,084

At December 31, 2020 amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be reflected in salaries and benefits, in the Statements of Revenues, Expenses, and Changes in Net Position as follows (amounts in thousands) for the years ending December 31:

2021	\$ 22,755
2022	33,956
2023	42,822
2024	34,603
	\$ 134,136

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Actuarial Assumptions

WCHCC's net pension liabilities at the Measurement Dates were determined by using an actuarial valuation as of April 1, 2019 and 2018, with update procedures used to roll forward the total pension liability to March 31, 2020 and 2019, respectively. The actuarial valuations used the following actuarial assumptions:

Inflation rate	2.5%
Salary increases	4.2%
Investment rate of return, including inflation	6.8% (March 31, 2020) and 7.0% (March 31, 2019) net of investment expenses, including inflation
Cost of living adjustments	1.3%
Decrements	Actuarial assumptions based on the results of an experience study for the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014

Long-Term Expected Rate of Return

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 by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class including target asset allocation at the Measurement Dates are summarized below:

Asset Class	2020		2019	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	36%	4.05%	36%	4.55%
International equity	14%	6.15%	14%	6.35%
Private equity	10%	6.75%	10%	7.50%
Real estate	10%	4.95%	10%	5.55%
Absolute return strategies	2%	3.25%	2%	3.75%
Opportunistic portfolio	3%	4.65%	3%	5.68%
Real assets	3%	5.95%	3%	5.29%
Bonds and mortgages	17%	0.75%	17%	1.31%
Cash	1%	0.00%	1%	-0.25%
Inflation-Indexed Bonds	4%	0.50%	4%	1.25%
	100%		100%	

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Discount Rate

The discount rate used to calculate the total pension liability at March 31, 2020 and 2019 was 6.8% and 7.0%, 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 determined. Based upon those assumptions, ERS' 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.

Discount Rate Sensitivity

WCHCC's proportionate share of the net pension liability calculated using the respective discount rate, as well as what WCHCC's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate as of December 31, 2020 and 2019 are as follows (amounts in thousands):

	2020		2019	
	Rate	Amount	Rate	Amount
1% decrease	5.80%	\$ 426,411	6.00%	\$ 276,969
Current discount rate	6.80%	232,341	7.00%	63,348
1% increase	7.80%	53,601	8.00%	(116,108)

Deferred Pension Contributions

NYSRSSL Chapter 57 of the Laws of 2010 authorized the NYS and local employers to amortize over ten years, at 3.21% (2016), 3.15% (2015), 3.67% (2014), 3.00% (2013) and 3.75% (2012) interest, the portion of their annual bill, that exceeded 14.5%, 13.5%, 12.5%, 11.5% and 10.5% of payroll for its 2016, 2015, 2014, 2013 and 2012 pension bills, respectively. Total amounts due at December 31, 2020 and 2019 related to these deferred pension contributions are approximately \$20.8 million and \$26.2 million, respectively, and are included as part of other long-term liabilities (Note 14) in the accompanying Statements of Net Position.

Defined Contribution Pension Plan

WCHCC provides the WMCHHealth Network Affiliated Employers 401(k) Plan (the "WMCHHealth Network 401(k) Plan") for employees of WMC Advanced Physician Services, NorthEast Provider, WMC New York, and employees of MidHudson Valley Staffco LLC. WMCHHealth Network 401(k) Plan is a defined contribution plan open to eligible participants. Employees are eligible to contribute to the WMCHHealth Network 401(k) Plan upon hire and vest immediately. Eligible employees will receive employer contributions of 4% of gross salary matching contribution up to the Code limit. As of December 31, 2020 and 2019, there were approximately 4,163 and 3,703 participants, respectively, in the WMCHHealth Network 401(k) Plan. For the years ended December 31, 2020 and 2019, the WMCHHealth Network 401(k) Plan had total payroll expense of approximately \$383.5 million and \$332.5 million of which approximately \$293.4 million and \$268.3 million, respectively, was covered by the WMCHHealth Network 401(k) Plan. Total employer contributions to the WMCHHealth Network 401(k) Plan for December 31, 2020 and 2019 were approximately \$9.6 million and \$7.7 million, respectively.

HealthAlliance also sponsors various defined contribution retirement plans for eligible participants. Total employer contributions for HealthAlliance were approximately \$1.3 million and \$1.5 million for the years ended December 31, 2020 and 2019, respectively.

Westchester County Health Care Corporation
NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE 12 - OTHER POSTEMPLOYMENT BENEFITS

WCHCC provides Other Postemployment Benefits (“OPEB”) that provides basic medical and hospitalization plan coverage to eligible retirees through a single employer defined benefit plan. The plan does not issue its own stand-alone financial statements. Eligible retirees may only be covered under the indemnity plan of WCHCC. To qualify, employees and retirees hired before January 1, 2007 must (i) have at least five years of paid service with WCHCC (service prior to January 1, 1998 with the County counts towards the five-year requirement) and (ii) be eligible to receive a retirement allowance from a retirement system administered by the State of New York or one of its civil divisions. Employees hired on or after January 1, 2007 require 20 years of service to qualify for a post-retirement health benefit. Individual coverage is provided to certain retirees at no cost. Subsequent to December 31, 2014, certain retirees are required to contribute to the cost of this coverage. Retirees may elect family coverage at a cost of 20% of the difference between the premium equivalent cost of family and individual coverage. Approximately 77% and 76% of the participants have elected individual coverage as of December 31, 2020 and 2019, respectively.

The following employees were covered by the benefit terms at the measurement date as of January 1, 2020 and 2019:

	2020	2019
Retired employees	1,826	1,759
Active employees	4,629	5,137
	6,455	6,896

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, including assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. WCHCC’s actuarial evaluations were performed on January 1, 2020 and 2019 and reported actuarial accrued liabilities of \$346.4 million and \$331.8 million, respectively, which are funded on a current basis.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Westchester County Health Care Corporation
NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Total OPEB Liability

WCHCC's total OPEB liabilities at the measurement date were determined by using an actuarial valuation as of January 1, 2020 and 2019. The actuarial valuations used the following actuarial assumptions:

Inflation rate	3.0% annually
Salary increases	3.0% annually
Discount rate	3.31% per annum (2020); 4.10% per annum (2019)
Healthcare cost trend rates	Pre-Medicare: 6.51% grading down to 3.42% over 15 years (2020); 7.04% grading down to 3.85% over 16 years (2019) Medicare: 5.71% grading down to 3.79% over 15 years (2020); 5.78% grading down to 4.18% over 16 years (2019)
Mortality improvement	NYSNA and CSEA: SOA RPH-2014 Adjusted to 2006 Blue Collar Headcount-weighted Mortality (adjusted 1.15) with MP 2016 improvement scale adjusted NonRep: SOA RPH-2014 Adjusted to 2006 total Dataset Headcount-weighted Mortality (adjusted 1.15) with MP 2016 improvement scale adjusted

The following table shows the components of WCHCC's annual OPEB cost for the years ended December 31, 2020 and 2019, the amount actually contributed to the plan, and changes in WCHCC's net OPEB obligation (amounts in thousands).

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 331,751	\$ 333,675
Changes for the year:		
Service cost	5,280	5,099
Interest cost	13,496	11,415
Changes of benefits	(4,482)	1,242
Differences between expected and actual experience	4,162	(235)
Changes in assumptions	<u>12,052</u>	<u>(5,392)</u>
	30,508	12,129
Benefit payments	<u>(15,896)</u>	<u>(14,053)</u>
Net changes	<u>14,612</u>	<u>(1,924)</u>
Ending balance	<u>\$ 346,363</u>	<u>\$ 331,751</u>

Discount Rate

The discount rate used to calculate the total post-retirement liability was 3.31% and 4.10% for the years ended December 31, 2020 and 2019, respectively. The discount rate at December 31, 2020 was based upon the top segment of the 20-year high-quality municipal bond index at the measurement date. The discount rate at December 31, 2019 was based upon the 20-year high-quality municipal bond index at the measurement dates.

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Discount Rate Sensitivity

WCHCC's total OPEB liability calculated using the respective discount rate, as well as what WCHCC's OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate as of December 31, 2020 and 2019 are as follows (amounts in thousands):

	2020		2019	
	Rate	Amount	Rate	Amount
1% decrease	2.31%	\$ 393,143	3.10%	\$ 369,658
Current discount rate	3.31%	343,363	4.10%	331,751
1% increase	4.31%	307,635	5.10%	289,557

Healthcare Cost Trend Rate Sensitivity

WCHCC's total OPEB liability calculated using the respective discount rate, as well as what WCHCC's OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current rate as of December 31, 2020 and 2019 are as follows (amounts in thousands):

	2020		2019	
	Rate	Amount	Rate	Amount
1% decrease	1.00%	\$ 306,378	1.00%	\$ 283,841
Healthcare cost trend rate	0.00%	346,363	0.00%	331,751
1% increase	1.00%	395,581	1.00%	373,182

OPEB Expense and Deferred Inflows of Resources

For the years ended December 31, 2020 and 2019, WCHCC recognized OPEB expense, including related changes in deferred inflows and outflows, of approximately \$16.3 million and \$15.9 million, respectively. The components of post-retirement related deferred outflows of resources and deferred inflows of resources at the measurement dates are as follows (amounts in thousands):

	2020	2019
Deferred outflows of resources		
Differences between expected and actual experience	\$ 3,330	\$ -
Changes in assumptions	10,735	2,497
Contributions subsequent to measurement date	14,788	15,896
	<u>\$ 28,853</u>	<u>\$ 18,393</u>
Deferred inflows of resources		
Differences between expected and actual experience	\$ 1,299	\$ 2,542
Changes in assumptions	2,696	4,044
	<u>\$ 3,995</u>	<u>\$ 6,586</u>

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

At December 31, 2020, amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be reflected in salaries and benefits expense in the Statements of Revenues, Expenses, and Changes in Net Position as follows (amounts in thousands) for the years ending December 31:

2021	\$	1,746
2022		1,836
2023		3,242
2024		3,246
		3,246
	\$	10,070

HealthAlliance also sponsors frozen unfunded OPEB plans for certain employees. The liability for these plans was \$1,661 and \$1,870 as of December 31, 2020 and 2019, respectively.

NOTE 13 - SELF-INSURANCE LIABILITY

The following is the activity of the self-insurance liability, which is presented as a component of other long-term liabilities on the Statements of Net Position for the years ended December 31, 2020 and 2019 (amounts in thousands):

	<u>December 31, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2020</u>	<u>Amounts Due Within One Year</u>
Workers' compensation self-insurance ^(a)	\$ 24,620	\$ 6,178	\$ (6,687)	\$ 24,111	\$ 4,500
Malpractice self-insurance ^(b)	83,191	8,695	(7,595)	84,291	9,500
Health insurance ^(c)	8,054	120,353	(115,128)	13,279	13,279
Other self-insurance ^(d)	5,190	3,550	(1,800)	6,940	2,305
	\$ 121,055	\$ 138,776	\$ (131,210)	\$ 128,621	\$ 29,584
	<u>December 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2019</u>	<u>Amounts Due Within One Year</u>
Workers' compensation self-insurance ^(a)	\$ 25,082	\$ 3,580	\$ (4,042)	\$ 24,620	\$ 4,500
Malpractice self-insurance ^(b)	80,958	12,408	(10,175)	83,191	9,998
Health insurance ^(c)	7,491	119,884	(119,321)	8,054	8,054
Other self-insurance ^(d)	3,047	3,065	(922)	5,190	1,880
	\$ 116,578	\$ 138,937	\$ (134,460)	\$ 121,055	\$ 24,432

^(a) The Medical Center is self-insured for workers' compensation and has excess insurance coverage that attaches at \$750,000 per occurrence with \$1.0 million in annual aggregate coverage. As part of the Medical Center's workers' compensation self-insurance plan, the Medical Center obtains a semi-annual actuarial valuation to determine its self-insurance liabilities, including amounts for claims incurred but not reported. Such valuation is based on the Medical Center's specific and industry-wide data.

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

The following represents information as it relates to the Medical Center’s workers’ compensation self-insurance plan as of December 31, 2020 and 2019 (amounts in thousands):

	2020	2019
Gross self-insurance liability	\$ 21,414	\$ 21,981
Present value of self-insurance liability	20,673	21,304
Discount factor	3.5%	3.5%

As part of Mid-Hudson Valley Staffco’s workers’ compensation self-insurance plan, Mid-Hudson Valley Staffco obtains a semi-annual actuarial valuation to determine its self-insurance liabilities, including amounts for claims incurred but not reported. Such valuation is based on Mid-Hudson Valley Staffco’s specific and industry-wide data.

The following represents information as it relates to Mid-Hudson Valley Staffco’s workers’ compensation self-insurance plan as of December 31, 2020 and 2019 (amounts in thousands):

	2020	2019
Gross self-insurance liability	\$ 2,813	\$ 2,713
Present value of self-insurance liability	3,438	3,316
Discount factor	3.5%	3.5%

All other Medical Center entities have workers’ compensation coverage provided by a commercial insurance carrier under a claims-made basis and with no excess insurance coverage purchased.

HealthAlliance is insured under a retrospective premium policy through a commercial carrier.

- (b) WCHCC Bermuda, a WCHCC captive insurance company, provides the Medical Center with professional liability insurance (“HPL”) and general liability insurance (“GL”), and insures employed physicians’ professional liability (“PPL”). Employed physicians not insured by WCHCC Bermuda maintain malpractice insurance coverage through commercial insurance carriers.

Outstanding projected liabilities are comprised of estimates of the ultimate case value (indemnity and expenses) established by an independent case adjuster, plus a provision for losses incurred, but not reported, based on the recommendations of an independent actuary using historical and industry data. WCHCC Bermuda’s actuarial liabilities have been discounted at 3.5% at December 31, 2020 and 2019.

WCHCC Bermuda is required by its license to maintain capital and surplus greater than a minimum statutory amount determined as the greater of a percentage of outstanding losses or a given fraction of net written premiums. At December 31, 2020 and 2019, WCHCC Bermuda was required to maintain a minimum statutory capital and surplus (net position) of approximately \$8.3 million and \$8.1 million, respectively. As of December 31, 2020 and 2019, actual statutory capital and surplus (net position), which is included as part of net position - unrestricted on the Statements of Net Position, was approximately \$128.6 million and \$106.9 million, respectively.

HPL coverage is provided on an occurrence basis with a self-insured retention (“SIR”) of \$12.0 million in 2020 and 2019, for each and every claim with no aggregate limit. Excess commercial liability insurance policies attach above the SIR.

HealthAlliance purchases primary medical malpractice insurance coverage through a commercial carrier. Operations of HealthAlliance’s captive insurance company, HRNL, are not deemed significant. Excess commercial insurance policies attach above the captive SIR. Claims in excess of insurance coverage have not been asserted against HealthAlliance.

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

- (c) WCHCC is self-insured for health insurance for all its employees. Claims which have been incurred, and incurred but not reported represent a liability to WCHCC at December 31, 2020 and 2019 and, as such, liabilities have been included in the accompanying Statements of Net Position.
- (d) Professional and general liability claims have been asserted against WCHCC by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial. The outcome of these actions cannot be predicted with certainty by management or by legal counsel to WCHCC or by the respective insurance companies handling such matters. There are known incidents that may result in the assertion of additional claims, and other claims may arise. It is the opinion of management, in consultation with WCHCC's legal counsel, that the final disposition of such claims will not have a material adverse effect on WCHCC's financial position, results of operations, or liquidity.

NOTE 14 - OTHER LONG-TERM LIABILITIES

The following is the composition and activity of WCHCC's other long-term liabilities for the years ended December 31, 2020 and 2019 (amounts in thousands):

	<u>December 31, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2020</u>	<u>Amounts Due Within One Year</u>
Self-insurance liabilities (Note 13)	\$ 121,055	\$ 138,776	\$ (131,210)	\$ 128,621	\$ 29,584
Third-party liabilities, net (Note 4)	65,782	67,091	(20,097)	112,776	34,947
Medicare advances (Note 3)	-	119,077	-	119,077	59,113
Post-retirement health insurance (Note 12)	333,621	30,722	(16,319)	348,024	-
Net pension liability (Note 11)	63,349	204,234	(35,242)	232,341	-
Other liabilities	124,358	227,551	(192,510)	159,399	63,341
Deferred pension contributions (Note 11)	26,169	-	(5,364)	20,805	5,545
Total other long- term liabilities	<u>\$ 734,334</u>	<u>\$ 787,451</u>	<u>\$ (400,742)</u>	<u>\$ 1,121,043</u>	<u>\$ 192,530</u>

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

	<u>December 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2019</u>	<u>Amounts Due Within One Year</u>
Self-insurance liabilities (Note 13)	\$ 116,578	\$ 138,937	\$ (134,460)	\$ 121,055	\$ 22,432
Third-party liabilities, net (Note 4)	56,884	51,912	(43,014)	65,782	35,554
Post-retirement health insurance (Note 12)	335,680	17,756	(19,815)	333,621	-
Net pension liability (Note 11)	29,752	69,327	(35,730)	63,349	-
Other liabilities	35,839	491,920	(403,401)	124,358	57,982
Deferred pension contributions (Note 11)	31,359	-	(5,190)	26,169	5,365
Total other long- term liabilities	<u>\$ 606,092</u>	<u>\$ 769,852</u>	<u>\$ (641,610)</u>	<u>\$ 734,334</u>	<u>\$ 123,333</u>

NOTE 15 - AFFILIATION AGREEMENT

WCHCC has an affiliation agreement with New York Medical College (the “College”), under the terms of which WCHCC pays the College for certain physician teaching and administrative services. For the years ended December 31, 2020 and 2019, the College was paid approximately \$12.1 million and \$14.7 million, respectively, which is included in supplies and other expenses in the accompanying Statements of Revenues, Expenses, and Changes in Net Position. The affiliation agreement terminates in 2029, and automatically renews for an additional twelve year term.

NOTE 16 - WESTCHESTER COUNTY RELATIONSHIP

In 1997, the State of New York adopted legislation that created WCHCC as a New York public benefit corporation effective January 1, 1998. At that time, the facilities and operations of WCHCC were transferred from the County to WCHCC pursuant to a long-term lease agreement. Subsequently, an Amended and Restated Lease Agreement (the “Lease”) was consummated. The Lease is a 60-year (term ends 2058) real property lease for land and facilities with an option for extension.

During 2020 and 2019, WCHCC purchased services from the County of approximately \$8.9 million and \$8.4 million, respectively, which are included in supplies and other expenses in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

NOTE 17 - BON SECOURS CHARITY

Charity is a discretely presented component unit of WCHCC. Charity’s financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus and are based on accounting principles applicable to governmental units as established by GASB and the provisions of the American Institute of Certified Public Accountants *Audit and Accounting Guide, Health Care Entities*, to the extent that they do not conflict with GASB.

At December 31, 2020 and 2019, Charity had bonds outstanding of \$122.3 million related to the Bon Secours Charity Health System, Inc. Taxable Bonds, Series 2015, consisting of \$38.6 million bonds with an interest rate of 5.25% and maturing on November 1, 2025 and \$83.7 million bonds with an interest rate of 6.25% and maturing on November 1, 2035. WCHCC guarantees the scheduled payments of principal and interest on the Charity Series 2015 Bonds. The proceeds of the bonds were used to repay \$120.0 million in amounts due to BSMH.

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Charity has a \$20.0 million line of credit for general operating purposes from a financial institution. During June 2020 Charity drew down \$20.0 million which was outstanding at December 31, 2020, with an interest rate of 3.26%. On January 14, 2021, Charity repaid the \$20.0 million and on February 9, 2021 the line was terminated. On February 10, 2021, Charity entered into a new line of credit agreement with a financial institution. The new line of credit agreement provides for a \$40.0 million line of credit through February 9, 2022. Charity did not draw on the line of credit during the year ended December 31, 2019. Payment of any amounts due on the line is guaranteed by WCHCC.

During the years ended December 31, 2020 and 2019, Charity incurred approximately \$23.0 million and \$24.4 million of expenses to WCHCC, respectively, for services provided under a management service agreement and for other contracted services. Charity had amounts due to WCHCC of approximately \$450,000 and \$900,000 at December 31, 2020 and 2019, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

Westchester County Health Care Corporation

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**December 31, 2020 and 2019
(amounts in thousands)**

Schedule of Proportionate Share of the Net Pension Liability*

Reporting Fiscal Year (Measurement Date, March 31,)	WCHCC's Proportion of the Net Pension Liability		WCHCC's Covered Employee Payroll	WCHCC's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	%	\$			
2020 (2020)	0.877%	\$ 232,341	\$ 273,189	85.05%	86.39%
2019 (2019)	0.890%	\$ 63,348	\$ 285,948	22.15%	96.27%
2018 (2018)	0.922%	\$ 29,752	\$ 285,990	10.40%	98.24%
2017 (2017)	0.860%	\$ 80,974	\$ 292,341	27.70%	94.70%
2016 (2016)	0.880%	\$ 141,496	\$ 259,948	54.43%	90.70%
2015 (2015)	0.890%	\$ 30,029	\$ 249,512	12.04%	97.90%

Schedule of Employer Contributions*

Reporting Fiscal Year	Contractually Required Contribution	Contributions in Relation to the		WCHCC's Covered Employee Payroll	Contributions as a Percentage of Employee Covered Payroll
		Contractually Required Contribution	Contribution Deficiency (Excess)		
2020	\$ 35,242	\$ 35,242	\$ -	\$ 273,189	12.90%
2019	\$ 35,730	\$ 35,730	\$ -	\$ 285,948	12.50%
2018	\$ 36,422	\$ 36,422	\$ -	\$ 285,990	12.74%
2017	\$ 34,183	\$ 34,183	\$ -	\$ 292,341	11.69%
2016	\$ 39,349	\$ 39,349	\$ -	\$ 259,948	15.14%
2015	\$ 41,017	\$ 41,017	\$ -	\$ 249,512	16.44%

*These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

Westchester County Health Care Corporation

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**December 31, 2020 and 2019
(amounts in thousands)**

Schedule of Funding Progress - Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrual Liability (AAL) Initial Entry Age (b)	Unfunded (AAL) (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	(UAAL) as a Percentage of Covered Payroll ((b-a)/c)
01/01/20	\$ -	\$ 346,363	\$ 346,363	0.0%	\$ 229,236	151.09%
01/01/19	\$ -	\$ 331,751	\$ 331,751	0.0%	\$ 227,408	145.80%
01/01/18	\$ -	\$ 333,675	\$ 333,675	0.0%	\$ 219,100	152.30%
01/01/17	\$ -	\$ 331,855	\$ 331,855	0.0%	\$ 210,755	157.50%
01/01/16	\$ -	\$ 328,464	\$ 328,464	0.0%	\$ 199,357	164.80%
01/01/15	\$ -	\$ 300,216	\$ 300,216	0.0%	\$ 188,736	159.10%
01/01/14	\$ -	\$ 297,146	\$ 297,146	0.0%	\$ 179,466	165.60%
01/01/13	\$ -	\$ 276,824	\$ 276,824	0.0%	\$ 174,737	158.40%
01/01/12	\$ -	\$ 281,128	\$ 281,128	0.0%	\$ 184,522	152.40%

The above represents the valuation of the plan as of January 1.

Westchester County Health Care Corporation

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**

**December 31, 2020 and 2019
(amounts in thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability				
Service cost	\$ 5,280	\$ 5,099	\$ 4,952	\$ 4,940
Interest	13,496	11,415	12,447	11,647
Change of benefit terms	(4,482)	1,242	-	-
Differences between expected and actual experience	4,162	(235)	(4,734)	-
Changes in assumptions	12,052	(5,392)	4,372	1,250
	<u>30,508</u>	<u>12,129</u>	<u>17,037</u>	<u>17,837</u>
Benefit payments	(15,896)	(14,053)	(15,217)	(14,446)
Net change in total OPEB liability	14,612	(1,924)	1,820	3,391
Total OPEB liability - beginning	<u>331,751</u>	<u>333,675</u>	<u>331,855</u>	<u>328,464</u>
Total OPEB liability - ending	<u>\$ 346,363</u>	<u>\$ 331,751</u>	<u>\$ 333,675</u>	<u>\$ 331,855</u>
Covered payroll	\$ 229,236	\$ 227,408	\$ 219,100	\$ 210,755
Total OPEB liability as a percentage of covered-employee payroll	151.09%	145.88%	152.59%	157.46%

Notes to Schedules

Changes to benefit terms: No changes to the terms of the benefits provided.

Changes of assumptions: The following are the discount rates for each period presented above:

2020	3.31%
2019	4.10%
2018	3.44%
2017	3.78%
2016	3.57%

These schedules are intended to show information for 10 years. Additional years will be displayed as they become available.