



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, 2024 and 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Westchester County Health Care Corporation

Opinion

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Westchester County Health Care Corporation (“WCHCC”) as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise WCHCC’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities, and the discretely presented component unit of WCHCC as of December 31, 2024 and 2023, and the results of its operations and, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (“US GAAS”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WCHCC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WCHCC’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s responsibilities for the audit of the financial statements

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

assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WCHCC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WCHCC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 14, and the required supplementary information on pages 49 through 51, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. 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.

Grant Thornton LLP

Philadelphia, Pennsylvania
April 24, 2025

Westchester County Health Care Corporation
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2024 and 2023

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, 2024, 2023 and 2022. 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, 2024 and 2023 and the changes in its financial position and cash flows for the years then ended. The Statements 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. The Statements 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.

Bon Secours Charity Health System, Inc. ("Charity"), Bon Secours Health System Inc. ("BSHI"), and the Sisters of Charity of Saint Elizabeth ("SOC") have an affiliation agreement with WCHCC 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. Bon Secours Mercy Health, Inc. ("BSMH") is the successor entity to BSHI. 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.

Westchester County Health Care Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

December 31, 2024, 2023 and 2022
(amounts in thousands)

Financial Analysis
Summary of Assets, Liabilities, and Net Position
December 31, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>	2024-2023 Percentage Change
Assets				
Current assets	\$ 879,520	\$ 800,106	\$ 698,323	9.9%
Capital assets, net	872,720	859,523	847,194	1.5
Other assets	260,019	361,171	312,311	(28.0)
Total assets	<u>\$ 2,012,259</u>	<u>\$ 2,020,800</u>	<u>\$ 1,857,828</u>	<u>(0.4)%</u>
Deferred outflows of resources	<u>\$ 165,233</u>	<u>\$ 198,356</u>	<u>\$ 222,035</u>	<u>(16.7)%</u>
Liabilities				
Current liabilities	\$ 749,727	\$ 681,174	\$ 600,256	10.1%
Long-term portion of debt, net	984,576	965,504	765,319	2.0
Other long-term liabilities	835,662	935,176	761,504	(10.6)
Total liabilities	<u>\$ 2,569,965</u>	<u>\$ 2,581,854</u>	<u>\$ 2,127,079</u>	<u>(0.5)%</u>
Deferred inflows of resources	<u>\$ 103,612</u>	<u>\$ 54,922</u>	<u>\$ 296,872</u>	<u>88.7%</u>
Net position				
Restricted	\$ 30,937	\$ 26,019	\$ 22,445	18.9%
Unrestricted	(527,022)	(443,639)	(366,533)	18.8
Total net position	<u>\$ (496,085)</u>	<u>\$ (417,620)</u>	<u>\$ (344,088)</u>	<u>18.8%</u>

Westchester County Health Care Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

December 31, 2024, 2023 and 2022
(amounts in thousands)

Financial Analysis
Summary of Revenues, Expenses, and Changes in Net Position
Years ended December 31, 2024, 2023 and 2022

	2024	2023	2022	2024-2023 Percentage Change
Operating revenues				
Net patient service revenue	\$ 2,249,352	\$ 2,101,651	\$ 1,927,883	7.0%
Other revenue	94,235	99,975	96,009	(5.7)
Total operating revenues	<u>2,343,587</u>	<u>2,201,626</u>	<u>2,023,892</u>	<u>6.4</u>
Operating expenses				
Salaries and benefits	1,380,450	1,299,617	1,176,168	6.2
Supplies and other expenses	815,317	755,129	694,989	8.0
Depreciation and amortization	101,193	96,285	93,232	5.1
Total operating expenses	<u>2,296,960</u>	<u>2,151,031</u>	<u>1,964,389</u>	<u>6.8</u>
Operating income before OPEB and pension expenses	46,627	50,595	59,503	(7.8)
Salaries and benefits - OPEB expenses	22,798	20,933	21,175	8.9
Salaries and benefits - NYS pension expense	30,000	32,500	32,500	(7.7)
Operating (loss) income before NYS pension adjustment	(6,171)	(2,838)	5,828	117.4
NYS non-cash pension adjustments	27,881	34,793	(28,403)	(19.9)
Operating (loss) income	<u>(34,052)</u>	<u>(37,631)</u>	<u>34,231</u>	<u>(9.5)</u>
Nonoperating activities, net				
Investment income	17,060	11,293	3,329	51.1
Unrealized gains (losses) on marketable securities, net	6,325	8,457	(29,240)	(25.2)
Interest expense	(69,523)	(58,097)	(48,334)	19.7
Government stimulus grants	1,780	2,491	12,642	(28.5)
Gain on extinguishment of debt, net	-	19,130	-	(100.0)
Cost of issuance	-	(3,561)	-	(100.0)
Loss on impairment of capital assets	-	-	(1,960)	-
Other nonoperating activities, net	(55)	175	471	(131.4)
Total nonoperating activities, net	<u>(44,413)</u>	<u>(20,112)</u>	<u>(63,092)</u>	<u>120.8</u>
(Loss) before other additions and deductions	<u>(78,465)</u>	<u>(57,743)</u>	<u>(28,861)</u>	<u>35.9</u>
Other changes in net position				
Other	-	(17,554)	-	(100.0)
NYS Capital Restructuring Financing Program Grant Award	-	1,765	13,344	(100.0)
Total other changes in net position, net	<u>-</u>	<u>(15,789)</u>	<u>13,344</u>	<u>(100.0)</u>
(Decrease) in net position	<u>(78,465)</u>	<u>(73,532)</u>	<u>(15,517)</u>	<u>6.7</u>
Net position				
Beginning of year	(417,620)	(344,088)	(328,571)	21.4
End of year	<u>\$ (496,085)</u>	<u>\$ (417,620)</u>	<u>\$ (344,088)</u>	<u>18.8%</u>
Calculation				
(Decrease) in net position	\$ (78,465)	\$ (73,532)	\$ (15,517)	6.7%
NYS non-cash pension adjustment	27,881	34,793	(28,403)	(19.9)
(Decrease) in net position excluding NYS non-cash pension adjustment	<u>\$ (50,584)</u>	<u>\$ (38,739)</u>	<u>\$ (43,920)</u>	<u>30.6%</u>

Westchester County Health Care Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

December 31, 2024 and 2023

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

Overall Financial Position and Operations

WCHCC reported a decrease in net position excluding NYS non-cash pension adjustments of (\$50.6) million, (\$38.7) million, and (\$43.9) million for the years ended December 31, 2024, 2023, and 2022, respectively. WCHCC's negative net position increased \$78.5 million from December 31, 2023 to December 31, 2024 and increased \$73.5 million from December 31, 2022 to December 31, 2023.

Significant financial indicators are as follows:

	2024	2023	2022
Decrease in net position excluding NYS non-cash pension adjustments (in millions)	\$ (50.6)	\$ (38.7)	\$ (43.9)
Current ratio	1.2	1.2	1.1
Quick ratio	1.1	1.1	1.1
Days cash on hand	37.5	30.7	50.9

Analysis of Financial Position

In this section, WCHCC's management provides its analysis of December 31, 2024 financial amounts compared to December 31, 2023 financial amounts and, where appropriate, December 31, 2023 financial amounts compared to December 31, 2022 financial amounts.

Assets and Liabilities

Cash and Cash Equivalents

Cash and cash equivalents increased \$84.9 million at December 31, 2024 compared to December 31, 2023, primarily due to cost saving initiatives and other statement of net position changes. Cash and cash equivalents decreased \$37.8 million at December 31, 2023 compared to December 31, 2022, primarily due to repayment of deferred employer social security, increased costs due to augmented staffing growth and inflation and other statement of net position changes.

Investments

Investments decreased \$31.6 million at December 31, 2024 compared to December 31, 2023 and decreased \$53.5 million at December 31, 2023 compared to December 31, 2022 primarily due to sale of investments.

Patient Accounts Receivable, net

Patient accounts receivable reflected days revenue outstanding of 51.2, 49.1, and 49.3 at December 31, 2024, 2023 and 2022, respectively.

Other Current Assets

Other current assets decreased \$23.1 million from December 31, 2023 to December 31, 2024 due to decreases in third party receivables and other statement of net position changes and increased \$97.7 million from December 31, 2022 to December 31, 2023 due to increases in third party receivables and other statement of net position changes.

Westchester County Health Care Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

December 31, 2024 and 2023

Assets Restricted as to Use

Assets restricted as to use decreased \$62.1 million from December 31, 2023 to December 31, 2024 primarily due the drawdowns of construction funds and interest payments on the 2023 bonds from the capitalized interest funds and increased \$210.2 million from December 31, 2022 to December 31, 2023 primarily due the 2023 bond offering which resulted in an increase in construction funds available under bond indenture of \$180.6 million and an increase in capitalized interest funds under bond indenture of \$28.4 million.

Other Assets, net

Other assets decreased \$1.5 million from December 31, 2023 to December 31, 2024 primarily due to a reduction in lease receivables and decreased \$76.0 million from December 31, 2022 to December 31, 2023 primarily due to the change in New York State Local Retirement System ("NYSLRS") from a pension asset to a pension liability.

Capital Assets, net

Capital assets increased \$13.2 million from December 31, 2023 to December 31, 2024 and increased \$12.3 million from December 31, 2022 to December 31, 2023 primarily due capital projects and medical equipment purchases, partially offset by current year depreciation expense.

Right to Use Leased Assets and Subscription-Based Information Technology Arrangements ("SBITAs")

Right to use leased assets and SBITAs decreased \$20.3 million from December 31, 2023 to December 31, 2024 and decreased \$11.9 million from December 31, 2022 to December 31, 2023 due to amortization expense exceeding new leases and SBITAs.

Line of Credit

Line of credit increased \$14.5 million from December 31, 2023 to December 31, 2024 and increased \$50.5 million from December 31, 2022 to December 31, 2023 due to draws on the line.

Current Portion of Right to Use Lease and SBITAs Liabilities

Current portion of right to use lease and SBITAs liabilities decreased \$2.8 million from December 31, 2023 to December 31, 2024 due to a decrease in leases and SBITAs and remained consistent from December 31, 2022 to December 31, 2023.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses decreased \$27.2 million from December 31, 2023 to December 31, 2024 and increased \$58.4 million from December 31, 2022 to December 31, 2023 due to the timing of payments.

Accrued Salaries and Related Withholdings

Accrued salaries and related withholdings increased \$18.9 million from December 31, 2023 to December 31, 2024 due to payroll accruals and an increase in accrued bonuses and decreased \$7.1 million from December 31, 2022 to December 31, 2023 due to reductions in accrued bonuses and repayment of deferred employer social security withholdings.

Westchester County Health Care Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

December 31, 2024 and 2023

Current Portion of Other Long-Term Liabilities

Other current liabilities increased \$65.0 million from December 31, 2023 to December 31, 2024 primarily due to an increase in third party liabilities and decreased \$22.2 million from December 31, 2022 to December 31, 2023 primarily due to a reduction in third party liabilities and the repayment of NYSLRS deferred pension liabilities.

Long-Term Debt

Long-term debt increased \$19.2 million from December 31, 2023 to December 31, 2024, primarily due to \$40.0 million in proceeds received from the Dormitory Authority of the State of New York ("DASNY") partially offset by principal payments and amortization of bond premiums.

Long-term debt increased \$201.5 million from December 31, 2022 to December 31, 2023, due to the 2023 bond offering of \$287.0 million including bond premium of \$10.4 million partially offset by tendering \$90.5 million in 2020 bonds, and principal payments and amortization of bond premiums.

Non-Current Right to Use Lease and SBITAs Liabilities, net

Non-current right to use lease and SBITAs liabilities decreased \$11.0 million from December 31, 2023 to December 31, 2024 due to payments and increased \$9.0 million from December 31, 2022 to December 31, 2023 primarily due to new leases and SBITAs.

Other Long-Term Liabilities

Other long-term liabilities decreased \$88.5 million from December 31, 2023 to December 31, 2024, primarily due to decreases in \$60.4 million for the NSYLRS pension liability, payment on other long-term liabilities of \$22.5 million, and other changes.

Other long-term liabilities increased \$164.1 million from December 31, 2022 to December 31, 2023, primarily due to an increase of \$191.3 million for the NSYLRS pension liability, partially offset by payment on other long-term liabilities of \$18.9 million, a decrease of \$4.5 million in NYSLRS deferred pension liabilities and other changes.

Deferred Outflows and Inflows of Resources

Deferred Outflows

Deferred outflows decreased \$33.1 million from December 31, 2023 to December 31, 2024 primarily due to decreases in NYSLRS deferred pension outflows of \$20.0 million and bond outflows, net of \$1.7 million and post-retirement outflows of \$11.4 million, and decreased \$23.7 million from December 31, 2022 to December 31, 2023 primarily due to decreases in NYSLRS deferred pension outflows of \$17.9 million and bond outflows, net of \$3.9 million and post-retirement outflows of \$1.9 million.

Deferred Inflows

Deferred inflows increased \$48.7 million from December 31, 2023 to December 31, 2024 due to an increase in deferred NYSLRS pension inflows of \$62.0 million partially offset by a decrease in deferred post-retirement inflows of \$11.6 million and deferred lease outflows of \$1.7 million, and decreased \$241.5 million from December 31, 2022 to December 31, 2023 due to deferred NYSLRS pension inflows of \$248.2 million and \$900,000 for deferred lease outflows partially offset by an increase in deferred post-retirement inflows of \$7.6 million.

Westchester County Health Care Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

December 31, 2024 and 2023

Revenues and Expenses

Net Patient Service Revenue

Net patient service revenue increased \$147.7 million from 2023 to 2024 and \$173.8 million from 2022 to 2023 due to an increase in outpatient visits, admissions, case mix and higher reimbursement rates.

Other Revenue

Other revenue decreased \$5.7 million from 2023 to 2024 due to a decrease in grants and increased \$4.0 million from 2022 to 2023 due to an increase in grants.

Salaries and Benefits, Including Post-Retirement and New York State Pension

Salaries and benefits increased \$73.3 million from 2023 to 2024 and increased \$186.4 million from 2022 to 2023 due to investment in new physicians and support staff and contractual salary increases.

Supplies and Other Expenses

Supplies and other expenses increased approximately \$60.2 million from 2023 to 2024 due to increased volume and inflation impacting the following areas:

- Increase in professional liability expense of \$31.3 million
- Increase in contractual, consulting and professional fees of \$18.7 million
- Increase in medical supplies of \$14.3 million
- Decrease in other expenses of \$4.1 million

Supplies and other expenses increased approximately \$60.1 million from 2022 to 2023 due to increased volume and inflation impacting the following areas:

- Increase in medical supplies of \$45.4 million
- Increase in contractual, consulting and professional fees of \$21.7 million
- Increase in other expenses of \$600,000
- Decrease in outsourcing support and contracted expenses related to laboratory services for HealthAlliance of \$7.6 million

Depreciation and Amortization Expense

Depreciation and amortization expense increased \$4.9 million from 2022 to 2023 and \$3.1 million from 2022 to 2023 due to capital asset additions in 2024 and 2023, respectively.

Nonoperating Activities, net

Nonoperating activities, net decreased \$24.3 million from 2023 to 2024, primarily due to 2023 had a gain on extinguishment of debt of \$19.1 million, which is partially offset by other changes.

Nonoperating activities, net increased \$43.0 million from 2022 to 2023, primarily due to a gain on extinguishment of debt, net of \$19.1 million, unrealized gains on investments of \$37.7 million and an increase in investment income of \$8.0 million due to favorable market conditions, partially offset by a

Westchester County Health Care Corporation

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

December 31, 2024 and 2023

decrease in government grants of \$10.2 million, an increase in interest expense of \$9.8 million, cost of issuance of bonds in 2023 of \$3.6 million and other changes.

Net Position

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

Restricted

Increased \$4.9 million and \$3.6 million from December 31, 2023 to December 31, 2024, and December 31, 2022 to December 31, 2023, respectively, primarily due to an increase in restricted contributions.

Unrestricted

Unrestricted net deficit increased by \$83.4 million to (\$527.0) million at December 31, 2024 from (\$443.6) million, primarily due to the changes in net position for the year ended December 31, 2024.

Unrestricted net deficit increased by \$77.1 million to (\$443.6) million at December 31, 2023 from (\$366.5) million, primarily due to the changes in net position for the year ended December 31, 2023.

Capital Assets, net

At December 31, 2024, WCHCC had capital assets, net of accumulated depreciation of \$872.7 million, compared to \$859.5 million at December 31, 2023 and \$847.2 million at December 31, 2022. Major categories of capital assets, net are set forth in the table below (amounts in thousands):

	2024	2023	2022
Land and land improvements	\$ 12,840	\$ 13,775	\$ 13,927
Buildings and building improvements	508,343	513,988	516,803
Equipment	288,016	304,683	308,189
Construction in progress	63,521	27,077	8,275
	\$ 872,720	\$ 859,523	\$ 847,194

Capital assets, net increased in 2024 by \$13.2 million due to capital projects and medical equipment purchases of \$89.2 million, offset by depreciation expense of \$76.0 million. Capital assets, net increased in 2023 by \$12.3 million due to capital projects and medical equipment purchases of \$90.1 million, offset by depreciation expense of \$77.8 million. More detailed information about WCHCC’s capital assets is presented in Note 6 to the financial statements.

Westchester County Health Care Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

December 31, 2024 and 2023

Long-Term Debt

At December 31, 2024, WCHCC had \$1,012.0 million in total long-term debt outstanding, as follows with comparative amounts at December 31, 2023 and December 31, 2022 (amounts in thousands):

	<u>2024</u>	<u>2023</u>	<u>2022</u>
2010 Series Bonds	\$ 71,460	\$ 71,500	\$ 71,535
2014 Series Bonds	22,174	22,813	23,421
2015 Series Bonds	18,536	19,353	20,138
2016 Series Bonds	267,536	270,491	273,306
2020 Series Bonds	209,545	209,545	300,000
2023 Series Bonds	286,950	286,950	-
Other	62,728	23,311	24,366
Bond premium	28,591	29,786	19,855
Financed purchases	44,463	59,020	58,635
	<u>\$ 1,011,983</u>	<u>\$ 992,769</u>	<u>\$ 791,256</u>

Long-term debt increased \$19.2 million from December 31, 2023 to December 31, 2024 primarily due to the proceeds of \$40.0 million from DASNY and other financed purchases of \$7.3 million, partially offset by \$28.1 million of principal payments and amortization of bond premiums, and increased \$201.5 million from December 31, 2022 to December 31, 2023 due to the 2023 bond offering of \$287.0 million including bond premium of \$10.8 million partially offset by tendering \$90.5 million in 2020 bonds, and principal payments and amortization of bond premiums.

More detailed information about WCHCC's long-term debt is presented in Note 7 to the financial statements.

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 John Morgan, Interim Chief Financial Officer, Westchester County Health Care Corporation, Executive Offices, Valhalla, New York 10595.

Westchester County Health Care Corporation

STATEMENTS OF NET POSITION

December 31, 2024 and 2023
(amounts in thousands)

	2024		2023	
	WCHCC	Bon Secours Charity	WCHCC	Bon Secours Charity
Assets				
Current assets:				
Cash and cash equivalents	\$ 129,200	\$ 13,241	\$ 44,322	\$ 21,854
Investments	101,338	21,677	132,935	32,813
Total cash, cash equivalents and investments	230,538	34,918	177,257	54,667
Patient accounts receivable, net	314,566	85,816	282,552	85,451
Assets restricted as to use, required for current liabilities	111,548	211	94,329	219
Other current assets	222,868	22,324	245,968	21,184
Total current assets	879,520	143,269	800,106	161,521
Assets restricted as to use, net	82,616	4,462	161,970	4,320
Capital assets, net	872,720	180,499	859,523	180,830
Right to use leased and SBITA assets	168,988	59,114	189,328	72,204
Other assets, net	8,415	5,497	9,873	4,915
Total assets	<u>\$ 2,012,259</u>	<u>\$ 392,841</u>	<u>\$ 2,020,800</u>	<u>\$ 423,790</u>
Deferred outflows of resources				
Pension, OPEB and bond related	<u>\$ 165,233</u>	<u>\$ 110</u>	<u>\$ 198,356</u>	<u>\$ 116</u>
Liabilities				
Current liabilities:				
Line of credit	\$ 105,000	\$ 40,000	\$ 90,500	\$ 34,000
Current portion of long-term debt	27,407	42,451	27,265	2,639
Current portion of right to use lease and SBITA liabilities	13,835	13,221	16,619	15,636
Accounts payable and accrued expenses	307,313	169,197	334,550	149,404
Accrued salaries and related withholdings	145,823	56,932	126,931	48,194
Current portion of other long-term liabilities	150,349	35,599	85,309	25,866
Total current liabilities	749,727	357,400	681,174	275,739
Long-term debt, net	984,576	110,134	965,504	126,815
Long-term right to use lease and SBITA liabilities, net	139,050	43,695	150,020	55,318
Other long-term liabilities, net	696,612	75,082	785,156	80,419
Total liabilities	<u>\$ 2,569,965</u>	<u>\$ 586,311</u>	<u>\$ 2,581,854</u>	<u>\$ 538,291</u>
Deferred inflows of resources				
Pension, OPEB and lease related	<u>\$ 103,612</u>	<u>\$ 1,832</u>	<u>\$ 54,922</u>	<u>\$ 2,133</u>
Commitments and contingencies				
Net position				
Restricted				
Expendable for capital acquisitions	\$ 6,137	\$ 2,034	\$ 3,398	\$ 1,307
Expendable for specific operating activities	14,977	3,267	14,369	3,536
Nonexpendable for endowment	9,823	914	8,252	914
Total restricted	30,937	6,215	26,019	5,757
Unrestricted				
Net investment in capital assets	21,656	95,700	86,806	241,455
Unrestricted	(548,678)	(297,107)	(530,445)	(363,730)
Total unrestricted	(527,022)	(201,407)	(443,639)	(122,275)
Total net position	<u>\$ (496,085)</u>	<u>\$ (195,192)</u>	<u>\$ (417,620)</u>	<u>\$ (116,518)</u>

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, 2024 and 2023
(amounts in thousands)

	2024		2023	
	WCHCC	Bon Secours Charity	WCHCC	Bon Secours Charity
Operating revenues				
Net patient service revenue (net of provision for bad debts of \$50,530 and \$49,144 in 2024 and \$43,835 and \$16,230 in 2023, respectively)	\$ 2,249,352	\$ 585,241	\$ 2,101,651	\$ 605,795
Other revenue	94,235	14,707	99,975	21,107
Total operating revenues	<u>2,343,587</u>	<u>599,948</u>	<u>2,201,626</u>	<u>626,902</u>
Operating expenses				
Salaries and benefits	1,380,450	383,217	1,299,617	387,918
Supplies and other expenses	815,317	254,806	755,129	257,205
Depreciation and amortization	101,193	34,152	96,285	39,803
Total operating expenses	<u>2,296,960</u>	<u>672,175</u>	<u>2,151,031</u>	<u>684,926</u>
Operating income (loss) before OPEB and pension expense	46,627	(72,227)	50,595	(58,024)
Salaries and benefits - OPEB expenses	22,798	-	20,933	-
Salaries and benefits - NYS pension expenses	30,000	-	32,500	-
Operating income before NYS pension adjustment	(6,171)	(72,227)	(2,838)	(58,024)
NYS non-cash pension adjustment	27,881	-	34,793	-
Operating (loss)	<u>(34,052)</u>	<u>(72,227)</u>	<u>(37,631)</u>	<u>(58,024)</u>
Nonoperating activities				
Investment income	17,060	1,194	11,293	1,691
Unrealized gains on investments, net	6,325	1,655	8,457	1,493
Interest expense	(69,523)	(15,125)	(58,097)	(14,624)
Government stimulus grants	1,780	4,566	2,491	3,555
Gain on extinguishment of debt, net	-	-	19,130	-
Cost of issuance	-	-	(3,561)	-
Other nonoperating activities, net	(55)	1,263	175	6,391
Total nonoperating activities, net	<u>(44,413)</u>	<u>(6,447)</u>	<u>(20,112)</u>	<u>(1,494)</u>
Decrease in net position before other changes	(78,465)	(78,674)	(57,743)	(59,518)
Other changes in net position				
Other	-	-	(17,554)	-
NYS Capital Restructuring Financing Program Grant Award	-	-	1,765	1,466
Total other changes in net position, net	<u>-</u>	<u>-</u>	<u>(15,789)</u>	<u>1,466</u>
(Decrease) in net position	<u>(78,465)</u>	<u>(78,674)</u>	<u>(73,532)</u>	<u>(58,052)</u>
Net position				
Beginning of year	(417,620)	(116,518)	(344,088)	(58,466)
End of year	<u>\$ (496,085)</u>	<u>\$ (195,192)</u>	<u>\$ (417,620)</u>	<u>\$ (116,518)</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, 2024 and 2023
(amounts in thousands)

	<u>2024</u>		<u>2023</u>	
	<u>WCHCC</u>	<u>Bon Secours Charity</u>	<u>WCHCC</u>	<u>Bon Secours Charity</u>
Cash flows from operating activities:				
Cash received from patients and third-party payors	\$ 2,290,080	\$ 592,772	\$ 1,973,299	\$ 563,836
Other receipts	105,585	15,355	84,675	25,418
Cash paid to employees for salaries and benefits	(1,438,421)	(374,561)	(1,386,715)	(387,748)
Cash paid for supplies and other expenses	(840,986)	(252,495)	(683,978)	(183,090)
	<u>116,258</u>	<u>(18,929)</u>	<u>(12,719)</u>	<u>18,416</u>
Net cash provided by (used in) operating activities				
Cash flows from noncapital financing activities:				
Proceeds from contributions restricted for specific operating activities	10,048	-	6,675	-
Proceeds from line of credit	-	6,000	-	34,000
Proceeds from the issuance of long-term debt	39,932	28,000	-	-
Proceeds from Government stimulus grants	1,780	4,566	2,491	3,555
Repayments of Medicare advances	-	-	(5,656)	-
Net cash (payments) receipts for nonoperating items	(77)	1,190	(758)	6,320
Repayments of principal on long-term debt	(342)	-	(511)	-
Interest paid	(2,583)	(14,496)	(3,754)	(11,774)
	<u>48,758</u>	<u>25,260</u>	<u>(1,513)</u>	<u>32,101</u>
Net cash provided by (used in) noncapital financing activities				
Cash flows from capital and related financing activities:				
Purchase of capital assets	(89,494)	(19,188)	(66,334)	(50,423)
Payments on right to use leased assets	(18,619)	(4,181)	(14,692)	(22,162)
Proceeds from sale of assets	-	-	168	-
Proceeds from line of credit	175,000	-	105,500	-
Repayment of line of credit	(160,500)	-	(55,000)	-
Proceeds from issuance of long-term debt	-	-	297,774	-
Repayments of principal on long-term debt	(27,750)	(4,796)	(27,415)	(2,583)
Repayments of redeemed long-term debt	-	-	(90,455)	-
Payments of bond issuance costs	-	-	(3,561)	-
Proceeds from bond redemption	-	-	19,130	-
Interest paid	(65,846)	(630)	(46,870)	(428)
NYS Capital Restructuring Financing Program Grant Award activities	-	-	1,765	1,466
	<u>(187,209)</u>	<u>(28,795)</u>	<u>120,010</u>	<u>(74,130)</u>
Net cash (used in) provided by capital and related financing activities				
Cash flows from investing activities:				
Purchase of investments and assets restricted as to use	(52,650)	(9,793)	(348,955)	(10,964)
Sale of investments and assets restricted as to use	142,661	20,795	194,093	8,289
Interest received	17,060	2,849	11,293	3,184
	<u>107,071</u>	<u>13,851</u>	<u>(143,569)</u>	<u>509</u>
Net cash provided by (used in) investing activities				
Net increase (decrease) in cash and cash equivalents				
	84,878	(8,613)	(37,791)	(23,104)
Cash and cash equivalents:				
Beginning of year	44,322	21,854	82,113	44,958
End of year	<u>\$ 129,200</u>	<u>\$ 13,241</u>	<u>\$ 44,322</u>	<u>\$ 21,854</u>

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, 2024 and 2023
(amounts in thousands)

	2024		2023	
	WCHCC	Bon Secours Charity	WCHCC	Bon Secours Charity
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating (loss)	\$ (34,052)	\$ (72,227)	\$ (37,631)	\$ (58,024)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	101,193	34,152	96,285	39,803
Provision for bad debts, net	50,530	49,144	43,835	16,230
Deferred inflows and outflows, net	80,637	(295)	(227,816)	926
Changes in assets and liabilities:				
Patient accounts receivable	(82,544)	(49,509)	(65,862)	(46,736)
Other assets	(51,288)	(1,722)	(119,354)	893
Accounts payable and accrued expenses	(19,638)	19,792	56,066	45,045
Accrued salaries and related withholdings	18,892	8,738	(7,097)	322
Other liabilities	52,528	(7,002)	248,855	19,957
Net cash provided by (used in) operating activities	<u>\$ 116,258</u>	<u>\$ (18,929)</u>	<u>\$ (12,719)</u>	<u>\$ 18,416</u>
Supplemental disclosure of cash flow information:				
Change in amounts accrued for purchase of capital assets	<u>\$ (9,423)</u>	<u>\$ -</u>	<u>\$ 14,996</u>	<u>\$ -</u>
Assets acquired under financed purchases	<u>\$ 7,373</u>	<u>\$ -</u>	<u>\$ 2,120</u>	<u>\$ 3,580</u>

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

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

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”) • Woods Road Medical PLLC (“Woods Road”) 	<ul style="list-style-type: none"> • HealthAlliance, Inc. (“HealthAlliance”) • HealthAlliance Hospital: Broadway Campus (“Broadway”) – inactive since September 22, 2020 • HealthAlliance Hospital: Mary’s Ave Campus (“Mary’s Ave”) • Kingston Regional Health Care Enterprises, Inc. (“Enterprises”) • Multi-Provider Support Services, LLC (“MPSS”) (“FASC Foundation”) • Margaretville Hospital (“Margaretville”) • Margaretville Nursing Home (the “Nursing Home”) • Mid-Hudson Physicians, P.C. (“Mid-Hudson Physicians”) • Margaretville Health Foundation (“MHF”) • HealthAlliance Physician Network IPA, LLC (“HAPN”) • HealthAlliance Foundation (“HAF”) • Hudson River North Insurance Limited (“HRN-Cayman”)

The auditor’s opinion on the stand-alone audited financial statements of HealthAlliance as of and for the years ended December 31, 2024 and 2023 includes an emphasis of matter paragraph relating to management’s conclusion of the uncertainty regarding HealthAlliance’s ability to continue as a going concern due to HealthAlliance’s working capital deficit and recurring operating losses. Total assets for HealthAlliance were approximately \$209.5 million and \$207.8 million as of December 31, 2024 and 2023, respectively, and operating revenues were approximately \$210.7 million and \$210.1 million for the years then ended, respectively. The ongoing financial viability of HealthAlliance is not guaranteed by WCHCC.

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 - Rockland, 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

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

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.

The auditor's opinion on the stand-alone audited financial statements of Charity as of and for the year ended December 31, 2024 includes an emphasis of matter paragraph relating to management's conclusion of the uncertainty regarding Charity's ability to continue as a going concern due to Charity's working capital deficit and recurring operating losses. Total assets for Charity were approximately \$392.8 million as of December 31, 2024, and operating revenues were approximately \$599.9 million for the year then ended. The ongoing financial viability of Charity is not guaranteed by WCHCC. More detailed information about Charity is presented in Note 16.

WCHCC, HealthAlliance and Charity and their controlled organizations (collectively, referred to as the "WMCHCC 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. WMCHCC Network provides patient care, teaching, research 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 16.

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 years ended December 31, 2024 and 2023 resulted in a favorable increase to operating income of approximately \$178.7 million and \$165.1 million, respectively.

Westchester County Health Care Corporation
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2024 and 2023

Patient Accounts Receivable and Net Patient Service Revenue

Accounts receivable from patients and third-party payors at December 31, 2024 and 2023 was comprised of Medicare, 28% and 27%, Medicaid, 23% and 22%, and commercial insurance, health maintenance organizations and others, 49% and 50%, respectively. Patient accounts receivable are recorded net of allowances for estimated uncollectible accounts of approximately \$171.3 million and \$93.6 million at December 31, 2024 and 2023, 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, 2018, with the exception of December 31, 2004, and HealthAlliance's two cost reports through December 31, 2019 for Mary's Ave and December 31, 2022 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, 2024 and 2023

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, 2024 and 2023, net contributions and grants receivable of approximately \$6.6 million and \$5.1 million, respectively, are included in other assets in the accompanying Statements of Net Position.

WCHCC received grant funding during the years ended December 31, 2024 and 2023 from the Federal Emergency Management Agency ("FEMA") related to additional unreimbursed COVID-19 expenses incurred by WCHCC during the pandemic. For the years ended December 31, 2024 and 2023, WCHCC received approximately \$1.8 million and \$2.5 million, respectively, from FEMA, these amounts are included in nonoperating activities in the Statements of Revenues, Expenses and Changes in Net Position in accordance with technical guidance established by GASB.

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, 2024 and 2023, 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 95% and 92% of cash and cash equivalents reside with a major established financial institution at December 31, 2024 and 2023, 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, 2024 and 2023

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.

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, 2024 and 2023, at approximately \$245.9 million and \$100.3 million, respectively.

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

Leases and Subscription-Based Information Technology Arrangements (SBITAs)

WCHCC determines if an arrangement is a lease or a SBITA at inception of the contract. Right to Use (“RTU”) assets represent WCHCC’s right to use the underlying assets for the lease or SBITA term and lease or SBITA liabilities represent WCHCC’s obligation to make lease payments arising from the leases or SBITAs. RTU assets and lease liabilities are recognized at the lease or SBITA commencement date at the present value of lease or SBITAs payments attributable to rent over the lease or SBITAs 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 and SBITAs 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 and SBITA assets and leasehold improvements is the shorter of the useful life or the lease or SBITA 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. The RTU and SBITA assets are amortized into depreciation expense and amortization expense in the Statements of Revenues, Expenses, and Changes in Net Position.

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.

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. On January 30, 2025, WMC Advanced Physician Services received notification that it is exempt from income tax under Section 501(c)(3) of the Code effective January 1, 2024.

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, 2024 and 2023

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, a long-lived asset 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. There was no impairment adjustment required as of December 31, 2024 and 2023.

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, equities 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 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.

Reclassifications

Certain reclassifications have been made to prior year balances in order to conform to the current year presentation, primarily on the Statements of Net Position related current and non-current liabilities. These reclassifications had no impact on total assets, total liabilities or total net position.

NOTE 3 - 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 at December 31, 2024 and 2023 were approximately \$104.5 million and \$56.0 million, respectively, and are included in other liabilities (Note 13). 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.

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December 31, 2024 and 2023

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.

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, 2024 and 2023, WCHCC received net distributions of approximately \$44.0 million and \$22.4 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, 2024 and 2023 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 26% and 23% (8% DSH), and 24% and 23% (8% DSH), of WCHCC’s net patient service revenue for the years ended December 31, 2024 and 2023, respectively. 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

Westchester County Health Care Corporation
NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

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, 2024 and 2023 will not be significantly different from those recorded in the accompanying financial statements.

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 their 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.

COVID-19

The Coronavirus Aid, Recovery and Economic Security Act ("CARES Act") provided for an expansion of the Medicare Accelerated and Advance Payment Program ("Medicare Advances") for patient services. Under the program, WCHCC received Medicare Advances, the recoupment period for which began in April 2021 as amounts billed to Medicare for services provided were offset against the advance payments received until the advance is fully recouped by the Medicare program or was due in full in September 2022. Effective November 1, 2022, WCHCC entered into a repayment plan with National Government Services to repay the remaining balance at 4% interest. The Medicare Advances were repaid in full in August 2023.

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 would also be subject to fines and treble damage claims if WCHCC knowingly filed a false claim or knowingly used false statements to obtain damages. 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.

Westchester County Health Care Corporation
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2024 and 2023

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits and investments consist of the following at December 31, 2024 and 2023 (amounts in thousands):

	2024	2023
Description:		
Bank deposits	\$ 130,861	\$ 48,232
Money market accounts	25,820	21,896
Equity mutual funds	8,199	9,847
Equities	34,999	37,763
Other	9,781	7,572
Fixed income:		
U.S. Treasury securities	182,335	254,334
Corporate bonds	28,780	48,986
	\$ 420,775	\$ 428,630
Description on statement of net position:		
Cash and cash equivalents	\$ 129,200	\$ 44,322
Investments	101,338	132,935
Assets restricted as to use, required for current liabilities	109,630	90,670
Assets restricted as to use, net	80,607	160,703
	\$ 420,775	\$ 428,630
Investment maturities of fixed income securities:		
One year or less	\$ 130,570	\$ 86,142
After one through five years	64,088	200,228
After five through 10 years	16,457	16,950
	\$ 211,115	\$ 303,320

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 active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At December 31, 2024 and 2023, all of WCHCC's financial instruments measured at fair value were categorized as Level 1.

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, 2024 and 2023, 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 less than ten-year maturities.

Westchester County Health Care Corporation
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2024 and 2023

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 5 - ASSETS RESTRICTED AS TO USE

Assets restricted as to use consist of the following at December 31, 2024 and 2023 (amounts in thousands):

	2024	2023
Time and purpose restricted:		
The Westchester Medical Center Foundation, Inc.	\$ 30,595	\$ 25,654
Other purposes	4,237	8,032
	34,832	33,686
Under debt agreements:		
Debt service reserve funds	10,890	10,966
Construction funds	145,852	209,079
Other	2,590	2,568
	159,332	222,613
	194,164	256,299
Less: portion required for current liabilities	(111,548)	(94,329)
	\$ 82,616	\$ 161,970

WCHCC's assets restricted as to use are reported at fair value, as described in Note 2. At December 31, 2024 and 2023, the composition of assets restricted as to use consisted of the following (amounts in thousands):

	2024	2023
Bank deposits	\$ 5,022	\$ 7,155
Money market accounts	21,526	17,762
Equity mutual funds	4,643	5,319
Equities	5,206	3,496
Other	4,736	5,742
Fixed income:		
U.S. Treasury securities	148,918	214,182
Other	4,113	2,643
	\$ 194,164	\$ 256,299

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.

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2024 and 2023 was as follows (amounts in thousands):

	2024			
	Beginning Balance	Additions and Transfers	Retirements and Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,911	\$ -	\$ -	\$ 2,911
Construction in process	27,077	42,936	(6,492)	63,521
Capital assets, being depreciated:				
Building and improvements	1,078,904	15,993	6,226	1,101,123
Equipment	1,170,775	30,300	225	1,201,300
Land improvements	25,582	48	-	25,630
Total capital assets	<u>2,305,249</u>	<u>89,277</u>	<u>(41)</u>	<u>2,394,485</u>
Less accumulated depreciation and amortization for:				
Building and improvements	(564,916)	(27,864)	-	(592,780)
Equipment	(866,092)	(47,226)	34	(913,284)
Land improvements	(14,718)	(983)	-	(15,701)
Total accumulated depreciation and amortization	<u>(1,445,726)</u>	<u>(76,073)</u>	<u>34</u>	<u>(1,521,765)</u>
Carrying value of all capital assets, net	<u>\$ 859,523</u>	<u>\$ 13,204</u>	<u>\$ (7)</u>	<u>\$ 872,720</u>
	2023			
	Beginning Balance	Additions and Transfers	Retirements and Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,911	\$ -	\$ -	\$ 2,911
Construction in process	8,275	26,808	(8,006)	27,077
Capital assets, being depreciated:				
Building and improvements	1,052,872	26,032	-	1,078,904
Equipment	1,126,277	44,973	(475)	1,170,775
Land improvements	24,772	810	-	25,582
Total capital assets	<u>2,215,107</u>	<u>98,623</u>	<u>(8,481)</u>	<u>2,305,249</u>
Less accumulated depreciation and amortization for:				
Building and improvements	(536,069)	(28,847)	-	(564,916)
Equipment	(818,088)	(48,152)	148	(866,092)
Land improvements	(13,756)	(962)	-	(14,718)
Total accumulated depreciation and amortization	<u>(1,367,913)</u>	<u>(77,961)</u>	<u>148</u>	<u>(1,445,726)</u>
Carrying value of all capital assets, net	<u>\$ 847,194</u>	<u>\$ 20,662</u>	<u>\$ (8,333)</u>	<u>\$ 859,523</u>

At December 31, 2024, WCHCC was committed to non-cancelable construction contracts related to capital projects of approximately \$184.8 million. The net book value of capital assets held under financed purchase obligations, included in equipment, was approximately \$73.5 million and \$76.9 at December 31, 2024 and 2023, respectively.

Westchester County Health Care Corporation
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2024 and 2023

NOTE 7 - LONG-TERM DEBT

Long-term debt activity as of December 31, 2024 and 2023 was as follows (amounts in thousands):

	December 31, 2023	Additions	Reductions	December 31, 2024	Amounts Due Within One Year
2010 Series Bonds ^(a)	\$ 71,500	\$ -	\$ (40)	\$ 71,460	\$ 40
2014 Series Bonds ^(b)	22,813	-	(639)	22,174	671
2015 Series Bonds ^(c)	19,353	-	(817)	18,536	854
2016 Series Bonds ^(d)	270,491	-	(2,955)	267,536	3,100
2020 Series Bonds ^(e)	209,545	-	-	209,545	-
2023 Series Bonds ^(f)	286,950	-	-	286,950	-
Other ^(g)	23,311	39,932	(515)	62,728	4,396
Bond premium, net	29,786	-	(1,195)	28,591	1,195
Financed purchases ^(h)	59,020	7,373	(21,930)	44,463	17,151
	<u>\$ 992,769</u>	<u>\$ 47,305</u>	<u>\$ (28,091)</u>	<u>\$ 1,011,983</u>	<u>\$ 27,407</u>

	December 31, 2022	Additions	Reductions	December 31, 2023	Amounts Due Within One Year
2010 Series Bonds ^(a)	\$ 71,535	\$ -	\$ (35)	\$ 71,500	\$ 40
2014 Series Bonds ^(b)	23,421	-	(608)	22,813	639
2015 Series Bonds ^(c)	20,138	-	(785)	19,353	817
2016 Series Bonds ^(d)	273,306	-	(2,815)	270,491	2,955
2020 Series Bonds ^(e)	300,000	-	(90,455)	209,545	-
2023 Series Bonds ^(f)	-	286,950	-	286,950	-
Other ^(g)	24,366	-	(1,055)	23,311	999
Bond premium, net	19,855	10,824	(893)	29,786	1,195
Financed purchases ^(h)	58,635	22,120	(21,735)	59,020	20,620
	<u>\$ 791,256</u>	<u>\$ 319,894</u>	<u>\$ (118,381)</u>	<u>\$ 992,769</u>	<u>\$ 27,265</u>

^(a) At December 31, 2024, 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; \$2.6 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 were received through the Build America Bonds program related to these bonds for the years ended December 31, 2024 and 2023.

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 as of December 31, 2024 and 2023 (see Note 5).

Interest expense relating to the various Series 2010 Bonds was approximately \$6.5 million in 2024 and 2023.

^(b) At December 31, 2024, the balance of WCHCC Revenue Bonds, Series 2014A, Senior Lien with an interest rate of 5.0% and maturing November 1, 2044 of \$22.2 million was outstanding.

Interest expense relating to the Series 2014 Bonds was approximately \$1.1 million and \$1.2 million in 2024 and 2023, respectively.

Westchester County Health Care Corporation
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2024 and 2023

- (c) At December 31, 2024, the balance of a private placement bond offering relating to Dutchess County Local Development Corporation Revenue Bonds, Series 2015, consists of \$14.9 million Series 2015A (Tax-Exempt) with an interest rate of 3.75%, maturing August 1, 2030, and \$3.6 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 \$807,000 and \$838,000 in 2024 and 2023, respectively.

- (d) At December 31, 2024, \$267.5 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 \$12.1 million and \$12.2 million in 2024 and 2023, respectively.

- (e) At December 31, 2024, \$209.5 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 were outstanding. During 2023, approximately \$90.5 million in Series 2020 Bonds were tendered as part of the 2023 bond offering resulting in a gain on extinguishment of debt, net of \$19.1 million which was recorded in the accompanying Statement of Revenues, Expenses and Changes in Net Position.

Interest expense relating to the Series 2020 Bonds was approximately \$8.8 million and \$12.0 million in 2024 and 2023, respectively.

- (f) In November 2023, WCHCC participated in a new bond offering relating to \$287.0 million of Westchester County Local Development Corporation Revenue Bonds, Series 2023 (Westchester Medical Center Obligated Group Project) (Series 2023 Bonds) with interest rates varying from 5.0% to 6.3% and maturing annually November 1, 2031 through 2034, November 1, 2047 through 2049 and November 1, 2051 through 2053. At December 31, 2024 and 2023, \$287.0 million was outstanding.

The proceeds of the Series 2023 Bonds, together with all available funds, were used (i) to pay for costs for the construction of a new bed tower and to fund routine capital projects; (ii) to fund capitalized interest in connection with the Series 2023 Bonds; (iii) to pay for the purchase price of the target bonds from the Series 2020 Bonds that were tendered; and (iv) to pay costs related to the issuance of the Series 2030 Bonds.

Interest expense relating to the Series 2023 Bonds was approximately \$14.9 million and \$2.5 million in 2024 and 2023, respectively.

- (g) HealthAlliance has the following debt obligations, which are included in Other:

DASNY Loans

HealthAlliance has various loan agreements, as amended, with the Dormitory Authority of the State of New York ("DASNY"), the balance of which was \$60.3 million at December 31, 2024. In June 2024, a new agreement was entered into with DASNY for \$40.0 million of additional financing, and all current and previous agreements were aggregated into one repayment arrangement, with interest accruing at a fixed interest rate of 2.0%. Principal and interest payments are deferred until July 2025. Monthly payments of principal and interest are \$800,000 for 2025 and increase up to \$1.5 million through June 30, 2030. All DASNY loans are collateralized by a lien on certain properties owned by HealthAlliance. The loan agreement provides for interest forgiveness if all payments are made in full and are timely.

Westchester County Health Care Corporation
NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

(h) WCHCC has entered into certain equipment financed purchase agreements that are collateralized by the underlying assets and bear interest at rates between 1.63% and 6.53%. The interest expense under these financed purchase agreements was approximately \$2.1 million and \$2.3 million in 2024 and 2023, respectively.

Long-Term Debt Service Coverage Ratio

Under Section 6.13(a) of the Series 2000 Bonds Master Trust Indenture (“MTI”) between WCHCC and U.S. Bank National Association (formerly United States Trust Company of New York) 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, 2024 and 2023, WCHCC met the required Long-Term Debt Service Coverage Ratio.

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, 2024) payments on the bonds and other long-term debt at December 31, 2024 (amounts in thousands):

	Principal	Interest	Total
2025	\$ 9,061	\$ 45,218	\$ 54,279
2026	14,226	45,439	59,665
2027	15,861	44,999	60,860
2028	20,136	44,518	64,654
2029	23,668	43,866	67,534
2030-2034	97,174	208,364	305,538
2035-2039	115,509	183,455	298,964
2040-2044	132,914	143,346	276,260
2045-2049	180,530	105,286	285,816
2050-2053	329,850	29,202	359,052
	\$ 938,929	\$ 893,693	\$ 1,832,622

Included in deferred outflows of resources as of December 31, 2024 and 2023 are \$24.2 million and \$25.4 million, respectively, 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, 2024 are as follows (amounts in thousands):

2025	\$ 18,961
2026	14,853
2027	9,711
2028	3,790
2029	757
	48,072
Less: amount representing interest	3,609
Present value of net minimum financed purchased payments	44,463
Less: current portion	17,151
	\$ 27,312

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

NOTE 8 - LINE OF CREDIT

At December 31, 2024 and 2023, WCHCC had a \$140.0 million working capital revolving line of credit from a financial institution. The amount drawn on the line of credit was \$105.0 million at December 31, 2024 bearing interest of 5.87% and \$90.5 million at December 31, 2023 bearing interest of 6.73%. The interest rate is determined by the secured overnight financing rate (“SOFR”) and the line of credit expires on October 31, 2025.

NOTE 9 - LEASES AND SBITAs

Lease Receivables

WCHCC leases real estate to independent third parties. The rental income under these lease agreements was approximately \$3.8 million and \$4.1 million in 2024 and 2023, respectively. WCHCC had lease receivables of approximately \$4.5 million and \$6.5 million as of December 31, 2024 and 2023, respectively, which are included as a component of other assets, and deferred inflows of resources of approximately \$4.1 million and \$5.9 million associated with these leases as of December 31, 2024 and 2023, respectively.

Right to Use Leased Assets and SBITAs

Right to use leased asset activity whereby WCHCC is the lessee in a lease or SBITA agreement, for the years ended December 31, 2024 and 2023 was as follows (amounts in thousands):

	2024			
	Beginning Balance	Additions	Retirements	Ending Balance
Right to use leased assets:				
Leased buildings	\$ 148,851	\$ 1,857	\$ (1,776)	\$ 148,932
Leased equipment	22,824	235	(108)	22,951
	<u>171,675</u>	<u>2,092</u>	<u>(1,884)</u>	<u>171,883</u>
Subscription information technology	108,027	4,572	-	112,599
Total right to use lease assets and SBITAs	279,702	6,664	(1,884)	284,482
Less accumulated amortization for:				
Leased buildings	(35,740)	(10,939)	1,776	(44,903)
Leased equipment	(19,525)	(4,327)	108	(23,744)
	<u>(55,265)</u>	<u>(15,266)</u>	<u>1,884</u>	<u>(68,647)</u>
Subscription information technology	(35,109)	(11,738)	-	(46,847)
Total accumulated amortization	(90,374)	(27,004)	1,884	(115,494)
Right to use leased assets and SBITAs, net	<u>\$ 189,328</u>	<u>\$ (20,340)</u>	<u>\$ -</u>	<u>\$ 168,988</u>

Westchester County Health Care Corporation

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

	2023			
	Beginning Balance	Additions	Retirements	Ending Balance
Right to use leased assets:				
Leased buildings	\$ 128,152	\$ 21,646	\$ (947)	\$ 148,851
Leased equipment	19,499	4,619	(1,294)	22,824
	<u>147,651</u>	<u>26,265</u>	<u>(2,241)</u>	<u>171,675</u>
Subscription information technology	108,027	-	-	108,027
Total right to use lease assets and SBITAs	255,678	26,265	(2,241)	279,702
Less accumulated amortization for:				
Leased buildings	(27,143)	(9,544)	947	(35,740)
Leased equipment	(15,122)	(5,697)	1,294	(19,525)
	<u>(42,265)</u>	<u>(15,241)</u>	<u>2,241</u>	<u>(55,265)</u>
Subscription information technology	(12,153)	(22,956)	-	(35,109)
Total accumulated amortization	(54,418)	(38,197)	2,241	(90,374)
Right to use leased assets and SBITAs, net	<u>\$ 201,260</u>	<u>\$ (11,932)</u>	<u>\$ -</u>	<u>\$ 189,328</u>

Right to Use Lease and SBITA Liabilities

WCHCC has entered into certain lease and SIBTA agreements that are collateralized by the underlying assets and bear interest ranging from 1.67% to 5.45%. The interest expense under these leases and SBITAs was approximately \$6.8 million and \$6.5 million in 2024 and 2023, respectively.

The following is the activity of right to use lease and SBITA liabilities for the years ended December 31, 2024 and 2023 (amounts in thousands):

	December 31, 2023	Additions	Reductions	December 31, 2024	Amounts Due Within One Year
Leased buildings	\$ 127,067	\$ 119	\$ (5,689)	\$ 121,497	\$ 1,741
Leased equipment	4,522	(4,297)	104	329	3,424
	<u>131,589</u>	<u>(4,178)</u>	<u>(5,585)</u>	<u>121,826</u>	<u>5,165</u>
Subscription information technology	35,050	4,571	(8,562)	31,059	8,670
	<u>\$ 166,639</u>	<u>\$ 393</u>	<u>\$ (14,147)</u>	<u>\$ 152,885</u>	<u>\$ 13,835</u>
	December 31, 2022	Additions	Reductions	December 31, 2023	Amounts Due Within One Year
Leased buildings	\$ 111,819	\$ 35,976	\$ (20,728)	\$ 127,067	\$ 5,493
Leased equipment	5,215	4,803	(5,496)	4,522	4,450
	<u>117,034</u>	<u>40,779</u>	<u>(26,224)</u>	<u>131,589</u>	<u>9,943</u>
Subscription information technology	40,057	-	(5,007)	35,050	6,676
	<u>\$ 157,091</u>	<u>\$ 40,779</u>	<u>\$ (31,231)</u>	<u>\$ 166,639</u>	<u>\$ 16,619</u>

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December 31, 2024 and 2023

The following is a schedule by year of future contractual principal and interest (based on interest rates at December 31, 2024) payments on lease liabilities at December 31, 2024 (amounts in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 5,165	\$ 6,451	\$ 11,616
2026	5,200	6,177	11,377
2027	5,534	5,884	11,418
2028	5,546	5,585	11,131
2029	5,944	5,270	11,214
2030-2034	30,161	21,576	51,737
2035-2039	41,984	12,030	54,014
2040-2041	22,292	1,189	23,481
	<u>\$ 121,826</u>	<u>\$ 64,162</u>	<u>\$ 185,988</u>

The following is a schedule by year of future contractual principal and interest (based on interest rates at December 31, 2024) payments on SIBTA liabilities at December 31, 2024 (amounts in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 8,670	\$ 1,051	\$ 9,721
2026	8,075	907	8,982
2027	7,371	855	8,226
2028	6,943	840	7,783
	<u>\$ 31,059</u>	<u>\$ 3,653</u>	<u>\$ 34,712</u>

NOTE 10 - 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.ny.gov/retirement/resources/financial-statements-and-supplementary-information#financial.

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

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December 31, 2024 and 2023

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, 2024 and 2023 were approximately 13.1% and 11.6%, respectively, of payroll. ERS provides retirement benefits as well as death and disability benefits. All members are vested when they reach five years of service credit. 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 3.0% 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 3.0% and 6.0%, 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 \$27.9 million and \$34.8 million for the years ended December 31, 2024 and 2023, 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 (Assets)/Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

Net pension (assets)/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, 2024 and 2023 (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, 2024 and 2023, are as follows (amounts in thousands):

	2024	2023
Proportionate share of the net pension liability:		
Amount	\$ 134,453	\$ 192,937
Percentage	0.91%	0.90%
Deferred outflows of resources	97,109	117,153
Deferred inflows of resources	72,578	10,536
Net pension expense:		
Salaries and benefits - NYS pension expenses	30,000	32,500
NYS non-cash pension adjustment	27,881	34,793
Total net pension expense	\$ 57,881	\$ 67,273

WCHCC's proportionate share of ERS' 2024 and 2023 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.

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December 31, 2024 and 2023

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

	2024	2023
Deferred outflows of resources:		
Differences between expected and actual experience	\$ 43,307	\$ 20,550
Changes of assumptions	50,833	93,703
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,969	2,900
	\$ 97,109	\$ 117,153
Deferred inflows of resources:		
Differences between expected and actual experience	\$ 3,666	\$ 5,418
Changes of assumptions	-	1,036
Net difference between projected and actual investment earnings on pension plan investments	65,680	1,134
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,232	2,948
	\$ 72,578	\$ 10,536

At December 31, 2024, 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:

2025	\$ (24,972)
2026	25,612
2027	38,486
2028	(14,595)
	\$ 24,531

Actuarial Assumptions

WCHCC's net pension liabilities at the Measurement Dates were determined by using an actuarial valuation as of April 1, 2023 and 2022, with update procedures used to roll forward the total pension liability to March 31, 2024 and 2023, respectively. The actuarial valuations used the following actuarial assumptions:

Inflation rate	2.9%
Salary increases	4.4%
Investment rate of return, including inflation	5.9% net of investment expenses, including inflation
Cost of living adjustments	1.5%
Decremets	Actuarial assumptions based on the results of an experience study for the period April 1, 2015 – April 1, 2020
Mortality improvement	Society of Actuaries Scale MP-2021 (2024)

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December 31, 2024 and 2023

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	2024		2023	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	32%	4.00%	32%	4.30%
International equity	15	6.65	15	6.85
Private equity	10	7.25	10	7.50
Real estate	9	4.60	9	4.60
Opportunistic portfolio	3	5.25	3	5.38
Credit	4	5.40	4	5.43
Real assets	3	5.79	3	5.84
Fixed income	23	1.50	23	1.50
Cash	1	0.25	1	0.00
	100%		100%	

Discount Rate

The discount rate used to calculate the total pension liability at March 31, 2024 and 2023 was 5.9%. 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, 2024 and 2023 are as follows (amounts in thousands):

	2024		2023	
	Rate	Amount	Rate	Amount
1% decrease	4.90%	\$ 422,733	4.90%	\$ 466,247
Current discount rate	5.90	134,453	5.90	192,937
1% increase	6.90	(106,321)	6.90	(35,445)

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

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2024 and 2023

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, 2024 and 2023, there were approximately 6,903 and 5,092 participants, respectively, in the WMCHHealth Network 401(k) Plan. For the years ended December 31, 2024 and 2023, the WMCHHealth Network 401(k) Plan had total payroll expense of approximately \$576.9 million and \$537.5 million of which approximately \$561.9 million and \$521.4 million, respectively, was covered by the WMCHHealth Network 401(k) Plan. Total employer contributions to the WMCHHealth Network 401(k) Plan for December 31, 2024 and 2023 were approximately \$17.6 million and \$15.5 million, respectively.

HealthAlliance also sponsors a defined contribution retirement plan for eligible participants. Total employer contributions for HealthAlliance were approximately \$1.9 million and \$1.4 million for the years ended December 31, 2024 and 2023, respectively.

NOTE 11 - 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 76% and 75% of the participants have elected individual coverage as of December 31, 2024 and 2023, respectively.

The following employees were covered by the benefit terms at the measurement date as of January 1, 2024 and 2023:

	2024	2023
Retired employees	2,203	2,166
Active employees	3,555	4,847
	5,758	7,013

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, 2024 and 2023 and reported actuarial accrued liabilities of \$355.2 million and \$346.9 million, respectively, which are funded on a current basis.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2024 and 2023

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.

Total OPEB Liability

WCHCC's total OPEB liabilities at the measurement date were determined by using an actuarial valuation as of January 1, 2024 and 2023. The actuarial valuations used the following actuarial assumptions:

Inflation rate	2.5% annually (2024); 3.0% annually (2023)
Salary increases	3.0% annually
Discount rate	3.38% per annum (2024); 3.84% per annum (2023)
Healthcare cost trend rates	Pre-Medicare: 7.23% grading down to 3.44% over 18 years (2024); 7.18% grading down to 3.64% over 18 years (2023) Medicare: 6.62% grading down to 3.84% over 18 years (2024); 6.79% grading down to 4.19% over 18 years (2023)
Mortality improvement	All groups: SOA RPH-2014 Adjusted to 2006 Total Dataset Headcount weighted Mortality (adjusted 1.15) with MP 2021 improvement scale adjusted

The following table shows the components of WCHCC's annual OPEB cost for the years ended December 31, 2024 and 2023, the amount actually contributed to the plan, and changes in WCHCC's net OPEB obligation (amounts in thousands).

	2024	2023
Beginning balance	\$ 346,879	\$ 350,933
Changes for the year:		
Service cost	5,897	7,291
Interest cost	13,254	9,206
Changes of benefits	-	1,708
Differences between expected and actual experience	3,968	13,393
Changes in assumptions	605	(19,201)
	23,724	12,397
Benefit payments	(15,395)	(16,451)
Net changes	8,329	(4,054)
Ending balance	\$ 355,208	\$ 346,879

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December 31, 2024 and 2023

Discount Rate

The discount rate used to calculate the total post-retirement liability was 3.38% and 3.84% for the years ended December 31, 2024 and 2023, respectively. The discount rate at December 31, 2024 and 2023 was based upon the top segment of the 20-year high-quality municipal bond index at the measurement date.

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, 2024 and 2023 are as follows (amounts in thousands):

	2024		2023	
	Rate	Amount	Rate	Amount
1% decrease	2.38%	\$ 404,216	2.84%	\$ 393,586
Current discount rate	3.38	355,208	3.84	346,879
1% increase	4.38	314,967	4.84	308,491

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, 2024 and 2023 are as follows (amounts in thousands):

	2024		2023	
	Rate	Amount	Rate	Amount
1% decrease	(1.00)%	\$ 312,360	(1.00)%	\$ 308,679
Healthcare cost trend rate	0.00	355,208	0.00	346,879
1% increase	1.00	408,175	1.00	394,074

OPEB Expense and Deferred Inflows of Resources

For the years ended December 31, 2024 and 2023, WCHCC recognized OPEB expense, including related changes in deferred inflows and outflows, of approximately \$22.8 million and \$20.9 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):

	2024	2023
Deferred outflows of resources:		
Differences between expected and actual experience	\$ 20,488	\$ 26,108
Changes in assumptions	3,567	8,579
Contributions subsequent to measurement date	14,655	15,395
	\$ 38,710	\$ 50,082
Deferred inflows of resources:		
Changes in assumptions	\$ 26,958	\$ 38,516
	\$ 26,958	\$ 38,516

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2024 and 2023

At December 31, 2024, 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:

2025	\$ 401
2026	(3,968)
2027	(249)
2028	913
	\$ (2,903)

HealthAlliance also sponsors frozen unfunded OPEB plans for certain employees. The liability for these plans was approximately \$1.1 million and \$1.2 million as of December 31, 2024 and 2023, respectively.

NOTE 12 - 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, 2024 and 2023 (amounts in thousands):

	December 31, 2023	Additions	Reductions	December 31, 2024	Amounts Due Within One Year
Workers' compensation self-insurance ^(a)	\$ 22,782	\$ 5,940	\$ (5,462)	\$ 23,260	\$ 4,167
Malpractice self-insurance ^(b)	101,053	50,154	(42,226)	108,981	11,010
Health insurance ^(c)	12,289	141,258	(141,098)	12,449	12,450
Other self-insurance ^(d)	5,705	2,230	(3,640)	4,295	2,590
	\$ 141,829	\$ 199,582	\$ (192,426)	\$ 148,985	\$ 30,217

	December 31, 2022	Additions	Reductions	December 31, 2023	Amounts Due Within One Year
Workers' compensation self-insurance ^(a)	\$ 23,187	\$ 4,949	\$ (5,354)	\$ 22,782	\$ 3,600
Malpractice self-insurance ^(b)	94,000	17,220	(10,167)	101,053	9,288
Health insurance ^(c)	15,458	132,116	(135,285)	12,289	12,289
Other self-insurance ^(d)	6,040	2,335	(2,670)	5,705	3,865
	\$ 138,685	\$ 156,620	\$ (153,476)	\$ 141,829	\$ 29,042

^(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.

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December 31, 2024 and 2023

The following represents information as it relates to the Medical Center's workers' compensation self-insurance plan as of December 31, 2024 and 2023 (amounts in thousands):

	2024		2023
Gross self-insurance liability	\$ 20,464	\$	20,040
Present value of self-insurance liability	19,519		19,085
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, 2024 and 2023 (amounts in thousands):

	2024		2023
Gross self-insurance liability	\$ 4,147	\$	4,099
Present value of self-insurance liability	3,741		3,697
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, 2024 and 2023.

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, 2024 and 2023, WCHCC Bermuda was required to maintain a minimum statutory capital and surplus (net position) of approximately \$10.5 million and \$9.9 million, respectively. As of December 31, 2024 and 2023, actual statutory capital and surplus (net position), which is included as part of net position - unrestricted on the Statements of Net Position, was approximately \$105.5 million and \$129.0 million, respectively.

HPL coverage is provided on an occurrence basis with a self-insured retention ("SIR") of \$12.0 million in 2024 and 2023, for each and every claim with no aggregate limit. Excess commercial liability insurance policies attach above the SIR.

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December 31, 2024 and 2023

HealthAlliance purchases primary medical malpractice insurance coverage through a commercial carrier. Operations of HealthAlliance’s captive insurance company, HRN, 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.

- (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, 2024 and 2023 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.

Litigation

Various lawsuits and claims arising in the normal course of operations are pending. While the outcome of these lawsuits 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.

NOTE 13 - OTHER LONG-TERM LIABILITIES

The following is the composition and activity of WCHCC’s other long-term liabilities for the years ended December 31, 2024 and 2023 (amounts in thousands):

	December 31, 2023	Additions	Reductions	December 31, 2024	Amounts Due Within One Year
Self-insurance liabilities (Note 12)	\$ 141,829	\$ 199,582	\$ (192,426)	\$ 148,985	\$ 30,217
Third-party liabilities (Note 3)	55,959	61,496	(12,976)	104,479	67,269
Post-retirement health insurance (Note 11)	348,036	23,776	(15,535)	356,277	-
Net pension liability (Note 10)	191,308	-	(60,370)	130,938	-
Other liabilities	133,333	99,881	(126,932)	106,282	52,863
Total other long-term liabilities	<u>\$ 870,465</u>	<u>\$ 384,735</u>	<u>\$ (408,239)</u>	<u>\$ 846,961</u>	<u>\$ 150,349</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2024 and 2023

	December 31, 2022	Additions	Reductions	December 31, 2023	Amounts Due Within One Year
Self-insurance liabilities (Note 12)	\$ 138,685	\$ 156,620	\$ (153,476)	\$ 141,829	\$ 29,042
Third-party liabilities, net (Note 3)	82,999	20,931	(47,971)	55,959	7,969
Medicare advances (Note 3)	5,567	-	(5,567)	-	-
Post-retirement health insurance (Note 11)	352,348	31,649	(35,961)	348,036	-
Net pension liability (Note 10)	-	191,308	-	191,308	-
Other liabilities	139,417	113,529	(119,613)	133,333	48,728
Deferred pension contributions	9,529	-	(9,529)	-	-
Total other long-term liabilities	<u>\$ 728,545</u>	<u>\$ 514,037</u>	<u>\$ (372,117)</u>	<u>\$ 870,465</u>	<u>\$ 85,309</u>

NOTE 14 - 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, 2024 and 2023, the College was paid approximately \$10.1 million and \$10.3 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 15 - 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 2024 and 2023, WCHCC purchased services from the County of approximately \$12.2 million and \$10.7 million, respectively, which are included in supplies and other expenses in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

NOTE 16 - 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.

The auditor’s opinion on the stand-alone audited financial statements of Charity as of and for the year ended December 31, 2024 includes an emphasis of matter paragraph relating to management’s conclusion of the uncertainty regarding Charity’s ability to continue as a going concern. As of December 31, 2024,

Westchester County Health Care Corporation
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2024 and 2023

Charity had a working capital deficit of approximately \$214.1 million and an operating loss of approximately \$72.2 million for the year ended December 31, 2024. In coordination with WCHCC and an outside management consulting firm, Charity's management initiated a comprehensive performance improvement program (the "Program") to enhance revenue, improve revenue yields and drive efficiencies across Charity. The Program is comprised of seven key workstreams which commenced in 2024. Key initiatives include: enhanced hospital, surgical and ambulatory throughput and productivity management, strategic sourcing and supply/vendor standardization, revenue cycle/clinical documentation improvement initiatives, and span of control and information technology optimization. There is no certainty that management's efforts will be successful, therefore, substantial doubt has not been overcome by Charity's management plans.

At December 31, 2024 and 2023, Charity had bonds outstanding of approximately \$122.3 million related to the Bon Secours Charity Health System, Inc. Taxable Bonds, Series 2015, consisting of approximately \$38.6 million bonds with an interest rate of 5.25% and maturing on November 1, 2025 and approximately \$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.

At December 31, 2024 and 2023, Charity had a \$40.0 million working capital revolving line of credit from a financial institution. The amount drawn on the line of credit was \$40.0 million at December 31, 2024 bearing interest of approximately 6.1% and \$34.0 million at December 31, 2023 bearing interest of approximately 6.9%.

During the years ended December 31, 2024 and 2023, Charity incurred approximately \$18.2 million and \$12.4 million of expenses to WCHCC, respectively, and during the years ended December 31, 2024 and 2023, WCHCC incurred approximately \$4.9 million and \$4.1 million of expenses to Charity, respectively, for services provided under a management service agreement and for other contracted services. WCHCC has amounts due from Charity of approximately \$15.2 million at December 31, 2024 and 2023.

REQUIRED SUPPLEMENTARY INFORMATION – (UNAUDITED)

Westchester County Health Care Corporation

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

**December 31, 2024 and 2023
(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 (Asset) Liability		WCHCC's Covered Employee Payroll	WCHCC's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability
	%	\$			
2024 (2024)	0.913%	\$ 134,453	\$ 355,256	37.85%	93.88%
2023 (2023)	0.900%	\$ 192,937	\$ 321,440	60.02%	90.78%
2022 (2022)	0.919%	\$ (75,098)	\$ 289,833	(25.91%)	103.65%
2021 (2021)	0.872%	\$ 868	\$ 285,357	00.30%	99.95%
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 Contractually Required Contribution	Contribution Deficiency (Excess)	WCHCC's Covered Employee Payroll	Contributions as a Percentage of Employee Covered Payroll
2024	\$ 33,946	\$ 33,946	\$ -	\$ 355,256	09.56%
2023	\$ 29,528	\$ 29,528	\$ -	\$ 321,440	09.19%
2022	\$ 38,974	\$ 38,974	\$ -	\$ 289,833	13.45%
2021	\$ 35,144	\$ 35,144	\$ -	\$ 285,357	12.31%
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	\$ 41,107	\$ 41,017	\$ -	\$ 249,512	16.44%

Westchester County Health Care Corporation

SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

December 31, 2024 and 2023
(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)
01/01/24	\$ -	\$ 355,208	\$ 355,208	0.0%	\$ 267,342	132.87%
01/01/23	\$ -	\$ 346,879	\$ 346,879	0.0%	\$ 237,216	146.23%
01/01/22	\$ -	\$ 350,933	\$ 350,933	0.0%	\$ 240,287	146.05%
01/01/21	\$ -	\$ 367,217	\$ 367,217	0.0%	\$ 225,388	162.93%
01/01/20	\$ -	\$ 346,363	\$ 346,363	0.0%	\$ 229,236	151.09%
01/01/19	\$ -	\$ 331,751	\$ 331,751	0.0%	\$ 227,408	145.88%
01/01/18	\$ -	\$ 333,675	\$ 333,675	0.0%	\$ 219,100	152.59%
01/01/17	\$ -	\$ 331,855	\$ 331,855	0.0%	\$ 210,755	157.46%
01/01/16	\$ -	\$ 328,464	\$ 328,464	0.0%	\$ 199,357	164.76%
01/01/15	\$ -	\$ 300,216	\$ 300,216	0.0%	\$ 188,736	159.07%

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

Westchester County Health Care Corporation

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

December 31, 2024 and 2023
(amounts in thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB liability:									
Service cost	\$ 5,897	\$ 7,291	\$ 6,453	\$ 5,518	\$ 5,280	\$ 5,099	\$ 4,952	\$ 4,940	\$ 4,705
Interest	13,254	9,206	9,833	11,405	13,496	11,415	12,447	11,647	11,598
Change of benefit terms	-	1,708	2,406	(3,126)	(4,482)	1,242	-	-	-
Differences between expected and actual experience	3,968	13,393	19,981	6,426	4,162	(235)	(4,734)	-	-
Changes in assumptions	605	(19,201)	(38,591)	15,419	12,052	(5,392)	4,372	1,250	(2,615)
	<u>23,724</u>	<u>12,397</u>	<u>82</u>	<u>35,642</u>	<u>30,508</u>	<u>12,129</u>	<u>17,037</u>	<u>17,837</u>	<u>13,688</u>
Benefit payments	(15,395)	(16,451)	(16,366)	(14,788)	(15,896)	(14,053)	(15,217)	(14,446)	(12,480)
Net change in total OPEB liability	8,329	(4,054)	(16,284)	20,854	14,612	(1,924)	1,820	3,391	1,208
Total OPEB liability - beginning	<u>346,879</u>	<u>350,933</u>	<u>367,217</u>	<u>346,363</u>	<u>331,751</u>	<u>333,675</u>	<u>331,855</u>	<u>328,464</u>	<u>327,256</u>
Total OPEB liability - ending	<u>\$355,208</u>	<u>\$346,879</u>	<u>\$350,933</u>	<u>\$367,217</u>	<u>\$346,363</u>	<u>\$331,751</u>	<u>\$333,675</u>	<u>\$331,855</u>	<u>\$328,464</u>
Covered payroll	\$267,342	\$237,216	\$240,287	\$225,388	\$229,236	\$227,408	\$219,100	\$210,755	\$199,375
Total OPEB liability as a percentage of covered-employee payroll	132.87%	146.23%	146.05%	162.93%	151.09%	145.88%	152.59%	157.46%	164.76%

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:

2024	3.38%
2023	3.84%
2022	2.63%
2021	2.69%
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.