

Dave Colavito

12 November 2025

Sullivan County Legislature
County Government Center
100 North Street, PO Box 5012
Monticello, NY 12701

Subject: 2026 Tentative Sullivan County Budget

Legislature:

While reviewing the budget, I'm reminded that the county's designation of the Adult Care Center (ACC) as an Enterprise Fund (E.F.) should be rescinded and request that you direct the county manager to research the process of doing so.

As you're aware,

Enterprise funds account for operations (a) that are financed and operated in a manner similar to private business where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed and recovered primarily through user charges ... ¹ (my emphasis)

That may be the *intent* of this body, but no operation, private or otherwise, can remain profitable without control over pricing for the products and services it provides. With virtually the entire ACC resident population dependent upon Medicare and Medicaid, with reimbursement rates for those programs beyond ACC control and for years lagging behind inflation and other cost factors, rescinding E.F. designation for the ACC is long overdue. Continued E.F. designation singles out the ACC from all other county departments for financial failure.

¹ NYS Comptroller's Accounting and Reporting Manual," April 2024, p.4

Added appreciation for consequences of misapplying E.F. designation to the ACC can also be observed from narrative in the budget:

Enterprise Funds: *An enterprise fund is a separate accounting and financial reporting mechanism ... With an enterprise fund, all costs of service delivery — direct, indirect, and capital costs — are identified. This allows the community to recover total service costs through user fees if it chooses. ... ² (my emphasis)*

For reasons stated, total ACC service costs cannot be recovered under the reimbursement constraints imposed by Medicare and Medicaid.

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As you recall, focus on ACC financials by the prior county legislature was the primary driver behind entering into contract with the county's current ACC consultant, Infinite Care. Yet despite public outcry over misrepresenting the ACC's position — for example, grossly overstated financial loss levels disseminated to the press and belied by facts — the consultant contract was consummated. **It's important to remember that E.F. accounting for the ACC enabled much of the misdirection around that sorry state of affairs.**

And while the budget makes mention of the contract with an impressive narrative that includes posting a declining "county share" for ACC operations costs before and after entering into it — a reduction from nearly \$7M to \$0 from 2021 to 2026 ³ -- that narrative, nor anywhere else in the budget, fails to discuss of the financial reconciliation the county and its consultant have for years refused to address — reconciliation of the many millions the consultant remains in arrear to the county and is on the order the \$ millions in declining "county share" made mention above.

Question:

In what world then can the budget presented to you and to the public make no mention of the \$ millions owed to the county, while at the same time represent a "glide path to victory" (my emphasis) in the form of the declining "county share"?

² 2026 Tentative Sullivan County Budget, p. 633

³ *ibid*, p. 98

Answer:

Through application of special accounting & bookkeeping which, from a practical standpoint, bears no relation to what the county is actually paying and is the opposite to transparency to you and the public.

While I appreciate the added transparency that E.F. accounting may provide in determining the extent ACC revenue is used to offset costs, that benefit is more than offset by its misapplication there and by the sheer lack of transparency with a reconciliation process, that, in combination with E.F. accounting, can fairly be perceived by the public as Three-Card Monte.

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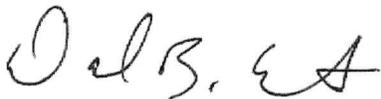
In closing, the problematic nature of applying E.F. accounting to the ACC can also be appreciated when considering our Sullivan County International Airport.

The NYS Comptroller's manual referenced previously also makes clear eligibility of the airport for E.F. accounting. Yet it's notable you've refused to apply it there. On one hand, like all county departments, the airport costs money to operate, yet unlike all others (including the ACC), it has pricing control over products and services it provides.

A final question:

Why do you continue setting the bar for financial success at the ACC, through continued application of E.F. accounting, so much than you do for any other county department, including the airport?

Respectfully,



Dave Colavito