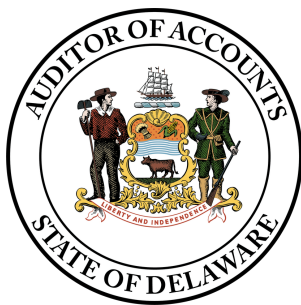




SEAFORD CENTER

LONG-TERM CARE FACILITY EXAMINATION
FISCAL YEAR ENDED JUNE 30, 2022

**STATE OF DELAWARE
OFFICE OF AUDITOR OF ACCOUNTS**

INDEPENDENT ACCOUNTANT'S REPORT

**Examination of
Seaford Center**
For Fiscal Year Ended June 30, 2022



**MYERS AND
STAUFFER_{LC}**
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Accountant's Report

State of Delaware
Office of Auditor of Accounts
401 Federal Street
Dover, DE 19901

Department of Health and Social Services
Division of Medicaid and Medical Assistance
Medicaid's Long Term Care Facilities
1901 N. Dupont Highway, Lewis Building
New Castle, DE 19720

Provider: Seaford Center
Period: Fiscal Year Ended June 30, 2022

We have examined management's assertions that Seaford Center (Provider) has complied with federal requirements (42 Code of Federal Regulations [CFR] 447.253 and 483 Subpart B) and state requirements (Title XIX Delaware Medicaid State Plan, Attachment 4.19D) (criteria), as applicable, relative to the Provider's fiscal records of the Department of Health and Social Services (DHSS), Division of Social Services, Medicaid Long-Term Care Facilities' Statement of Reimbursement Costs for Skilled and Intermediate Care Nursing Facilities – Title XIX and Nursing Wage Survey (cost report and survey, respectively) for the fiscal year ended June 30, 2022. The Provider's management is responsible for the assertions and the information contained in the cost report and survey, which were reported to DHSS for purposes of the criteria described above. The criteria was used to prepare the Schedule of Adjustments to the Trial Balance, Patient Days, and Nursing Wage Survey. Our responsibility is to express an opinion on the assertions based on our examination.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our engagement.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and the standards applicable to attestation engagements contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertions are in accordance with the criteria in all material respects. An examination includes performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our professional judgment, including an assessment of the risks of material misstatement of management's assertions, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

The accompanying Schedule of Adjustments to the Trial Balance, Patient Days, and Nursing Wage Survey were prepared from information contained in the Provider's cost report for the purpose of complying with the DHSS's requirements for the Medicaid program reimbursement, and is not intended to be a complete presentation in conformity with accounting principles generally accepted in the United States of America.

The items listed as adjustments on the accompanying Schedule of Adjustments to the Trial Balance, Patient Days, and Nursing Wage Survey do not materially impact the Provider's assertion.

In our opinion, management's assertions, referred to above, are presented in accordance with the criteria, in all material respects.

In accordance with *Government Auditing Standards*, we also issued our report dated December 1, 2025 on our consideration of the Provider's internal control over reporting for the cost report and survey and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting and compliance. That report is an integral part of an examination performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our examination.

This report is intended solely for the information and use of the State of Delaware Office of Auditor of Accounts, DHSS, Division of Medicaid and Medical Assistance, and Medicaid's Long Term Care Facilities and is not intended to be and should not be used by anyone other than the specified parties. However, under 29 Del. C. §10002, this report is public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, the Office of the Controller General, the Office of the Attorney General, the General Assembly, and the Office of Management and Budget.

Myers and Stauffer LC

Myers and Stauffer LC
Owings Mills, Maryland
December 1, 2025

Seaford Center Schedule of Adjustments to the Trial Balance for the Fiscal Year Ending June 30, 2022				
Type of Cost	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Expenses				
Primary Patient Care Costs per Trial Balance of Costs		\$ 5,020,825		
	Adjustments to Primary Patient Care Costs			
	None		\$ -	
Net Primary Patient Care Costs		\$ 5,020,825	\$ -	\$ 5,020,825
Primary Patient Care Cost Per Day (*)		\$ 141.1	\$ -	\$ 123.3
Secondary Patient Care Costs per Trial Balance of Costs		\$ 693,243		
	Adjustments to Secondary Patient Care Costs			
2	To reclassify patient billable costs to the appropriate cost center		\$ (9,440)	
6	To reclassify patient billable costs to the appropriate cost center		\$ (4,688)	
Net Secondary Patient Care Costs		\$ 693,243	\$ (14,128)	\$ 679,115
Secondary Patient Care Cost Per Day (*)		\$ 19.5	\$ (0.3)	\$ 16.7
Support Service Costs per Trial Balance of Costs		\$ 1,777,446		
	Adjustments to Support Service Costs			
3	To remove capital expense and to allow the applicable depreciation expense		\$ (16,873)	
Net Support Service Costs		\$ 1,777,446	\$ (16,873)	\$ 1,760,573
Support Service Cost Per Day (*)		\$ 50.0	\$ (0.4)	\$ 43.2
Administrative & Routine Costs per Trial Balance of Costs		\$ 2,140,377		
	Adjustments to Administrative & Routine Costs			
1	To remove telephone expense related to personal patient use		\$ (5,660)	
5	To reclassify storage rental expense to the appropriate cost center		\$ (7,797)	
7	To adjust the home office pass down expense to the verified amount		\$ (29,326)	
Net Administrative & Routine Costs		\$ 2,140,377	\$ (42,783)	\$ 2,097,594
Administrative & Routine Cost Per Day (*)		\$ 60.2	\$ (1.1)	\$ 51.5

(*) Adjusted Cost Per Day is calculated utilizing days at minimum occupancy.

Seaford Center Schedule of Adjustments to the Trial Balance for the Fiscal Year Ending June 30, 2022				
Type of Cost	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Expenses				
Capital Costs per Trial Balance of Costs		\$ 750,224		
	Adjustments to Capital Costs			
3	To remove capital expense and to allow the applicable depreciation expense		\$ 56	
4	To adjust depreciation expense to reflect verified amounts		\$ (79,028)	
5	To reclassify storage rental expense to the appropriate cost center		\$ 7,797	
7	To adjust the home office pass down expense to the verified amount		\$ 8,279	
Net Capital Costs		\$ 750,224	\$ (62,896)	\$ 687,328
Net Capital Cost Per Day (*)		\$ 21.1	\$ (1.5)	\$ 16.9
Ancillary Costs per Trial Balance of Costs		\$ 961,334		
	Adjustments to Ancillary Costs			
2	To reclassify patient billable costs to the appropriate cost center		\$ 9,440	
6	To reclassify patient billable costs to the appropriate cost center		\$ 4,688	
Net Ancillary Costs		\$ 961,334	\$ 14,128	\$ 975,462
Ancillary Cost Per Day (*)		\$ 27.0	\$ 0.3	\$ 23.9
Other Costs per Trial Balance of Costs		\$ 2,653		
	Adjustments to Other Costs			
	None		\$ -	
Net Other Costs		\$ 2,653	\$ -	\$ 2,653
Other Cost Per Day (*)		\$ 0.1	\$ -	\$ 0.1

(*) Adjusted Cost Per Day is calculated utilizing days at minimum occupancy.

Seaford Center Schedule of Adjustments to Patient Days for the Fiscal Year Ending June 30, 2022				
Census Type	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Census				
Bed days available				45,260
Medicaid Non-Super Skilled Patient Days		29,113		
	Adjustments to Medicaid Patient Days		(1)	
Medicaid Super Skilled Patient Days		-		
	Adjustments to Medicaid Super Skilled Patient Days		-	
Medicare Patient Days		5,117		
	Adjustments to Medicare Patient Days		(1)	
Private Pay Patient Days		1,176		
	Adjustments to Private Pay Patient Days		-	
Medicare/Private Pay Hospice Patient Days		30		
	Adjustments to Medicare/Private Pay Hospice Patient Days		-	
Other Patient Days		144		
	Adjustments to Other Patient Days		-	
Total Patient Days		35,580	(2)	35,578
Minimum Occupancy				40,734

Seaford Center Schedule of Adjustments to the Nursing Wage Survey for the Fiscal Year Ending June 30, 2022				
Nurse Type	Description	Reported Amounts	Adjustment Amounts	Adjusted Amounts
Nursing Wage Survey				
II-A Administrative Nurses				
	Director of Nursing - Number Paid	1	-	1
	Director of Nursing - Total Payroll	\$ 4,294	\$ -	\$ 4,294
	Director of Nursing - Total Hours	80.0	-	80.0
	Assistant Director of Nursing - Number Paid	1	-	1
	Assistant Director of Nursing - Total Payroll	\$ 2,558	\$ -	\$ 2,558
	Assistant Director of Nursing - Total Hours	56.0	-	56.0
	Registered Nurses - Number Paid	2	-	2
	Registered Nurses - Total Payroll	\$ 4,375	\$ -	\$ 4,375
	Registered Nurses - Total Hours	104.0	-	104.0
	Licensed Practical Nurses - Number Paid	-	-	-
	Licensed Practical Nurses - Total Payroll	\$ -	\$ -	\$ -
	Licensed Practical Nurses - Total Hours	-	-	-
	Nurse Aides - Number Paid	-	-	-
	Nurse Aides - Total Payroll	\$ -	\$ -	\$ -
	Nurse Aides - Total Hours	-	-	-
II-B All Remaining Nursing Staff				
	Registered Nurses - Number Paid	12	-	12
	Registered Nurses - Total Payroll	\$ 27,969	\$ -	\$ 27,969
	Registered Nurses - Total Hours	684.2	-	684.2
	Licensed Practical Nurses - Number Paid	11	-	11
	Licensed Practical Nurses - Total Payroll	\$ 23,933	\$ -	\$ 23,933
	Licensed Practical Nurses - Total Hours	664.0	-	664.0
	Nurse Aides - Number Paid	42	-	42
	Nurse Aides - Total Payroll	\$ 51,083	\$ -	\$ 51,083
	Nurse Aides - Total Hours	2,461.8	-	2,461.8

Commentary

None.



Independent Accountant's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Examination of Financial Statements Performed in Accordance With Government Auditing Standards

State of Delaware
Office of Auditor of Accounts
401 Federal Street
Dover, DE 19901

Department of Health and Social Services
Division of Medicaid and Medical Assistance
Medicaid's Long Term Care Facilities
1901 N. Dupont Highway, Lewis Building
New Castle, DE 19720

We have examined management's assertions that Seaford Center (Provider) has complied with federal requirements (42 Code of Federal Regulations [CFR] 447.253 and 483 Subpart B) and state requirements (Title XIX Delaware Medicaid State Plan, Attachment 4.19D), as applicable, relative to the Provider's fiscal records of the Department of Health and Social Services (DHSS), Division of Social Services, Medicaid Long-Term Care Facilities' Statement of Reimbursement Costs for Skilled and Intermediate Care Nursing Facilities – Title XIX and Nursing Wage Survey (cost report and survey, respectively) for the fiscal year ended June 30, 2022, and have issued our report thereon dated December 1, 2025. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and the standards applicable to financial examinations contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Reporting

In planning and performing our examination, we considered the Provider's internal control over financial reporting in order to determine our examination procedures for the purpose of expressing our opinions on management's assertions, but not for the purposes of expressing an opinion on the effectiveness of the Provider's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Provider's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the cost report or survey will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We

did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Provider's cost report and survey are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of reported amounts. However, providing an opinion on compliance with those provisions was not an objective of our examination, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance detailed on the schedule of findings that warrant the attention of those charged with governance. These findings do not materially impact the Provider's assertion and are not required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Provider's internal control or on compliance. This report is an integral part of an examination performed in accordance with *Government Auditing Standards* in considering the Provider's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the State of Delaware Office of Auditor of Accounts, DHSS, Division of Medicaid and Medical Assistance, and Medicaid's Long Term Care Facilities and is not intended to be and should not be used by anyone other than the specified parties. However, under 29 Del. C. §10002, this report is public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, the Office of the Controller General, Office of the Attorney General, the General Assembly, and the Office of Management and Budget.

Myers and Stauffer LC

Myers and Stauffer LC
Owings Mills, Maryland
December 1, 2025

Seaford Center
Schedule of Findings for the Fiscal Year Ended June 30, 2022

Findings and Responses

Finding 22-01 Adjustment Number(s) Impacted: 1

Condition: The provider included non-allowable personal patient use telephone expense with reimbursable cost.

Criteria: Provider Reimbursement Manual 15-1, Chapter 21, Section 2106.1 requires the removal from allowable costs any costs of items or services, such as telephone, television, and radio that are located in patient accommodations and furnished solely for the personal comfort of the patients.

Cause: Non-allowable expenses were submitted with allowable costs on the State of Delaware Medicaid Cost Report.

Effect: Management did not properly address non-allowable expense, resulting in a compliance finding. The calculated reimbursement rates submitted on the cost report for the administrative and routine cost center is overstated.

Recommendation: Management should review submitted cost report expense to ensure they are appropriate when completing the State of Delaware Medicaid Cost Report.

Management's Response: Management agrees with the finding based on materiality.

Finding 22-02 Adjustment Number(s) Impacted: 2, 5, and 6

Condition: The provider grouped patient billable costs and storage rental expense to improper cost centers.

Criteria: The State of Delaware Department of Health and Social Services, Division of Medicaid and Medical Assistance Medicaid Cost Report Instructions for Nursing Facilities provides descriptions, by cost center line, for the appropriate grouping of expense. Patient billable costs and storage rental expenses are to be grouped to the ancillary and capital cost centers, respectively.

Cause: Management's working trial balance account grouping to the cost report does not align with the requirements in the Medicaid cost report instructions.

Effect: Management did not properly group expense, resulting in a compliance finding. The calculated reimbursement rates submitted on the cost report for the capital and ancillary cost centers are understated, while the secondary and administrative and routine cost centers are overstated.

Recommendation: Management should submit expenses on the Medicaid cost report in accordance with account groupings identified in the State of Delaware Department of Health and Social Services, Division of Medicaid and Medical Assistance Medicaid Cost Report Instructions for Nursing Facilities.

Management's Response: Management agrees with the finding but would like to note that the provider may not bill for all supplies if deemed under the all-inclusive rate.

Finding 22-03 Adjustment Number(s) Impacted: 3

Condition: The provider included a capital asset in the support service cost center rather than depreciating the asset over the useful life.

Criteria: Provider Reimbursement Manual 15-1, Chapter 1, Section 108.1 states that if a depreciable asset, at the time of its acquisition, has an estimated useful life of at least 2 years and a historical cost of at least \$5,000, its cost must be capitalized and written off ratably over the estimated useful life of the asset using an approved method of depreciation.

Cause: Management's capitalization policy was not applied for the expense.

Effect: Management did not capitalize assets in accordance with its capitalization policy, resulting in a compliance finding. The calculated reimbursement rate submitted on the cost report for the support service cost center is overstated while the capital cost center rate is understated.

Recommendation: Management should capitalize assets and calculate depreciation in accordance with the minimum requirements of PRM 15-1, Chapter 1, Section 108.1.

Management's Response: Management agrees with the finding based on materiality.

Finding 22-04	Adjustment Number(s) Impacted: 4
Condition:	The Provider did not properly calculate depreciation expense on assets for the period July 1, 2021 through June 30, 2022.
Criteria:	Provider Reimbursement Manual 15-1, Chapter 1, Section 102 states depreciation must be: (a) identifiable and recorded in the provider's accounting records; (b) based on the historical cost of the asset; and (c) prorated over the estimated useful life of the asset using an allowable method of depreciation.
Cause:	Management improperly calculated depreciation expense and failed to appropriately align with the State of Delaware Medicaid Cost Report period of July 1, 2021 through June 30, 2022 via adjustment.
Effect:	Submitted depreciation expense was not appropriately calculated, resulting in a compliance finding. The calculated reimbursement rate submitted on the cost report for the capital cost center is overstated.
Recommendation:	Management should ensure that depreciation expense is appropriately calculated when completing the State of Delaware Medicaid Cost Report.
Management's Response:	After discussion with the auditor, management agrees with the finding.
Finding 22-05	Adjustment Number(s) Impacted: 7
Condition:	The provider's cost report adjustment to include allocated home office expense was not calculated properly.
Criteria:	Provider Reimbursement Manual 15-1, Chapter 21, Section 2150 requires home office costs, which are not otherwise allowable costs when incurred directly by the Provider, cannot be considered allowable cost as home office costs to be allocated to providers.
Cause:	The home office non-capital expense allocation included non-allowable bonuses and marketing expense and the capital expense allocation was improperly calculated.
Effect:	Management included non-allowable bonuses and marketing expense and improperly calculated home office allocations, resulting in a compliance finding. The calculated reimbursement rate submitted on the cost report for the capital cost center is understated while the administrative and routine cost center is overstated.
Recommendation:	Management should submit home office costs in accordance with appropriate regulations.
Management's Response:	After discussion with the auditor, management agrees with the finding.
Finding 22-06	Schedule of Adjustments to Patient Days
Condition:	Verified patient days do not match the total submitted on the cost report. Classification variances between Medicaid and Medicare payer types were noted.
Criteria:	The State of Delaware Department of Health and Social Services Division of Medicaid and Medical Assistance Medicaid Cost Report Instructions for Nursing Facilities provides descriptions, by census line, on the appropriate classification of patient days. Line 5A should reflect total Medicaid Non-Super Skilled patient days and Line A should reflect total Medicare patient days.
Cause:	Management did not utilize a finalized census when preparing the cost report, as payer classification variances existed.
Effect:	Management did not properly report total patient days and did not properly group patient days, resulting in a compliance finding.
Recommendation:	Management should utilize a finalized census to accurately report patient days on the State of Delaware Medicaid Cost Report.
Management's Response:	Management agrees with the finding; however, the patient day variances are immaterial.