



REPORT OF INDEPENDENT AUDITORS
AND CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

CLATSOP CARE HEALTH DISTRICT

June 30, 2021 and 2020

Table of Contents

	PAGE
District Officials	1
Report of Independent Auditors	2–4
Required Supplementary Information	
Management discussion and analysis	5–14
Consolidated Financial Statements	
Statements of net position	15
Statements of revenues, expenses, and changes in net position	16
Statements of cash flows	17–18
Notes to consolidated financial statements	19–43
Other Information	
Schedule of adopted appropriations and expenditures, original and final budget and actual	44–49
Independent Auditor’s Report Required by Oregon State Regulations	50–51
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	52–53

BOARD OF DIRECTORS

Linda Crandell

Megan Lampson

Dr. Roy Little

Paul Radu

Mike Aho

Chuck Meyer

Melissa Watson

REGISTERED AGENT

Mark Remley
Chief Executive Officer

All board members and the registered agent receive mail at the address listed below

DISTRICT OFFICE

Administration
646 16th Street
Astoria, OR 97103

Report of Independent Auditors

To the Board of Directors
Clatsop Care Health District

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Clatsop Care Health District (the District), which comprise the consolidated statements of net position as of June 30, 2021 and 2020, and the related consolidated statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Clatsop Care Health District as of June 30, 2021 and 2020, and the changes in its consolidated financial position and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 14 be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated 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 consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic consolidated financial statements. The schedules of adopted appropriations and expenditures, original and final budget and actual on pages 44 through 49 are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedules of adopted appropriations and expenditures, original and final budget and actual on pages 44 through 49 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated November 29, 2021, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in blue ink that reads "Tony Andrade". The signature is written in a cursive style with a prominent horizontal line above the first few letters.

Tony Andrade, Partner,
for Moss Adams LLP
Portland, Oregon
November 29 2021

Clatsop Care Health District Management's Discussion and Analysis

As management of Clatsop Care Health District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. Management prepares this discussion and is responsible for the completeness and reliability of the information. This discussion should be read in conjunction with the financial statements and related footnote disclosures.

The District is a municipal corporation which was created in March 1978 and was organized under Oregon Revised Statutes (ORS) 440, to provide various health care, long-term care, and home-health care services as well as retirement apartments for the residents of the District. The District, located in Clatsop County, Oregon, oversees the operations of Clatsop Care Health and Rehabilitation Center (CCHRC), a 71-bed skilled nursing and long-term care facility, Clatsop Care Retirement Village (CRV), a 69-unit assisted living facility, Clatsop Care Memory Community (CCMC), a 32-bed memory care facility, and Clatsop Care In-Home Services (IHS), a program that provides in-home care to approximately 60 clients throughout the county.

A seven-member board of directors governs the District. The members of the board are elected for a term of four years. Elections are staggered every other year so the entire board is not up for election at one time. The board is required to elect a chairman and secretary. One of their duties is to appoint a Chief Executive Officer (CEO). The board delegates the day-to-day operations of the District to the management company, Aidan Health Services, Inc.

As a municipal government entity, the District levies and the county collects property taxes from property owners within Clatsop Care Health District. These tax revenues are used to support the purpose of the District, which is to provide health care services to its residents.

Overview of the Financial Statements

This annual financial report includes this management's discussion and analysis report, the report of independent auditors, and the consolidated basic financial statements of the District. The consolidated basic financial statements also include notes that explain in more detail some of the information in the consolidated basic financial statements. The audit reports of the District are reviewed by the office of the Oregon Secretary of State, Division of Audits.

Required Financial Statements

The District's consolidated basic financial statements report information using the enterprise fund accounting approach which follows Governmental Accounting Standards Board ("GASB") pronouncements. These statements offer short-term and long-term financial information about its activities. These statements are the following:

- The *Consolidated Statements of Net Position* presents information on the District's financial position at the end of the fiscal year and includes all assets and liabilities with the net difference reported as net position. Over time, increases or decreases in net position are indicators of the improvements or deterioration of the District's financial health. These statements also provide the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the District.

Clatsop Care Health District Management's Discussion and Analysis

- The *Consolidated Statements of Revenues, Expenses, and Changes in Net Position* presents the revenues earned and the expenses incurred during the fiscal year. Revenue and expenses are reported as either operating or non-operating. The primary source of operating revenues includes resident service revenue, ancillary revenue, and in-home care revenue. Property and timber taxes are classified as non-operating revenues. This statement measures the annual financial success of the District's operations and can be used to determine whether the District has successfully recovered all of its costs through its resident service revenue, ad valorem taxes, and other sources of revenue.
- The *Consolidated Statement of Cash Flows* presents information on cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing (capital and noncapital) activities. They highlight the key sources and uses of the District's cash and what the change in the cash balance was during the reporting period. This statement assists the reader in evaluating the District's financial viability and its ability to meet financial obligations as they become due.
- The *Notes to the Basic Financial Statements* provide additional information that is essential to a full understanding of the data provided in the consolidated financial statements.

Financial Highlights

- The District's financial position at June 30, 2021 consists of \$16.6 million assets, \$14.9 million liabilities, and \$1.7 million net position. Net position increased \$430 thousand or 32.7 percent from the prior year.

The District's operations and finances have been significantly impacted by the COVID-19 pandemic, a global outbreak declared to be a public health emergency by the World Health Organization in March 2020. In fiscal year 2021, the CCHRC census count and CRV residents continued to decline due to the pandemic. Under the CARES Act, CCHRC received \$308 thousand in 2020 and an additional \$168 thousand of non-operating Provider Relief Funds in 2021, primarily for infection control prevention at CCHRC. The funds received in 2021 are included in deferred revenue on the statement of net position as the terms and conditions for using these funds will be completed during fiscal year 2022. In 2021, the \$290 thousand of Provider Relief Funds that were carried forward from the prior fiscal year were utilized. These were general and targeted distribution funds which were shared across all care settings at the District. The funds were used for costs and for lost revenue attributable to coronavirus.

The District continues to pursue all COVID-19 funding options available. In August 2020, the District obtained a \$1.25 million Paycheck Protection Program (PPP) loan which was used for eligible payroll, rent and utility costs. The PPP loan was fully forgiven subsequent to year end in August 2021. Each facility incurred costs to meet personal protective equipment (PPE) requirements, expand cleaning and disinfectant supplies, perform testing of staff and residents and increase staffing for screening and cleaning of facilities.

Clatsop Care Health District Management's Discussion and Analysis

Non-operating revenue increased \$378 thousand or 21.7% percent due to higher unrestricted property taxes and \$290 thousand Federal grant revenue from the CARES Act Provider Relief Funds. The unrestricted property tax revenue includes local levy option funds that were first funded in 2019. The levy is for five years and is expected to generate \$3 million over the five years to fund multiple projects. The District has assigned a Tax Levy Oversight Committee to lead the project development for establishing annual priorities, as well as goals over the course of the levy term. Projects completed through 2021 include purchase of a new resident bus for the District; re-siding of the CRV building; construction of a porte cochere at CRV; repaved parking lot at CRV; replacement of the fuel tank at CCMC; replacement of the phone system at CRV and CCHRC; new patient lifts installed at CCHRC; upgrade to wireless access points at CRV and CCMC; and purchase of hardware and software for the District to have the ability to do Electronic Medication Administration Records.

In our community-based care settings (CRV and CCMC), rates increased 5% for both the private and Medicaid rates. The rebased Skilled Nursing Facility (CCHRC) rates increased 2.6% from \$326.50 to \$334.87 per day effective July 1, 2020.

Financial Analysis of Clatsop Care Health District

The District's net position, the difference between total assets and liabilities, is a way to measure financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. However, the financial statement user should consider other nonfinancial factors, such as changes in economic conditions, population growth, taxable property values and tax rates, and new or changed governmental legislation, when analyzing the District's financial position.

A comparative summary of the District's consolidated basic statements of net position at June 30, 2021, 2020, and 2019 is presented below:

	2021	\$ Change from 2020	% Change 2020	2020	\$ Change from 2019	% Change from 2019	2019
Assets							
Current assets and other assets	\$ 4,141,223	\$ 1,431,995	52.9%	\$ 2,709,228	\$ 233,881	9.4%	\$ 2,475,347
Long term assets	195,542	(22,428)	-10.3%	217,970	48,382	28.5%	169,588
Capital assets	12,281,510	(352,283)	-2.8%	12,633,793	141,854	1.1%	12,491,939
Total assets	<u>16,618,275</u>	<u>1,057,284</u>	<u>6.8%</u>	<u>15,560,991</u>	<u>424,117</u>	<u>2.8%</u>	<u>15,136,874</u>
Liabilities							
Current liabilities	1,418,518	(167,572)	-10.6%	1,586,090	284,138	21.8%	1,301,952
Long-term liabilities	13,454,883	794,621	6.3%	12,660,262	(514,034)	-3.9%	13,174,296
Total liabilities	<u>14,873,401</u>	<u>627,049</u>	<u>4.4%</u>	<u>14,246,352</u>	<u>(229,896)</u>	<u>-1.6%</u>	<u>14,476,248</u>
Net position							
Net investment in capital assets	(480,684)	28,459	-5.6%	(509,143)	500,090	-49.6%	(1,009,233)
Restricted	326,765	226,142	224.7%	100,623	(227,481)	-69.3%	328,104
Unrestricted	1,898,793	175,634	10.2%	1,723,159	381,404	28.4%	1,341,755
Total net position	<u>\$ 1,744,874</u>	<u>\$ 430,235</u>	<u>32.7%</u>	<u>\$ 1,314,639</u>	<u>\$ 654,013</u>	<u>99.0%</u>	<u>\$ 660,626</u>

Clatsop Care Health District Management's Discussion and Analysis

Current assets consist of cash and cash reserves, resident receivables, and taxes receivable. Cash and cash equivalents increased by \$1.2 million due to receipt of the PPP loan. Long term assets consist of the cash replacement reserve. The reserve decreased by \$22 thousand consisting of a reserve withdrawal of \$70 thousand offset by an increase of \$48 thousand from the monthly deposits required by HUD. The reserve withdrawal reimbursed the District for a portion of the CRV siding project completed in the prior fiscal year. Capital assets consist of land, buildings, equipment, construction in progress, along with land and building improvements net of accumulated depreciation. Capital assets net of depreciation are \$352 thousand lower than the prior year due to depreciation and amortization.

Current liabilities consist primarily of accounts payable, compensated absences, and the current portion of long-term debt. Current liabilities decreased \$168 thousand in 2021 due to decreases in accounts payable and compensated absences. The District implemented a new accounting system in July 2021 so payables were paid down prior to year-end to assist with the system transition. Included in the long-term liabilities are long-term obligations in the form of a capital lease, mortgage payable and a termed line of credit note. The increase in noncurrent liabilities of \$794 thousand is due to proceeds from \$1.2 million in PPP loan proceeds offset by \$381 thousand in principal payments being made on the debts and \$72 thousand of the balance moved to current portion based on upcoming debt maturities in 2022.

Net position is the difference between total assets and total liabilities. The District reports net investment in capital assets at historical cost less any debt used to acquire those assets. A negative net investment in capital assets results because the outstanding indebtedness exceeds the net book value of the capital assets funded by the indebtedness. As of June 2021, a negative \$1.7 million represents the District's net investment in capital assets. Of the District's total net position, \$327 thousand are restricted for funds held in escrow and \$93 thousand was restricted for future memorial obligations. The remaining net position includes unrestricted net position of \$3.1 million, which may be used to meet any of the District's ongoing operations.

While the consolidated statement of net position shows all assets, liabilities and net position, the consolidated statement of revenues, expenses, and changes in net position provides answers to the nature and source of the changes of net position.

Clatsop Care Health District Management's Discussion and Analysis

The following table presents the District's condensed consolidated statements of revenues, expenses, and changes in net position for fiscal years 2021, 2020, and 2019:

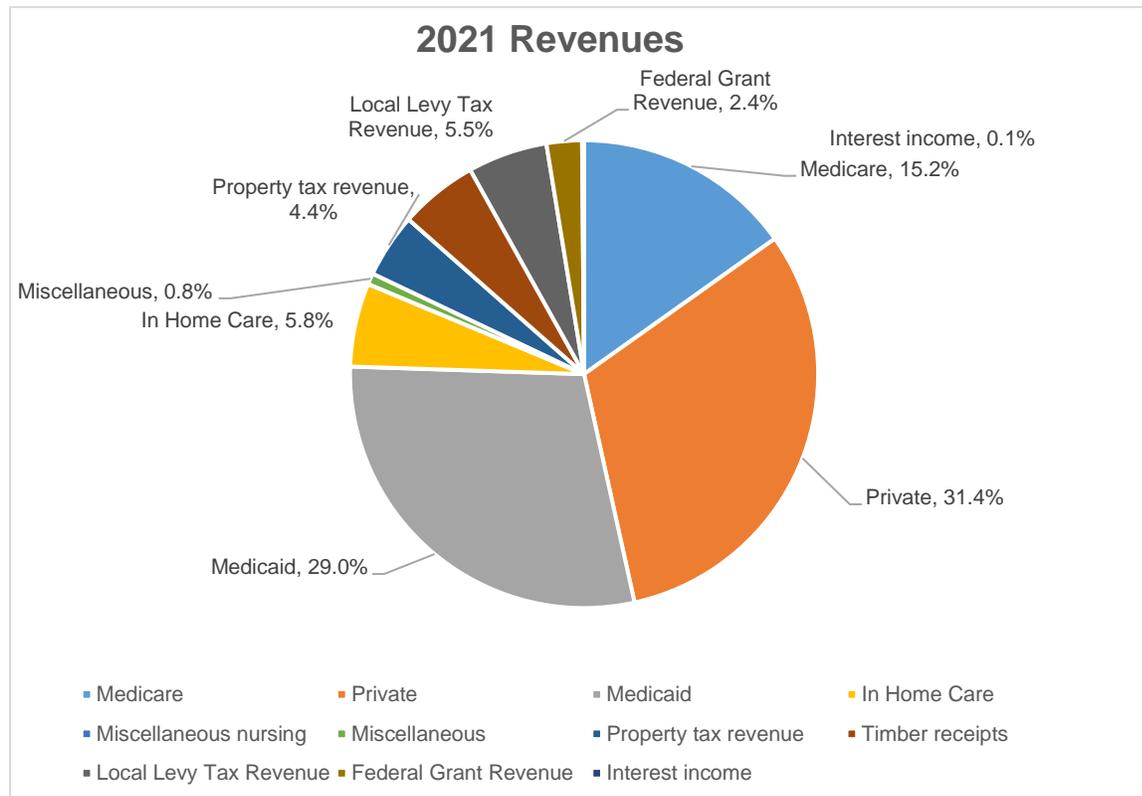
	2021	\$ Change from 2020	% Change from 2020	2020	\$ Change from 2019	% Change from 2019	2019
Operating revenues							
Charges for services							
Medicare	\$ 1,793,925	\$ 463,581	34.8%	\$ 1,330,344	\$ (25,035)	-1.8%	\$ 1,355,379
Private	3,711,600	(237,995)	-6.0%	3,949,595	275,897	7.5%	3,673,698
Medicaid	3,428,488	(522,853)	-13.2%	3,951,341	202,501	5.4%	3,748,840
In-home care	684,165	(132,871)	-16.3%	817,036	(9,892)	-1.2%	826,928
Miscellaneous nursing	60	(367)	-85.9%	427	(6,459)	-93.8%	6,886
Miscellaneous	90,635	77,161	572.7%	13,474	(43,001)	-76.1%	56,475
Total operating revenues	<u>9,708,873</u>	<u>(353,344)</u>	<u>-3.5%</u>	<u>10,062,217</u>	<u>394,011</u>	<u>4.1%</u>	<u>9,668,206</u>
Non-operating revenue							
Taxes							
Unrestricted property tax revenue	1,175,682	119,441	11.3%	1,056,241	(1,548)	-0.1%	1,057,789
Timber tax receipts	640,056	(3,602)	-0.6%	643,658	(31,488)	-4.7%	675,146
Federal grant revenue	289,248	270,249	100.0%	18,999	18,999	0.0%	-
Interest income	16,177	(7,566)	-31.9%	23,743	(4,218)	-15.1%	27,961
Gain on sale of assets	-	-	0.0%	-	-	0.0%	-
Total non-operating revenues	<u>2,121,163</u>	<u>378,522</u>	<u>21.7%</u>	<u>1,742,641</u>	<u>(18,255)</u>	<u>-1.0%</u>	<u>1,760,896</u>
Total Revenue	<u>11,830,036</u>	<u>25,178</u>	<u>0.2%</u>	<u>11,804,858</u>	<u>375,756</u>	<u>3.3%</u>	<u>11,429,102</u>
Operating expenses							
Nursing services	4,925,335	(172,325)	-3.4%	5,097,660	150,504	3.0%	4,947,156
Facility administration	2,353,721	129,129	5.8%	2,224,592	102,129	4.8%	2,122,463
Dietary services	1,280,613	106,641	9.1%	1,173,972	69,072	6.3%	1,104,900
Therapy services	729,424	112,445	18.2%	616,979	(23,074)	-3.6%	640,053
Depreciation and amortization	679,717	32,400	5.0%	647,317	21,415	3.4%	625,902
Maintenance services	437,783	40,274	10.1%	397,509	21,794	5.8%	375,715
Laundry and housekeeping services	231,312	31,947	16.0%	199,365	7,651	4.0%	191,714
Activities services	160,211	(9,719)	-5.7%	169,930	(7,131)	-4.0%	177,061
Social services	61,326	7,039	13.0%	54,287	1,501	2.8%	52,786
Total operating expenses	<u>10,859,442</u>	<u>277,831</u>	<u>2.6%</u>	<u>10,581,611</u>	<u>343,861</u>	<u>3.4%</u>	<u>10,237,750</u>
Non-operating expenses							
Interest expense	540,359	(28,875)	-5.1%	569,234	(16,038)	-2.7%	585,272
Total expenses	<u>11,399,801</u>	<u>248,956</u>	<u>2.2%</u>	<u>11,150,845</u>	<u>327,823</u>	<u>3.0%</u>	<u>10,823,022</u>
Change in net position	<u>430,235</u>	<u>(223,778)</u>	<u>-34.2%</u>	<u>654,013</u>	<u>47,933</u>	<u>7.9%</u>	<u>606,080</u>
Net position							
Beginning of the year	1,314,639	654,013	99.0%	660,626	(210,894)	-79.5%	54,546
End of the year	<u>\$ 1,744,874</u>	<u>\$ 430,235</u>	<u>32.7%</u>	<u>\$ 1,314,639</u>	<u>\$ 606,080</u>	<u>1111.1%</u>	<u>\$ 660,626</u>

Operating revenues decreased by \$353 thousand, or 3.5 percent as compared to the prior fiscal year. Medicare service revenue increased by 34.8 percent compared to other charges for services. Medicaid service revenue decreased by 13.2 percent due to a decrease in the Medicaid census at CCMC. Private services revenue decreased over the prior fiscal year by 6.0 percent driven by fewer residents at CRV. In Home Care revenue decreased 16.3% driven by the need to assist in staffing both CCMC and CRV, therefore, not being able to take on additional clients in this business.

Non-operating revenues increased \$378 thousand or 21.7 percent from 2020. Timber revenue decreased slightly by \$4 thousand or 0.6 percent. Property tax revenue increased slightly by \$119 thousand or 11.3 percent. Local levy option tax revenue is \$651 thousand or 55.4% of total property tax revenue. Interest income decreased by \$8 thousand, or 31.9 percent driven by lower interest rates earned on cash reserves. Non-operating revenues include \$289 thousand of provider relief funds recognized in 2021.

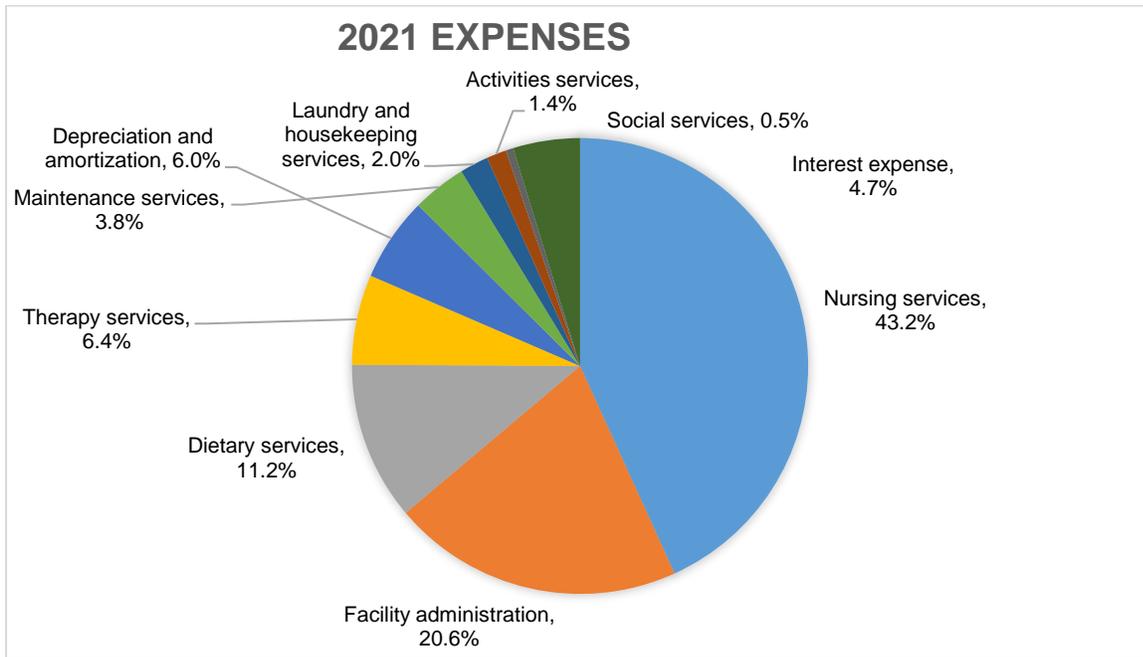
Clatsop Care Health District Management's Discussion and Analysis

The following graph illustrates the total revenue sources for the District for the 2021 fiscal year. Medicare revenue represents 15.2 percent of District revenues compared to 11.3 percent last year. Medicaid revenue decreased to 29.0 percent from 33.5 percent. Private services revenue decreased to 31.4 percent from 33.5 percent. In Home Care services revenue decreased to 6.9 percent from 5.8 percent.



Operating expenses consist of salaries and benefits, materials and services, utilities, and depreciation. Operating expenses increased \$278 thousand, or 2.6% percent driven by increases in costs including \$92 thousand for COVID supplies and testing and \$112 thousand for therapy services. The largest increases were in facility administration, dietary services and therapy. Nursing services decreased \$172 thousand or 3.4 percent primarily due to staffing costs. Facility administration increased \$129 thousand or 5.8 percent from increases for COVID supplies, testing and other administrative costs. Dietary services increased \$107 thousand or 9.1 percent due to an increase in staffing costs at CRV and CCMC. The following graph illustrates the total expenditures for the District for the 2021 fiscal year.

Clatsop Care Health District Management's Discussion and Analysis



The statement of cash flows provides a measurement of the District's financial health by providing information on the sources and uses of cash. It provides the user information on cash receipts and cash payments to help assess the District's ability to generate net cash flows, its ability to meet its obligations as they become due, and its need for external financing. This statement is reported using the direct method in accordance with the Governmental Accounting Standards Board. The Statement of Cash Flows in summary form is provided below:

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Cash Flows from Operating Activities	\$ (758,267)	\$ 95,946	\$ (854,213)	-890.3%
Cash Flows from Non-Capital Financing Activities	3,199,039	1,987,933	1,211,106	60.9%
Cash Flows from Capital Financing Activities	(1,248,535)	(1,716,641)	468,106	-27.3%
Cash Flows from Investing Activities	16,177	23,743	(7,566)	-31.9%
Net increase in cash and cash equivalents	<u>1,208,414</u>	<u>390,981</u>	<u>817,433</u>	<u>209.1%</u>
Cash and Cash Equivalents, beginning of year	1,804,107	1,413,126	390,981	27.7%
Cash and Cash Equivalents, end of year	<u>\$ 3,012,521</u>	<u>\$ 1,804,107</u>	<u>\$ 1,208,414</u>	<u>67.0%</u>

The largest sources of cash from operating activities were resident revenue from private sources, Medicare, and Medicaid. Major uses of operating cash were payments for employees and for materials and supplies. Noncapital financing activities cash includes PPP loan proceeds of \$1.2 million and property taxes of \$520 thousand, timber tax revenue of \$611 thousand and tax levy receipts of \$651 thousand. The end of year net cash balance of \$3.0 million increased \$1.2 million or 67.0 percent from the prior year.

Clatsop Care Health District Management's Discussion and Analysis

Budgetary Highlights

There were no changes to the adopted budget for the fiscal year ended June 30, 2021.

	<u>Budgetary Basis</u>	<u>Final Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Revenues				
Charges for services				
Medicare A	\$ 1,735,768	\$ 1,263,980	\$ 471,788	37.3%
Medicare B	58,157	64,690	(6,533)	0.0%
Private	3,711,600	4,387,490	(675,890)	-15.4%
Medicaid	3,428,488	4,606,370	(1,177,882)	-25.6%
In-Home companion and noncertified	684,165	-	684,165	0.0%
Miscellaneous nursing	60	1,200	(1,140)	0.0%
Tax Revenue				
Property tax	1,175,682	826,480	349,202	42.3%
Timber tax	640,056	826,480	(186,424)	-22.6%
Investment income	549,661	558,960	(9,299)	-1.7%
Miscellaneous revenue	379,883	1,920	377,963	19685.6%
Total Revenues	<u>12,363,520</u>	<u>12,537,570</u>	<u>(174,050)</u>	<u>-1.4%</u>
Expenditures				
Nursing	4,925,335	5,209,650	284,315	5.5%
Therapy	729,424	359,230	(370,194)	-103.1%
Administration	365,996	950,630	584,634	61.5%
Facility Administration	2,848,643	3,423,970	575,327	16.8%
Maintenance Services	437,783	474,230	36,447	7.7%
Laundry/housekeeping	231,312	257,820	26,508	10.3%
Activities	160,211	199,310	39,099	19.6%
Dietary	1,280,613	1,199,470	(81,143)	-6.8%
Social services	61,326	55,600	(5,726)	-10.3%
Debt Service	921,101	362,560	(558,541)	-154.1%
Contingencies	-	83,100	83,100	100.0%
Unappropriated fund balance	-	1,412,000	1,412,000	100.0%
Total Expenditures	<u>11,961,744</u>	<u>13,987,570</u>	<u>2,025,826</u>	<u>14.5%</u>
Net Change in Net Position	<u>\$ 401,776</u>	<u>\$ (1,450,000)</u>	<u>\$ 1,851,776</u>	<u>-127.7%</u>
Beginning Net Position	<u>\$ 1,291,109</u>	<u>\$ (6,904,080)</u>	<u>\$ 8,195,189</u>	<u>-118.7%</u>
Ending Net Position	<u>\$ 1,692,885</u>	<u>\$ (8,354,080)</u>	<u>\$ 10,046,965</u>	<u>-120.3%</u>

Operationally, the District's performance necessitated the continuation of a management company to increase performance of all the business collectively within the District.

Clatsop Care Health District Management's Discussion and Analysis

Capital Assets

The District records all capital assets at historical cost with associated accumulated depreciation. The District added \$327 thousand in capital assets before depreciation this fiscal year. The summary of capital assets presented below identifies the capital assets by categories and amounts. Additional information on the District's capital assets can be found in Note 7 of this report.

	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>	<u>2019</u>
Land	\$ 259,150	\$ -	0.0%	\$ 259,150	\$ -	0.0%	\$ 259,150
Land improvements	126,159	14,635	13.1%	111,524	-	0.0%	111,524
Buildings	11,876,597	234,827	2.0%	11,641,770	736,163	6.8%	10,905,607
Major movable equipment	513,891	90,564	21.4%	423,327	172,932	69.1%	250,395
Construction in process	18,093	(12,592)	-41.0%	30,685	30,685	100.0%	-
Building under capital lease	7,907,181	-	0.0%	7,907,181	-	0.0%	7,907,181
Accumulated depreciation	(8,419,561)	(679,717)	8.8%	(7,739,844)	(1,273,219)	19.7%	(6,466,625)
Capital assets, net	<u>\$ 12,281,510</u>	<u>\$ (352,283)</u>	<u>-2.8%</u>	<u>\$ 12,633,793</u>	<u>\$ (333,439)</u>	<u>-2.6%</u>	<u>\$12,967,232</u>

Debt Administration

As of June 30, 2021, the District has \$14.0 million in outstanding long-term debt, an increase of \$866 thousand from prior year. This is due to the PPP loan proceeds offset by payments on other the long-term debt. The following table summarizes the long-term debt by type of debt instrument and amount. Additional information on the District's debt is described in Note 8.

Outstanding Debt as of June 30, 2021

Term loan	\$ 108,087
SBA PPP Loan	1,246,999
Mortgage payable	5,527,488
Capital lease	7,126,619
	<u>\$ 14,009,193</u>

Clatsop Care Health District Management's Discussion and Analysis

Issues Facing the Health District

There are issues facing the District that could result in material changes in its financial position in the long term. Among those issues are:

- The District is certified as a provider under both the Medicare program, which provides certain healthcare benefits to beneficiaries who are over 65 years of age or disabled, and the Medicaid program, funded jointly by the federal government and the states, which provides medical assistance to certain individuals and families in need. The funding of these programs by the federal and state governments face increasing pressure due to the significant increases in the costs of providing healthcare services in recent years.
- Labor shortages for healthcare professionals in registered nurses and in other healthcare related fields. This nursing shortage, as well as other medical professional/technical employees, is causing higher salaries, requiring the usage of agency staff at a premium wage rate and hiring bonus incentives. These pressures are compounded by the COVID-19 pandemic
- The District is a major employer within the community, employing a complex mix of professional, technical, clerical, maintenance, dietary, and housekeeping workers. Risks include contract disputes, personal tort actions, work-related injuries and exposure to hazardous materials, to name a few of the potential issues.
- The COVID-19 pandemic will continue to impact the operations and finances at the District. The District is participating in Federal funding programs to help compensate for COVID related costs for testing, staffing and supplies as well as offset lost revenue since the pandemic began in March 2020. Inflation is also impacting the costs of materials and supplies.

Contacting the District's Financial Management

This financial report provides our residents, readers, suppliers, taxpayers and creditors with a general overview of Clatsop Care Health District's finances and shows the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Administrative Office at Clatsop Care Health District; 646 16th Street, OR 97103.

Clatsop Care Health District Consolidated Statements of Net Position

ASSETS

	June 30,	
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,012,521	\$ 1,804,107
Restricted funds held in escrow	38,612	79,399
Receivables		
Resident accounts, net of estimated uncollectible amounts	716,962	568,902
Timber taxes	213,304	184,449
Property taxes	25,000	21,183
Resident funds held in trust	15,817	7,515
Other current assets	119,007	43,673
	<u>4,141,223</u>	<u>2,709,228</u>
LONG-TERM ASSETS		
Restricted funds held in escrow	195,542	217,970
	<u>195,542</u>	<u>217,970</u>
CAPITAL ASSETS		
Land	259,150	259,150
Construction in progress	18,093	30,685
Depreciable capital assets, net of accumulated depreciation	5,994,809	6,018,213
Property under capital lease, net of accumulated amortization	6,009,458	6,325,745
	<u>12,281,510</u>	<u>12,633,793</u>
Total capital assets, net	<u>12,281,510</u>	<u>12,633,793</u>
Total assets	<u>\$ 16,618,275</u>	<u>\$ 15,560,991</u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES		
Accounts payable	\$ 208,770	\$ 315,949
Accrued salaries and employee benefits	163,384	150,804
Compensated absences	230,611	275,907
Accrued expenses and unearned revenue	245,626	353,241
Resident funds held in trust	15,817	7,515
Current maturities of long-term debt	554,310	482,674
	<u>1,418,518</u>	<u>1,586,090</u>
Total current liabilities	<u>1,418,518</u>	<u>1,586,090</u>
LONG-TERM DEBT, net of current maturities	13,454,883	12,660,262
	<u>13,454,883</u>	<u>12,660,262</u>
Total liabilities	<u>14,873,401</u>	<u>14,246,352</u>
NET POSITION		
Net investment in capital assets	(480,684)	(509,143)
Restricted expendable	326,765	100,623
Unrestricted	1,898,793	1,723,159
	<u>1,744,874</u>	<u>1,314,639</u>
Total net position	<u>1,744,874</u>	<u>1,314,639</u>
Total liabilities and net position	<u>\$ 16,618,275</u>	<u>\$ 15,560,991</u>

See accompanying notes.

Clatsop Care Health District
Consolidated Statements of Revenues, Expenses,
and Changes in Net Position

	Years Ended June 30,	
	2021	2020
OPERATING REVENUES		
Net resident service revenue	\$ 8,847,676	\$ 9,147,059
In-home care revenue	684,165	817,036
Ancillary services	86,397	84,648
Other operating revenue	90,635	13,474
Total operating revenues	<u>9,708,873</u>	<u>10,062,217</u>
OPERATING EXPENSES		
Nursing services	4,023,563	4,077,181
Administrative expenses	2,353,721	2,224,592
Dietary services	1,280,613	1,173,972
Ancillary services	729,424	616,979
Depreciation and amortization	679,717	647,317
Occupancy and housekeeping	669,095	596,874
In-home care	664,587	766,105
Provider tax	237,185	254,374
Activities and social services	221,537	224,217
Total operating expenses	<u>10,859,442</u>	<u>10,581,611</u>
LOSS FROM OPERATIONS	<u>(1,150,569)</u>	<u>(519,394)</u>
NON-OPERATING REVENUES (EXPENSES)		
Property taxes	1,175,682	1,056,241
Timber taxes	640,056	643,658
Federal grant revenue	289,248	18,999
Interest income	16,177	23,743
Interest expense	(540,359)	(569,234)
Net non-operating revenues (expenses)	<u>1,580,804</u>	<u>1,173,407</u>
CHANGE IN NET POSITION	430,235	654,013
NET POSITION, beginning of year	<u>1,314,639</u>	<u>660,626</u>
NET POSITION, end of year	<u>\$ 1,744,874</u>	<u>\$ 1,314,639</u>

Clatsop Care Health District
Consolidated Statements of Cash Flows

	Years Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from residents and third party payors	\$ 9,470,178	\$ 10,250,659
Cash paid to suppliers	(3,690,509)	(3,278,891)
Cash paid to employees	(6,407,034)	(6,634,922)
Cash paid for provider taxes	(221,537)	(254,374)
Other receipts from operations, net	90,635	13,474
Net cash (used in) from operating activities	(758,267)	95,946
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from long-term borrowings	1,246,999	-
Property taxes	1,171,865	1,079,716
Federal grants	168,974	308,247
Timber taxes	611,201	599,970
Net cash from non-capital financing activities	3,199,039	1,987,933
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(327,434)	(789,171)
Principal payments on long-term debt	(380,742)	(358,236)
Interest payments on long-term debt	(540,359)	(569,234)
Net cash used in capital and related financing activities	(1,248,535)	(1,716,641)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	16,177	23,743
Net cash from investing activities	16,177	23,743
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,208,414	390,981
CASH AND CASH EQUIVALENTS, beginning of year	1,804,107	1,413,126
CASH AND CASH EQUIVALENTS, end of year	\$ 3,012,521	\$ 1,804,107

Clatsop Care Health District

Consolidated Statements of Cash Flows

	Years Ended June 30,	
	<u>2021</u>	<u>2020</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Reconciliation of loss from operations to net cash from operating activities		
Loss from operations	<u>\$ (1,150,569)</u>	<u>\$ (519,394)</u>
Adjustments to reconcile operating loss to net cash from operating activities		
Depreciation and amortization	679,717	647,317
Changes in assets and liabilities		
Resident accounts receivable, net	(148,060)	201,916
Restricted funds held in escrow	63,215	(61,538)
Other current assets	(75,334)	(10,362)
Accounts payable	(107,179)	(225,214)
Accrued salaries and employee benefits	12,580	25,152
Compensated absences	(45,296)	21,917
Accrued expenses and unearned revenue	<u>12,659</u>	<u>16,152</u>
Net adjustments	<u>392,302</u>	<u>615,340</u>
Net cash (used in) from operating activities	<u><u>\$ (758,267)</u></u>	<u><u>\$ 95,946</u></u>

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 1 – Description of Reporting Entity and Summary of Significant Accounting Policies

Reporting entity

The Clatsop Care Health District (the District) is located in Astoria, Oregon and was established in March 1978. The District is a municipal corporation and was organized under Oregon Revised Statutes (ORS) 440, to provide various health care services, long-term care services, retirement apartments and home-health care services to the citizens of its district. The District oversees the operations of Clatsop Care Health and Rehabilitation Center, a 71-bed skilled nursing and long-term care facility, Clatsop Retirement Village, a 69-unit assisted living facility, Clatsop Care Memory Community, a 32-unit memory care facility, and Clatsop Care In-Home Care Services, a program which provides in-home care to approximately 60 clients throughout the county.

Major sources of revenue are fees for services provided and property and timber taxes. The District's expenses include costs of providing health care services and to pay debt services costs.

The District has authority to levy taxes on property within the District for general operations and has exercised that authority for several years.

Basis of accounting

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

GAAP requires the financial statements present Clatsop Care Center (the primary government) and all component units, if any. Component units, as established by GASB Statement 61, are separate organizations that are included in the reporting entity because of the significance of their operational or financial relationship with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic consolidated financial statements. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. Based on the application of the criteria established by the GASB, there are no potential component units of the District, except for Clatsop Retirement Village Property, LLC.

Blended component unit

Clatsop Retirement Village Property, LLC, established June 2013, is an Oregon limited liability company governed by a board comprised of the District's elected board. The charges for lease of the property and mortgage debt authorizations are approved by the District's board, and the District is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available. Clatsop Retirement Village Property, LLC is reported as an enterprise fund and is required to report annually to Housing and Urban Development (HUD).

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 1 – Description of Reporting Entity and Summary of Significant Accounting Policies (continued)

Principles of consolidation

For financial reporting purposes, management considers the activities relating to the operation of the District as those of a unitary enterprise fund accounting approach which is based on the full accrual method of accounting. However, for budgetary and legal purposes these activities are accounted for in the following funds:

- *General Fund* – accounts for all general operating revenues and expenditures of the District. The major sources of revenue are ad-valorem taxes and the major source of expenses is personal services.
- *Clatsop Care Health and Rehabilitation Center Fund* – accounts for all revenues and expenses for the skilled nursing and long-term care facility, Clatsop Care Health and Rehabilitation Center. Revenues are resident service revenues.
- *Clatsop Care Memory Community Fund* – accounts for revenues and expenses for the memory care facility, Clatsop Care Memory Community. Revenues are resident service revenues.
- *Clatsop Care In-Home Services Fund* – accounts for all revenues and expenses for the in-home care program, Clatsop Care In-Home Services. Revenues are service revenues.
- *Clatsop Retirement Village Enterprise Fund* – accounts for all revenues and expenses for the assisted living facility, Clatsop Retirement Village. Revenues are resident service revenues.
- *Clatsop Retirement Village Property Enterprise Fund* – is a blended component unit of the District and was established to hold the Clatsop Retirement Village Property, LLC facility assets and related mortgage payable. The District leases the facility from Clatsop Retirement Village Property, LLC.

Use of estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Enterprise fund accounting

The District uses enterprise fund accounting. Revenues and expenses are recognized on an accrual basis using the economic resources measurement focus. The District has adopted GASB No. 62, Codification of Accounting and Financial Reporting guidance contained in Pre-November 30, 1989 Federal Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements, which identifies and codifies most pre-November 30, 1989 FASB and AICPA pronouncements that are relevant to governments and do not conflict with or contradict GASB pronouncements.

Cash and cash equivalents

Cash and cash equivalents include certain highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at cost, which approximates market value.

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 1 – Description of Reporting Entity and Summary of Significant Accounting Policies (continued)

Resident accounts receivable

The District grants credit in the normal course of business to private individuals, other businesses, governmental agencies, and insurance companies. The District performs ongoing credit evaluations and generally does not require collateral. The District receives payment for services rendered from private payors, Medicare and Medicaid programs, and third-party payors. Management does not believe there are any credit risks associated with receivables from governmental agencies. Private and other receivables consist of receivables from a large number of payors involved in diverse activities and subject to differing economic conditions, which do not represent any concentrated credit risks to the District.

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, management analyzes its past history and identifies trends to estimate the appropriate allowance for doubtful accounts and provision for bad debts.

For receivables associated with self-pay residents (which includes both residents without insurance and residents with deductible and copayment balances due for which third-party coverage exists for part of the bill), the District records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts collected after all reasonable collection efforts have been exhausted is charged off to provision for bad debt.

Management regularly monitors and adjusts its reserves and allowances related to these receivables. Accounts deemed to be uncollectible are written off only after all reasonable collection efforts are exhausted. Interest is charged on accounts at the discretion of management. There was no change in the methodology used by the District to estimate the allowance for contractual adjustments and bad debt provision in the current year.

Timber and property taxes receivable

Uncollected timber and property taxes are shown in the statements of net position. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance of uncollectible taxes has been established.

Restricted funds held in escrow

As a requirement of the District's long-term debt agreement, the District must maintain a funded reserve account for annual insurance premiums, replacement reserves, and mortgage insurance. The District may request to use the replacement reserve account funds for approved building improvements. The property and mortgage insurance reserves are used automatically to pay the annual required expense.

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 1 – Description of Reporting Entity and Summary of Significant Accounting Policies (continued)

Capital assets

The District's capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. Expenditures for maintenance and repairs are charged to operations as incurred. Betterments and major renewals with an estimated useful life of one year or greater and a cost of over \$5,000 are capitalized.

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Impairment losses on capital assets are measured using the method that best reflects the diminished service utility of the capital asset.

All capital assets other than land and construction in progress are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using these asset lives:

Buildings	30–40 years
Building improvements	5–25 years
Major moveable equipment	5–15 years
Land improvements	5–15 years

Compensated absences

The District has a paid time off plan, which includes vested vacation, sick and holiday time. These benefits are accrued and expensed as they are earned.

Paycheck Protection Program (PPP) loan payable

In August 2020, the District received a PPP loan in the amount of \$1,246,999. See Note 8. The District accounts for this loan in accordance with *GASB Technical Bulletin No. 2020-1, Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and Economic Security Act and Coronavirus Diseases (The CARES Act)*. This Bulletin clarifies the application of the recognition requirements of Statements 33, 56 and 70 to resources received from programs established by the CARES Act. Accordingly, it is the District's policy to record this loan, with interest accrued and expensed over the term of the loan, or until forgiveness is granted, releasing the District from being the primary obligor.

Net position

Net position of the District is classified in four components.

- *Net investment in capital assets* consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets.
- *Restricted expendable* is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District. See Note 6 for discussion of restrictions. Included in this category are funds reserved for memorials, reserve funds held in escrow, and federal grants restricted for specific purposes (see Note 6).
- *Unrestricted* is remaining net position that does not meet the definition of net investment in capital assets, restricted expendable or restricted nonexpendable.

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 1 – Description of Reporting Entity and Summary of Significant Accounting Policies (continued)

- *Restricted nonexpendable* equals the principal portion of permanent endowments. The District has no such endowments for the years ended June 30, 2021 and 2020.

Operating and non-operating revenues and expenses

The District's statement of revenues, expenses, and changes in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the District's principal activity. Nonexchange revenues, including taxes, investment income, and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Net resident service revenue, ancillary services, and in-home care revenue

Resident service revenue, revenue from ancillary services, and in-home care revenue are recorded at established rates and reported at the estimated net realizable amounts from residents, third party payors and others for services rendered. Preliminary settlements under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Sources of resident service revenue, revenue from ancillary services, and in-home care revenue as of June 30 are as follows:

	2021	2020
Private pay	44%	46%
Medicaid	37%	41%
Medicare	19%	13%
	100%	100%

Property taxes

Property taxes received by the District are used to support general operations. Property taxes are levied by the County on the District's behalf on July 1 and are payable on November 15 and may be paid in installments due November 15, February 15, and May 15. Taxes are billed and collected by Clatsop County and are remitted to the District at periodic intervals. Property tax revenues are recognized when levied. Additionally, in May of 2018, a local tax levy of \$0.23 per \$1,000 of assessed property value was approved for a duration of five years, from 2018 to 2022. Total tax revenues from the five-year levy are estimated to be approximately \$3,052,752. Property tax revenues were \$1,175,682 and \$1,056,241 for the years ended June 30, 2021 and 2020, respectively.

Timber taxes

Clatsop Care Health District receives regular timber revenue receipts from harvest of State forests that occurs within District boundaries. The State Forestry Department provides a quarterly report on projections of revenues to receive in the current fiscal year as well as the following fiscal year. These projections are used to determine budgeted revenues. Timber revenues were \$640,056 and \$643,658 for the years ended June 30, 2021 and 2020, respectively.

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 1 – Description of Reporting Entity and Summary of Significant Accounting Policies (continued)

Grants and contributions

From time to time, the District receives grants as well as contributions from individuals and private organizations. Revenues from grants and contributions 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 non-operating revenues.

Income taxes

The District is a municipal corporation under Oregon state law and is not subject to Federal income taxes.

Subsequent events

Subsequent events are events or transactions that occur after the consolidated balance sheet date but before consolidated financial statements are available to be issued. The District recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheet, including the estimates inherent in the process of preparing the consolidated financial statements. The District's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated balance sheet but arose after the consolidated balance sheet date and before the consolidated financial statements are available to be issued.

The District has evaluated subsequent events through November 29, 2021, which is the date the consolidated financial statements are available to be issued.

Note 2 – Budgetary Information

ORS 440.403 establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. Budgetary comparisons for enterprise funds are not required by GAAP. Accordingly, such comparisons of approved budgeted amounts with actual results of operations for individual funds prepared on a basis other than GAAP are set forth as other information as listed in the table of contents. Expenditure levels of control are personal services, materials and services, capital outlay, debt service, transfers and operating contingencies. The budget is created and brought to the Board of Directors for approval. After a public hearing on the budget, it is adopted and appropriations are made by June 30, which is prior to the start of the fiscal year. Expenditures cannot legally exceed appropriations except in the case of grants which could not be estimated at the time of budget adoptions. Appropriations lapse at fiscal year-end. Action of the Board may transfer appropriations between control categories or amend the budget with notice.

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 2 – Budgetary Information (continued)

The Board may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by ORS. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before public, publications in newspapers and approval by the Board. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year. Management may transfer budget amounts between individual line items within the function group, but cannot make changes to the function groups themselves, which is the legal level of control. During the fiscal years ending June 30, 2021 and 2020, the board did not approve any supplemental budget resolutions.

Financial position, results of operations, and change in fund balance/net position are reported on the basis of accounting principles generally accepted in the United States of America for the government-wide financial statements. The budgetary basis of accounting differs from generally accepted accounting principles. The budgetary basis statements provided as part of other information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison to actual result with the budget.

The budgetary basis of accounting is substantially the same as generally accepted accounting principles in the United States of America, with the exceptions that capital outlay expenditures are expensed when purchased, depreciation is not calculated, compensated absences are expensed when paid rather than when incurred, and principle payment and proceeds on long-term debt are recorded in revenues when received and expenditures when paid.

Note 3 – Cash and Cash Equivalents

ORS, Chapter 294, authorizes the District to invest in obligations of the U.S. Treasury, U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by a qualified financial institution, commercial paper, corporate bonds, repurchase agreements, State of Oregon Local Government Investment Pool, and various interest-bearing bonds of Oregon and other municipalities. The District has no investment policy that would further limit its investment choices.

Deposits with financial institutions are comprised of bank demand deposits. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. State statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295.001 to 295.108. As long as the bank depository has entered into an agreement and has deposited securities pursuant to state statutes, there may be deposits at any one bank depository and its branches, a sum in excess of the amount insured by the Federal Deposit Insurance Corporation.

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 3 – Cash and Cash Equivalents (continued)

The District had the following cash and cash equivalents at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Demand deposits	\$ 663,956	\$ 596,677
Petty cash	1,450	1,450
Local Government Investment Pool	<u>2,347,115</u>	<u>1,205,980</u>
Total cash and cash equivalents	<u>\$ 3,012,521</u>	<u>\$ 1,804,107</u>

Cash held by Clatsop Retirement Village Property, LLC may only be used for that entity unless a surplus cash distribution is approved by HUD. As of June 30, 2021 and 2020, the balance in that account was \$309,068 and \$214,766, respectively. Cash held by the District from memorial fund donations is also restricted as it can only be used for resident memorials. The balance in this account was \$92,611 and \$92,502 for the years ended June 30, 2021 and 2020, respectively. The District does not have any other cash and cash equivalents that are limited to use.

The District maintains their investments in the State of Oregon Local Government Investment Pool (LGIP), which is an alternate investment vehicle offered to participants that by law are made the custodian of, or have control of, any public funds. The investments are booked at fair value and are the same as the value of the pool shares.

The LGIP investments are governed by a written investment policy that is reviewed annually by the Oregon Short-Term Fund Board (OSTFB). The OSTFB is comprised of members of local government and private investment professionals, who are appointed by the Governor of the State of Oregon. The LGIP is not rated by any national rating service. The District considers all investments to be cash and cash equivalents.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. ORS require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. The District does not have this type of policy. The District manages exposure to declines in fair values by limiting the weighted average maturity of the investment portfolio to levels required by State statute.

Custodial credit risk

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District will not be able to recover deposits. The District does not have a deposit policy for custodial credit risk. As of June 30, 2021 and 2020, \$250,000 of the District's bank balance was covered by depository insurance. The remaining balances were exposed to custodial credit risk.

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 4 – Resident Accounts Receivable

The District provides services to residents, most of whom are local residents, who are either uninsured, covered by commercial insurance, Medicare, or Oregon Department of Human Resources Adult and Family Services Division (Welfare) programs. The District grants credit without collateral and maintains reserves for potential credit losses. Such losses have historically been within management's expectations.

Resident accounts receivable, including the applicable allowance for estimated contractual adjustments and uncollectible accounts, are as follows as of June 30:

	<u>2021</u>	<u>2020</u>
Receivables from residents and their insurance carriers	\$ 131,335	\$ 147,746
Receivable from Medicare	314,899	155,200
Receivable from Medicaid	<u>293,258</u>	<u>278,856</u>
Total resident accounts receivable	739,492	581,802
Less allowance for uncollectible amounts	<u>(22,530)</u>	<u>(12,900)</u>
Patient accounts receivable, net	<u><u>\$ 716,962</u></u>	<u><u>\$ 568,902</u></u>

The amount of resident receivable balance over 90 days past due as of June 30, 2021 and 2020 was \$5,251 and \$2,169, respectively.

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 5 – Property Taxes

For the fiscal years June 30, 2021 and 2020, the District levied their property taxes at the rate of \$0.001763 per \$1,000 of assessed property value. Additionally, on May 15, 2018, a local tax levy of \$0.23 per \$1,000 of assessed property value for five years was approved to support the operations of the District. The District began receiving these funds in November 2018. Property tax revenues are recognized when levied and are used to support general operations.

Property and local tax levy, collections and balances are as follows:

	Receivable June 30, 2020	2020-2021 Net Levy	Collections	Interest Received	Discounts Allowed	Adjustments Applied	Receivable June 30, 2021
2020-21	\$ -	\$ 1,165,453	\$ (1,092,834)	\$ 718	\$ (30,545)	\$ (1,635)	\$ 40,439
2019-20	2,059	-	(24,463)	1,649	-	(819)	(23,223)
2018-19	13,661	-	(7,282)	1,420	-	(583)	5,796
2017-18	3,302	-	(2,411)	665	-	(12)	879
2016-17	(1,373)	-	(790)	260	-	(8)	(2,171)
Prior Years	3,534	-	(190)	152	-	(64)	3,280
	<u>\$ 21,183</u>	<u>\$ 1,165,453</u>	<u>\$ (1,127,970)</u>	<u>\$ 4,864</u>	<u>\$ (30,545)</u>	<u>\$ (3,121)</u>	<u>\$ 25,000</u>

	Receivable June 30, 2019	2019-2020 Net Levy	Collections	Interest Received	Discounts Allowed	Adjustments Applied	Receivable June 30, 2020
2019-20	\$ -	\$ 1,147,090	\$ (1,114,335)	\$ 672	\$ (29,518)	\$ (1,178)	\$ 2,059
2018-19	33,199	-	(19,481)	1,316	-	(57)	13,661
2017-18	6,124	-	(2,815)	489	-	(7)	3,302
2016-17	746	-	(2,112)	597	-	(7)	(1,373)
2015-16	(1,099)	-	(879)	319	-	(7)	(1,985)
Prior Years	5,688	-	(138)	112	-	(31)	5,519
	<u>\$ 44,658</u>	<u>\$ 1,147,090</u>	<u>\$ (1,139,760)</u>	<u>\$ 3,505</u>	<u>\$ (29,518)</u>	<u>\$ (1,287)</u>	<u>\$ 21,183</u>

	2021	2020
Total cash collections (above)	\$ 1,127,970	\$ 1,139,760
Prior year receivable	(21,183)	(44,658)
Current year receivable	25,000	21,183
Taxes in lieu	43,895	(60,044)
Total property and local levy tax revenue	<u>\$ 1,175,682</u>	<u>\$ 1,056,241</u>

The State of Oregon has a constitutional limit on property taxes for schools and non-school government operations. The limitation provides that property taxes for non-school operations are limited to \$10 for each \$1,000 of property market value. Local government taxes in the District currently do not exceed the \$10.00 rate limit; however, this limitation may affect the availability of future tax revenues for the District. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

Clatsop Care Health District Notes to Consolidated Financial Statements

Note 5 – Property Taxes (continued)

An additional limit reduces the amount of operating property tax revenues available. This reduction was accomplished by rolling property values for 1997-98 back to their 1995-96 values less 10% and limited future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempt from the reductions. The Constitution also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues.

Note 6 – Restricted Funds Held in Escrow

Certain reserve deposits and escrow balances are required to be maintained as specified by the District's regulatory agreement with HUD. These deposits and escrow balances are held by Lument Capital.

The District may receive distributions from these balances upon approval from HUD. The following deposits and reserves are required:

Escrow deposits – The escrow deposit account represents deposits held for property and liability insurance. Monthly deposits of \$3,532 are required to be made into an escrow deposit cash account.

Insurance premium escrow – A funded reserve for mortgage insurance is required by HUD. Monthly deposits of \$3,031 are required to be made into the insurance premium escrow account.

Replacement reserve – The replacement reserve account was initially funded with \$318,900 in conjunction with the loan financing on the property in 2014. Monthly deposits of \$4,000 are currently required to be made into a replacement reserve cash account. Any funds held in the replacement reserve account are to be used for future acquisitions of equipment and building improvements, after obtaining approval from HUD.

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 6 – Restricted Funds Held in Escrow (continued)

The escrow and deposit accounts controlled by Lument Capital are held in bank accounts under the District's name. These deposits are subject to federally insured limits and any balances over \$250,000 are subject to custodial risk.

	For the Year Ended June 30, 2021				
	Beginning Balance	Deposits	Interest	Withdrawals	Ending Balance
Escrow deposits	\$ 37,404	\$ 34,028	\$ 14	\$ (36,366)	\$ 35,080
Insurance premium escrow	41,995	38,847	-	(77,310)	3,532
Replacement reserve	217,970	44,000	222	(66,650)	195,542
Total funds held in escrow	<u>\$ 297,369</u>	<u>\$ 116,875</u>	<u>\$ 236</u>	<u>\$ (180,326)</u>	<u>\$ 234,154</u>
	For the Year Ended June 30, 2020				
	Beginning Balance	Deposits	Interest	Withdrawals	Ending Balance
Escrow deposits	\$ 37,627	\$ 37,181	\$ -	\$ (37,404)	\$ 37,404
Insurance premium escrow	28,616	33,200	-	(19,821)	41,995
Replacement reserve	169,588	48,000	382	-	217,970
Total funds held in escrow	<u>\$ 235,831</u>	<u>\$ 118,381</u>	<u>\$ 382</u>	<u>\$ (57,225)</u>	<u>\$ 297,369</u>

There were no deposits suspended or waived during 2021 or 2020.

Clatsop Care Health District
Notes to Consolidated Financial Statements

Note 7 – Capital Assets

The following is a summary of changes in capital assets during the fiscal years 2021 and 2020:

	Balance June 30, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
CAPITAL ASSETS AT COST					
Land	\$ 259,150	\$ -	\$ -	\$ -	\$ 259,150
Construction in progress	30,685	311,690	-	(324,282)	18,093
Land improvements	111,524	-	-	14,635	126,159
Buildings	11,641,770	-	-	234,827	11,876,597
Property under capital lease	7,907,181	-	-	-	7,907,181
Major movable equipment	423,327	15,744	-	74,820	513,891
	<u>20,373,637</u>	<u>327,434</u>	<u>-</u>	<u>-</u>	<u>20,701,071</u>
LESS ACCUMULATED DEPRECIATION AND AMORTIZATION FOR:					
Land improvements	(56,589)	(3,422)	-	-	(60,011)
Buildings	(5,878,295)	(297,131)	-	-	(6,175,426)
Property under capital lease	(1,581,436)	(316,287)	-	-	(1,897,723)
Major movable equipment	(223,524)	(62,877)	-	-	(286,401)
	<u>(7,739,844)</u>	<u>(679,717)</u>	<u>-</u>	<u>-</u>	<u>(8,419,561)</u>
Capital assets, net	<u>\$ 12,633,793</u>	<u>\$ (352,283)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,281,510</u>
	Balance June 30, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
CAPITAL ASSETS AT COST					
Land	\$ 259,150	\$ -	\$ -	\$ -	\$ 259,150
Construction in progress	43,501	19,344	-	(32,160)	30,685
Land improvements	111,524	-	-	-	111,524
Buildings	10,970,487	639,123	-	32,160	11,641,770
Property under capital lease	7,907,181	-	-	-	7,907,181
Major movable equipment	292,623	130,704	-	-	423,327
	<u>19,584,466</u>	<u>789,171</u>	<u>-</u>	<u>-</u>	<u>20,373,637</u>
LESS ACCUMULATED DEPRECIATION AND AMORTIZATION FOR:					
Land improvements	(52,571)	(4,018)	-	-	(56,589)
Buildings	(5,593,934)	(284,361)	-	-	(5,878,295)
Property under capital lease	(1,265,149)	(316,287)	-	-	(1,581,436)
Major movable equipment	(180,873)	(42,651)	-	-	(223,524)
	<u>(7,092,527)</u>	<u>(647,317)</u>	<u>-</u>	<u>-</u>	<u>(7,739,844)</u>
Capital assets, net	<u>\$ 12,491,939</u>	<u>\$ 141,854</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,633,793</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$363,430 and \$331,030, respectively. Amortization expense for property under capital lease was \$316,287 for each of the years ended June 30, 2021 and 2020.

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 8 – Long-Term Debt

The district has the following included in long-term debt:

Term loan

The outstanding balance will be repaid in monthly principal and interest installments of \$2,212 using an interest rate of 3.85% and matures in November 2025. The debt agreement has a covenant requirement of a debt service coverage ratio greater than 1.00 to 1.00. As of June 30, 2021, the District is in compliance with this covenant.

Paycheck Protection Program loan

On August 12, 2020, the District received loan proceeds in the amount of \$1,246,999 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), which was enacted on March 27, 2020. The promissory note is dated August 10, 2020, matures August 10, 2025 and bears interest at a rate of 1.000% per annum. Funds from the loan may only be used for eligible expenses, including payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The District used the entire amount for eligible expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The District received full forgiveness of the principal of \$1,246,999 plus accrued interest of \$12,368 on August 21, 2021. The forgiveness of the principal and interest will be recognized as forgiveness of debt revenue on the fiscal 2022 financial statements.

Mortgage payable

The mortgage is on the assisted living facility and is secured by HUD and subject to the restrictions and requirements under the HUD program. The mortgage is payable in monthly payments of \$28,186, including interest at 2.87%, collateralized by land and building. The mortgage is due July 2043.

Capital lease

In July 2015, the District commenced a twenty-five-year lease agreement as lessee for the Clatsop Care Memory Community facility. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the fair value of the leased asset at the inception date. The asset has a recorded fair value of \$7,907,181 and is amortized over the length of the lease of twenty-five years. The lease requires monthly payments starting at \$41,892 including interest of 4.78%. These payments escalate by 1% annually. Total interest expense related to the capital lease was \$354,267 and \$353,199 for the years ended June 30, 2021 and 2020, respectively.

Clatsop Care Health District
Notes to Consolidated Financial Statements

Note 8 – Long-Term Debt (continued)

A schedule of changes in the District's non-current liabilities for the years ended 2021 and 2020 is as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Long-term debt					
Term loan	\$ 167,826	\$ -	\$ (59,739)	\$ 108,087	\$ 22,724
PPP Loan	-	1,246,999	-	1,246,999	169,681
Mortgage payable	5,682,231	-	(154,743)	5,527,488	181,976
Capital lease	7,292,879	-	(166,260)	7,126,619	179,929
Total long-term debt	<u>\$ 13,142,936</u>	<u>\$ 1,246,999</u>	<u>\$ (380,742)</u>	<u>\$ 14,009,193</u>	<u>\$ 554,310</u>
	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Long-term debt					
Term loan	\$ 207,235	\$ -	\$ (39,409)	\$ 167,826	\$ 167,826
Mortgage payable	5,838,885	-	(156,654)	5,682,231	148,588
Capital lease	7,455,052	-	(162,173)	7,292,879	166,260
Total long-term debt	<u>\$ 13,501,172</u>	<u>\$ -</u>	<u>\$ (358,236)</u>	<u>\$ 13,142,936</u>	<u>\$ 482,674</u>

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 8 – Long-Term Debt (continued)

Scheduled principal and interest repayments on long-term debt are as follows as of June 30, 2021:

	Term Loan			PPP Loan		
	Total	Interest	Principal	Total	Interest	Principal
2022	\$ 26,540	\$ 3,816	22,724	\$ 175,563	\$ 5,882	169,681
2023	26,540	2,913	23,627	351,126	9,209	341,917
2024	26,540	1,974	24,566	351,126	5,774	345,352
2025	26,540	998	25,542	351,127	2,305	348,822
2026	11,747	119	11,628	41,271	44	41,227
2027-2031	-	-	-	-	-	-
2032-2036	-	-	-	-	-	-
2037-2041	-	-	-	-	-	-
2042-2044	-	-	-	-	-	-
Total	\$ 117,907	\$ 9,820	\$ 108,087	\$ 1,270,213	\$ 23,214	\$ 1,246,999

	Mortgage Payable			Capital Lease		
	Total	Interest	Principal	Total	Interest	Principal
2022	\$ 338,234	\$ 156,258	181,976	\$ 525,731	\$ 345,802	179,929
2023	338,234	150,966	187,268	530,989	336,650	194,339
2024	338,234	145,520	192,714	536,298	326,773	209,525
2025	338,234	139,916	198,318	541,662	316,133	225,529
2026	338,233	134,148	204,085	547,078	304,688	242,390
2027-2031	1,691,166	578,190	1,112,976	2,818,555	1,320,466	1,498,089
2032-2036	1,691,166	406,670	1,284,496	2,962,330	886,113	2,076,217
2037-2041	1,691,167	208,718	1,482,449	2,794,287	293,686	2,500,601
2042-2044	704,652	21,446	683,206	-	-	-
Total	\$ 7,469,320	\$ 1,941,832	\$ 5,527,488	\$ 11,256,930	\$ 4,130,311	\$ 7,126,619

	Total Long-Term Debt		
	Total	Interest	Principal
2022	\$ 1,066,068	\$ 511,758	\$ 554,310
2023	1,246,889	499,738	747,151
2024	1,252,198	480,041	772,157
2025	1,257,563	459,352	798,211
2026	938,329	438,999	499,330
2027-2031	4,509,721	1,898,656	2,611,065
2032-2036	4,653,496	1,292,783	3,360,713
2037-2041	4,485,454	502,404	3,983,050
2042-2044	704,652	21,446	683,206
Total	\$ 20,114,370	\$ 6,105,177	\$ 14,009,193

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 9 – Employee Retirement Plan

The District sponsors a non-qualified deferred-compensation plan under Section 457(b) of the Internal Revenue Code. Under the plan, employees may defer up to the Internal Revenue Service limits. The District's Board of Directors has the authority to change these plan provisions.

For the years ended June 30, 2021 and 2020, employee contributions to the plan were \$6,791 and \$6,846, respectively, and employer contributions were \$6,405 and \$5,421, respectively. All plan funds are held and managed by an insurance company for the benefit of the employees. Therefore, the statement of net position does not reflect amounts held by the plan.

Note 10 – Related Party Operating Lease

Clatsop Retirement Village Property, LLC owns and leases the assisted living facility to the District. The lease expires in May 2043. Monthly rent is required to be 1.05 times the amounts necessary to pay the principal and interest on the mortgage and any required escrow and reserve deposits. The current annual lease amount is \$533,484. The lease revenue and lease expense are eliminated upon consolidation.

Note 11 – Commitments and Contingent Liabilities

Payments from federal and state health care programs

Entities doing business with governmental payors, including Medicare and Medicaid, are subject to risks unique to the government-contracting environment that are difficult to anticipate and quantify. Revenues are subject to adjustment as a result of examination by government agencies as well as auditors, contractors, and intermediaries retained by the federal, state, or local governments (collectively "Government Agents"). Resolution of such audits or reviews often extend (and in some cases does not even commence until) several years beyond the year in which services were rendered and/or fees received.

In accordance with generally accepted accounting principles, to account for the uncertainty around Medicare and Medicaid revenues, the District estimates the amount of revenue that will ultimately be received under the Medicare and Medicaid programs. Amounts ultimately received or paid may vary significantly from these estimates.

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 11 – Commitments and Contingent Liabilities (continued)

Management agreement

Beginning on April 1, 2017, the District entered into an agreement with a management services company who provides management duties and oversees day to day operations. The District will pay the management services company 6% of patient care gross revenue. Total management fees included in administrative expenses on the consolidated statements of revenues, expenses, and changes in net position totaled \$577,095 and \$552,052 for the years ended June 30, 2021 and 2020, respectively.

Compliance with laws and regulations

The District is subject to many complex federal, state, and local laws and regulations. Compliance with these laws and regulations is subject to government review and interpretation, and unknown or unasserted regulatory actions. Government activity with respect to investigations and allegations regarding possible violations of these laws and regulations by health care providers, including those related to medical necessity, coding and billing for services, has increased significantly. Violations of these laws can result in large fines and penalties, sanctions on providing future services, and repayment of past patient service revenues. The District has implemented a voluntary corporate compliance program, which includes guidance for all District employees' adherence to applicable laws and regulations. Management believes any actions that may result from investigations of non-compliance with laws and regulations will not have a material effect on the District's future financial position or results of operations.

Risk management

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets, business interruption, errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

General and professional liability

The District maintains primary and umbrella general and professional liability insurance coverage through "claims made" type policies. Current coverage is for \$1,000,000 per claim with a \$3,000,000 annual aggregate limit. Should the "claims made" policies not be renewed, or replaced with equivalent insurance, claims related to occurrences during their terms but reported subsequent to their termination may be uninsured. Accounting principles generally accepted in the United States of America require that a health care facility disclose the estimated costs of malpractice claims in the period of the incident of malpractice if it is reasonably possible that liabilities may be incurred and losses can be reasonably estimated.

Management is not aware of any potential liabilities that would exceed its coverage at June 30, 2021 or 2020.

Clatsop Care Health District Notes to Consolidated Financial Statements

Note 12 – Consolidating Information

The consolidating assets, liabilities, and net position at June 30, 2021 are as follows:

	Clatsop Care Center Health District	Clatsop Retirement Village Property, LLC	Eliminating Entries	Consolidated Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,703,453	\$ 309,068	\$ -	\$ 3,012,521
Restricted funds held in escrow	-	38,612	-	38,612
Receivables				
Resident accounts, net of estimated uncollectible amounts	799,498	-	(82,536)	716,962
Timber taxes	213,304	-	-	213,304
Property taxes	25,000	-	-	25,000
Resident funds held in trust	15,817	-	-	15,817
Other current assets	115,976	3,031	-	119,007
	<u>3,873,048</u>	<u>350,711</u>	<u>(82,536)</u>	<u>4,141,223</u>
LONG-TERM ASSETS				
Restricted funds held in escrow	-	195,542	-	195,542
CAPITAL ASSETS				
Land	40,150	219,000	-	259,150
Construction in progress	18,093	-	-	18,093
Depreciable capital assets, net of accumulated depreciation	1,281,342	4,713,467	-	5,994,809
Property under capital lease, net of accumulated amortization	6,009,458	-	-	6,009,458
	<u>7,349,043</u>	<u>4,932,467</u>	<u>-</u>	<u>12,281,510</u>
Total capital assets, net	<u>7,349,043</u>	<u>4,932,467</u>	<u>-</u>	<u>12,281,510</u>
Total assets	<u>\$ 11,222,091</u>	<u>\$ 5,478,720</u>	<u>\$ (82,536)</u>	<u>\$ 16,618,275</u>
CURRENT LIABILITIES				
Accounts payable	\$ 208,770	82,536	\$ (82,536)	\$ 208,770
Accrued salaries and employee benefits	163,384	-	-	163,384
Compensated absences	230,611	-	-	230,611
Accrued expenses and unearned revenue	232,405	13,221	-	245,626
Resident funds held in trust	15,817	-	-	15,817
Current maturities of long-term debt	372,334	181,976	-	554,310
	<u>1,223,321</u>	<u>277,733</u>	<u>(82,536)</u>	<u>1,418,518</u>
Total current liabilities	<u>1,223,321</u>	<u>277,733</u>	<u>(82,536)</u>	<u>1,418,518</u>
LONG-TERM DEBT, net of current maturities	<u>8,109,371</u>	<u>5,345,512</u>	<u>-</u>	<u>13,454,883</u>
Total liabilities	<u>9,332,692</u>	<u>5,623,245</u>	<u>(82,536)</u>	<u>14,873,401</u>
NET POSITION				
Net investment in capital assets	114,337	(595,021)	-	(480,684)
Restricted expendable	92,611	234,154	-	326,765
Unrestricted	1,682,451	216,342	-	1,898,793
	<u>1,889,399</u>	<u>(144,525)</u>	<u>-</u>	<u>1,744,874</u>
Total net position	<u>1,889,399</u>	<u>(144,525)</u>	<u>-</u>	<u>1,744,874</u>
Total liabilities and net position	<u>\$ 11,222,091</u>	<u>\$ 5,478,720</u>	<u>\$ (82,536)</u>	<u>\$ 16,618,275</u>

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 12 – Consolidating Information (continued)

The consolidating assets, liabilities, and net position at June 30, 2020 are as follows:

	Clatsop Care Center Health District	Clatsop Retirement Village Property, LLC	Eliminating Entries	Consolidated Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,589,341	\$ 214,766	\$ -	\$ 1,804,107
Restricted funds held in escrow	-	79,399	-	79,399
Receivables				
Resident accounts, net of estimated uncollectible amounts	755,726	-	(186,824)	568,902
Timber taxes	184,449	-	-	184,449
Property taxes	21,183	-	-	21,183
Resident funds held in trust	7,515	-	-	7,515
Other current assets	40,556	3,117	-	43,673
Total current assets	2,598,770	297,282	(186,824)	2,709,228
LONG-TERM ASSETS				
Restricted funds held in escrow	-	217,970	-	217,970
CAPITAL ASSETS				
Land	40,150	219,000	-	259,150
Construction in progress	30,685	-	-	30,685
Depreciable capital assets, net of accumulated depreciation	1,323,728	4,694,485	-	6,018,213
Property under capital lease, net of accumulated depreciation	6,325,745	-	-	6,325,745
Total capital assets, net	7,720,308	4,913,485	-	12,633,793
Total assets	\$ 10,319,078	\$ 5,428,737	\$ (186,824)	\$ 15,560,991
CURRENT LIABILITIES				
Accounts payable	\$ 315,949	\$ 186,824	\$ (186,824)	\$ 315,949
Accrued salaries and employee benefits	150,804	-	-	150,804
Compensated absences	275,907	-	-	275,907
Accrued expenses	353,241	-	-	353,241
Resident funds held in trust	7,515	-	-	7,515
Current maturities of long-term debt	334,086	148,588	-	482,674
Total current liabilities	1,437,502	335,412	(186,824)	1,586,090
LONG-TERM DEBT, NET OF CURRENT MATURITIES	7,126,619	5,533,643	-	12,660,262
Total liabilities	8,564,121	5,869,055	(186,824)	14,246,352
NET POSITION				
Net investment in capital assets	259,603	(768,746)	-	(509,143)
Restricted expendable	(196,746)	297,369	-	100,623
Unrestricted	1,692,100	31,059	-	1,723,159
Total net position	1,754,957	(440,318)	-	1,314,639
Total liabilities and net position	\$ 10,319,078	\$ 5,428,737	\$ (186,824)	\$ 15,560,991

Clatsop Care Health District Notes to Consolidated Financial Statements

Note 12 – Consolidating Information (continued)

The consolidating statements of revenue, expenses, and changes in net position for the year ended June 30, 2021 are as follows:

	Clatsop Care Center Health District	Clatsop Retirement Village Property,	Eliminating Entries	Consolidated Total
OPERATING REVENUES				
Net resident service revenue	\$ 8,847,676	\$ -	\$ -	\$ 8,847,676
In-home care revenue	684,165	-	-	684,165
Ancillary services	86,397	-	-	86,397
Other operating revenue	90,635	533,484	(533,484)	90,635
	<u>9,708,873</u>	<u>533,484</u>	<u>(533,484)</u>	<u>9,708,873</u>
Total operating revenues	<u>9,708,873</u>	<u>533,484</u>	<u>(533,484)</u>	<u>9,708,873</u>
OPERATING EXPENSES				
Nursing services	4,023,563	-	-	4,023,563
Administrative expenses	2,810,981	76,224	(533,484)	2,353,721
Dietary services	1,280,613	-	-	1,280,613
Ancillary services	729,424	-	-	729,424
Depreciation and amortization	449,237	230,480	-	679,717
In-home care	669,095	-	-	669,095
Occupancy and housekeeping	664,587	-	-	664,587
Activities and social services	237,185	-	-	237,185
Provider tax	221,537	-	-	221,537
	<u>11,086,222</u>	<u>306,704</u>	<u>(533,484)</u>	<u>10,859,442</u>
Total operating expenses	<u>11,086,222</u>	<u>306,704</u>	<u>(533,484)</u>	<u>10,859,442</u>
(LOSS) INCOME FROM OPERATIONS	<u>(1,377,349)</u>	<u>226,780</u>	<u>-</u>	<u>(1,150,569)</u>
NON-OPERATING REVENUES (EXPENSES)				
Transfer expense/revenue *	(249,462)	249,462	-	-
Property taxes	1,175,682	-	-	1,175,682
Timber taxes	640,056	-	-	640,056
Federal grant revenue	289,248	-	-	289,248
Interest income	15,941	236	-	16,177
Interest expense	(359,674)	(180,685)	-	(540,359)
	<u>1,511,791</u>	<u>69,013</u>	<u>-</u>	<u>1,580,804</u>
Net non-operating revenues (expenses)	<u>1,511,791</u>	<u>69,013</u>	<u>-</u>	<u>1,580,804</u>
CHANGE IN NET POSITION	134,442	295,793	-	430,235
NET POSITION, beginning of year	<u>1,754,957</u>	<u>(440,318)</u>	<u>-</u>	<u>1,314,639</u>
NET POSITION, end of year	<u>\$ 1,889,399</u>	<u>\$ (144,525)</u>	<u>\$ -</u>	<u>\$ 1,744,874</u>

* Transfer represents property tax funds received by Clatsop Care Center Health District used for capital projects for Clatsop Retirement Village Property, LLC

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 12 – Consolidating Information (continued)

The consolidating statements of revenue, expenses, and changes in net position for the year ended June 30, 2020 are as follows:

	Clatsop Care Center Health District	Clatsop Retirement Village Property,	Eliminating Entries	Consolidated Total
OPERATING REVENUES				
Net resident service revenue	\$ 9,147,059	\$ -	\$ -	\$ 9,147,059
In-home care revenue	817,036	-	-	817,036
Ancillary services	84,648	-	-	84,648
Other operating revenue	13,474	533,484	(533,484)	13,474
Total operating revenues	10,062,217	533,484	(533,484)	10,062,217
OPERATING EXPENSES				
Nursing services	4,077,181	-	-	4,077,181
Administrative expenses	2,678,349	79,727	(533,484)	2,224,592
Dietary services	1,173,972	-	-	1,173,972
Ancillary services	616,979	-	-	616,979
Depreciation and amortization	430,937	216,380	-	647,317
In-home care	766,105	-	-	766,105
Occupancy and housekeeping	596,874	-	-	596,874
Activities and social services	224,217	-	-	224,217
Provider tax	254,374	-	-	254,374
Total operating expenses	10,818,988	296,107	(533,484)	10,581,611
(LOSS) INCOME FROM OPERATIONS	(756,771)	237,377	-	(519,394)
NON-OPERATING REVENUES (EXPENSES)				
Transfer expense/revenue*	(643,125)	643,125	-	-
Property taxes	1,056,241	-	-	1,056,241
Timber taxes	643,658	-	-	643,658
Federal grant revenue	18,999	-	-	18,999
Interest income	23,361	382	-	23,743
Interest expense	(363,333)	(205,901)	-	(569,234)
Net non-operating revenues (expenses)	735,801	437,606	-	1,173,407
CHANGE IN NET POSITION	(20,970)	674,983	-	654,013
NET POSITION, beginning of year	1,775,927	(1,115,301)	-	660,626
NET POSITION, end of year	\$ 1,754,957	\$ (440,318)	\$ -	\$ 1,314,639

* Transfer represents property tax funds received by Clatsop Care Center Health District used for capital projects for Clatsop Retirement Village Property, LLC

Clatsop Care Health District Notes to Consolidated Financial Statements

Note 12 – Consolidating Information (continued)

The consolidating statement of cash flows for the year ended June 30, 2021 is as follows:

	Clatsop Care Center Health District	Clatsop Retirement Village Property, LLC	Eliminating Entries	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from residents and third party payors	\$ 9,470,178	\$ -	\$ -	\$ 9,470,178
Cash paid to suppliers	(4,120,003)	(103,990)	533,484	(3,690,509)
Cash paid to employees	(6,407,034)	-	-	(6,407,034)
Cash paid for provider taxes	(221,537)	-	-	(221,537)
Other receipts from operations, net	90,635	533,484	(533,484)	90,635
Net cash (used in) from operating activities	<u>(1,187,761)</u>	<u>429,494</u>	<u>-</u>	<u>(758,267)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Proceeds from long-term borrowings	1,246,999	-	-	1,246,999
Property taxes	1,171,865	-	-	1,171,865
Federal grants	168,974	-	-	168,974
Timber taxes	611,201	-	-	611,201
Net cash from non-capital financing activities	<u>3,199,039</u>	<u>-</u>	<u>-</u>	<u>3,199,039</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(77,972)	(249,462)	-	(327,434)
Contributions from district for capital purchases	-	249,462	(249,462)	-
Distributions from district for capital purchases	(249,462)	-	249,462	-
Principal payments on long-term debt	(225,999)	(154,743)	-	(380,742)
Interest payments on long-term debt	(359,674)	(180,685)	-	(540,359)
Net cash used in capital and related financing activities	<u>(913,107)</u>	<u>(335,428)</u>	<u>-</u>	<u>(1,248,535)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	15,941	236	-	16,177
Net cash from investing activities	<u>15,941</u>	<u>236</u>	<u>-</u>	<u>16,177</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,114,112	94,302	-	1,208,414
CASH AND CASH EQUIVALENTS, beginning of year	1,589,341	214,766	-	1,804,107
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,703,453</u>	<u>\$ 309,068</u>	<u>\$ -</u>	<u>\$ 3,012,521</u>
Reconciliation of (loss) income from operations to net cash (used in) from operating activities				
(Loss) income from operations	\$ (1,377,349)	\$ 226,780	\$ -	\$ (1,150,569)
Adjustments to reconcile operating (loss) income to net cash (used in) from operating activities:				
Depreciation and amortization	449,237	230,480	-	679,717
Changes in assets and liabilities:				
Resident accounts receivable, net	(43,772)	-	(104,288)	(148,060)
Restricted funds held in escrow	-	63,215	-	63,215
Other current assets	(75,420)	86	-	(75,334)
Accounts payable	(107,179)	(104,288)	104,288	(107,179)
Accrued salaries and employee benefits	12,580	-	-	12,580
Compensated absences	(45,296)	-	-	(45,296)
Accrued expenses and unearned revenue	(562)	13,221	-	12,659
Net adjustments	<u>189,588</u>	<u>202,714</u>	<u>-</u>	<u>392,302</u>
Net cash (used in) from operating activities	<u>\$ (1,187,761)</u>	<u>\$ 429,494</u>	<u>\$ -</u>	<u>\$ (758,267)</u>

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 12 – Consolidating Information (continued)

The consolidating statement of cash flows for the year ended June 30, 2020 is as follows:

	Clatsop Care Center Health District	Clatsop Retirement Village Property, LLC	Eliminating Entries	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from residents and third party payors	\$ 10,250,659	\$ -	\$ -	\$ 10,250,659
Cash paid to suppliers	(3,737,968)	(74,407)	533,484	(3,278,891)
Cash paid to employees	(6,634,922)	-	-	(6,634,922)
Cash paid for provider taxes	(254,374)	-	-	(254,374)
Other receipts from operations, net	13,474	533,484	(533,484)	13,474
Net cash (used in) from operating activities	(363,131)	459,077	-	95,946
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Property taxes	1,079,716	-	-	1,079,716
Federal grants	308,247	-	-	308,247
Timber taxes	599,970	-	-	599,970
Net cash from non-capital financing activities	1,987,933	-	-	1,987,933
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(146,046)	(643,125)	-	(789,171)
Contribution from district for capital purchases	-	643,125	(643,125)	-
Distribution from district for capital purchases	(643,125)	-	643,125	-
Principal payments on long-term debt	(201,582)	(156,654)	-	(358,236)
Interest payments on long-term debt	(363,333)	(205,901)	-	(569,234)
Net cash used in capital and related financing activities	(1,354,086)	(362,555)	-	(1,716,641)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	23,361	382	-	23,743
Net cash from investing activities	23,361	382	-	23,743
NET INCREASE IN CASH AND CASH EQUIVALENTS	294,077	96,904	-	390,981
CASH AND CASH EQUIVALENTS, beginning of year	1,295,264	117,862	-	1,413,126
CASH AND CASH EQUIVALENTS, end of year	\$ 1,589,341	\$ 214,766	\$ -	\$ 1,804,107
Reconciliation of (loss) income from operations to net cash (used in) from operating activities				
(Loss) income from operations	\$ (756,771)	\$ 237,377	\$ -	\$ (519,394)
Adjustments to reconcile operating income (loss) to net cash (used in) from operating activities:				
Depreciation and amortization	430,937	216,380	-	647,317
Changes in assets and liabilities:				
Resident accounts receivable, net	135,142	44,457	22,317	201,916
Restricted funds held in escrow	-	(61,538)	-	(61,538)
Other current assets	(10,446)	84	-	(10,362)
Accounts payable	(225,214)	22,317	(22,317)	(225,214)
Accrued salaries and employee benefits	25,152	-	-	25,152
Compensated absences	21,917	-	-	21,917
Accrued expenses and unearned revenue	16,152	-	-	16,152
Net adjustments	393,640	221,700	-	615,340
Net cash (used in) from operating activities	\$ (363,131)	\$ 459,077	\$ -	\$ 95,946

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 13 – Risks and Uncertainties

On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. Management is closely monitoring the evolution of this pandemic, including how it may affect the economy and general population. The pandemic did impact the District's revenue in the initial months as a result of a restriction of elective services by the State of Oregon. The District was able to restore and provide most services by year-end. Management has not yet determined the full financial impact of these events.

The District received funds from the Provider Relief Fund, administered by the U.S. Department of Health & Human Services (HHS), under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). During the year ended June 30, 2020 the District received approximately \$308,000 and during the year ended June 30, 2021 the District received approximately \$168,000 in provider relief funds. The District signed attestations agreeing to the terms and conditions of payment. Those terms and conditions include measures to help prevent fraud and misuse. Documentation is required to ensure that these funds are to be used for healthcare-related expenses or lost revenue attributable to coronavirus, limitations of out-of-pocket payments from certain patients, and the acceptance of several other reporting and compliance requirements. Anti-fraud monitoring and auditing will be done by HHS and the Office of the Inspector General. The District records these funds as unearned revenue liabilities until the requirements related to use have been met. Management met and documented compliance with these terms and conditions of \$289,248 and \$18,999 for the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, the District reflected \$168,974 and \$289,248 in unearned revenue liabilities, respectively. Management believes the District will expend the remaining funds during fiscal year 2022 in compliance with the terms of the funding award.

Other Information

Clatsop Care Health District
Schedule of Adopted Appropriations and Expenditures,
Original and Final Budget and Actual
General Fund

	Year Ended June 30, 2021				
	Actual	Budgetary Adjustment	Budgetary Basis	Original/Final Budget	Variance
REVENUES					
Administration overhead revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	1,815,738	-	1,815,738	1,652,960	162,778
Investment income	15,290	-	15,290	23,160	(7,870)
Miscellaneous income	201	-	201	240	(39)
Total revenues	<u>1,831,229</u>	<u>-</u>	<u>1,831,229</u>	<u>1,676,360</u>	<u>154,869</u>
EXPENDITURES					
Personnel services	223,480	-	223,480	220,300	3,180
Materials and supplies	142,749	-	142,749	131,800	10,949
Operating contingency	-	-	-	83,100	(83,100)
Capital outlay	-	55,888	55,888	598,530	(542,642)
Unappropriated fund balance	-	-	-	1,049,630	(1,049,630)
Total expenditures	<u>366,229</u>	<u>55,888</u>	<u>422,117</u>	<u>2,083,360</u>	<u>(1,661,243)</u>
Excess (deficiency) of revenues over expenditures	<u>1,465,000</u>	<u>(55,888)</u>	<u>1,409,112</u>	<u>(407,000)</u>	<u>1,816,112</u>
OTHER FINANCING SOURCES					
Transfers out	<u>(671,845)</u>	<u>-</u>	<u>(671,845)</u>	<u>-</u>	<u>(671,845)</u>
CHANGE IN NET POSITION	<u>\$ 793,155</u>	<u>\$ (55,888)</u>	<u>737,267</u>	<u>(407,000)</u>	<u>1,144,267</u>
NET POSITION, beginning of year			<u>528,095</u>	<u>(2,465,313)</u>	<u>2,993,408</u>
NET POSITION, end of year			<u>\$ 1,265,362</u>	<u>\$ (2,872,313)</u>	<u>\$ 4,137,675</u>

Clatsop Care Health District
Schedule of Adopted Appropriations and Expenditures,
Original and Final Budget and Actual
Clatsop Care Health and Rehabilitation Center Fund

	Year Ended June 30, 2021				
	Actual	Budgetary Adjustment	Budgetary Basis	Original/Final Budget	Variance
REVENUES					
Charges for services	\$ 4,091,411	\$ -	\$ 4,091,411	\$ 3,984,980	\$ 106,431
Investment income	103	-	103	-	103
Miscellaneous income	26,508	-	26,508	-	26,508
Total revenues	4,118,022	-	4,118,022	3,984,980	133,042
EXPENDITURES					
Personnel services	2,424,827	-	2,424,827	2,585,270	(160,443)
Materials and supplies	2,201,065	-	2,201,065	1,624,130	576,935
Capital outlay	-	5,002	5,002	-	5,002
Depreciation	95,869	(95,869)	-	-	-
Operating contingency	-	-	-	-	-
Unappropriated fund balance	-	-	-	3,609,080	(3,609,080)
Total expenditures	4,721,761	(90,867)	4,630,894	7,818,480	(3,187,586)
Excess (deficiency) of revenues over expenditures	(603,739)	90,867	(512,872)	(3,833,500)	3,320,628
OTHER FINANCING SOURCES					
Transfers in	287,075	-	287,075	-	287,075
CHANGE IN NET POSITION	\$ (316,664)	\$ 90,867	(225,797)	(3,833,500)	3,607,703
NET POSITION, beginning of year			1,717,727	(3,099,791)	4,817,518
NET POSITION, end of year			<u>\$ 1,491,930</u>	<u>\$ (6,933,291)</u>	<u>\$ 8,425,221</u>

Clatsop Care Health District
Schedule of Adopted Appropriations and Expenditures,
Original and Final Budget and Actual
Clatsop Care Memory Community Fund

	Year Ended June 30, 2021				
	Actual	Budgetary Adjustment	Budgetary Basis	Original/Final Budget	Variance
REVENUES					
Charges for services	\$ 2,213,975	\$ -	\$ 2,213,975	\$ 2,285,400	\$ (71,425)
Investment income	-	-	-	-	-
Miscellaneous income	67,537	-	67,537	-	67,537
Total revenues	<u>2,281,512</u>	<u>-</u>	<u>2,281,512</u>	<u>2,285,400</u>	<u>(3,888)</u>
EXPENDITURES					
Personnel services	1,336,279		1,336,279	1,401,870	(65,591)
Materials and supplies	481,985		481,985	443,670	38,315
Debt service	359,674	225,999	585,673	648,350	(62,677)
Capital outlay	-	10,742	10,742	-	10,742
Depreciation	18,488	(18,488)	-	-	-
Amortization	316,287	(316,287)	-	-	-
Unappropriated fund balance	-	-	-	(2,453,490)	2,453,490
Total expenditures	<u>2,512,713</u>	<u>(98,034)</u>	<u>2,414,679</u>	<u>40,400</u>	<u>2,374,279</u>
Excess (deficiency) of revenues over expenditures	<u>(231,201)</u>	<u>98,034</u>	<u>(133,167)</u>	<u>2,245,000</u>	<u>(2,378,167)</u>
OTHER FINANCING SOURCES					
Transfers in	59,483	-	59,483	-	59,483
CHANGE IN NET POSITION	<u>\$ (171,718)</u>	<u>\$ 98,034</u>	<u>(73,684)</u>	<u>2,245,000</u>	<u>(2,318,684)</u>
NET POSITION, beginning of year			<u>(1,115,426)</u>	<u>649,780</u>	<u>(1,765,206)</u>
NET POSITION, end of year			<u>\$ (1,189,110)</u>	<u>\$ 2,894,780</u>	<u>\$ (4,083,890)</u>

Clatsop Care Health District
Schedule of Adopted Appropriations and Expenditures,
Original and Final Budget and Actual
Clatsop Care In-Home Services Fund

	Year Ended June 30, 2021				
	Actual	Budgetary Adjustment	Budgetary Basis	Original/Final Budget	Variance
REVENUES					
Charges for services	\$ 684,165	\$ -	\$ 684,165	\$ 916,130	\$ (231,965)
Investment income	527	-	527	1,920	(1,393)
Miscellaneous income	71,136	-	71,136	1,440	69,696
Total revenues	<u>755,828</u>	<u>-</u>	<u>755,828</u>	<u>919,490</u>	<u>(163,662)</u>
EXPENDITURES					
Personnel services	615,366	-	615,366	824,000	(208,634)
Materials and supplies	99,371	-	99,371	105,330	(5,959)
Operating contingency	-	-	-	-	-
Unappropriated fund balance	-	-	-	(11,440)	11,440
Total expenditures	<u>714,737</u>	<u>-</u>	<u>714,737</u>	<u>917,890</u>	<u>(203,153)</u>
CHANGE IN NET POSITION	<u>\$ 41,091</u>	<u>\$ -</u>	<u>41,091</u>	<u>1,600</u>	<u>39,491</u>
NET POSITION, beginning of year			<u>27,293</u>	<u>5,681</u>	<u>21,612</u>
NET POSITION, end of year			<u>\$ 68,384</u>	<u>\$ 7,281</u>	<u>\$ 61,103</u>

Clatsop Care Health District
Schedule of Adopted Appropriations and Expenditures,
Original and Final Budget and Actual
Clatsop Retirement Village Enterprise Fund

	Year Ended June 30, 2021				
	Actual	Budgetary Adjustment	Budgetary Basis	Original/Final Budget	Variance
REVENUES					
Charges for services	\$ 2,628,687	\$ -	\$ 2,628,687	\$ 3,137,220	\$ (508,533)
Investment income	21	-	21	-	21
Miscellaneous income	214,501	-	214,501	240	214,261
Total revenues	<u>2,843,209</u>	<u>-</u>	<u>2,843,209</u>	<u>3,137,460</u>	<u>(294,251)</u>
EXPENDITURES					
Personnel services	1,774,366	-	1,774,366	1,725,280	49,086
Materials and supplies	804,013	533,484	1,337,497	1,334,530	2,967
Capital outlay	-	9,340	9,340	-	9,340
Depreciation	18,593	(18,593)	-	-	-
Operating contingency	-	-	-	-	-
Unappropriated fund balance	-	-	-	620,650	(620,650)
Total expenditures	<u>2,596,972</u>	<u>524,231</u>	<u>3,121,203</u>	<u>3,680,460</u>	<u>(559,257)</u>
Excess (deficiency) of revenues over expenditures	<u>246,237</u>	<u>(524,231)</u>	<u>(277,994)</u>	<u>(543,000)</u>	<u>265,006</u>
OTHER FINANCING SOURCES					
Transfers in	75,825	-	75,825	-	75,825
CHANGE IN NET POSITION	<u>\$ 322,062</u>	<u>\$ (524,231)</u>	<u>(202,169)</u>	<u>(543,000)</u>	<u>340,831</u>
NET POSITION, beginning of year			<u>(511,553)</u>	<u>(855,968)</u>	<u>344,415</u>
NET POSITION, end of year			<u>\$ (713,722)</u>	<u>\$ (1,398,968)</u>	<u>\$ 685,246</u>

Clatsop Care Health District
Schedule of Adopted Appropriations and Expenditures,
Original and Final Budget and Actual
Clatsop Retirement Village Property Enterprise Fund

	Year Ended June 30, 2021				
	Actual	Budgetary Adjustment	Budgetary Basis	Original/Final Budget	Variance
REVENUES					
Investment income	\$ 236	\$ 533,484	\$ 533,720	\$ 533,880	\$ (160)
EXPENDITURES					
Materials and supplies	76,224		76,224	86,850	(10,626)
Capital outlay	-	246,462	246,462	400,000	(153,538)
Debt service	180,685	154,743	335,428	362,560	(27,132)
Depreciation	230,480	(230,480)	-	-	-
Operating contingency	-	-	-	-	-
Reserved for future expenditures	-	-	-	-	-
Unappropriated fund balance	-	-	-	(1,402,430)	1,402,430
Total expenditures	487,389	170,725	658,114	(553,020)	1,211,134
Excess (deficiency) of revenues over expenditures	(487,153)	362,759	(124,394)	1,086,900	(1,211,294)
OTHER FINANCING SOURCES					
Transfers in	249,462	-	249,462	-	249,462
CHANGE IN NET POSITION	<u>\$ (237,691)</u>	<u>\$ 362,759</u>	125,068	1,086,900	(961,832)
NET POSITION, beginning of year			644,973	(1,138,469)	1,783,442
NET POSITION, end of year			<u>\$ 770,041</u>	<u>\$ (51,569)</u>	<u>\$ 821,610</u>

Independent Auditor's Report Required by Oregon State Regulations

To the Board of Directors
Clatsop Care Health District

We have audited the consolidated financial statements of Clatsop Care Health District (the District) as of June 30, 2021 and for the year then ended, and have issued our report thereon dated November 29, 2021. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-0-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of consolidated financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- The accounting systems and related internal control structure.
- The use of various depositories to secure the deposit of public funds.
- The requirements relating to debt, if any, and the limitation on the debt amount, liquidation of debt within the prescribed period of time, and provisions of indentures or agreements, including restrictions on the use of monies available to retire the indebtedness.
- The requirements relating to the preparation, adoption and execution of the annual budget for the current fiscal year and the preparation and adoption of the budget for the next succeeding fiscal year.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

This report is intended solely for the information and use of management, the Board of Directors and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Tony Andrade". The signature is written in a cursive, flowing style.

Tony Andrade, Partner,
for Moss Adams LLP
Portland, Oregon
November 29, 2021

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Clatsop Care Health District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Clatsop Care Health District (the District) which comprise the consolidated statement of net position as of June 30, 2021, and the related consolidated statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated November 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Tony Andrade". The signature is written in a cursive style with a horizontal line above the first name.

Tony Andrade, Partner,
for Moss Adams LLP
Portland, Oregon
November 29, 2021



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