



REPORT OF INDEPENDENT AUDITORS  
AND CONSOLIDATED FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION

**CLATSOP CARE HEALTH DISTRICT**

June 30, 2022 and 2021



MOSSADAMS

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**BOARD OF DIRECTORS**

Linda Crandell

Megan Lampson

Mary Nauha

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**

The Board of Directors  
Clatsop Care Health District

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of Clatsop Care Health District (the District), which comprise the consolidated statements of net position as of June 30, 2022 and 2021, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Clatsop Care Health District as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Clatsop Care Health District's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

### ***Emphasis of Matter***

As discussed in Note 1 to the consolidated financial statements, the District adopted Governmental Accounting Standards Board (GASB) 87 for the year ended June 30, 2022. Our opinion is not modified with respect to that matter.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 13 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Management is responsible for the other information included in the consolidated financial statements. The other information comprises the schedules of adopted appropriations and expenditures, original and final budget and actual on pages 47 through 52 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2023 on our consideration of Clatsop Care Health District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Clatsop Care Health District's 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 Clatsop Care Health 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 January 16, 2023, 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.



Tony Andrade, Partner,  
For Moss Adams LLP  
Portland, Oregon  
January 16, 2023

## **Clatsop Care Health District Management's Discussion and Analysis**

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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, 2022. 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

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- 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, 2022 consists of \$17.9 million assets, \$13.7 million liabilities, and \$4.2 million net position. Net position increased \$1.5 million or 57% from the prior year.
- The District's operations and finances continued to be impacted by the COVID-19 pandemic. In fiscal year 2022, there was a census decline in In-Home Care, Clatsop Memory Care, as well as Clatsop Retirement Village. There were additional funds that came in through the District in the form of the Employee Retention Tax Credit. At this time we are awaiting the IRS decision to understand if we in fact qualify for this Credit. The dollars brought in by this were \$541,022.
- The District is now in year 4 of the 5 year Local Option Tax Levy. The direction at this time is to apply for the same levy for an additional 5 years.
- The District did realize the gain of the Paycheck Protection Program (PPP) loan which was forgiven in the amount of \$1,226,999. This is seen in the Non-operating revenue which increased by \$1,168,305 or 55.1% higher than 2021 based on this.
- The Medicaid Rates across the different lines of business continued upwards which did include COVID-19 add ons as well as wage add ons. The District participated in both add ons which included some wages. The rebased Skilled Nursing Facility (CCHRC) rates increased 12.6% from \$334.87 to \$377.24 per day effective July 1, 2021.



## Clatsop Care Health District Management's Discussion and Analysis

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### 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, 2022, 2021, and 2020 is presented below:

	2022	\$ Change from 2021	% Change 2021	2021	\$ Change from 2020	% Change from 2020	2020
<b>Assets</b>							
Current assets and other assets	\$ 5,181,600	\$ 1,040,377	25.1%	\$ 4,141,223	\$ 1,431,995	52.9%	\$ 2,709,228
Long term assets	127,036	(68,506)	-35.0%	195,542	(22,428)	-10.3%	217,970
Capital assets	12,564,280	(672,116)	-5.1%	13,236,396	(352,283)	-2.8%	12,633,793
Total assets	17,872,916	299,755	1.7%	17,573,161	1,057,284	6.8%	15,560,991
<b>Liabilities</b>							
Current liabilities	1,759,878	312,284	21.6%	1,447,594	(167,572)	-10.6%	1,586,090
Long-term liabilities	11,909,609	(1,544,208)	-11.5%	13,453,817	794,621	6.3%	12,660,262
Total liabilities	13,669,487	(1,231,924)	-8.3%	14,901,411	627,049	4.4%	14,246,352
<b>Net position</b>							
Net investment in capital assets	244,725	1,045,532	-130.6%	(800,807)	28,459	-5.6%	(509,143)
Restricted	281,836	(44,929)	-13.7%	326,765	226,142	224.7%	100,623
Unrestricted	3,676,868	531,076	16.9%	3,145,792	175,634	10.2%	1,723,159
Total net position	\$ 4,203,429	\$ 1,531,679	57.3%	\$ 2,671,750	\$ 430,235	32.7%	\$ 1,314,639

# Clatsop Care Health District

## Management's Discussion and Analysis

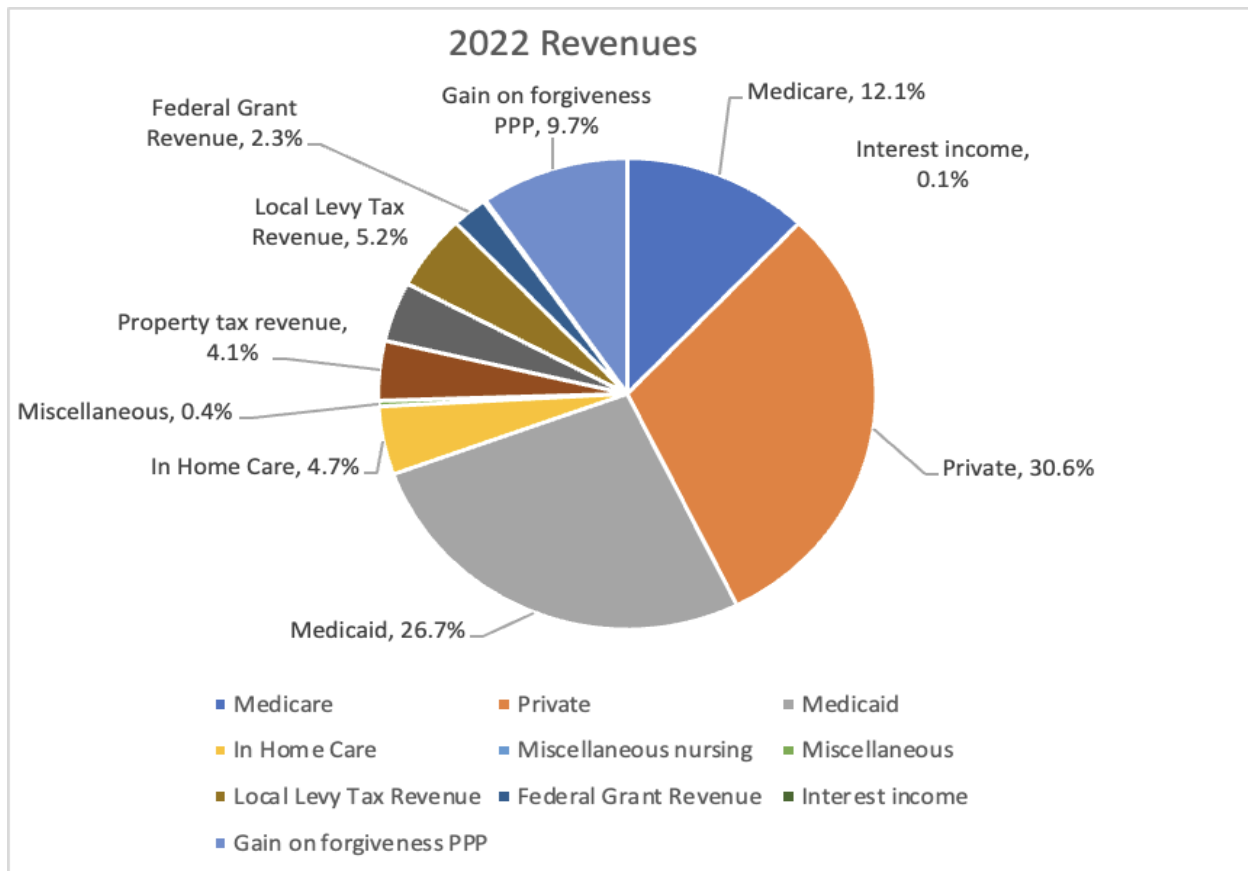
The following table presents the District's condensed consolidated statements of revenues, expenses, and changes in net position for fiscal years 2022, 2021, and 2020:

	2022	\$ Change from 2021	% Change from 2021	2021	\$ Change from 2020	% Change from 2020	2020
Operating revenues							
Charges for services							
Medicare	\$ 1,565,273	\$ (228,652)	-12.7%	\$ 1,793,925	\$ 463,581	34.8%	\$ 1,330,344
Private	3,953,953	242,353	6.5%	3,711,600	(237,995)	-6.0%	3,949,595
Medicaid	3,452,995	24,507	0.7%	3,428,488	(522,853)	-13.2%	3,951,341
In-home care	605,009	(79,156)	-11.6%	684,165	(132,871)	-16.3%	817,036
Miscellaneous nursing	-	(60)	-100.0%	60	(367)	-85.9%	427
Miscellaneous	51,711	(38,924)	-42.9%	90,635	77,161	572.7%	13,474
Total operating revenues	9,628,941	(79,932)	-0.8%	9,708,873	(353,344)	-3.5%	10,062,217
Non-operating revenue							
Gain on forgiveness of Paycheck Protection Progr	1,246,999	1,246,999	100.0%	-	-	0.0%	-
Taxes							
Unrestricted property tax revenue	1,196,150	20,468	1.7%	1,175,682	119,441	11.3%	1,056,241
Timber tax receipts	531,485	(108,571)	-17.0%	640,056	(3,602)	-0.6%	643,658
Federal grant revenue	296,794	7,546	100.0%	289,248	270,249	0.0%	18,999
Interest income	18,040	1,863	11.5%	16,177	(7,566)	-31.9%	23,743
Gain on sale of assets	-	-	0.0%	-	-	0.0%	-
Total non-operating revenues	3,289,468	1,168,305	55.1%	2,121,163	378,522	21.7%	1,742,641
Total Revenue	12,918,409	1,088,373	9.2%	11,830,036	25,178	0.2%	11,804,858
Operating expenses							
Nursing services	4,856,703	(68,632)	-1.4%	4,925,335	(172,325)	-3.4%	5,097,660
Facility administration	2,458,489	104,768	4.5%	2,353,721	129,129	5.8%	2,224,592
Dietary services	1,409,452	128,839	10.1%	1,280,613	106,641	9.1%	1,173,972
Therapy services	494,434	(234,990)	-32.2%	729,424	112,445	18.2%	616,979
Depreciation and amortization	735,560	14,984	2.1%	720,576	73,259	11.3%	647,317
Maintenance services	443,235	5,452	1.2%	437,783	40,274	10.1%	397,509
Laundry and housekeeping services	199,390	(31,922)	-13.8%	231,312	31,947	16.0%	199,365
Activities services	201,694	41,483	25.9%	160,211	(9,719)	-5.7%	169,930
Social services	83,943	22,617	36.9%	61,326	7,039	13.0%	54,287
Total operating expenses	10,882,900	(17,401)	-0.2%	10,900,301	318,690	3.0%	10,581,611
Non-operating expenses							
Interest expense	503,830	(35,927)	-6.7%	539,757	(29,477)	-5.2%	569,234
Total expenses	11,386,730	(53,328)	-0.5%	11,440,058	289,213	2.6%	11,150,845
Change in net position	1,531,679	1,141,701	292.8%	389,978	(264,035)	-40.4%	654,013
Net position							
Beginning of the year	2,671,750	1,357,111	103.2%	1,314,639	(210,894)	-79.5%	660,626
Adoption of GASB 87 restatement	-	(967,133)	-100.0%	967,133	967,133	0.0%	-
	2,671,750	389,978	17.1%	2,281,772	1,621,146	245.4%	660,626
End of the year	\$ 4,203,429	\$ 1,531,679	57.3%	\$ 2,671,750	\$ 1,357,111	111.1%	\$ 1,314,639

Operating revenues decreased by \$79 thousand, or 0.8% as compared to the prior fiscal year. Medicare service revenue decreased by 12.7% compared to other charges for services. Medicaid service revenue increased by 0.7%. Private services revenue increased over the prior fiscal year by 6.5%. In Home Care revenue decreased 11.6% driven by the need to assist in staffing both CCMC and CRV, therefore, not being able to take on additional clients in this business.

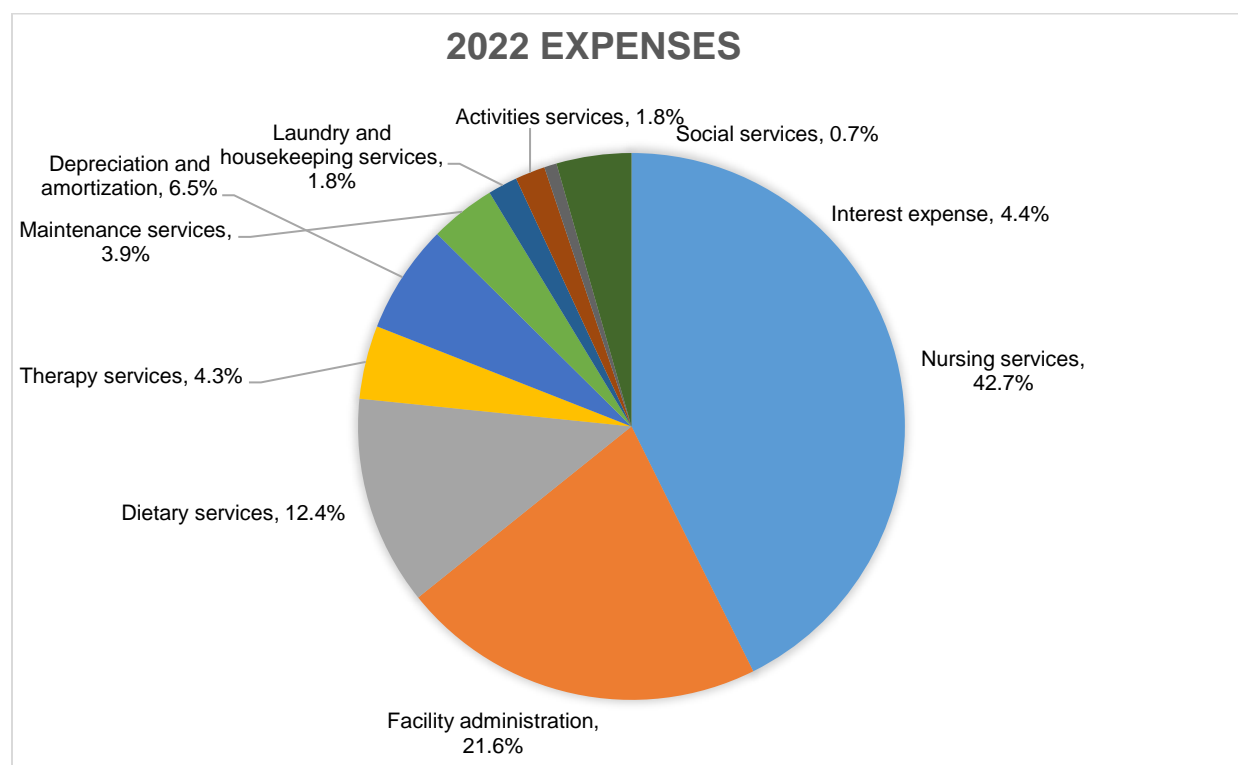
## Clatsop Care Health District Management's Discussion and Analysis

The following graph illustrates the total revenue sources for the District for the 2022 fiscal year. Medicare revenue represents 12.1% of District revenues compared to 15.2% last year. Medicaid revenue decreased to 26.7% from 29.0%. Private services revenue decreased to 30.6% from 31.4%. In Home Care services revenue decreased to 5.8% from 4.7%.



Operating expenses consist of salaries and benefits, materials and services, utilities, and depreciation. Operating expenses decreased \$17 thousand, or 0.2%. The largest decrease were in facility therapy of \$234,990 or 32.2% due to a lower skilled census in the nursing home. Dietary services increased \$128 thousand or 10.1% due to an increase in staffing costs, food, and paper/plastic. The following graph illustrates the total expenditures for the District for the 2022 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:

	2022	2021	\$ Change	% Change
Cash Flows from Operating Activities	\$ 186,082	\$ (758,267)	\$ 944,349	-124.5%
Cash Flows from Non-Capital Financing Activities	1,897,149	3,199,039	(1,301,890)	-40.7%
Cash Flows from Capital Financing Activities	(1,037,923)	(1,248,535)	210,612	-16.9%
Cash Flows from Investing Activities	18,040	16,177	1,863	11.5%
Net increase in cash and cash equivalents	1,063,348	1,208,414	(145,066)	-12.0%
Cash and Cash Equivalents, beginning of year	3,012,521	1,804,107	1,208,414	67.0%
Cash and Cash Equivalents, end of year	\$ 4,075,869	\$ 3,012,521	\$ 1,063,348	35.3%

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. The end of year net cash balance of \$4.0 million increased \$1.0 million or 35.3% 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, 2022.

	<b>Budgetary Basis</b>	<b>Final Budget</b>	<b>\$ Variance</b>	<b>% Variance</b>
<b>Revenues</b>				
Charges for services				
Medicare A	\$ 1,517,122	\$ 1,971,000	\$ (453,878)	-23.0%
Medicare B	48,151	62,840	(14,689)	0.0%
Private	3,953,953	4,518,420	(564,467)	-12.5%
Medicaid	3,452,995	4,214,530	(761,535)	-18.1%
In-Home companion and noncertified	605,009	-	605,009	0.0%
Miscellaneous nursing	-	-	-	0.0%
Tax Revenue				
Property tax	1,196,150	1,176,400	19,750	1.7%
Timber tax	531,485	540,720	(9,235)	-1.7%
Investment income	632,651	16,320	616,331	3776.5%
Miscellaneous revenue	1,595,504	4,440	1,591,064	35834.8%
<b>Total Revenues</b>	<b>13,533,020</b>	<b>12,504,670</b>	<b>1,028,350</b>	<b>8.2%</b>
<b>Expenditures</b>				
Nursing	4,856,703	5,188,430	331,727	6.4%
Therapy	494,434	447,000	(47,434)	-10.6%
Administration	421,795	399,540	(22,255)	-5.6%
Facility Administration	2,714,749	2,736,860	22,111	0.8%
Maintenance Services	443,236	487,100	43,864	9.0%
Laundry/housekeeping	199,390	283,080	83,690	29.6%
Activities	201,694	216,810	15,116	7.0%
Dietary	1,409,452	1,195,400	(214,052)	-17.9%
Social services	83,942	64,320	(19,622)	-30.5%
Debt Service	793,892	890,290	96,398	10.8%
Contingencies	-	343,340	343,340	100.0%
Unappropriated fund balance	-	4,470,480	4,470,480	100.0%
<b>Total Expenditures</b>	<b>11,619,287</b>	<b>16,722,650</b>	<b>5,103,363</b>	<b>30.5%</b>
<b>Net Change in Net Position</b>	<b>\$ 1,913,733</b>	<b>\$ (4,217,980)</b>	<b>\$ 6,131,713</b>	<b>-145.4%</b>
<b>Beginning Net Position</b>	<b>\$ 1,692,885</b>	<b>\$ (8,354,080)</b>	<b>\$ 10,046,965</b>	<b>-120.3%</b>
<b>Ending Net Position</b>	<b>\$ 3,606,618</b>	<b>\$ (12,572,060)</b>	<b>\$ 16,178,678</b>	<b>-128.7%</b>

Operationally, the District continues to analyze the needs of the District to understand if there are other community needs that are currently unmet.

# Clatsop Care Health District

## Management's Discussion and Analysis

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### Capital Assets

The District records all capital assets at historical cost with associated accumulated depreciation. The summary of capital assets presented below identifies the capital assets by categories and amounts.

	2022	\$ Change	% Change	2021	\$ Change	% Change	2020
Land	\$ 259,150	\$ -	0.0%	\$ 259,150	\$ -	0.0%	\$ 259,150
Land improvements	126,159	-	0.0%	126,159	14,635	13.1%	111,524
Buildings	11,893,710	17,113	0.1%	11,876,597	234,827	2.0%	11,641,770
Major movable equipment	531,984	18,093	3.5%	513,891	90,564	21.4%	423,327
Construction in process	46,331	28,238	156.1%	18,093	(12,592)	100.0%	30,685
Building under capital lease	7,321,490	-	0.0%	7,321,490	-	0.0%	7,321,490
Accumulated depreciation	(7,614,544)	(735,560)	10.7%	(6,878,984)	860,860	-11.1%	(7,739,844)
Capital assets, net	<u>\$ 12,564,280</u>	<u>\$ (672,116)</u>	<u>-5.1%</u>	<u>\$ 13,236,396</u>	<u>\$ 1,188,294</u>	<u>9.9%</u>	<u>\$12,048,102</u>

### Debt Administration

As of June 30, 2022, the District has \$12.3 million in outstanding long-term debt.

#### Outstanding Debt as of June 30, 2022

Mortgage payable	\$ 5,345,512
Lease Liability	<u>6,974,043</u>
	<u>\$ 12,319,555</u>

## **Clatsop Care Health District Management's Discussion and Analysis**

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### **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,	
		2022	2021
CURRENT ASSETS			
Cash and cash equivalents	\$	4,075,869	\$ 3,012,521
Restricted funds held in escrow		62,179	38,612
Receivables			
Resident accounts, net of estimated uncollectible amounts		732,930	716,962
Timber taxes		171,610	213,304
Property taxes		25,000	25,000
Resident funds held in trust		11,985	15,817
Other current assets		102,027	119,007
Total current assets		5,181,600	4,141,223
LONG-TERM ASSETS			
Restricted funds held in escrow		127,036	195,542
CAPITAL ASSETS			
Land		259,150	259,150
Construction in progress		46,331	18,093
Depreciable capital assets, net of accumulated depreciation		5,651,601	5,994,809
Right-to-use asset, net of accumulated amortization		6,607,198	6,964,344
Total capital assets, net		12,564,280	13,236,396
Total assets	\$	17,872,916	\$ 17,573,161



# Clatsop Care Health District

## Consolidated Statements of Net Position

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### LIABILITIES AND NET POSITION

	June 30,	
	2022	2021
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 281,175	\$ 208,770
Accrued salaries and employee benefits	210,769	163,384
Employee retention tax credits	541,021	-
Compensated absences	232,934	230,611
Accrued expenses and unearned revenue	72,048	245,626
Resident funds held in trust	11,985	15,817
Current portion of lease liability	222,678	209,005
Current maturities of long-term debt	187,268	374,381
	<hr/>	<hr/>
Total current liabilities	1,759,878	1,447,594
	<hr/>	<hr/>
<b>NONCURRENT LIABILITIES</b>		
Lease liability, net of current portion	6,751,365	6,945,625
Long-term debt, net of current maturities	5,158,244	6,508,192
	<hr/>	<hr/>
Total noncurrent liabilities	11,909,609	13,453,817
	<hr/>	<hr/>
Total liabilities	13,669,487	14,901,411
	<hr/>	<hr/>
<b>NET POSITION</b>		
Net investment in capital assets	244,725	446,192
Restricted expendable	281,836	326,765
Unrestricted	3,676,868	1,898,793
	<hr/>	<hr/>
Total net position	4,203,429	2,671,750
	<hr/>	<hr/>
Total liabilities and net position	\$ 17,872,916	\$ 17,573,161
	<hr/> <hr/>	<hr/> <hr/>

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

	Years Ended June 30,	
	2022	2021
<b>OPERATING REVENUES</b>		
Net resident service revenue	\$ 8,585,844	\$ 8,847,676
In-home care revenue	605,009	684,165
Ancillary services	386,377	86,397
Other operating revenue	51,711	90,635
Total operating revenues	9,628,941	9,708,873
<b>OPERATING EXPENSES</b>		
Nursing services	3,963,493	4,023,563
Administrative expenses	2,458,488	2,353,721
Dietary services	1,409,452	1,280,613
Depreciation and amortization	735,560	720,576
Occupancy and housekeeping	642,626	669,095
In-home care	632,067	664,587
Ancillary services	494,434	729,424
Activities and social services	285,637	221,537
Provider tax	261,143	237,185
Total operating expenses	10,882,900	10,900,301
<b>LOSS FROM OPERATIONS</b>	<b>(1,253,959)</b>	<b>(1,191,428)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Forgiveness of Paycheck Protection Program loan	1,246,999	-
Property taxes	1,196,150	1,175,682
Timber taxes	531,485	640,056
Federal grant revenue	296,794	289,248
Interest income	18,040	16,177
Interest expense	(503,830)	(539,757)
Net non-operating revenues (expenses)	2,785,638	1,581,406
<b>CHANGE IN NET POSITION</b>	<b>1,531,679</b>	<b>389,978</b>
<b>NET POSITION, beginning of year</b>	<b>2,671,750</b>	<b>1,314,639</b>
Adoption of GASB 87 restatement	-	967,133
<b>RESTATED NET POSITION, beginning of year</b>	<b>2,671,750</b>	<b>2,281,772</b>
<b>NET POSITION, end of year</b>	<b>\$ 4,203,429</b>	<b>\$ 2,671,750</b>

**Clatsop Care Health District**  
**Consolidated Statements of Cash Flows**

	Years Ended June 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from residents and third party payors	\$ 9,561,262	\$ 9,470,178
Cash paid to suppliers	(3,337,036)	(3,690,509)
Cash paid to employees	(5,828,712)	(6,407,034)
Cash paid for provider taxes	(261,143)	(221,537)
Other receipts from operations, net	51,711	90,635
Net cash from (used in) operating activities	186,082	(758,267)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	-	1,246,999
Property taxes	1,196,150	1,171,865
Timber taxes	573,179	611,201
Federal grants	127,820	168,974
Net cash from non-capital financing activities	1,897,149	3,199,039
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	(63,444)	(327,434)
Principal payments on long-term debt	(470,649)	(380,742)
Interest payments on long-term debt	(503,830)	(540,359)
Net cash used in capital and related financing activities	(1,037,923)	(1,248,535)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	18,040	16,177
Net cash from investing activities	18,040	16,177
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,063,348	1,208,414
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	3,012,521	1,804,107
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 4,075,869</u>	<u>\$ 3,012,521</u>

# **Clatsop Care Health District** **Consolidated Statements of Cash Flows**

	Years Ended June 30,	
	2022	2021
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Reconciliation of loss from operations to net cash from (used in) operating activities		
Loss from operations	\$ (1,253,959)	\$ (1,191,428)
Adjustments to reconcile operating loss to net cash from (used in) operating activities		
Depreciation and amortization	735,560	720,576
Changes in assets and liabilities		
Resident accounts receivable, net	(15,968)	(148,060)
Restricted funds held in escrow	44,939	63,215
Other current assets	16,980	(75,334)
Accounts payable	72,405	(107,179)
Accrued salaries and employee benefits	47,385	12,580
Employee retention tax credits	541,021	-
Compensated absences	2,323	(45,296)
Accrued expenses and unearned revenue	(4,604)	12,659
Net adjustments	1,440,041	433,161
Net cash from (used in) operating activities	\$ 186,082	\$ (758,267)
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH FLOW INFORMATION</b>		
Forgiveness of Paycheck Protection Program Loan	\$ 1,246,999	\$ -

## **Clatsop Care Health District**

### **Notes to Consolidated Financial Statements**

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#### **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

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### 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 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.

## Clatsop Care Health District

### Notes to Consolidated Financial Statements

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

##### **Adoption of GASB 87**

The District adopted GASB No. 87 *Leases* (GASB 87) as of July 1, 2020. The Entity evaluated contracts that were formerly accounted for as operating leases to determine whether they meet the definition of a lease as defined in GASB 87. The contracts to lease buildings met the definition of a lease and the District calculated and recognized a right-to-use asset and lease liability of \$7,321,490 as of July 1, 2020. The beginning net position was restated by \$967,133 for the adoption of GASB 87.

##### **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.

##### **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.

# Clatsop Care Health District

## Notes to Consolidated Financial Statements

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

#### 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.

#### 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

#### Leases

The District recognizes lease contracts or equivalents that have a term exceeding one year and the cumulative future payments on the contract exceed \$25,000 that meet the definition of an other than short-term lease as right-of-use assets. The District uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the District's incremental borrowing rate at start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred.

#### 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.



## Clatsop Care Health District

### Notes to Consolidated Financial Statements

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

##### **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.
- *Restricted nonexpendable* equals the principal portion of permanent endowments. The District has no such endowments for the years ended June 30, 2022 and 2021.

##### **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.

# Clatsop Care Health District

## Notes to Consolidated Financial Statements

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

Sources of resident service revenue, revenue from ancillary services, and in-home care revenue as of June 30 are as follows:

	2022	2021
Private pay	46%	44%
Medicaid	37%	37%
Medicare	17%	19%
	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 \$1,196,150 and \$1,175,682 for the years ended June 30, 2022 and 2021, 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 \$531,485 and \$640,056 for the years ended June 30, 2022 and 2021, respectively.

#### 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.

## Clatsop Care Health District

### Notes to Consolidated Financial Statements

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

##### Recent accounting pronouncements

GASB issued Statement No. 96, *Subscription-Based Information Technology Agreements* (SBITA). The objective of this statement is to record agreements that are subscription based and defines SBITA as “a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.” GASB Statement No. 96 determines when a subscription should be recognized as a right-to-use subscription, and also determines the corresponding liability, capitalization criteria, and required disclosures. Statement 96 is effective for fiscal years beginning after June 15, 2022. The District is currently evaluating the impact of this statement.

##### 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 January 16, 2023, 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**

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### **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, 2022 and 2021, 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

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#### Note 3 – Cash and Cash Equivalents (continued)

The District had the following cash and cash equivalents at June 30, 2022 and 2021:

	2022	2021
Demand deposits	\$ 415,208	\$ 663,956
Petty cash	1,450	1,450
Local Government Investment Pool	3,659,211	2,347,115
	<u>\$ 4,075,869</u>	<u>\$ 3,012,521</u>
Total cash and cash equivalents		

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, 2022 and 2021, the balance in that account was \$170,455 and \$309,068, 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 \$92,621 and \$92,611 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, \$250,000 of the District's bank balance was covered by depository insurance. Approximately \$3,674,000 was exposed to custodial credit risk at June 30, 2022.

## Clatsop Care Health District

### Notes to Consolidated Financial Statements

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#### 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>2022</u>	<u>2021</u>
Receivables from residents and their insurance carriers	\$ 197,844	\$ 131,335
Receivable from Medicare	288,507	314,899
Receivable from Medicaid	<u>272,409</u>	<u>293,258</u>
Total resident accounts receivable	758,760	739,492
Less allowance for uncollectible amounts	<u>(25,830)</u>	<u>(22,530)</u>
Patient accounts receivable, net	<u><u>\$ 732,930</u></u>	<u><u>\$ 716,962</u></u>

The amount of resident receivable balance over 90 days past due as of June 30, 2022 and 2021 was \$9,605 and \$5,251, respectively.

## Clatsop Care Health District

### Notes to Consolidated Financial Statements

#### Note 5 – Property Taxes

For the fiscal years June 30, 2022 and 2021, the District levied their property taxes at the rate of 0.1763% of assessed property value. Additionally, on May 15, 2018, a local tax levy of 0.23% 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, 2021	2021-2022 Net Levy	Collections	Interest Received	Discounts Allowed	Adjustments Applied	Receivable June 30, 2022
2021-22	\$ -	\$ 1,223,589	\$ (1,164,344)	\$ 604	\$ (32,667)	\$ (1,090)	\$ 25,488
2020-21	40,439	-	(14,371)	917	-	(334)	25,734
2019-20	(23,223)	-	(4,315)	984	-	(1,387)	(28,925)
2018-19	5,796	-	(3,582)	1,051	-	(346)	1,868
2017-18	879	-	(734)	252	-	(31)	114
Prior Years	1,109	-	(317)	256	-	(71)	721
	<u>\$ 25,000</u>	<u>\$ 1,223,589</u>	<u>\$ (1,187,663)</u>	<u>\$ 4,064</u>	<u>\$ (32,667)</u>	<u>\$ (3,259)</u>	<u>\$ 25,000</u>
	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>

The following is a reconciliation of cash collections to revenue recognized for the years ended June 30:

	2022	2021
Total cash collections	\$ 1,187,663	\$ 1,127,970
Prior year receivable	(25,000)	(21,183)
Current year receivable	25,000	25,000
Taxes in lieu	8,487	43,895
Total property and local levy tax revenue	<u>\$ 1,196,150</u>	<u>\$ 1,175,682</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**

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#### **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* – 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

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#### 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, 2022				
	Beginning Balance	Deposits	Interest	Withdrawals	Ending Balance
Escrow deposits	\$ 35,080	\$ 36,268	\$ -	\$ (39,089)	\$ 32,259
Insurance premium escrow	3,532	46,329	-	(19,941)	29,920
Replacement reserve	195,542	48,000	132	(116,638)	127,036
Total funds held in escrow	<u>\$ 234,154</u>	<u>\$ 130,597</u>	<u>\$ 132</u>	<u>\$ (175,668)</u>	<u>\$ 189,215</u>

	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>

There were no deposits suspended or waived during 2022 or 2021.

# 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 2022 and 2021:

	Balance June 30, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
<b>CAPITAL ASSETS AT COST</b>					
Land	\$ 259,150	\$ -	\$ -	\$ -	\$ 259,150
Construction in progress	18,093	46,331	-	(18,093)	46,331
Land improvements	126,159	-	-	-	126,159
Buildings	11,876,597	17,113	-	-	11,893,710
Major movable equipment	513,891	-	-	18,093	531,984
Right-to-use asset	7,321,490	-	-	-	7,321,490
	<u>20,115,380</u>	<u>63,444</u>	<u>-</u>	<u>-</u>	<u>20,178,824</u>
<b>LESS ACCUMULATED DEPRECIATION AND AMORTIZATION FOR:</b>					
Land improvements	(60,011)	(4,225)	-	-	(64,236)
Buildings	(6,175,426)	(302,634)	-	-	(6,478,060)
Major movable equipment	(286,401)	(71,555)	-	-	(357,956)
Right-to-use asset	(357,146)	(357,146)	-	-	(714,292)
	<u>(6,878,984)</u>	<u>(735,560)</u>	<u>-</u>	<u>-</u>	<u>(7,614,544)</u>
Capital assets, net	<u>\$ 13,236,396</u>	<u>\$ (672,116)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,564,280</u>
	Balance June 30, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
<b>CAPITAL ASSETS AT COST</b>					
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
Major movable equipment	423,327	15,744	-	74,820	513,891
Right-to-use asset	7,321,490	-	-	-	7,321,490
	<u>19,787,946</u>	<u>327,434</u>	<u>-</u>	<u>-</u>	<u>20,115,380</u>
<b>LESS ACCUMULATED DEPRECIATION AND AMORTIZATION FOR:</b>					
Land improvements	(56,589)	(3,422)	-	-	(60,011)
Buildings	(5,878,295)	(297,131)	-	-	(6,175,426)
Major movable equipment	(223,524)	(62,877)	-	-	(286,401)
Right-to-use asset	-	(357,146)	-	-	(357,146)
	<u>(6,158,408)</u>	<u>(720,576)</u>	<u>-</u>	<u>-</u>	<u>(6,878,984)</u>
Capital assets, net	<u>\$ 13,629,538</u>	<u>\$ (393,142)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,236,396</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$378,414 and \$363,430, respectively. Amortization expense for property under lease was \$357,146 for each of the years ended June 30, 2022 and 2021.

## **Clatsop Care Health District**

### **Notes to Consolidated Financial Statements**

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#### **Note 8 – Long-Term Debt**

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

##### **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.

##### **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 term loan was paid in full in March 2022.

##### **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 by the Small Business Administration of the principal of \$1,246,999 plus accrued interest of \$12,368 on August 21, 2021. The forgiveness of the principal and interest is recognized as forgiveness of Paycheck Protection Program loan on the statement of revenues, expenses, and changes in net position for the year ended June 30, 2022.

# 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 2022 and 2021 is as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
Long-term debt					
Term loan	\$ 108,086	\$ -	\$ (108,086)	\$ -	\$ -
PPP Loan	1,246,999	-	(1,246,999)	-	-
Mortgage payable	5,527,488	-	(181,976)	5,345,512	187,268
Total long-term debt	<u>\$ 6,882,573</u>	<u>\$ -</u>	<u>\$ (1,537,061)</u>	<u>\$ 5,345,512</u>	<u>\$ 187,268</u>
	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Long-term debt					
Term loan	\$ 167,826	\$ -	\$ (59,740)	\$ 108,086	\$ 22,724
PPP Loan	-	1,246,999	-	1,246,999	169,681
Mortgage payable	5,682,231	-	(154,743)	5,527,488	181,976
Total long-term debt	<u>\$ 5,850,057</u>	<u>\$ 1,246,999</u>	<u>\$ (214,483)</u>	<u>\$ 6,882,573</u>	<u>\$ 374,381</u>

Scheduled principal and interest repayments on long-term debt are as follows as of June 30, 2022:

	Total	Interest	Principal
2023	\$ 338,234	\$ 150,966	\$ 187,268
2024	338,234	145,520	192,714
2025	338,234	139,916	198,318
2026	338,233	134,148	204,085
2027	338,233	128,213	210,020
2028-2032	1,691,166	545,824	1,145,342
2033-2037	1,691,167	369,317	1,321,850
2038-2042	1,691,166	165,607	1,525,559
2043-2044	366,419	6,063	360,356
Total	<u>\$ 7,131,086</u>	<u>\$ 1,785,574</u>	<u>\$ 5,345,512</u>

## Clatsop Care Health District

### Notes to Consolidated Financial Statements

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#### Note 9 – Lease Obligations

In July 2015, the District commenced a twenty-five-year lease agreement as lessee for the Clatsop Care Memory Community facility. There are no residual value guarantees included in the measurement of the District's lease liability nor recognized as an expense for the year ended June 30, 2022. The District does not have any commitments that were incurred at the commencement of the leases. No termination penalties were incurred during the fiscal year. Total interest expense related to the capital lease was \$345,145 and \$353,665 for the years ended June 30, 2022 and 2021, respectively. There was accrued interest of \$28,419 as of June 30, 2022, included in the current portion of lease liability.

The future principal and interest lease payments as of June 30, 2022, are as follows:

	Total	Interest	Principal
2023	\$ 559,408	\$ 336,730	\$ 222,678
2024	536,298	326,853	209,445
2025	541,662	316,213	225,449
2026	547,078	304,767	242,311
2027	552,549	292,474	260,075
2028-2032	2,846,740	1,244,983	1,601,757
2033-2037	2,991,953	781,474	2,210,479
2038-2042	2,183,930	182,081	2,001,849
	<u>\$ 10,759,618</u>	<u>\$ 3,785,575</u>	<u>\$ 6,974,043</u>
Total			

The District evaluated the right-to-use assets for impairment and determined there was no impairment for the year ended June 30, 2022.

#### 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 \$614,611. The lease revenue and lease expense are eliminated upon consolidation.

#### Note 11 – 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, 2022 and 2021, employee contributions to the plan were \$6,507 and \$6,791, respectively, and employer contributions were \$5,305 and \$6,405, 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.

# **Clatsop Care Health District**

## **Notes to Consolidated Financial Statements**

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### **Note 12 – 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.

#### **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 \$574,674 and \$577,095 for the years ended June 30, 2022 and 2021, 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.

## **Clatsop Care Health District**

### **Notes to Consolidated Financial Statements**

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#### **Note 12 – Commitments and Contingent Liabilities (continued)**

##### **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, 2022 or 2021. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

# Clatsop Care Health District

## Notes to Consolidated Financial Statements

### Note 13 – Consolidating Information

The consolidating assets, liabilities, and net position at June 30, 2022 are as follows:

	Clatsop Care Center Health District	Clatsop Retirement Village Property, LLC	Eliminating Entries	Consolidated Total
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 3,905,414	\$ 170,455	\$ -	\$ 4,075,869
Restricted funds held in escrow	-	62,179	-	62,179
Receivables				
Resident accounts, net of estimated uncollectible amounts	795,466	-	(62,536)	732,930
Timber taxes	171,610	-	-	171,610
Property taxes	25,000	-	-	25,000
Resident funds held in trust	11,985	-	-	11,985
Current portion of lease receivable	-	285,945	(285,945)	-
Other current assets	99,094	2,933	-	102,027
<b>Total current assets</b>	<b>5,008,569</b>	<b>521,512</b>	<b>(348,481)</b>	<b>5,181,600</b>
<b>LONG-TERM ASSETS</b>				
Lease receivable, net of current portion	-	7,790,509	(7,790,509)	-
Lease interest receivable	-	19,316	(19,316)	-
Restricted funds held in escrow	-	127,036	-	127,036
<b>Total long-term assets</b>	<b>-</b>	<b>7,936,861</b>	<b>(7,809,825)</b>	<b>127,036</b>
<b>CAPITAL ASSETS</b>				
Land	40,150	219,000	-	259,150
Construction in progress	46,331	-	-	46,331
Depreciable capital assets, net of accumulated depreciation	1,174,974	4,476,627	-	5,651,601
Right-to-use asset, net of accumulated amortization	14,532,299	-	(7,925,101)	6,607,198
<b>Total capital assets, net</b>	<b>15,793,754</b>	<b>4,695,627</b>	<b>(7,925,101)</b>	<b>12,564,280</b>
<b>Total assets</b>	<b>\$ 20,802,323</b>	<b>\$ 13,154,000</b>	<b>\$ (16,083,407)</b>	<b>\$ 17,872,916</b>



## Clatsop Care Health District

### Notes to Consolidated Financial Statements

#### Note 13 – Consolidating Information (continued)

	Clatsop Care Center Health District	Clatsop Retirement Village Property, LLC	Eliminating Entries	Consolidated Total
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 281,175	\$ 62,536	\$ (62,536)	\$ 281,175
Accrued salaries and employee benefits	210,769	-	-	210,769
Employee retention tax credits	541,021	-	-	541,021
Compensated absences	232,934	-	-	232,934
Accrued expenses and unearned revenue	59,263	12,785	-	72,048
Resident funds held in trust	11,985	-	-	11,985
Current portion of lease liability	508,623	-	(285,945)	222,678
Current maturities of long-term debt	-	187,268	-	187,268
<b>Total current liabilities</b>	<b>1,845,770</b>	<b>262,589</b>	<b>(348,481)</b>	<b>1,759,878</b>
<b>NONCURRENT LIABILITIES</b>				
Lease liability, net of current portion	14,561,190	-	(7,809,825)	6,751,365
Long-term debt, net of current maturities	-	5,158,244	-	5,158,244
<b>Total noncurrent liabilities</b>	<b>14,561,190</b>	<b>5,158,244</b>	<b>(7,809,825)</b>	<b>11,909,609</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Long-term lease	-	7,925,101	(7,925,101)	-
<b>Total liabilities</b>	<b>16,406,960</b>	<b>13,345,934</b>	<b>(16,083,407)</b>	<b>13,669,487</b>
<b>NET POSITION</b>				
Net investment in capital assets	723,941	(649,885)	170,669	244,725
Restricted expendable	92,621	189,215	-	281,836
Unrestricted	3,578,801	268,736	(170,669)	3,676,868
<b>Total net position</b>	<b>4,395,363</b>	<b>(191,934)</b>	<b>-</b>	<b>4,203,429</b>
<b>Total liabilities and net position</b>	<b>\$ 20,802,323</b>	<b>\$ 13,154,000</b>	<b>\$ (16,083,407)</b>	<b>\$ 17,872,916</b>

# Clatsop Care Health District

## Notes to Consolidated Financial Statements

### Note 13 – Consolidating Information (continued)

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
<b>CURRENT ASSETS</b>				
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
Current portion of lease receivable	-	297,052	(297,052)	-
Other current assets	115,976	3,031	-	119,007
<b>Total current assets</b>	<b>3,873,048</b>	<b>647,763</b>	<b>(379,588)</b>	<b>4,141,223</b>
<b>LONG-TERM ASSETS</b>				
Lease receivable, net of current portion	-	8,076,454	(8,076,454)	-
Lease interest receivable	-	20,026	(20,026)	-
Restricted funds held in escrow	-	195,542	-	195,542
<b>Total long-term assets</b>	<b>-</b>	<b>8,292,022</b>	<b>(8,096,480)</b>	<b>195,542</b>
<b>CAPITAL ASSETS</b>				
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
Right-to-use asset, net of accumulated depreciation	15,268,334	-	(8,303,990)	6,964,344
<b>Total capital assets, net</b>	<b>16,607,919</b>	<b>4,932,467</b>	<b>(8,303,990)</b>	<b>13,236,396</b>
<b>Total assets</b>	<b>\$ 20,480,967</b>	<b>\$ 13,872,252</b>	<b>\$ (16,780,058)</b>	<b>\$ 17,573,161</b>

## Clatsop Care Health District

### Notes to Consolidated Financial Statements

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#### Note 13 – Consolidating Information (continued)

	Clatsop Care Center Health District	Clatsop Retirement Village Property, LLC	Eliminating Entries	Consolidated Total
<b>CURRENT LIABILITIES</b>				
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 portion of lease liability	506,057	-	(297,052)	209,005
Current maturities of long-term debt	192,405	181,976	-	374,381
Total current liabilities	<u>1,549,449</u>	<u>277,733</u>	<u>(379,588)</u>	<u>1,447,594</u>
<b>NONCURRENT LIABILITIES</b>				
Lease liability, net of current portion	15,042,105	-	(8,096,480)	6,945,625
Long-term debt, net of current maturities	1,162,680	5,345,512	-	6,508,192
Total noncurrent liabilities	<u>16,204,785</u>	<u>5,345,512</u>	<u>(8,096,480)</u>	<u>13,453,817</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Long-term lease	-	8,303,990	(8,303,990)	-
Total liabilities	<u>17,754,234</u>	<u>13,927,235</u>	<u>(16,780,058)</u>	<u>14,901,411</u>
<b>NET POSITION</b>				
Net investment in capital assets	781,990	(595,021)	89,542	276,511
Restricted expendable	92,611	234,154	-	326,765
Unrestricted	1,852,132	305,884	(89,542)	2,068,474
Total net position	<u>2,726,733</u>	<u>(54,983)</u>	<u>-</u>	<u>2,671,750</u>
Total liabilities and net position	<u>\$ 20,480,967</u>	<u>\$ 13,872,252</u>	<u>\$ (16,780,058)</u>	<u>\$ 17,573,161</u>

# Clatsop Care Health District

## Notes to Consolidated Financial Statements

### Note 13 – Consolidating Information (continued)

The consolidating statements of revenue, expenses, and changes in net position for the year ended June 30, 2022 are as follows:

	Clatsop Care Center Health District	Clatsop Retirement Village Property, LLC	Eliminating Entries	Consolidated Total
<b>OPERATING REVENUES</b>				
Net resident service revenue	\$ 8,585,844	\$ -	\$ -	\$ 8,585,844
In-home care revenue	605,009	-	-	605,009
Ancillary services	386,377	-	-	386,377
Other operating revenue	51,711	614,611	(614,611)	51,711
Total operating revenues	9,628,941	614,611	(614,611)	9,628,941
<b>OPERATING EXPENSES</b>				
Nursing services	3,963,493	-	-	3,963,493
Administrative expenses	2,376,505	81,983	-	2,458,488
Dietary services	1,409,452	-	-	1,409,452
Depreciation and amortization	1,114,449	-	(378,889)	735,560
Occupancy and housekeeping	405,786	236,840	-	642,626
In-home care	632,067	-	-	632,067
Ancillary services	494,434	-	-	494,434
Activities and social services	285,637	-	-	285,637
Lease interest expense	235,722	-	(235,722)	-
Provider tax	261,143	-	-	261,143
Total operating expenses	11,178,688	318,823	(614,611)	10,882,900
(LOSS) INCOME FROM OPERATIONS	(1,549,747)	295,788	-	(1,253,959)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Transfer revenue/expense *	277,049	(277,049)	-	-
Forgiveness of Paycheck Protection Program loan	1,246,999	-	-	1,246,999
Property taxes	1,196,150	-	-	1,196,150
Timber taxes	531,485	-	-	531,485
Federal grant revenue	296,794	-	-	296,794
Interest income	17,908	132	-	18,040
Interest expense	(348,008)	(155,822)	-	(503,830)
Net non-operating revenues (expenses)	3,218,377	(432,739)	-	2,785,638
CHANGE IN NET POSITION	1,668,630	(136,951)	-	1,531,679
NET POSITION, beginning of year	2,726,733	(54,983)	-	2,671,750
NET POSITION, end of year	\$ 4,395,363	\$ (191,934)	\$ -	\$ 4,203,429

\* 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 13 – 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, LLC	Eliminating Entries	Consolidated Total
<b>OPERATING REVENUES</b>				
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	623,026	(623,026)	90,635
Total operating revenues	9,708,873	623,026	(623,026)	9,708,873
<b>OPERATING EXPENSES</b>				
Nursing services	4,023,563	-	-	4,023,563
Administrative expenses	2,277,497	76,224	-	2,353,721
Dietary services	1,280,613	-	-	1,280,613
Depreciation and amortization	868,985	230,480	(378,889)	720,576
Occupancy and housekeeping	669,095	-	-	669,095
In-home care	664,587	-	-	664,587
Ancillary services	729,424	-	-	729,424
Activities and social services	221,537	-	-	221,537
Lease interest expense	244,137	-	(244,137)	-
Provider tax	237,185	-	-	237,185
Total operating expenses	11,216,623	306,704	(623,026)	10,900,301
(LOSS) INCOME FROM OPERATIONS	(1,507,750)	316,322	-	(1,191,428)
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
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	(359,072)	(180,685)	-	(539,757)
Net non-operating revenues (expenses)	1,512,393	69,013	-	1,581,406
CHANGE IN NET POSITION	4,643	385,335	-	389,978
NET POSITION, beginning of year	1,754,957	(440,318)	-	1,314,639
Adoption of GASB 87 Restatement	967,133	-	-	967,133
RESTATED NET POSITION, beginning of year	2,722,090	(440,318)	-	2,281,772
NET POSITION, end of year	\$ 2,726,733	\$ (54,983)	\$ -	\$ 2,671,750

\* 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 13 – Consolidating Information (continued)

The consolidating statement of cash flows for the year ended June 30, 2022 is as follows:

	Clatsop Care Center Health District	Clatsop Retirement Village Property, LLC	Eliminating Entries	Consolidated Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from residents and third party payors	\$ 9,561,262	\$ -	\$ -	\$ 9,561,262
Cash paid to suppliers	(3,813,138)	(57,382)	533,484	(3,337,036)
Cash paid to employees	(5,828,712)	-	-	(5,828,712)
Cash paid for provider taxes	(261,143)	-	-	(261,143)
Other receipts from operations, net	51,711	533,484	(533,484)	51,711
Net cash (used in) from operating activities	(290,020)	476,102	-	186,082
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Property taxes	1,196,150	-	-	1,196,150
Federal grants	127,820	-	-	127,820
Timber taxes	573,179	-	-	573,179
Net cash from non-capital financing activities	1,897,149	-	-	1,897,149
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(63,444)	-	-	(63,444)
Contributions from district for capital purchases	291,684	14,635	(306,319)	-
Distributions from district for capital purchases	(14,635)	(291,684)	306,319	-
Principal payments on long-term debt	(288,673)	(181,976)	-	(470,649)
Interest payments on long-term debt	(348,008)	(155,822)	-	(503,830)
Net cash used in capital and related financing activities	(423,076)	(614,847)	-	(1,037,923)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	17,908	132	-	18,040
Net cash from investing activities	17,908	132	-	18,040
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,201,961	(138,613)	-	1,063,348
CASH AND CASH EQUIVALENTS, beginning of year	2,703,453	309,068	-	3,012,521
CASH AND CASH EQUIVALENTS, end of year	\$ 3,905,414	\$ 170,455	\$ -	\$ 4,075,869
<b>Reconciliation of (loss) income from operations to net cash (used in) from operating activities</b>				
(Loss) income from operations	\$ (1,549,747)	\$ 295,788	\$ -	\$ (1,253,959)
<b>Adjustments to reconcile (loss) income from operations to net cash (used in) from operating activities:</b>				
Depreciation and amortization	498,720	236,840	-	735,560
<b>Changes in assets and liabilities:</b>				
Resident accounts receivable, net	4,032	-	(20,000)	(15,968)
Decrease in accrued receivable	(297,762)	297,762	-	-
Restricted funds held in escrow	-	44,939	-	44,939
Other current assets	16,882	98	-	16,980
Accounts payable	72,405	(20,000)	20,000	72,405
Accrued salaries and employee benefits	588,406	-	-	588,406
Compensated absences	2,323	-	-	2,323
Accrued expenses and unearned revenue	(4,168)	(436)	-	(4,604)
Other adjustments (GASB 87) deferred inflows	378,889	(378,889)	-	-
Net adjustments	1,259,727	180,314	-	1,440,041
Net cash (used in) from operating activities	\$ (290,020)	\$ 476,102	\$ -	\$ 186,082

# Clatsop Care Health District

## Notes to Consolidated Financial Statements

### Note 13 – 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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
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	(1,187,761)	429,494	-	(758,267)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
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	3,199,039	-	-	3,199,039
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(77,972)	(249,462)	-	(327,434)
Contribution from district for capital purchases	-	249,462	(249,462)	-
Distribution 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	(913,107)	(335,428)	-	(1,248,535)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	15,941	236	-	16,177
Net cash from investing activities	15,941	236	-	16,177
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	\$ 2,703,453	\$ 309,068	\$ -	\$ 3,012,521
<b>Reconciliation of (loss) income from operations to net cash (used in) from operating activities</b>				
(Loss) income from operations	\$ (1,377,349)	\$ 226,780	\$ -	\$ (1,150,569)
<b>Adjustments to reconcile (loss) income from operations to net cash (used in) from operating activities:</b>				
Depreciation and amortization	449,237	230,480	-	679,717
<b>Changes in assets and liabilities:</b>				
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	189,588	202,714	-	392,302
Net cash (used in) from operating activities	\$ (1,187,761)	\$ 429,494	\$ -	\$ (758,267)

# **Clatsop Care Health District**

## **Notes to Consolidated Financial Statements**

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### **Note 14 – 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, during the year ended June 30, 2021 the District received approximately \$168,000, and during the year ended June 30, 2022 the District received approximately \$128,000 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 \$296,794 and \$289,248 for the years ended June 30, 2022 and 2021, respectively. As of June 30, 2022 and 2021, the District reflected \$0 and \$168,974 in unearned revenue liabilities, respectively.

### **Employee Retention Tax Credits**

During 2022, the District elected the Employee Retention Tax Credit under the CARES Act, which resulted in a reduction in employee taxes paid of \$541,021. The District is in the process of evaluating whether they qualify for the tax credit, therefore, the amount remains a liability on the balance sheet until the District has fully determined whether they pay it back or recognize it as a reduction in expense.



## **Other Information**

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

	Year Ended June 30, 2022				
	Actual	Budgetary Adjustment	Budgetary Basis	Original/Final Budget	Variance
<b>REVENUES</b>					
Administration overhead revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	1,727,635	-	1,727,635	1,717,120	10,515
Investment income	17,815	-	17,815	15,360	2,455
Miscellaneous income	73,208	-	73,208	240	72,968
Total revenues	1,818,658	-	1,818,658	1,732,720	85,938
<b>EXPENDITURES</b>					
Personnel services	271,870	-	271,870	294,160	(22,290)
Materials and supplies	144,857	-	144,857	105,380	39,477
Operating contingency	-	-	-	343,340	(343,340)
Capital outlay	-	46,331	46,331	654,800	(608,469)
Unappropriated fund balance	-	-	-	1,069,250	(1,069,250)
Total expenditures	416,727	46,331	463,058	2,466,930	(2,003,872)
Excess (deficiency) of revenues over expenditures	1,401,931	(46,331)	1,355,600	(734,210)	2,089,810
<b>OTHER FINANCING SOURCES</b>					
Transfers in	291,684	-	291,684	-	291,684
Transfers out	(494,067)	-	(494,067)	(616,290)	122,223
Total other financing sources	(202,383)	-	(202,383)	(616,290)	413,907
CHANGE IN NET POSITION	<u>\$ 1,199,548</u>	<u>\$ (46,331)</u>	1,153,217	(1,350,500)	2,212,033
NET POSITION, beginning of year			1,265,362	(2,872,313)	4,137,675
NET POSITION, end of year			<u>\$ 2,418,579</u>	<u>\$ (4,222,813)</u>	<u>\$ 6,349,708</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, 2022					
	Actual	Budgetary Adjustment	Budgetary Basis	Original/Final Budget	Variance
<b>REVENUES</b>					
Charges for services	\$ 4,201,274	\$ -	\$ 4,201,274	\$ 4,701,360	\$ (500,086)
Investment income	84	-	84	120	(36)
Miscellaneous income	782,510	-	782,510	-	782,510
Total revenues	4,983,868	-	4,983,868	4,701,480	282,388
<b>EXPENDITURES</b>					
Personnel services	2,537,565	-	2,537,565	2,594,530	(56,965)
Materials and supplies	1,976,259	-	1,976,259	1,821,360	154,899
Capital outlay	-	-	-	-	-
Depreciation	97,310	(97,310)	-	-	-
Operating contingency	-	-	-	-	-
Unappropriated fund balance	-	-	-	3,894,670	(3,894,670)
Total expenditures	4,611,134	(97,310)	4,513,824	8,310,560	(3,796,736)
Excess (deficiency) of revenues over expenditures	372,734	97,310	470,044	(3,609,080)	4,079,124
<b>OTHER FINANCING SOURCES</b>					
Transfers in	384,038	-	384,038	-	384,038
CHANGE IN NET POSITION	<u>\$ 756,772</u>	<u>\$ 97,310</u>	854,082	(3,609,080)	4,463,162
NET POSITION, beginning of year			<u>1,491,930</u>	<u>(6,933,291)</u>	<u>8,425,221</u>
NET POSITION, end of year			<u>\$ 2,346,012</u>	<u>\$ (10,542,371)</u>	<u>\$ 12,888,383</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, 2022					
	Actual	Budgetary Adjustment	Budgetary Basis	Original/Final Budget	Variance
<b>REVENUES</b>					
Charges for services	\$ 2,100,695	\$ -	\$ 2,100,695	\$ 2,443,440	\$ (342,745)
Investment income	-	-	-	-	-
Miscellaneous income	270,338	-	270,338	-	270,338
Total revenues	2,371,033	-	2,371,033	2,443,440	(72,407)
<b>EXPENDITURES</b>					
Personnel services	1,225,913	-	1,225,913	1,537,190	(311,277)
Materials and supplies	509,317	-	509,317	479,670	29,647
Debt service	348,008	108,086	456,094	552,270	(96,176)
Capital outlay	-	-	-	-	-
Depreciation	379,806	(379,806)	-	-	-
Amortization	-	-	-	-	-
Unappropriated fund balance	-	-	-	(1,762,330)	1,762,330
Total expenditures	2,463,044	(271,720)	2,191,324	806,800	1,384,524
Excess (deficiency) of revenues over expenditures	(92,011)	271,720	179,709	1,636,640	(1,456,931)
<b>OTHER FINANCING SOURCES</b>					
Transfers in	95,394	-	95,394	264,580	(169,186)
CHANGE IN NET POSITION	\$ 3,383	\$ 271,720	275,103	1,901,220	(1,626,117)
NET POSITION, beginning of year			(1,189,110)	2,894,780	(4,083,890)
NET POSITION, end of year			\$ (914,007)	\$ 4,796,000	\$ (5,710,007)

**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, 2022				
	Actual	Budgetary Adjustment	Budgetary Basis	Original/Final Budget	Variance
REVENUES					
Charges for services	\$ 616,949	\$ -	\$ 616,949	\$ 748,230	\$ (131,281)
Investment income	-	-	-	600	(600)
Miscellaneous income	116,220	-	116,220	3,720	112,500
Total revenues	733,169	-	733,169	752,550	(19,381)
EXPENDITURES					
Personnel services	580,682	-	580,682	610,260	(29,578)
Materials and supplies	93,770	-	93,770	111,000	(17,230)
Operating contingency	-	-	-	-	-
Unappropriated fund balance	-	-	-	94,670	(94,670)
Total expenditures	674,452	-	674,452	815,930	(141,478)
CHANGE IN NET POSITION	\$ 58,717	\$ -	58,717	(63,380)	122,097
NET POSITION, beginning of year			68,384	7,281	61,103
NET POSITION, end of year			\$ 127,101	\$ (56,099)	\$ 183,200

**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, 2022				
	Actual	Budgetary Adjustment	Budgetary Basis	Original/Final Budget	Variance
<b>REVENUES</b>					
Charges for services	\$ 2,658,312	\$ -	\$ 2,658,312	\$ 2,873,760	\$ (215,448)
Investment income	9	-	9	-	9
Miscellaneous income	353,228	-	353,228	480	352,748
Total revenues	3,011,549	-	3,011,549	2,874,240	137,309
<b>EXPENDITURES</b>					
Personnel services	1,803,410	-	1,803,410	1,855,350	(51,940)
Materials and supplies	921,640	614,611	1,536,251	818,120	718,131
Capital outlay	-	17,113	17,113	-	17,113
Depreciation	21,604	(21,604)	-	-	-
Operating contingency	-	-	-	-	-
Unappropriated fund balance	-	-	-	480,760	(480,760)
Total expenditures	2,746,654	610,120	3,356,774	3,154,230	202,544
Excess (deficiency) of revenues over expenditures	264,895	(610,120)	(345,225)	(279,990)	(65,235)
<b>OTHER FINANCING SOURCES</b>					
Transfers in	-	-	-	351,710	(351,710)
<b>CHANGE IN NET POSITION</b>	<u>\$ 264,895</u>	<u>\$ (610,120)</u>	(345,225)	71,720	(416,945)
NET POSITION, beginning of year			(713,722)	(1,398,968)	685,246
NET POSITION, end of year			<u>\$ (1,058,947)</u>	<u>\$ (1,327,248)</u>	<u>\$ 268,301</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, 2022					
	Actual	Budgetary Adjustment	Budgetary Basis	Original/Final Budget	Variance
<b>REVENUES</b>					
Investment income	\$ 132	\$ 614,611	\$ 614,743	\$ 240	\$ 614,503
<b>EXPENDITURES</b>					
Materials and supplies	82,057	-	82,057	76,820	5,237
Capital outlay	-	-	-	59,900	(59,900)
Debt service	155,822	181,976	337,798	338,020	(222)
Depreciation	236,840	(236,840)	-	-	-
Operating contingency	-	-	-	-	-
Reserved for future expenditures	-	-	-	-	-
Unappropriated fund balance	-	-	-	693,460	(693,460)
Total expenditures	474,719	(54,864)	419,855	1,168,200	(748,345)
Excess (deficiency) of revenues over expenditures	(474,587)	669,475	194,888	(1,167,960)	1,362,848
<b>OTHER FINANCING SOURCES</b>					
Transfers in	14,635	-	14,635	-	14,635
Transfers out	(291,684)	-	(291,684)	-	(291,684)
Total other financing services	(277,049)	-	(277,049)	-	(277,049)
<b>CHANGE IN NET POSITION</b>	<u>\$ (751,636)</u>	<u>\$ 669,475</u>	(82,161)	(1,167,960)	1,085,799
NET POSITION, beginning of year			770,041	(51,569)	821,610
NET POSITION, end of year			<u>\$ 687,880</u>	<u>\$ (1,219,529)</u>	<u>\$ 1,907,409</u>

## **Report of Independent Auditors Required by Oregon State Regulations**

The Board of Directors  
Clatsop Care Health District

We have audited, 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 the consolidated financial statements of Clatsop Care Health District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 16, 2023.

### **Compliance**

As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the financial statements: 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 grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the 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 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. 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 or significant deficiencies may exist that have not been identified.

### **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. Accordingly, this communication is not suitable for any other purpose.

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



Tony Andrade, Partner,  
for Moss Adams LLP  
Portland, Oregon  
January 16, 2023

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

The Board of Directors  
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, 2022, 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 January 16, 2023.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the 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 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. 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 or significant deficiencies may exist that were not 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 financial statements. 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.



Tony Andrade, Partner,  
For Moss Adams LLP  
Portland, Oregon  
January 16, 2023

