



**CORNING HEALTHCARE DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

CORNING HEALTHCARE DISTRICT
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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Accrual Basis

CORNING HEALTHCARE DISTRICT

Profit & Loss

July 2020 through June 2021

	Jul '20 - Jun 21
Ordinary Income/Expense	
Income	
Assesment Income	
CD Interest Income	424,421.08
Checking-Interest	4,970.85
Grant Income-T	57.53
Other Income-T	33,683.00
Rental Income	3,700.25
	218,125.58
Total Income	684,958.29
Gross Profit	684,958.29
Expense	
AA-PAYROLL EXPENSE	
Edward Jones-Employer-T	-2,380.66
Employee Benefit-Hlth Ins-T	37,480.50
Fed/CA Payroll Expense-T	-5,339.54
Salary-T	-1,633.05
Training-T	653.57
Work Comp Ins-T	14,267.76
AA-PAYROLL EXPENSE - Other	140,976.79
	184,025.37
Total AA-PAYROLL EXPENSE	184,025.37
Admin-Legal	9,523.04
ADMIN EXPENSE	
Admin Other-T	149.00
Advertising-T	3,150.00
Bank Analysis Charge-T	54.83
Legal-T	0.00
Reconciliation-T	-1,004.09
Senior Program-T	2,618.68
Stipend-T	3,700.00
ADMIN EXPENSE - Other	64,473.18
	73,141.60
Total ADMIN EXPENSE	73,141.60
Audit	5,100.00
FACILITY EXPENSE	
INS.-Fire & Liability-T	21,903.44
Outside Services-T	100.00
Special Projects-T	6,144.01
Utilities	
Electricity-T	38,989.11
Garbage-T	2,922.23
Telephone-T	11,867.77
Water-T	5,824.58
	59,603.69
Total Utilities	59,603.69
Total FACILITY EXPENSE	87,751.14
GEN ACCT SALARY & WAGE	14,879.11
Gen Office Supply	2,409.67
General Office-Postage	345.05
Maint-Repair	18,745.55
U-INTEREST EXPENSE	
Interest USDA Loan	55,039.62
	55,039.62
Total U-INTEREST EXPENSE	55,039.62

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Accrual Basis

CORNING HEALTHCARE DISTRICT
Profit & Loss
July 2020 through June 2021

	<u>Jul '20 - Jun 21</u>
x-DEP & AMORT EXP	<u>100,629.00</u>
Total Expense	<u>551,589.15</u>
Net Ordinary Income	<u>133,369.14</u>
Net Income	<u><u>133,369.14</u></u>

CORNING HEALTHCARE DISTRICT

Balance Sheet

As of June 30, 2021

	Jun 30, 21
ASSETS	
Current Assets	
Checking/Savings	
1 Mechanics Checking-0360	600,437.16
2Mechanics Checking-GenPro-5250	190,805.45
Capital Improvement USDA-4903	44,760.67
Edward Jones CD 580-14264-1-1	
Cap One USDA Reserve 7-19-27	27,577.00
Cash-Money Market	120,680.00
CitiBank Natl Assn 2-7-23	41,337.19
State B of India USDA 1/25/23	30,972.00
Wells Fargo Bank USDA 3-15-22	20,317.00
Total Edward Jones CD 580-14264-1-1	240,883.19
Petty Cash	100.00
Total Checking/Savings	1,076,986.47
Other Current Assets	
Generator Project 21-01	33,683.50
Total Other Current Assets	33,683.50
Total Current Assets	1,110,669.97
Fixed Assets	
Bldg Imp	134,008.63
Bldg Imp Accum Dep	-96,523.00
Land	20,313.00
Land-Demolition	518,035.56
Land Imp	105,081.20
Land Imp Accum Dep	-105,081.20
Med Bldg	3,744,628.76
Med Bldg Accum Dep	-1,325,957.00
Total Fixed Assets	2,994,505.95
TOTAL ASSETS	4,105,175.92
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	29,448.27
Total Accounts Payable	29,448.27
Other Current Liabilities	
Accrued Payroll	5,445.93
Deferred Income	157,112.00
Interest Payable	23,061.57
Payroll Liabilities	
Accr Fed W/Hold	383.00
Accr FICA-Employee	46.77
Accr FICA-Employer	46.80
Accr S.D.I.	65.35
Accr ST W/Hold	95.46
Accr Vacation	7,188.47
EDD/FED Rapprochement	-5,390.84
Total Payroll Liabilities	2,435.01
Total Other Current Liabilities	188,054.51
Total Current Liabilities	217,502.78

CORNING HEALTHCARE DISTRICT
Balance Sheet
As of June 30, 2021

	<u>Jun 30, 21</u>
Long Term Liabilities	
Loan Payable - USDA	1,302,300.00
Total Long Term Liabilities	<u>1,302,300.00</u>
Total Liabilities	1,519,802.78
Equity	
2310.00-Fund Bal-Ret Earn	2,557,413.28
Net Assets	-105,409.28
Net Income	133,369.14
Total Equity	<u>2,585,373.14</u>
TOTAL LIABILITIES & EQUITY	<u><u>4,105,175.92</u></u>

CORNING HEALTHCARE DISTRICT
Statement of Cash Flows
 July 2020 through June 2021

	Jul '20 - Jun 21
OPERATING ACTIVITIES	
Net Income	133,369.14
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	-1,588.43
Generator Project 21-01	-33,683.50
Prepaid Ins.	14,729.92
Accounts Payable	22,004.72
Accrued Expenses	-11,293.76
Accrued Payroll	-25,287.62
Deferred Income	157,112.00
Interest Payable	-796.87
Payroll Liabilities	-2,767.66
Payroll Liabilities:Accr Fed W/Hold	-3,191.76
Payroll Liabilities:Accr FICA-Employee	-2,833.94
Payroll Liabilities:Accr FICA-Employer	-2,833.94
Payroll Liabilities:Accr S.D.I.	-481.16
Payroll Liabilities:Accr S.U.I.	531.25
Payroll Liabilities:Accr ST W/Hold	-1,395.73
Payroll Liabilities:Accr Vacation	7,188.47
Payroll Liabilities:EDD/FED Rapprochement	-5,390.84
Payroll Liabilities,	-260.04
Net cash provided by Operating Activities	243,130.25
INVESTING ACTIVITIES	
1210.01-Land Imp-Park Lot 1998	71,000.20
Bldg Imp Accum Dep	-3,451.00
Construction in Progress	6,625.00
Equipment Accum Dep	-9,312.00
Land Imp	-71,000.20
Land Imp Accum Dep	-22,023.80
Med Bldg Accum Dep	135,416.00
Net cash provided by Investing Activities	107,254.20
FINANCING ACTIVITIES	
Loan Payable - USDA	-23,000.00
Net Assets	1,588.02
Net cash provided by Financing Activities	-21,411.98
Net cash increase for period	328,972.47
Cash at beginning of period	748,014.00
Cash at end of period	1,076,986.47

CORNING HEALTHCARE DISTRICT

11/10/21

Trial Balance

Accrual Basis

As of June 30, 2021

	Jun 30, 21	
	Debit	Credit
1 Mechanics Checking-0360	600,437.16	
2Mechanics Checking-GenPro-5250	190,805.45	
Capital Improvement 120003612		0.00
Capital Improvement USDA-4903		44,760.67
Cash in Bank		0.00
CD 714002011 7/1/05 6 MN P		0.00
CD 1200553046 -3/8/06 6 MN B		0.00
CD 1200553053 -3/8/06 6 MN B		0.00
CD 1200553061 -3/8/06 6 MN B		0.00
CD 1200558151 12-3-08 6 MN B		0.00
CD 18010756 1/24/06 3 MN P		0.00
CD 714003845 - 7/28/06 6 MN P		0.00
CD 714004959 - 6/26/07 6 MN P		0.00
CD 7171001261 9-23-08 7 MN P		0.00
CD 7171004752 3-31-11 3MN P		0.00
Edward Jones CD 580-14264-1-1		0.00
Edward Jones CD 580-14264-1-1:Amer EX Centurian 7-11-18 PD		0.00
Edward Jones CD 580-14264-1-1:American EX Centurian 7-5-16PD		0.00
Edward Jones CD 580-14264-1-1:American EX Centurian 7-5-17 PD		0.00
Edward Jones CD 580-14264-1-1:Cap One USDA Reserve 7-19-27	27,577.00	
Edward Jones CD 580-14264-1-1:Capital One Bank USA 3-8-21 PD		0.00
Edward Jones CD 580-14264-1-1:Cash-Money Market	120,680.00	
Edward Jones CD 580-14264-1-1:CitiBank Natl 6-7-21 PD		0.00
Edward Jones CD 580-14264-1-1:CitiBank Natl Assn 2-7-23	41,337.19	
Edward Jones CD 580-14264-1-1:Edward Jones Cash Account		0.00
Edward Jones CD 580-14264-1-1:Fifth Third .40% 2-6-14B		0.00
Edward Jones CD 580-14264-1-1:GE Capital 1% 2/8/17PD		0.00
Edward Jones CD 580-14264-1-1:Goldman Sacha B USDA 2-13-20		0.00
Edward Jones CD 580-14264-1-1:Goldman Sachs .85% 6-19-15GR		0.00
Edward Jones CD 580-14264-1-1:Goldman Sachs 70% 12-12-14GR		0.00
Edward Jones CD 580-14264-1-1:Goldman Sachs .75% 2-22-16PD		0.00
Edward Jones CD 580-14264-1-1:Goldman sachs 7-12-19 PD		0.00
Edward Jones CD 580-14264-1-1:Santander Bank 5-26-20 USDA		0.00
Edward Jones CD 580-14264-1-1:State B of India USDA 1/25/18		0.00
Edward Jones CD 580-14264-1-1:State B of India USDA 1/25/23	30,972.00	
Edward Jones CD 580-14264-1-1:Wells Fargo @100.57 1-22-19		0.00
Edward Jones CD 580-14264-1-1:Wells Fargo Bank USDA 3-15-22	20,317.00	
Edward Jones CD 580-14264-1-1:Zb National Association 5/29 PD		0.00
Money Market 501040273 Heritage		0.00
Petty Cash		100.00
Accounts Receivable		0.00
Accounts Receivable Adj		0.00
1091.10-Prepaid Expense		0.00
1091.10-Prepaid Expense:Pest Control Svc-145 Solano		0.00
1091.10-Prepaid Expense:Pest Control Svc-195 Solano		0.00
1111.15-MVB CD 18010845		0.00
1111.16 MVB CD 18010911		0.00
1111.17 MVB CD 18011232		0.00
1113.00-Board DES Savings		0.00
Accounts Receiv.-Contra		0.00
Acct. Rec, -Contra		0.00
CD 18010145		0.00
CD 18010146		0.00
CD 18010656		0.00
Employee Rec		0.00
Generator Project 21-01	33,683.50	
Loan Receivable, CMA		0.00
Prepaid Ins.		0.00
Property Tax Receivable		0.00
Self Insured Workman's Comp		0.00
St Comp Ins Fund Dep		0.00
UNDEPOSITED FUNDS		0.00
-Hospital Bldgs		0.00
1210.01-Land Imp-Park Lot 1998		0.00

CORNING HEALTHCARE DISTRICT

Trial Balance

As of June 30, 2021

	Jun 30, 21	
	Debit	Credit
Accum Dep Bldgs		
Bldg Imp	0.00	
Bldg Imp Accum Dep	134,008.63	
Construction in Progress		96,523.00
Equipment	0.00	
Equipment Accum Dep	0.00	
Land	0.00	
Land-Demolition	20,313.00	
Land Imp	518,035.56	
Land Imp Accum Dep	105,081.20	
Maintenance Building		105,081.20
Med Bldg	0.00	
Med Bldg Accum Dep	3,744,628.76	
Med Office Fence		1,325,957.00
Office Equipment	0.00	
UNDEPOSITED FUNDS-Held with the	0.00	
Accounts Payable	0.00	
Interest Payable		29,448.27
2001.00-Accounts Payable	0.00	
2560.00-Line of Credit	0.00	
2570.00-Tenant Secure Dep.	0.00	
Accrued Expenses	0.00	
Accrued Payroll	0.00	
b CMA-3 Month Grant		5,445.93
CMA - 3 Month Grant	0.00	
Contract Retentions Payable	0.00	
Deferred Income	0.00	
Demolition Liability:Hazard Management Services, Inc		157,112.00
Demolition Liability:Karcher Environmental Inc.	0.00	
Interest Payable	0.00	
Payroll Liabilities		23,061.57
Payroll Liabilities:Accr Fed W/Hold	0.00	
Payroll Liabilities:Accr FICA-Employee		383.00
Payroll Liabilities:Accr FICA-Employer		46.77
Payroll Liabilities:Accr S.D.I.		46.80
Payroll Liabilities:Accr S.U.I.		65.35
Payroll Liabilities:Accr ST W/Hold	0.00	
Payroll Liabilities:Accr Vacation		95.46
Payroll Liabilities:Accr. ETT		7,188.47
Payroll Liabilities:EDD/FED Rapprochement	0.00	
Payroll Liabilities,	5,390.84	
Payroll Liabilities,:Accr Payroll	0.00	
USDA Rural Development Loan	0.00	
Loan Payable - USDA		1,302,300.00
2310.00-Fund Bal-Ret Earn		2,557,413.28
Net Assets	105,409.28	
Opening Bal Equity	0.00	
Assesment Income		424,421.08
CD Interest Income		4,970.85
Checking-Interest		57.53
Grant Income-T		33,683.00
Other Income-T		3,700.25
Rental Income		218,125.58
AA-PAYROLL EXPENSE	140,976.79	
AA-PAYROLL EXPENSE:Edward Jones-Employer-T		2,380.66
AA-PAYROLL EXPENSE:Employee Benefit-Hlth Ins-T	37,480.50	
AA-PAYROLL EXPENSE:Fed/CA Payroll Expense-T		5,339.54
AA-PAYROLL EXPENSE:Salary-T		1,633.05
AA-PAYROLL EXPENSE:Training-T	653.57	
AA-PAYROLL EXPENSE:Work Comp Ins-T	14,267.76	
Admin-Legal	9,523.04	
ADMIN EXPENSE	64,473.18	
ADMIN EXPENSE:Admin Other-T	149.00	
ADMIN EXPENSE:Advertising-T	3,150.00	

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11/10/21
Accrual Basis

CORNING HEALTHCARE DISTRICT
Trial Balance
As of June 30, 2021

	Jun 30, 21	
	Debit	Credit
ADMIN EXPENSE:Bank Analysis Charge-T	54.83	
ADMIN EXPENSE:Legal-T	0.00	
ADMIN EXPENSE:Reconciliation-T		1,004.09
ADMIN EXPENSE:Senior Program-T	2,618.68	
ADMIN EXPENSE:Stipend-T	3,700.00	
Audit	5,100.00	
FACILITY EXPENSE:INS.-Fire & Liability-T	21,903.44	
FACILITY EXPENSE:Outside Services-T	100.00	
FACILITY EXPENSE:Special Projects-T	6,144.01	
FACILITY EXPENSE:Utilities:Electricity-T	38,989.11	
FACILITY EXPENSE:Utilities:Garbage-T	2,922.23	
FACILITY EXPENSE:Utilities:Telephone-T	11,867.77	
FACILITY EXPENSE:Utilities:Water-T	5,824.58	
GEN ACCT SALARY & WAGE	14,879.11	
Gen Office Supply	2,409.67	
General Office-Postage	345.05	
Maint-Repair	18,745.55	
U-INTEREST EXPENSE:Interest USDA Loan	55,039.62	
x-DEP & AMORT EXP	100,629.00	
TOTAL	6,305,483.73	6,305,483.73

CORNING HEALTHCARE DISTRICT
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CORNING HEALTHCARE DISTRICT

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LARRY BAIN, CPA

An Accounting Corporation

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Corning Healthcare District
Corning, CA

We have audited the accompanying business-type activities of the Corning Healthcare District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our Responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the business-type activities of the Corning Healthcare District as of June 30, 2021, and the changes in financial position and the results of its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Corning Healthcare District has not presented the Management Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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.

Larry Bain, CPA,
An Accounting Corporation
October 18, 2021

CORNING HEALTHCARE DISTRICT

**STATEMENT OF NET POSITION
JUNE 30, 2021**

Assets

Current Assets:

Cash and investments	\$ 807,315
Restricted cash and investments	269,671
Due from other government	5,391
Total current assets	1,082,377

Noncurrent Assets

Capital assets - net of accumulated depreciation	3,028,190
Total assets	4,110,567

Liabilities

Current Liabilities:

Accounts payable	29,446
Accrued payroll	6,083
Unearned revenue-advance	157,112
Interest payable	23,062
USDA loan-current	24,000
Total current liabilities	239,703

Noncurrent Liabilities:

Compensated absences	7,188
USDA loan	1,278,300
Total noncurrent liabilities	1,285,488
Total liabilities	1,525,192

Net Position

Net investment in capital assets	1,725,890
Net position:	
Restricted for debt service	78,866
Restricted for grant project	190,805
Unrestricted	589,814
Total net position	\$ 2,585,375

The notes to financial statements are an integral part of this statement

CORNING HEALTHCARE DISTRICT

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Operating Revenues:	
Rental income	\$ 218,126
Other income	3,700
Total operating revenues	<u>221,826</u>
Operating Expenses:	
Salary and benefits	198,904
Services and supplies	197,016
Depreciation	100,629
Total operating expenses	<u>496,548</u>
Operating income (loss)	<u>(274,722)</u>
Non-operating revenues (expenses):	
Taxes and assessments	424,421
Grant revenue	33,683
Interest revenue	5,029
Interest expense	(55,040)
Total non-operating revenues (expenses)	<u>408,093</u>
Change in net position	133,371
Net position, beginning of fiscal year	2,452,004
Net position, end of fiscal year	<u><u>\$ 2,585,375</u></u>

The notes to financial statements are an integral part of this statement

CORNING HEALTHCARE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities:	
Receipts from customers	\$ 221,826
Payments to employees	(235,628)
Payments to suppliers	(171,965)
Net cash provided (used) by operating activities	<u>(185,766)</u>
Cash Flows from Non-Capital Financing Activities:	
Taxes received	424,421
Net cash provided by non-capital financing activities	<u>424,421</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(27,059)
Grant receipts	190,795
Principal paid on long-term debt	(23,000)
Interest paid on long-term debt	(55,447)
Net cash provided (used) by capital and related financing activities	<u>85,289</u>
Cash Flows from Investing Activities:	
Interest received	5,029
Net cash provided (used) by investing activities	<u>5,029</u>
Net increase (decrease) in cash and cash equivalents	328,973
Cash and cash equivalents, beginning of fiscal year	747,914
Cash and cash equivalents, end of fiscal year	<u>\$ 1,076,887</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:	
Cash and investments	<u>\$ 1,076,886</u>
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities	
Operating loss	\$ (274,722)
Noncash items included in operating loss	
Depreciation	100,629
Changes in assets and liabilities	
Decrease (increase) in operating assets	
Prepaid expense	14,730
Increase (decrease) in operating liabilities	
Accounts payable	10,319
Compensated absences	7,188
Accrued payroll	(43,912)
Net cash provided (used) by operating activities	<u>\$ (185,766)</u>

The notes to financial statements are an integral part of this statement

CORNING HEALTHCARE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies

The Corning Healthcare District was established in 1946 for the purpose of promoting public health and general welfare under the terms of the Local Hospital District Law. In order to attain the objectives, the District owned and operated the Corning Memorial Hospital until 1989 when the Hospital ceased operations. The District current operations consists of leasing, at below market rent, its facilities to medical care providers, which provide a one stop shop for unmet healthcare needs within the District. The District also provides an elder services program.

A. Reporting Entity

The District has defined its reporting entity in accordance with U. S. generally accepted accounting principles, which provides guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

No operations of other entities met the aforementioned oversight criteria for inclusion or exclusion from the accompanying financial statements in accordance with GASB.

B. Basis of Presentation

The District's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

CORNING HEALTHCARE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The District reports one proprietary fund that accounts for the activities of collecting facility rent from health care providers, and property taxes from taxpayers within the District boundaries for the general operations of the District.

C. Fixed Assets

Acquisitions of fixed assets are capitalized at cost and the related accumulated depreciation is recorded. Depreciation is provided for using the straight line method over the estimated useful lives from 5 to 50 years, as indicated in the District's capital asset policy. The District has adopted a capital asset policy in accordance with GASB 34.

Maintenance and repairs are charged to expense as incurred. Significant additions or improvements are capitalized and depreciated over the revised estimated useful lives. Costs incurred for major improvements or construction of assets are carried in construction in progress until the project is completed at which time costs related to the project are capitalized in the appropriate asset account. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

D. Cash Equivalents

For purpose of the statement of cash flows, the District considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes bank accounts and deposits with Edward Jones.

E. Budgetary Reporting

The District prepares an annual operating and capital budget, which is approved and adopted by the Board of Directors. The budget serves as an approved plan to facilitate financial control and operational evaluation. California State law does not require formal adoption of appropriated budgets for enterprise funds.

F. Use of Estimates in the Preparation of Financial Statements:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CORNING HEALTHCARE DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies (Continued)

G. Property Tax:

The District receives property taxes from Tehama County, which has been assigned the responsibility for assessment, collections, and apportionment of property taxes for all taxing jurisdictions within the County. Secured property taxes are levied on January 1 for the following fiscal year and on which date it becomes a lien on real property. Secured property taxes are due in two installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively, for the secured roll. Based on a policy by the County called the Teeter Plan, 100% of the allocated taxes are transmitted by the County to the District, eliminating the need for an allowance for uncollectible taxes. The County, in return, receives all penalties and interest. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31. Property tax revenues are recognized in the fiscal year they are received.

H. Net Position:

Net position comprises the various net earnings from operating income, non-operating revenues and expenses and capital contributions. Net position is classified in the following three components:

Net investment in capital assets-This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted net position are available, unrestricted resources are used only after the restricted resources are depleted.

CORNING HEALTHCARE DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 2: Cash and Investments

Cash and investments at June 30, 2021, consisted of the following:

Checking accounts	\$ 836,003
Imprest cash	100
Certificates of deposit	119,623
Money market	120,680
Total cash and investments	<u>\$ 1,076,406</u>

A Investments Authorized by the California Government Code and the Entity's Investment Policy

The table below identifies the **investment types** that are authorized for the Corning Healthcare District (District) by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address **interest rate risk, credit risk and concentration of credit risk**.

This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local agency bonds	5 years	None	None
U.S. treasury obligations	5 years	None	None
State of California obligations	5 years	None	None
U.S. agency securities	5 years	None	None
Banker's acceptances	180 days	40%	30%
Commercial paper	270 days	40%	10%
Negotiable CDs	5 years	30%	None
Repurchase agreements	1 years	None	None
Reverse repurchase agreements	92 days	20%	None
Medium term notes	5 years	30%	None
Mutual/money market funds	5 years *	20%	10%
Collateralized bank deposits	5 years	None	None
Mortgage pass-through securities	5 years	20%	15%
Time deposits	5 Years	None	None
Local Agency Investment Fund (LAIF)	5 years *	None	None

* The five year maximum maturity can be extended by the Board of Directors. Also, the maximum maturity can be extended if the funds are reserved for bond, COP or note payments to coincide with the required repayments.

CORNING HEALTHCARE DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 2: Cash and Investments (Continued)

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of and investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not own investments subject to interest rate risk.

C. Concentrations of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

D. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits; The California Government Code requires that a financial institution secured deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2021, the District's deposits balance was \$1,105,275 and the carrying amount was \$1,076,306. The difference between the bank balance and the carrying amount was due to normal outstanding checks and deposits in transit. Of the bank balance, \$369,686 was covered by Federal Depository Insurance and the remainder by collateral held in the pledging bank's trust department in the District's name as required by California Law.

CORNING HEALTHCARE DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 3: Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Balance 7/1/2020	Additions	Retirements	Balance 6/30/2021
Capital assets, not being depreciated				
Construction in progress	\$ 6,625	\$ 27,059	\$ -	\$ 33,684
Capital assets, being depreciated				
Land and land improvements	643,430			643,430
Building and building improvements	3,878,637			3,878,637
Total capital assets, being depreciated	4,522,067	-	-	4,522,067
Less accumulated depreciation:	(1,426,932)	(100,629)		(1,527,561)
Total capital assets, net	\$ 3,101,760	\$ (73,570)	\$ -	\$ 3,028,190

Note 4: Long-Term Obligations

The following is a schedule of changes in long-term obligations during the fiscal year:

	Balance 7/1/2020	Additions	Retirements	Balance 6/30/2021	Due Within One Year
Compensated absences	\$ -	\$ 7,788	\$ (600)	\$ 7,188	\$ -
USDA Loan	1,325,300	-	(23,000)	1,302,300	24,000
Total	\$ 1,325,300	\$ 7,788	\$ (23,600)	\$ 1,309,488	\$ 24,000

A. Compensated Absences

District employees accumulate earned but unused vacation and CTO benefits that can be converted to cash at termination or retirement from employment. The amount of the compensated absence liability at June 30, 2021 was \$7,188.

CORNING HEALTHCARE DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 4: Long-Term Obligations (Continued)

B. Certificates of Participation

The certificates of participation represent one loan made by the United States Department of Agriculture Rural Housing Service (RHS) for the purpose of assisting in financing the construction and expansion of the health care facilities. The certificates are secured by a lien and pledge of revenues received by Corning Healthcare District evidenced by Certificates of Participation. Principal matures semi-annually beginning February 1, 2010, through August 1, 2049, with interest rate of 4.25%. The loan has a reserve requirement equal to approximately one year's debt service. Future maturities of the debt are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	\$ 24,000	\$ 54,838	\$ 78,838
2023	25,000	53,797	78,797
2024	26,000	52,713	78,713
2025	27,000	51,586	78,586
2026	28,000	50,417	78,417
2027-2031	158,000	232,879	390,879
2032-2036	195,000	195,502	390,502
2037-2041	240,000	149,452	389,452
2042-2046	296,000	92,714	388,714
2047-2050	283,300	24,546	307,846
	<u>\$ 1,302,300</u>	<u>\$ 958,444</u>	<u>\$ 2,260,744</u>

Note 5: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District together with other districts in the State are insured through Special District Risk Management Authority (SDRMA), a public entity risk pool currently operating as a common risk management and Joint Powers Authority for property, liability and workers compensation insurance. The District pays an annual contribution for property and liability insurance to SDRMA to share the risk management. Furthermore the District carries workers compensation coverage based upon actual payroll classified into rate categories pursuant to the rules published by the California Workers' Compensation Insurance Rating Bureau. SDRMA agrees to pay all amounts legally required by California Workers compensation laws.

The Agreement for Formation provides that SDRMA will be self-sustaining through member contributions and does not required additional contributions if claims exceed contributions. The agreement for formation stipulates that members are liable for their pro rata share of any fund deficits upon termination from or dissolution of SDRA. At June 30, 2021 SDRMA had a fund surplus. Financial statements for SDRMA are available at the District's office. Settlements have not exceeded insurance coverage in any of the last three years.

CORNING HEALTHCARE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note 6: Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in 1996, regulates the District's ability to impose, increase, and extend taxes and assessments. Any new increase or extended taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

Note 7: Economic Dependency

The District has two major sources of income, property taxes and rental income. Rental income is limited to medical and health service related tenants and accounted for 32% of the District revenue during the 2020/21 fiscal year.

Note 8: Operating Leases

The District has six operating leases with health care providers whereby they lease District facilities to healthcare providers who offer one stop healthcare services for the community. The leases are for one to five year terms and have termination clauses. The leases range from \$332 per month to \$9,740 per month and the long term leases have rent escalation clauses based on a CPI index.

Note 9: Commitments and Contingent Liabilities

In the normal course of business, the District is a defendant in various lawsuits. Defense of lawsuits is typically handled by the District's insurance carrier and losses, if any, are expected to be covered by insurance.

Grants

Grants are subject to audit to determine compliance with their requirements. District officials believe that if any refunds are required, they would not have a significant effect on the financial condition or liquidity of the District. The District is unaware of any pending litigation or other contingencies which would have a material effect on the financial condition or liquidity of the District.

Pledge of Net Revenues

The district has pledged its net revenues to secure the USDA Loan used to construct and expand its facilities. The net revenues are subject to a lien of such pledge.

COVID 19

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of Corning Healthcare District could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The District has not included any contingencies in the financial statements specific to this issue.

CORNING HEALTHCARE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note 10: Subsequent Events

Subsequent events were evaluated through October 18, 2021, the date these financial statements were available for distribution.