

**Ferry County
Public Hospital District No. 1
doing business as
Ferry County Memorial Hospital**

Basic Financial Statements and
Independent Auditors' Reports

December 31, 2019 and 2018



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Republic, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of Ferry County Public Hospital District No. 1 doing business as Ferry County Memorial Hospital (the District) as of and for the years ended December 31, 2019 and 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2019, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the COVID-19 pandemic has created economic uncertainties which may negatively impact the Hospital's financial position. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 12. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The schedules of divisional statement of net position and divisional statement of revenues, expenses, and changes in net position are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of divisional statement of net position and divisional statement of revenues, expenses, and changes in net position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of divisional statement of net position and divisional statement of revenues, expenses, and changes in net position are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters for the year ended December 31, 2019. We issued a similar report for the year ended December 31, 2018, dated October 14, 2019, which has not been included with the 2019 financial and compliance report. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing for each year, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
June 15, 2020

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Statements of Net Position
December 31, 2019 and 2018

ASSETS	2019	2018
<i>Current assets</i>		
Cash and cash equivalents	\$ 3,961,333	\$ 3,519,111
Receivables:		
Patient accounts, net of estimated uncollectibles	2,130,229	1,551,887
Taxes	20,003	20,254
Estimated third-party payor settlements	11,000	10,000
Other	100,000	255,268
Cash and cash equivalents restricted for bond repayment	263,037	260,198
Inventories	193,999	166,268
Prepaid expenses	32,053	31,202
Total current assets	6,711,654	5,814,188
<i>Noncurrent assets</i>		
Capital assets, net of accumulated depreciation	6,072,606	5,793,069
Total noncurrent assets	6,072,606	5,793,069
Total assets	\$ 12,784,260	\$ 11,607,257

See accompanying notes to basic financial statements.

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Statements of Net Position (Continued)
Years Ended December 31, 2019 and 2018

LIABILITIES AND NET POSITION	2019	2018
<i>Current liabilities</i>		
Current maturities of long-term debt	\$ 89,101	\$ 166,433
Current maturities of capital lease obligations	113,006	93,022
Estimated third-party payor settlements	739,000	61,000
Accounts payable	449,014	394,756
Capital accounts payable	483,282	-
Accrued compensation and related liabilities	603,778	615,265
Accrued interest payable	174,708	181,800
Total current liabilities	2,651,889	1,512,276
<i>Noncurrent liabilities</i>		
Long-term debt, less current maturities	3,937,552	5,148,090
Capital lease obligations, less current maturities	112,365	129,400
Total noncurrent liabilities	4,049,917	5,277,490
Total liabilities	6,701,806	6,789,766
<i>Net position</i>		
Net investment in capital assets	1,162,592	74,324
Restricted for debt service	263,037	260,198
Unrestricted	4,656,825	4,482,969
Total net position	6,082,454	4,817,491
Total liabilities and net position	\$ 12,784,260	\$ 11,607,257

See accompanying notes to basic financial statements.

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2019 and 2018

	2019	2018
<i>Operating revenues</i>		
Net patient service revenue	\$ 13,507,612	\$ 12,368,253
Electronic health records incentive payment	-	255,268
Grants	46,369	162,456
Other	99,978	106,626
Total operating revenues	13,653,959	12,892,603
<i>Operating expenses</i>		
Salaries and wages	6,019,664	5,780,619
Employee benefits	1,548,796	1,424,827
Professional fees	1,562,018	1,229,349
Purchased services	929,256	949,219
Supplies	1,014,477	860,128
Utilities	251,905	224,707
Rentals and leases	61,992	12,138
Repairs and maintenance	101,775	215,419
Depreciation and amortization	755,686	609,311
Insurance	85,159	78,306
Other	309,102	6,877
Total operating expenses	12,639,830	11,390,900
<i>Operating income</i>	1,014,129	1,501,703
<i>Nonoperating revenues (expenses)</i>		
Tax revenue	260,744	261,228
Capital grant	100,000	-
Nonoperating revenue	28,288	1,125
Contributions	7	5,000
Interest expense	(208,684)	(246,871)
Interest income	70,479	23,192
Total nonoperating revenues, net	250,834	43,674
Change in net position	1,264,963	1,545,377
Net position, beginning of year	4,817,491	3,272,114
Net position, end of year	\$ 6,082,454	\$ 4,817,491

See accompanying notes to basic financial statements.

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
<i>Increase in Cash and Cash Equivalents</i>		
<i>Cash flows from operating activities</i>		
Cash received from and on behalf of patients	\$ 13,606,270	\$ 12,897,712
Cash received from electronic health records incentive payment	255,268	174,365
Cash received from operating grants	46,369	162,456
Cash received from other revenue	99,978	106,626
Cash paid to and on behalf of employees	(7,579,947)	(6,981,807)
Cash paid to suppliers and contractors	(4,290,008)	(3,259,194)
Net cash provided by operating activities	2,137,930	3,100,158
<i>Cash flows from noncapital financing activities</i>		
Cash received from taxation for maintenance and operations	260,995	261,734
Nonoperating activities	28,288	1,125
Contributions	7	5,000
Net cash provided by noncapital financing activities	289,290	267,859
<i>Cash flows from capital and related financing activities</i>		
Purchase of capital assets	(445,266)	(44,917)
Principal paid on long-term debt	(1,287,870)	(328,611)
Principal paid on capital lease obligations	(103,726)	(109,677)
Interest paid on long-term debt and capital lease obligations	(215,776)	(298,385)
Net cash used in capital and related financing activities	(2,052,638)	(781,590)
<i>Cash flows from investing activities</i>		
Interest received	70,479	23,192
Net increase in cash and cash equivalents	445,061	2,609,619
Cash and cash equivalents, beginning of year	3,779,309	1,169,690
Cash and cash equivalents, end of year	\$ 4,224,370	\$ 3,779,309

See accompanying notes to basic financial statements.

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Statements of Cash Flows (Continued)
Years Ended December 31, 2019 and 2018

	2019	2018
<i>Reconciliation of Cash and Cash Equivalents</i>		
<i>to the Statements of Net Position</i>		
Cash and cash equivalents	\$ 3,961,333	\$ 3,519,111
Cash and cash equivalents, restricted for debt service	263,037	260,198
Total cash and cash equivalents	\$ 4,224,370	\$ 3,779,309
<i>Reconciliation of Operating Income to Net Cash</i>		
<i>Provided by Operating Activities</i>		
Operating income	\$ 1,014,129	\$ 1,501,703
<i>Adjustments to reconcile operating income to net cash provided by operating activities</i>		
Depreciation and amortization	755,686	609,311
Provision for bad debts	539,524	454,335
(Increase) decrease in assets:		
Receivables:		
Patient accounts, net	(1,117,866)	(329,954)
Estimated third-party payor settlements	(1,000)	446,745
Other receivables	255,268	(80,903)
Inventories	(27,731)	41,619
Prepaid expenses	(851)	108,734
Increase (decrease) in liabilities:		
Accounts payable	54,258	166,596
Estimated third-party payor settlements	678,000	(41,667)
Employee compensation	(11,487)	223,639
Net cash provided by operating activities	\$ 2,137,930	\$ 3,100,158

Noncash Financing Activities

During the year ended December 31, 2019, the District entered into a capital lease obligation of \$146,816 for a medication dispensing system.

See accompanying notes to basic financial statements.

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Notes to Basic Financial Statements
Years Ended December 31, 2019 and 2018

1. Reporting Entity and Summary of Significant Accounting Policies:

a. Reporting Entity

Ferry County Public Hospital District No. 1 (the District) owns and operates two separate operating divisions: a hospital division which includes Ferry County Memorial Hospital and a 25-bed critical access hospital in Republic, and an assisted living division (ALF) encompassing a 16-bed assisted living facility located in Republic, Washington. The District provides healthcare services to patients in the Ferry County, Washington, area. Services provided by the District include an acute care hospital, assisted living, emergency room, physicians' clinic, and other related ancillary procedures (laboratory, imaging services, therapy, etc.) associated with those services.

The District operates under the laws of the state of Washington for Washington municipal corporations. As organized, the District is exempt from paying federal income taxes. The Board of Commissioners consists of five community members elected to six-year terms. The District is not a component unit of Ferry County.

b. Summary of Significant Accounting Policies

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

Enterprise fund accounting – The District's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to proprietary funds of governments. The District uses enterprise fund accounting. Revenue and expenses are recognized on the accrual basis using the economic resources measurement focus.

Cash and cash equivalents – All cash receipts are deposited directly into a depository bank account. Periodically, these funds are transferred to the Ferry County Treasurer. The Ferry County Treasurer acts as the District Treasurer. Warrants are issued by the District against the cash placed with the Ferry County Treasurer, and the warrants are redeemed from a commercial bank by the Ferry County Treasurer. For purposes of the statements of cash flows, the District considers all cash and cash investments with maturity dates of less than 90 days as cash and cash equivalents.

Inventories – Inventories of medical and other supplies are stated at cost (first-in, first-out method) which is considered lower than market price.

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

1. Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Compensated absences – Compensated absences are absences for which employees will be paid. The District provides paid time off (PTO) that accrues each pay period based on employment classification and length of service. The District also provides employees an Employee Illness Bank (EIB) in the event of an employee’s inability to work due to illness, injury, or family medical/health related emergency. The District records unpaid leave for compensated absences as an expense and liability when incurred. The District tracks and accrues PTO for all non-per diem employees who work regularly scheduled 40 hours or more in a two-week period, utilizing a formula based on the number of years of service. PTO may be accumulated up to a two-year accrued benefit. All employees who voluntarily end their employment with the District in good standing are paid their accrued hours at their regular pay rate.

The District also has a Wellness Incentive Plan. The purpose of the Wellness Incentive Plan is to encourage employees to maintain their EIB and to provide additional benefits of accrual and cash out. Employees who have reached 62 years of age or have been employed with the District in excess of 20 years may cash out a percentage of accrued EIB hours upon retirement.

Net position – Net position of the District is classified into three components. *Net investment in capital assets* consists of capital assets net of accumulated depreciation, reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* consists of assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District, including amounts deposited with trustees as required by bond indentures and by grantors for capital acquisition. *Unrestricted net position* is the remaining net position that does not meet the definition of *net investment in capital assets* or *restricted*.

Operating revenues and expenses – The District’s statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions, including grants for specific operating activities associated with providing healthcare services — the District’s principal activity. Nonexchange revenues, including taxes and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide healthcare services other than financing costs.

Restricted resources – When the District has both restricted and unrestricted resources available to finance a particular program, it is the District’s policy to use restricted resources before unrestricted resources.

Grants and contributions – From time to time, the District receives grants from individuals and other organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses. Grants that are for specific projects or purposes related to the District’s operating activities are reported as operating revenue. Grants that are used to subsidize operating deficits are reported as nonoperating revenue. Contributions, except for capital contributions, are reported as nonoperating revenue.

**Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018**

1. Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Subsequent events – Subsequent events have been reviewed through June 15, 2020, the date on which the financial statements were available to be issued.

Upcoming accounting standards pronouncements – In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. The new guidance is effective for the District year ending December 31, 2022, although earlier application is encouraged. The District has not elected to implement this statement early; however, management is still evaluating the impact, if any, of this statement in the year of adoption.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The new guidance is effective for the year ending December 31, 2021. Management is currently evaluating the effect this statement will have on the financial statements and related disclosures.

2. Bank Deposits and Investments:

Custodial credit risk is the risk that in the event of a depository institution failure, the District's deposits may not be refunded to it.

All cash and cash equivalents held by the County Treasurer or deposited with qualified public depositories are protected against loss by the State of Washington Public Deposit Protection Commission, as provided by RCW Chapter 39.58 subject to certain limitations. Qualified public depositories, including Washington Federal, N.A., pledge securities with this commission, which are available to insured public deposits within the state of Washington. The cash on deposit with these banks is also insured through the Federal Deposit Insurance Corporation.

The Revised Code of Washington, Chapter 39, authorizes municipal governments to invest their funds in a variety of investments including federal, state, and local government certificates, notes, or bonds; the Washington State Local Government Investment Pool; savings accounts in qualified public depositories; and certain other investments. Amounts invested in the Ferry County Investment Pool at December 31, 2019 and 2018, were \$3,487,754 and \$2,517,275, respectively. The Ferry County Investment Pool consists only of a simple money market account.

Investments in the Ferry County Local Government Investment Pool are reported at fair value based on the net asset value per share. Investments generally may be redeemed with no waiting period with proper notice to the Ferry County Treasurer.

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

3. Patient Accounts Receivable:

Patient accounts receivable are reduced by an allowance for uncollectible amounts. In evaluating the collectibility of patient accounts receivable, the District analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible amounts and provision for bad debts. Management regularly reviews data about these major patient payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the District records a significant 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 (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The District's allowance for uncollectible accounts for self-pay patients has not changed significantly from the prior year. The District does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

Patient accounts receivable reported as current assets by the District consisted of these amounts:

	2019	2018
Receivables from patients and their insurance carriers	\$ 1,399,434	\$ 968,485
Receivables from Medicare	755,105	498,767
Receivables from Medicaid	349,353	341,492
Receivables from 340B contract pharmacy	15,561	27,631
Total patient accounts receivable	2,519,453	1,836,375
Less allowance for uncollectible accounts	389,224	284,488
Patient accounts receivable, net	\$ 2,130,229	\$ 1,551,887

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

4. Property Taxes:

The Ferry County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on property values listed as of the prior May 31. Assessed values are established by the Ferry County Assessor at 100 percent of fair market value. A revaluation of all property is required every four years.

Taxes are due in two equal installments on April 30 and October 31. Collections are distributed monthly to the District by the County Treasurer.

The District is permitted by law to levy up to \$0.75 per \$1,000 of assessed valuation for general district purposes. Washington State Constitution and Washington State Law, RCW 84.55.010, limit the rate. The District currently levies taxes at a lower rate. Further amounts of tax must be authorized by the vote of the people.

The District's portion of the regular tax levy available for maintenance and operations was \$.0058 and \$.0057 per \$1,000 on a total assessed valuation of \$427,058,340 and \$416,784,520 for a total regular levy of \$247,260 and \$231,817 for the years ended December 31, 2019 and 2018, respectively.

Property taxes are recorded as receivables when levied. Since state law allows for sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

5. Capital Assets:

The District capitalizes assets whose costs exceed \$5,000 and with an estimated useful life of at least two years; lesser amounts are expensed. Capital assets are reported at historical cost or their estimated fair value at the date of donation. Expenditures for maintenance and repairs are charged to operations as incurred; betterments and major renewals are capitalized. When such assets are disposed of, the related costs and accumulated depreciation or amortization is removed from the accounts, and the resulting gain or loss is classified in nonoperating revenues or expenses. All capital assets, other than land and construction in progress, are being depreciated using the straight-line method over the shorter period of the lease term or the estimated useful life of the capital asset. Such amortization is included in depreciation and amortization in the financial statements. Useful lives have been estimated as follows:

Land improvements	5 to 20 years
Buildings and fixtures	3 to 40 years
Fixed equipment	3 to 25 years
Movable equipment	3 to 38 years

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

5. Capital Assets (continued):

Capital additions, retirements, transfers, and balances follow:

	Balance December 31, 2018	Additions	Retirements	Transfers	Balance December 31, 2019
<i>Capital assets not being depreciated</i>					
Land	\$ 27,282	\$ -	\$ -	\$ -	\$ 27,282
Total capital assets not being depreciated	27,282	-	-	-	27,282
<i>Capital assets being depreciated</i>					
Land improvements	284,945	23,909	-	-	308,854
Buildings and fixtures	8,947,146	-	-	-	8,947,146
Fixed equipment	1,862,043	34,985	-	-	1,897,028
Movable equipment	3,346,670	976,329	-	-	4,322,999
Total capital assets being depreciated	14,440,804	1,035,223	-	-	15,476,027
<i>Less accumulated depreciation for</i>					
Land improvements	200,054	4,600	-	-	204,654
Buildings and fixtures	3,882,372	458,346	-	-	4,340,718
Fixed equipment	1,771,871	51,007	-	-	1,822,878
Movable equipment	2,820,720	241,733	-	-	3,062,453
Total accumulated depreciation	8,675,017	755,686	-	-	9,430,703
<i>Total capital assets being depreciated, net</i>	5,765,787	279,537	-	-	6,045,324
Capital assets, net	\$ 5,793,069	\$ 279,537	\$ -	\$ -	\$ 6,072,606

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

5. Capital Assets (continued):

Capital additions, retirements, transfers, and balances follow:

	Balance December 31, 2017	Additions	Retirements	Transfers	Balance December 31, 2018
<i>Capital assets not being depreciated</i>					
Land	\$ 27,282	\$ -	\$ -	\$ -	\$ 27,282
Total capital assets not being depreciated	27,282	-	-	-	27,282
<i>Capital assets being depreciated</i>					
Land improvements	284,945	-	-	-	284,945
Buildings	8,947,146	-	-	-	8,947,146
Fixed equipment	1,862,043	-	-	-	1,862,043
Movable equipment	3,309,253	44,917	(7,500)	-	3,346,670
Total capital assets being depreciated	14,403,387	44,917	(7,500)	-	14,440,804
<i>Less accumulated depreciation for</i>					
Land improvements	190,927	9,127	-	-	200,054
Buildings	3,489,738	392,634	-	-	3,882,372
Fixed equipment	1,748,491	23,380	-	-	1,771,871
Movable equipment	2,644,050	184,170	(7,500)	-	2,820,720
Total accumulated depreciation	8,073,206	609,311	(7,500)	-	8,675,017
<i>Total capital assets being depreciated, net</i>	6,330,181	(564,394)	-	-	5,765,787
Capital assets, net	\$ 6,357,463	\$ (564,394)	\$ -	\$ -	\$ 5,793,069

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

6. Long-term Debt and Other Noncurrent Liabilities:

A schedule of changes in the District's long-term debt and capital lease obligations follows:

	Balance December 31, 2018	Additions	Reductions	Balance December 31, 2019	Amount Due Within One Year
<i>Bonds and Notes Payable</i>					
Tax Exempt Revenue Bond	\$ 4,306,365	\$ -	\$ (279,712)	\$ 4,026,653	\$ 89,101
Key Government Finance, Inc.	1,008,158	-	(1,008,158)	-	-
Total bonds and notes payable	5,314,523	-	(1,287,870)	4,026,653	89,101
<i>Capital lease obligations</i>	222,422	106,675	(103,726)	225,371	113,006
Total long-term debt and capital lease obligations	\$ 5,536,945	\$ 106,675	\$ (1,391,596)	\$ 4,252,024	\$ 202,107

	Balance December 31, 2017	Additions	Reductions	Balance December 31, 2018	Amount Due Within One Year
<i>Bonds and Notes Payable</i>					
Tax Exempt Revenue Bond	\$ 4,382,920	\$ -	\$ (76,555)	\$ 4,306,365	\$ 79,712
Key Government Finance, Inc.	1,093,095	-	(84,937)	1,008,158	86,721
Key Government Finance, Inc. – 2015	167,119	-	(167,119)	-	-
Total bonds and notes payable	5,643,134	-	(328,611)	5,314,523	166,433
<i>Capital lease obligations</i>	332,099	-	(109,677)	222,422	93,022
Total long-term debt and capital lease obligations	\$ 5,975,233	\$ -	\$ (438,288)	\$ 5,536,945	\$ 259,455

Long-term debt – The terms and due dates of the District's long-term debt, including capital lease obligations, at December 31, 2019 and 2018, are as follows:

- Tax Exempt Revenue Bond, dated January 2, 2007, in the original amount of \$5,000,000, for the purpose of improvements and expansion of District Facilities. The bond is payable in annual principal and interest installments of \$257,350, including interest at 4.25 percent, due through 2047. The registered owner of the bond is the United States Department of Agriculture (USDA).
- Note payable to Key Government Finance, Inc., in the original amount of \$1,400,000 was paid off during the year ended December 31, 2019.

Capital lease obligations – The District has multiple capital lease obligations with varying rates of imputed interest ranging from 1 percent to 5 percent and monthly payments ranging from \$617 to \$7,438, collateralized by capital. At December 31, 2019, the capitalized cost and accumulated amortization of the capital lease obligations were \$735,860 and \$472,897, respectively. At December 31, 2018, the capitalized cost and accumulated amortization of the capital lease obligations were \$633,523 and \$335,664, respectively.

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

6. Long-term Debt and Other Noncurrent Liabilities (continued):

Scheduled principal and interest payments on long-term debt and capital lease obligations follow:

	Bonds and Notes Payable			Capital Leases		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 89,101	\$ 168,249	\$ 257,350	\$ 113,006	\$ 19,336	\$ 132,342
2021	92,219	165,131	257,350	51,104	15,414	66,518
2022	89,989	167,361	257,350	19,323	11,274	30,597
2023	93,701	163,649	257,350	22,978	6,385	29,363
2024	97,567	159,783	257,350	18,960	975	19,935
2025-2029	551,627	735,123	1,286,750	-	-	-
2030-2034	675,182	611,568	1,286,750	-	-	-
2035-2039	826,410	460,340	1,286,750	-	-	-
2040-2044	1,011,511	275,239	1,286,750	-	-	-
2045-2047	499,346	59,412	558,758	-	-	-
	\$ 4,026,653	\$ 2,965,855	\$ 6,992,508	\$ 225,371	\$ 53,384	\$ 278,755

7. Net Patient Service Revenue:

The District recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the District recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the District's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the District records a significant provision for bad debts related to uninsured patients in the period the services are provided. The District's provisions for bad debts and write-offs have not changed significantly from the prior year. The District has not changed its charity care or uninsured discount policies during fiscal years 2019 or 2018.

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

7. Net Patient Service Revenue (continued):

Patient service revenue, net of contractual adjustments and discounts, recognized in the period from these major payor sources, is as follows:

	2019	2018
Patient service revenue (net of contractual adjustments and discounts):		
Medicare	\$ 6,571,579	\$ 5,932,731
Medicaid	2,891,282	2,845,752
Other third-party payors	2,795,443	2,609,486
Patients	1,140,876	995,420
340B contract pharmacy	755,089	578,805
	14,154,269	12,962,194
Less:		
Charity care	107,133	139,606
Provision for bad debts	539,524	454,335
Net patient service revenue	\$ 13,507,612	\$ 12,368,253

The District has agreements with third-party payors that provide for payments at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- *Medicare* – The Hospital has been designated a critical access hospital and its clinic a rural health clinic by Medicare, and as such it is reimbursed for most inpatient, swing bed, and outpatient services on a cost basis as defined and limited by the Medicare program. Non-rural health clinic physician services are reimbursed on a fee schedule. The Medicare program’s administrative procedures preclude final determination of amounts due to the District for such services until three years after the District’s cost reports are audited or otherwise reviewed and settled upon by the Medicare administrative contractor.
- *Medicaid* – The majority of Medicaid beneficiaries are covered through health maintenance organizations operated by commercial insurance companies. The District is reimbursed for inpatient and outpatient services on a prospectively determined rate that is based on historical revenues and expenses for the District.

The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

7. Net Patient Service Revenue (continued):

Net patient service revenue increased by approximately \$1,000 and \$370,000 in the years ended December 31, 2019 and 2018, respectively, due to differences between original estimates and preliminary settlements.

The District provides charity care to patients who are financially unable to pay for the healthcare services they receive. The District's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the District does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended December 31, 2019 and 2018, were approximately \$65,000 and \$91,000, respectively.

8. Electronic Health Records Incentive Payments:

The District recognized Medicaid electronic health records (EHR) incentive payments during the year ended December 31, 2018. EHR incentive payments are provided to incent hospitals to become meaningful users of EHR technology, not to reimburse providers for the cost of acquiring EHR assets. EHR incentive payments are therefore reported as operating revenue.

The District recognizes the Medicaid incentive payment on the date that the District has successfully complied with meaningful use criteria during the entire EHR reporting period. The District received Medicaid incentive payments in the approximate amount of \$-0- and \$255,000 during the years ended December 31, 2019 and 2018, respectively.

9. Retirement Plans:

The District has a Section 457(b), a defined contribution pension plan, for its full-time, part-time, and as-needed (PRN) employees. The Section 457(b) defined contribution plan is administered by Lincoln Financial Group.

Benefit terms, including contribution requirements, for Section 457(b) defined contribution retirement plan are established and may be amended by the Board of Commissioners. Under the plan, all full-time, part-time, and PRN employees can begin contributing to their 457(b) retirement plan immediately upon employment. Under the plan, employees may contribute up to 50 percent of their gross compensation, including any bonuses or special payments, through payroll deductions, up to a maximum amount per year established by the IRS. If employees are 50 or over, they may also be eligible for catch-up contributions. The plan provides for matching contributions by the District for full and part-time employees after the employee has completed the introductory period, up to 3 percent. The matching contribution amount is also set and approved by the Board of Commissioners.

Employees are immediately vested in their own contributions and earnings and District contributions are immediately 100 percent vested. The District's contributions to the plan were approximately \$57,000 and \$51,000 for the years ended December 31, 2019 and 2018, respectively. The District's employees' contributions to the plan were approximately \$130,000 and \$115,000 for 2019 and 2018, respectively.

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

10. Risk Management and Contingencies:

Medical malpractice claims – The District has professional liability insurance coverage offered by Coverys. The policy provides protection on a “claims-made” basis whereby claims filed in the current year are covered by the current policy. If there are occurrences in the current year, these will only be covered in the year the claim is filed if claims-made coverage is obtained in that year or if the District purchases insurance to cover prior acts. The current professional liability insurance provides \$1,000,000 per claim of primary coverage with an annual aggregate limit of \$5,000,000. The policy has no deductible.

The District also has excess professional liability insurance with Coverys on a “claims-made” basis. The excess malpractice insurance provides \$1,000,000 per claim of primary coverage with an aggregate limit of \$5,000,000. The policy has no deductible.

No liability has been accrued for future coverage for acts, if any, occurring in this or prior years. Also, it is possible that claims may exceed coverage available in any given year.

Self-insurance risk pools – The District self-insures for unemployment insurance through the Public Hospital District Unemployment Compensation Trust. The trust is a risk transfer pool administered by the Washington State Hospital Association. The District pays its share of actual unemployment claims, maintenance of reserves, and administrative expenses. Premiums are charge to operations as they are incurred. Unemployment compensation expenses under the plan were approximately \$23,000 and \$16,000 in 2019 and 2018, respectively

The District insures for workers’ compensation through the state of Washington’s Department of Labor & Industries (L&I). L&I manages all claims and pays benefits out of an insurance pool called the Washington State Fund. The fund is financed by premiums paid by employers and employees. Premiums are charged to operations as they are incurred. The District recognized dividends of approximately \$52,000 and \$92,000, from the Public Hospital District Workers’ Compensation Fund, which was offset against workers’ compensation expense in 2019 and 2018, respectively. Workers’ compensation expense was approximately \$88,000 and \$77,000 in 2019 and 2018, respectively.

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.

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

10. Risk Management and Contingencies (continued):

Industry regulations – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditations, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

11. Concentration of Risks:

Patient accounts receivable – The District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The majority of these patients are geographically concentrated in and around Ferry County.

The mix of receivables from patients follows:

	2019	2018
Medicare	30 %	29 %
Medicaid	20	23
Other third-party payors	26	26
Patients	24	22
	100 %	100 %

Collective bargaining units – Effective March 21, 2019, the District renewed its contract with a labor union. As of December 31, 2019 and 2018, approximately 10 percent and 6 percent of the District’s employees were represented under a collective bargaining agreement with United Food & Commercial Workers Union Local 21, respectively. The contract is effective through July 31, 2021.

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

12. COVID-19 Pandemic:

The COVID-19 pandemic has created economic uncertainties which may negatively impact the District's financial position. Beginning in March 2020, the District began experiencing significant declines in revenues due to the state of Washington temporarily suspending all elective surgeries and other elective procedures. The elective procedures suspended were injections, endoscopies, physical therapy, and non-urgent imaging and laboratory services. In addition, the District has experienced declines in volumes of outpatient and ancillary services, such as emergency department and clinic visits. The state of Washington lifted the ban on elective procedures on May 18, 2020, and on this day the District restarted elective procedures.

In April and May 2020, the District received approximately \$3,800,000 of funding from the CARES Act Provider Relief Fund. Additional distributions from the CARES Act Provider Relief Fund are expected based on announcements by the United States Department of Health and Human Services.

Medicare sequestration has been suspended from May 1, 2020 through December 31, 2020, which will increase Medicare reimbursement by 2 percent.

The District also entered into a loan for approximately \$1,280,000 in April 2020 as part of the Small Business Administration Paycheck Protection Program, also a part of the federal government's response to the pandemic. The loan bears interest at 1 percent and matures in April 2022. The loan has the potential to be forgiven in full or in part based on certain payroll and other costs incurred in the eight-week period following the date of first disbursement of the loan funds.

As of December 31, 2019, the District had unrestricted reserves representing 122 days of operating expenses.

The District has also received Medicare accelerated payments of approximately \$2,082,000 subsequent to year end. The Medicare accelerated payments will begin to be repaid within 120 days of receipt.

The District has also implemented cost containment efforts in response to COVID-19. State and federal governments are also considering additional emergency funding to help hospitals overcome these negative effects.

The District could also utilize its unrestricted reserves to cover operating expenses until revenues recover. The ultimate COVID-19 pandemic effect on the District's financial position is unknown at this time.



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT 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*

Board of Commissioners
Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Republic, Washington

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 financial statements of Ferry County Public Hospital District No. 1 doing business as Ferry County Memorial Hospital (the District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 15, 2020.

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) to determine the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
June 15, 2020

**Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Schedule of Findings and Responses
Year Ended December 31, 2019**

2019-001 Auditor-Detected Adjusting Journal Entries

<i>Condition</i>	Adjusting journal entries were proposed by the audit team to the allowance for doubtful patient accounts receivable and to post a prior year's journal entry to record third-party settlements.
<i>Criteria</i>	<input type="checkbox"/> Compliance Finding <input type="checkbox"/> Significant Deficiency <input checked="" type="checkbox"/> Material Weakness No material adjusting journal entries should be detected by the auditors during the audit process.
<i>Context</i>	This finding appears to be an <i>isolated</i> problem.
<i>Cause</i>	<p>The District's allowance for doubtful patient accounts receivable is based on average account writeoffs during the year compared to charges. However, this method omits the harder to collect accounts.</p> <p>The District did not post a significant journal entry related to third party settlements from the previous year audit and therefore the December 31, 2019, net position was incorrect.</p>
<i>Effect</i>	Financial reports may be inaccurate and could affect management and board decision making.
<i>Recommendation</i>	<p>In calculating the allowance for doubtful accounts, we recommend the District utilize either a "zero-balance report" whereby only paid claims are considered, or use the inverse of collections as a percentage of gross charges.</p> <p>We also recommend the District compare its final trial balance to the audit report to ensure all agreed upon adjusting journal entries have been posted to the accounting system.</p>
<i>Management's Response</i>	The finance department will implement the changes recommended for calculating the allowance for doubtful accounts. The finance department will also reconcile the hospital's final trial balance to the audited financial statements at the conclusion of the audit.

**Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2019**

Prior-year Number	Description	Current Status
2018-001	Auditor-Detected Adjusting Journal Entries	Repeated as 2019-001
2018-002	Prior Period Adjustments	Resolved

SUPPLEMENTAL SCHEDULES

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Schedule of Divisional Statement of Net Position
Year Ended December 31, 2019

ASSETS	Hospital Division	ALF Division	Reclasses/ Eliminations	Totals
<i>Current assets</i>				
Cash and cash equivalents	\$ 3,878,402	\$ 82,931	\$ -	\$ 3,961,333
Receivables:				
Patient accounts, net of estimated uncollectibles	2,058,285	71,944	-	2,130,229
Taxes	20,003	-	-	20,003
Estimated third-party payor settlements	11,000	-	-	11,000
Other	100,000	-	-	100,000
Cash and cash equivalents restricted for bond repayment	263,037	-	-	263,037
Inventories	193,999	-	-	193,999
Prepaid expenses	32,053	-	-	32,053
Total current assets	6,556,779	154,875	-	6,711,654
<i>Noncurrent assets</i>				
Due to/from ALF division	1,574,011	-	(1,574,011)	-
Capital assets, net of accumulated depreciation	6,072,606	-	-	6,072,606
Total noncurrent assets	7,646,617	-	(1,574,011)	6,072,606
Total assets	\$ 14,203,396	\$ 154,875	\$ (1,574,011)	\$ 12,784,260
LIABILITIES AND NET POSITION	Hospital Division	ALF Division	Reclasses/ Eliminations	Totals
<i>Current liabilities</i>				
Current maturities of long-term debt	\$ 89,101	\$ -	\$ -	\$ 89,101
Current maturities of capital lease obligations	113,006	-	-	113,006
Estimated third-party payor settlements	739,000	-	-	739,000
Accounts payable	445,186	3,828	-	449,014
Capital accounts payable	483,282	-	-	483,282
Accrued compensation and related liabilities	557,783	45,995	-	603,778
Accrued interest payable	174,708	-	-	174,708
Total current liabilities	2,602,066	49,823	-	2,651,889
<i>Noncurrent liabilities</i>				
Interdivision payables	-	1,574,011	(1,574,011)	-
Long-term debt, less current maturities	3,937,552	-	-	3,937,552
Capital lease obligation, less current maturities	112,365	-	-	112,365
Total noncurrent liabilities	4,049,917	1,574,011	(1,574,011)	4,049,917
Total liabilities	6,651,983	1,623,834	(1,574,011)	6,701,806
<i>Net position</i>				
Net investment in capital assets	1,162,592	-	-	1,162,592
Restricted for debt service	263,037	-	-	263,037
Unrestricted	6,125,784	(1,468,959)	-	4,656,825
Total net position	7,551,413	(1,468,959)	-	6,082,454
Total liabilities and net position	\$ 14,203,396	\$ 154,875	\$ (1,574,011)	\$ 12,784,260

See accompanying independent auditors' report.

Ferry County Public Hospital District No. 1
doing business as Ferry County Memorial Hospital
Schedule of Divisional Statement of Revenue, Expenses,
and Changes in Net Position
Year Ended December 31, 2019

	Hospital Division	ALF Division	Reclasses/ Eliminations	Totals
<i>Operating revenues</i>				
Net patient service revenue	\$ 12,926,053	\$ 581,559	\$ -	\$ 13,507,612
Grants	46,369	-	-	46,369
Other	99,808	170	-	99,978
Total operating revenues	13,072,230	581,729	-	13,653,959
<i>Operating expenses</i>				
Salaries and wages	5,641,004	378,660	-	6,019,664
Employee benefits	1,428,039	120,757	-	1,548,796
Professional fees	1,562,018	-	-	1,562,018
Purchased services	911,609	85,482	(67,835)	929,256
Supplies	989,726	24,751	-	1,014,477
Utilities	238,185	13,720	-	251,905
Rentals and leases	61,992	128,675	(128,675)	61,992
Repairs and maintenance	101,464	311	-	101,775
Depreciation and amortization	755,686	-	-	755,686
Insurance	85,159	-	-	85,159
Other	299,651	9,451	-	309,102
Total operating expenses	12,074,533	761,807	(196,510)	12,639,830
<i>Operating income (loss)</i>	997,697	(180,078)	196,510	1,014,129
<i>Nonoperating revenues (expenses)</i>				
Tax revenue	260,744	-	-	260,744
Capital grant	100,000	-	-	100,000
Nonoperating revenue	224,798	-	(196,510)	28,288
Contributions	7	-	-	7
Interest expense	(208,684)	-	-	(208,684)
Interest income	69,332	1,147	-	70,479
Total nonoperating revenues (expenses), net	446,197	1,147	(196,510)	250,834
Change in net position	1,443,894	(178,931)	-	1,264,963
Net position, beginning of year	6,107,519	(1,290,028)	-	4,817,491
Net position, end of year	\$ 7,551,413	\$ (1,468,959)	\$ -	\$ 6,082,454

See accompanying independent auditors' report.