



VETERANS' HOME PROGRAM ANNUAL FINANCIAL REPORT

ENTERPRISE FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Annual Financial Report
Veterans' Home Program
Enterprise Fund of the
Oregon Department of Veterans' Affairs

An Agency of the State of Oregon

For The Fiscal Year Ended
June 30, 2020



Kelly Fitzpatrick
Director

Aaron Hunter, CPA
Chief Financial Officer

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Oregon

Kate Brown, Governor

Department of Veterans' Affairs

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October 26, 2020

To the Honorable Governor Kate Brown and Citizens of the State of Oregon:

We are pleased to provide you with the Annual Financial Report of the Oregon Department of Veterans' Affairs (*the "Department"*) Home Program Enterprise fund, for the fiscal year ended June 30, 2020.

This report is organized and presented in five sections. The **Introductory Section** includes this transmittal letter and an organizational chart. The **Financial Section** includes the independent auditor's report, management's discussion and analysis, the financial statements and accompanying notes. The **Other Supplemental Section** includes the Department's Governmental and Fiduciary funds' financial statements for the purposes of additional analysis. The **Statistical Section** includes selected financial and programmatic information, much of which is presented on a multi-year basis. The **Other Reports** section includes the independent auditor's report on compliance and internal control over financial reporting.

Department management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Department has contracted with Merina and Company for the audit of the Department's Enterprise Fund for the year ended June 30, 2020. Their unmodified opinion on the Enterprise Fund financial statements is included in the Financial Section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

OREGON ECONOMY

Recent Trends – According to excerpts from the September 2020 Oregon Economic and Revenue Forecast from the Oregon Office of Economic Analysis (OEA):

Economic Summary

The economy remains in a Great Recession-sized hole. However, given the nature of the cycle to date, diverging trends have emerged. In particular, lower-income households have borne the brunt of the recession. The combination of higher-income households being less impacted to date, and the large federal support means consumer spending and tax collections have held up much better than expected.

The strong economic growth in recent months is encouraging, as many workers on temporary layoffs are recalled. However, normally it takes a year or two for the recessionary shock to work its way through the economy. When the outlook darkens, firms usually don't fire their workers immediately. Only over time, when the phone starts ringing less, do weak sales lead firms to cut back on parts and labor. These spending cuts in turn leads to lost income for suppliers and workers who reduce their downstream spending accordingly. This traditional recessionary dynamic is just getting under way, even though the labor market is improving due to thousands of temporarily unemployed workers returning to their jobs.

Overall the current state of the economy is much better than feared at the time of the previous forecast. But the economic outlook in the years ahead is only improved modestly. It takes time, even under the best of circumstances to regain lost ground due to recessions. 2020 so far is anything but the best.

Outlook

In the near-term Oregon's economy is impacted by COVID-19 and the wildfires that destroyed our communities. Over the long-term, Oregon's ability to attract and retain skilled, working-age households is one of our comparative advantages. To the extent the pandemic, wildfires, drought, or protests and clashes of violence impact this advantage remains to be seen, but they all represent downside risks to the outlook. On the other hand should telecommuting and remote work increase as a result of the pandemic and changing business practices, Oregon stands to take advantage.

Previously when Oregon faced double-digit job losses and unemployment, the recovery took five years once underway. All told, our office expects this cycle to be faster given the stronger economy before the pandemic and the somewhat limited amount of permanent damage to date. Expectations are Oregon's labor market will return to health by mid-2023. Even so, growth is likely to slow in the months ahead as the easy economic gains related to the recalls play out, the loss of federal support weighs more on consumers, and concerns over the spread of the virus increases in the coming, colder months.

MAJOR INITIATIVES

Current Service Efforts and Accomplishments - Article XI-A of the Oregon Constitution outlines the broad duties of the Department. The primary Oregon Revised Statutes governing the Department are Chapters 406 through 408.

The ***Veterans' Home Program*** provides professional medical, nursing, rehabilitative, social and other support services primarily to veterans and their spouses residing in an Oregon Veterans' Home.

Oregon Veterans' Home, The Dalles

Located in The Dalles, the original Oregon Veterans' Home (OVH), which opened in November 1997, has the capacity to serve 151 residents and had occupancy of approximately 118 residents at June 30, 2020. The Department owns the OVH and has contracted with Veterans Care Centers of Oregon (VCCO), a non-profit organization, to provide the services needed by the residents. The Oregon Veterans' Home recently completed a \$5 million interior remodel and is nearing completion of \$4 million in exterior upgrades.

Edward C. Allworth Oregon Veterans' Home, Lebanon

Located in Linn County (Lebanon) and opened in October 2014, the second Veterans' Home is the Edward C. Allworth Oregon Veterans' Home. The Lebanon Veterans' Home has 154 beds and offers the same services as The Dalles Veterans' Home; however, it was built using a "small house model". This type of design is more costly to build and operate, but provides a more home-like setting for the residents. As of June 30, 2020, the occupancy was approximately 130 residents. The Department owns the Lebanon Veterans' Home and has contracted with VCCO to provide the services needed by the residents.

Future Plans

The Oregon Department of Veterans' Affairs is also in the grant application process with the Federal VA seeking funding for a third Veterans' Home, as authorized by Oregon Revised Statute 408.385.

FINANCIAL INFORMATION

Enterprise Fund - The Veterans' Home Program is an enterprise fund which is used to account for the Department's business-type activities.

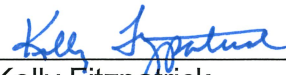
At June 30, 2020, the Veterans' Home Program had approximately \$86.1 million in assets (*primarily consisting of cash and cash equivalents, receivables, and capital assets*) and approximately \$5.7 million in liabilities (*primarily consisting of short-term payables and obligations arising from securities lending*).

Cash Management - All monies collected by the Department are turned over to the State Treasurer, who is responsible for the control of cash and the investment of State funds. On June 30, 2020, the Department's Home Program cash and cash equivalents (*excluding securities lending collateral*) totaled approximately \$24.8 million.

The Oregon Investment Council, of which the State Treasurer is a member, establishes investment policy for all State of Oregon funds. To further Oregon's economic growth, the Council's continuing policy has been to invest locally when investments of comparable yield, quality, and maturity can be found in state without damaging portfolio diversity. Fortunately for Oregonians, State-imposed safeguards minimize the dangers of investing in highly leveraged financial instruments that have been a cause of national concern. The State Treasurer pools all available cash into the Oregon Short-Term Fund from which investments are made in a variety of financial instruments.

Acknowledgements - The preparation of this report reflects the combined efforts of the Department's staff. The professionalism, commitment, and effort of the individuals involved are very much appreciated.

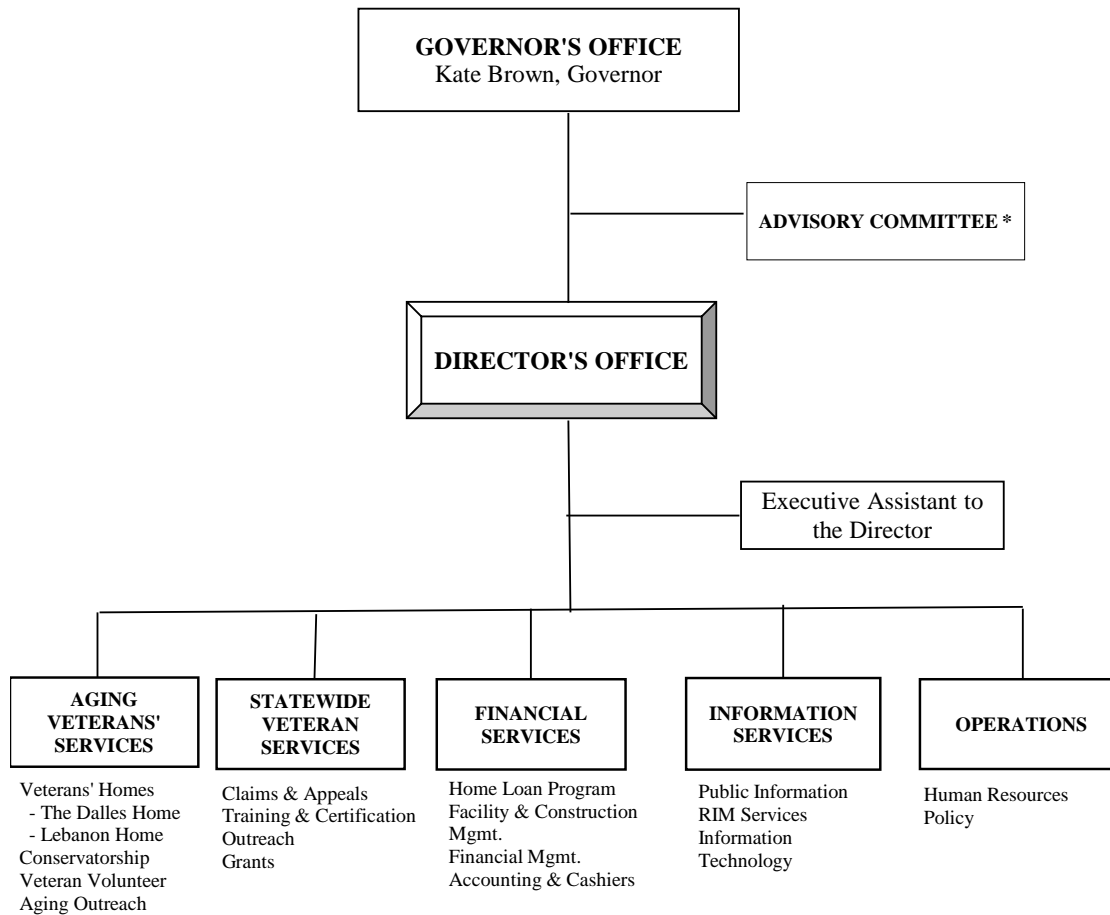
Respectfully submitted,



Kelly Fitzpatrick
Director



Aaron Hunter
Chief Financial Officer



* The Advisory Committee is a nine-member advisory body appointed by the Governor for four-year terms. The committee advises the Director concerning matters of the operations of the Department and issues affecting veterans and their dependents and survivors who reside in this state.

Advisory Committee Members	Term Expires	Advisory Committee Members	Term Expires
James A Gardner	November 30, 2020	Nell Stamper	November 30, 2023
Christine Gittins	September 30, 2023	Bob Van Voorhis	April 30, 2023
Dennis Guthrie	June 30, 2020	Vacant	
John F Howard	March 15, 2024	Vacant	
Reynold L Leno	March 15, 2024		



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Kate Brown, Governor of Oregon
Kelly Fitzpatrick, Director, Oregon Department of Veterans' Affairs

Report on the Financial Statements

We have audited the accompanying financial statements of the Veterans' Home Program, an enterprise fund of the State of Oregon, Department of Veterans' Affairs (the Home Program), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Home Program's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Home Program's 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.

Auditor's 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 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 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 respective financial position of the Home Program as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof 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 1, the financial statements of the Oregon Department of Veterans' Affairs Home Program are intended to present the financial position, and the changes in financial position and cash flows, where applicable, of only the position of the Oregon Department of Veterans' Affairs that is attributable to the transactions of the Home Program. They do not purport to, and do not, present fairly the financial position of the State of Oregon or Oregon Department of Veterans' Affairs as of June 30, 2020, and the changes in their financial position and their cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Home Program's basic financial statements. The introductory section, other supplemental section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, other supplemental section, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2020 on our consideration of the Home Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Home Program's internal control over financial reporting or on compliance. That report is an integral part of an

audit performed in accordance with *Government Auditing Standards* in considering the Home Program's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Tonye M. Williams". The signature is fluid and cursive, with the first name "Tonye" being more prominent than the last name "Williams".

For Merina+Co
Tualatin, Oregon
October 23, 2020

State of Oregon
Oregon Department of Veterans' Affairs
Veterans' Home Program
Management's Discussion and Analysis

This section of the Oregon Department of Veterans' Affairs' (*the "Department"*) Veterans' Home Program Annual Financial Report presents our discussion and analysis of financial performance for the Department's Proprietary Fund during the fiscal year ended June 30, 2020. The selected financial data presented was derived primarily from the financial statements of the Department, which have been audited.

FINANCIAL HIGHLIGHTS

- Net position increased from approximately \$77.5 million at June 30, 2019, to approximately \$80.5 million at June 30, 2020, an increase of \$3.0 million, or 3.84%.
- Operating revenues increased from approximately \$42.0 million at June 30, 2019, to approximately \$44.0 million at June 30, 2020, an increase of \$2.0 million, or 4.82%.
- Operating expenses increased from approximately \$39.5 million at June 30, 2019, to approximately \$42.1 million at June 30, 2020, an increase of \$2.6 million or 6.69%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Veterans' Home Program's basic financial statements. The basic financial statements include proprietary fund financial statements and notes to the financial statements. The Veterans' Home Program's basic financial statements do not include department-wide financial statements since only the Veterans' Home Program proprietary fund is audited within this Annual Financial Report. The Department does have a Veterans' Loan Program and a minimal portion of governmental funds that are included in the State of Oregon Comprehensive Annual Financial Report located at <http://www.oregon.gov/DAS/Financial/Acctng/pages/index.aspx>.

The audited Annual Financial Report on the Department's Veterans' Loan Program can be located at: <http://www.oregon.gov/odva/INFO/Pages/AnnualReports.aspx>.

- The Veterans' Home Program's proprietary fund financial statements include a major enterprise fund, which operates similarly to business activities and follow an accrual basis of accounting.
- The notes to the financial statements provide additional information essential to a full understanding of the data provided in the Veterans' Home Program's proprietary fund financial statements.

OVERVIEW OF THE PROPRIETARY FUNDS FINANCIAL POSITION & OPERATIONS

Total assets at June 30, 2020 were approximately \$86.1 million, an increase of \$4.2 million from June 30, 2019. The change in assets consists primarily of a \$3.9 million increase in accounts receivable.

Total liabilities at June 30, 2020, were approximately \$5.7 million, an increase of \$1.2 million from June 30, 2019. The change in liabilities consists primarily of a \$778 thousand increase in accounts payable and \$664 thousand increase in unearned revenue.

The Veterans' Home Program's proprietary fund financial position and operations for the past two years are summarized below based on the information included in the basic financial statements.

**Veterans' Home Program - Proprietary Fund
Statement of Net Position**

	Business Type Activity			
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Current and Other Assets	\$ 32,246,134	\$ 28,050,537	\$ 4,195,597	14.96%
Capital Assets	53,829,808	53,864,197	(34,389)	-0.06%
Total Assets	\$ 86,075,942	\$ 81,914,734	\$ 4,161,208	5.08%
Deferred Outflows of Resources	\$ 109,704	\$ 110,179	\$ (475)	-0.43%
Liabilities:				
Long Term Liabilities	\$ 335,408	\$ 329,738	\$ 5,670	1.72%
Other Liabilities	5,347,524	4,167,010	1,180,514	28.33%
Total Liabilities	\$ 5,682,932	\$ 4,496,748	\$ 1,186,184	26.38%
Deferred Inflows of Resources	\$ 16,659	\$ 17,474	\$ (815)	-4.66%
Net Position:				
Net Investment in Capital Assets	\$ 53,829,808	\$ 53,864,197	\$ (34,389)	-0.06%
Restricted for OPEB	3,636	2,468	1,168	47.33%
Unrestricted	26,652,611	23,644,026	3,008,585	12.72%
Total Net Position	\$ 80,486,055	\$ 77,510,691	\$ 2,975,364	3.84%

Cash and Cash Equivalents

Total cash and cash equivalents increased by approximately \$709 thousand, or 2.94%, from June 30, 2019 to June 30, 2020. The increase in cash is primarily due to federal funds received from the CARES Act Provider Relief Fund for COVID-19 related costs & lost revenue.

Accounts Receivable

Total accounts receivable related to resident care increased by approximately \$3.9 million, or 121.53%, from June 30, 2019 to June 30, 2020. The increase in accounts receivable is related to delays in receiving Federal VA per diem payments due to COVID-19 related closures and delayed processing time.

Net Position

Total Net Position increased by approximately \$3.0 million in fiscal year 2020. The increase in net position is primarily attributable to higher resident occupancy levels prior to the onset of the COVID-19 pandemic and federal funding received from the CARES Act Provider Relief Fund for COVID-19 related costs and lost revenue.

The results of operations for the Veterans' Home Program's proprietary funds are presented in the following table:

Veterans' Home Program - Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position

	Business Type Activities			
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Revenues:				
Resident Revenue (Net)	\$ 43,403,557	\$ 41,379,540	\$ 2,024,017	4.89%
Investment Income	526,207	468,850	57,357	12.23%
Other Income	43,261	101,254	(57,993)	-57.27%
Total Revenues	\$ 43,973,025	\$ 41,949,644	2,023,381	4.82%
Expenses:				
Salaries and Other Payroll	\$ 422,456	\$ 327,302	\$ 95,154	29.07%
Securities Lending Investment Expense	3,679	7,130	(3,451)	-48.40%
Services and Supplies	462,900	983,229	(520,329)	-52.92%
Veterans' Home Operations	39,196,192	36,329,572	2,866,620	7.89%
Depreciation	2,034,706	1,831,826	202,880	11.08%
Total Expenses	\$ 42,119,933	\$ 39,479,059	\$ 2,640,874	6.69%
Operating Income (Loss)	\$ 1,853,092	\$ 2,470,585	\$ (617,493)	-24.99%
Nonoperating Revenue (Expenses)				
Interest Expense - Pension Related Debt	\$ (1,784)	\$ (1,734)	\$ (50)	2.88%
CARES Provider Relief Federal Funds	1,091,342	-	1,091,342	100.00%
Total Nonoperating Revenue (Expenses)	\$ 1,089,558	\$ (1,734)	\$ 1,091,292	
Income (Loss) before Transfers and Contributions	\$ 2,942,650	\$ 2,468,851	\$ 473,799	19.19%
Transfers and Contributions				
Net Transfers from Veterans' Home Trust Fund	\$ 48,050	\$ 127,740	\$ (79,690)	-62.38%
Net Transfers to Dept. of Admin Services	(15,336)	(12,914)	(2,422)	18.75%
Net Transfers from Article XI-Q Bond Proceeds	-	2,146,022	(2,146,022)	-100.00%
Total Transfers and Contributions	\$ 32,714	\$ 2,260,848	\$ (2,228,134)	-98.55%
Increase (Decrease) in Net Position	\$ 2,975,364	\$ 4,729,699	\$ (1,754,335)	-37.09%
Net Position – Beginning	\$ 77,510,691	\$ 72,780,992	\$ 4,729,699	6.50%
Net Position – Ending	\$ 80,486,055	\$ 77,510,691	\$ 2,975,364	3.84%

The Veterans' Home Program's proprietary fund operating revenue is generated principally from resident-related revenues, including monies from the Federal VA, Medicare, Medicaid and resident private pay. In fiscal year 2020, revenue generated through the Veterans' Home Program's proprietary fund totaled approximately \$44.0 million, of which approximately 99% is from resident-related revenue. Expenses of the Veterans' Home Program's proprietary fund consist primarily of operational expenses. The total expenses for proprietary fund activities totaled approximately \$42.1 million in fiscal year 2020, of which approximately 95% is related to services provided to residents at the Veterans' Homes.

Requests for Information

This financial report is designed to provide a general overview of the Department's Veterans' Home Program finances. Questions or requests for additional financial information should be addressed to the Chief Financial Officer, Oregon Department of Veterans' Affairs, 700 Summer Street N.E., Salem, Oregon 97301.

Oregon Department of Veterans' Affairs
Veterans' Home Program
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-Type Activity - Enterprise Fund
	<i>Veterans' Home Program</i>
Assets	
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 24,184,448
Cash and Cash Equivalents - Restricted	614,942
Securities Lending Cash Collateral	370,750
Resident Care Receivable	7,051,217
Total Current Assets	\$ 32,221,357
<u>Noncurrent Assets</u>	
Resident Care Receivable (Net)	\$ 21,141
Net OPEB Asset - RHIA Plan	3,636
Capital Assets:	
Building, Property and Equipment	58,905,674
Improvements Other than Buildings	2,313,910
Land	4,648,018
Construction in Progress	1,908,066
Works of Art and Historical Treasures	137,018
Accumulated Depreciation	(14,082,878)
Total Noncurrent Assets	\$ 53,854,585
Total Assets	\$ 86,075,942
<u>Deferred Outflows of Resources</u>	
Pension Related	\$ 108,547
OPEB Related	1,157
Total Deferred Outflows of Resources	\$ 109,704
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Accounts Payable	\$ 4,022,140
Due to Other Funds	91,484
Unearned Revenue	776,511
Obligations under Securities Lending	370,750
Pension Related Debt	2,381
Compensated Absences Payable	5,618
Contracts Payable - Retainage	78,640
Total Current Liabilities	\$ 5,347,524
<u>Noncurrent Liabilities</u>	
Pension Related Debt	\$ 20,547
Net Pension Liability	300,713
Compensated Absences Payable	3,025
Net OPEB Liability - RHIPA Plan	1,629
Total OPEB Liability - PEBB Plan	9,494
Total Noncurrent Liabilities	\$ 335,408
Total Liabilities	\$ 5,682,932
<u>Deferred Inflows of Resources</u>	
Pension Related	\$ 14,336
OPEB Related	2,323
Total Deferred Inflows of Resources	\$ 16,659
<u>Net Position</u>	
Net Investment in Capital Assets	\$ 53,829,808
Restricted for OPEB	3,636
Unrestricted	26,652,611
Total Net Position	\$ 80,486,055

The accompanying notes are an integral part of the financial statements.

Oregon Department of Veterans' Affairs
Veterans' Home Program
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activity - Enterprise Fund
	<i>Veterans' Home Program</i>
<u>Operating Revenues</u>	
Resident Revenue (Net)	\$ 43,403,557
Investment Income	526,207
Other Income	43,261
<i>Total Operating Revenues</i>	\$ 43,973,025
<u>Operating Expenses</u>	
Salaries and Other Payroll	\$ 422,456
Securities Lending Investment Expense	3,679
Services and Supplies	462,900
Veterans' Home Operations	39,196,192
Depreciation	2,034,706
<i>Total Operating Expenses</i>	\$ 42,119,933
Operating Income (Loss)	\$ 1,853,092
<u>Nonoperating Revenues (Expenses)</u>	
Interest Expense - Pension Related Debt	\$ (1,784)
CARES Provider Relief Federal Funds	1,091,342
<i>Total Nonoperating Revenues (Expenses)</i>	\$ 1,089,558
Income (Loss) before Transfers and Contributions	\$ 2,942,650
Transfers and Contributions	
Net Transfers from Veterans' Home Trust Fund	\$ 48,050
Net Transfers to Dept. of Administrative Services	(15,336)
<i>Total Transfers and Contributions</i>	\$ 32,714
<i>Increase (Decrease) in Net Position</i>	\$ 2,975,364
Net Position - Beginning	\$ 77,510,691
Net Position - Ending	\$ 80,486,055

The accompanying notes are an integral part of the financial statements.

Oregon Department of Veterans' Affairs
Veterans' Home Program
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-Type Activity - Enterprise Fund
	<i>Veterans' Home Program</i>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 40,187,508
Payments to Employees for Services	(321,133)
Payments to Suppliers	(37,544,303)
Payments to Other Funds for Services	(1,298,943)
Other Receipts (Payments)	43,262
Net Cash Provided (Used) in Operating Activities	<u>1,066,392</u>
Cash Flows from Noncapital Financing Activities:	
Principal Payments on Pension-Related Debt	(2,322)
Interest Payments on Pension-Related Debt	(1,784)
CARES Provider Relief Federal Funds	1,091,342
Transfers from Other Funds	48,050
Transfers to Other Funds	(15,336)
Net Cash Provided (Used) in Noncapital Financing Activities	<u>1,119,949</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(2,000,317)
Net Cash Provided (Used) in Capital and Related Financing Activities	<u>(2,000,317)</u>
Cash Flows from Investing Activities:	
Interest on Investments and Cash Balances	522,528
Investment Income from Securities Lending	3,679
Investment Expense from Securities Lending	(3,679)
Net Cash Provided (Used) in Investing Activities	<u>522,528</u>
Net Increase (Decrease) in Cash and Cash Equivalents	708,552
Cash and Cash Equivalents - Beginning	<u>24,090,838</u>
Cash and Cash Equivalents - Ending	<u>\$ 24,799,390</u>
Reconciled to Statement of Net Position:	
Cash and Cash Equivalents - Current	\$ 24,184,448
Cash and Cash Equivalents - Current, Restricted	614,942
Cash and Cash Equivalents - Ending (shown above)	<u>\$ 24,799,390</u>

The accompanying notes are an integral part of the financial statements. (Continued on next page)

(Continued from prior page)

	Business-Type Activity - Enterprise Fund
	<i>Veterans' Home Program</i>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income	\$ 1,853,092
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization of Capital Assets	2,034,706
Interest Received on Investments Reported as Operating Revenue	(526,207)
Securities Lending Investment Expense	3,679
Net Changes in Assets and Liabilities:	
Accounts and Interest Receivable	(3,879,810)
Accounts Payable	777,830
Contracts Payable - Retainage	78,640
Due to Other Funds	51,417
Unearned Revenue	663,762
Compensated Absences Payable	4,235
Net Pension Liability	9,842
Net OPEB Asset - RHIA Plan	(1,168)
Net OPEB Liability - RHIPA Plan	(1,038)
Total OPEB Liability	(2,251)
Net Changes in Deferred Outflows of Resources	
Related to Pensions	(525)
Related to OPEB	1,002
Net Changes in Deferred Inflow of Resources	
Related to Pensions	(2,012)
Related to OPEB	1,198
Total Adjustments	<u>(786,700)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 1,066,392</u></u>

The accompanying notes are an integral part of the financial statements.

***Oregon Department of Veterans' Affairs
Veterans' Home Program
Proprietary Fund
Notes to the Financial Statements
June 30, 2020***

1. Summary of Significant Accounting Policies

Reporting Entity

The Department is a part of the State of Oregon reporting entity. The Department operates under the provisions of the Oregon Constitution Article XI-A and primarily Oregon Revised Statutes (ORS) chapters 406, 407, and 408. The Department's Director is appointed by the Governor with input from the Advisory Committee and is subject to confirmation by the Oregon Senate. The Director must be a veteran chosen on the basis of his or her executive and administrative ability. The Advisory Committee is a nine-member board, appointed by the Governor that acts in an advisory capacity to the Director concerning all matters upon which the Director requests counsel. The State Legislature has significant ability to influence funding, approve the Department's budget, and pass laws governing the Department.

In 1993 the Legislative Assembly authorized the Department to provide nursing and memory care to veterans and their spouses through an Oregon Veterans' Home. Opened in 1997, the first Oregon Veterans' Home was located in The Dalles. The facility has 151 beds and offers care in a home-like environment, complementing the philosophy of personal independence to some of Oregon's most vulnerable veterans.

In 1995, the Legislative Assembly authorized a second Oregon Veterans' Home. Opened in October 2014, the second Oregon Veterans' Home is located in Lebanon and has 154 beds. Constructed as a small-home design, the Lebanon Veterans' Home provides residents with private rooms in a community-like atmosphere.

The *Veterans' Home Program* is classified as a proprietary fund activity. The basic financial statements and notes presented herein include only the proprietary fund activity of the Veterans' Home Program.

Measurement Focus of Accounting and Basis of Presentation

The accounts of the Department are organized on the basis of funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording assets, liabilities, and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or restrictions.

The Veterans' Home Program is accounted for as a Proprietary fund. The focus of Proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows, which is similar to private-sector business. Proprietary funds are presented using the accrual basis of accounting and the flow of economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized when the liabilities are incurred.

The basic financial statements and notes presented have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Budgetary Process

The Oregon Legislature approves budgets for a biennial period. Operating expenses are subject to limitation. Limitations lapse at the end of the biennium. For budgetary purposes, these

transactions are recognized when received or paid in cash as opposed to when they are susceptible to accrual.

Cash and Cash Equivalents

Cash and Cash Equivalents include: cash on hand and cash held by the State Treasury in the Oregon Short-Term Fund (*OSTF*). All monies held in the OSTF are considered to be cash equivalents, which is a cash and investment pool having characteristics of a demand deposit account. Investment income is derived from interest earned in the OSTF.

Securities Lending Cash Collateral

The State Treasurer participates in securities lending with a portion of the OSTF. The Department's share of the cash collateral received from broker-dealers is disclosed in the Statement of Net Position as Securities Lending Cash Collateral.

Receivables

Receivables are shown net of an allowance for uncollectible accounts. Receivables included are amounts due that represent revenues earned or accrued in the current period. Types included in this classification pertain to resident-care related and other miscellaneous receivables.

Capital Assets

Capital assets are recorded at cost. Depreciation is calculated using the straight-line method. Gain or loss on the sale of an asset is determined by taking the difference between the carrying value (*cost less depreciation*) and the sale price. The Veterans' Home buildings are depreciated over the estimated useful life (*40 years*). Building-related assets are capitalized and then depreciated over the remaining estimated life of the building. Furniture, equipment, depreciable works of art, land improvements, and data processing hardware and software costing \$5,000 or more are capitalized and then depreciated over a useful life of five years (*10 years for art work and land improvements*).

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefits and refunds are recognized in the month they are due and payable. Investments are reported at fair value.

Compensated Absences Payable

Accumulated vacation leave and compensatory time (*comp time*) leave is recorded as an expense and a liability of those funds as the benefits accrue to the employees. No liability is recorded for unpaid accumulated sick pay benefits as the state does not pay any amounts when employees separate from state service.

Invested in Capital Assets

This is the Capital Asset component of Net Position (*equity*) net of accumulated depreciation.

Operating Revenues and Expenses

Operating revenues include charges for resident-related care as well as earnings on cash. Administrative expenses, such as veterans' home operations, services and supplies, and

depreciation related to capital assets, are considered operating expenses. All revenues and expenses not meeting this definition would be reported as nonoperating revenues and expenses.

2. Deposits and Investments

Deposits

Cash and cash equivalents for the Veterans' Home Program as of June 30, 2020 are included in the table below:

	TOTAL June 30, 2020
Book Balance - Cash & Cash Equivalents	
Current unrestricted	\$ 24,184,448
Current restricted	\$ 614,942
Combined Book Balance	<u>\$ 24,799,390</u>
Bank Balance - Cash & Cash Equivalents	<u>\$ 24,783,850</u>

As of June 30, 2020, the *Veterans' Home Program* had a combined total of \$24,783,850 held in demand accounts with the State Treasurer and invested in the Oregon Short-Term Fund (OSTF). The OSTF is a cash and investment pool that is available for use by all state funds and eligible local governments. State Treasurer demand deposit accounts and time certificates of deposit investments of the OSTF held in state banks are insured up to the Federal Deposit Insurance (FDIC) amount of \$250,000 for the combined total of all savings deposits. Where interest-bearing balances exceed the FDIC insured amount, the balances are covered by collateral held in a multiple financial institution collateral pool administered by the Oregon Office of the State Treasurer in the Public Funds Collateralization Program (PFCP). Because the pool operates as a demand deposit account, each fund type's portion of this pool is classified on the Statement of Net Position as Cash and Cash Equivalents.

Earnings on the OSTF are allocated based on daily account balances and a variable interest rate determined periodically by the State Treasurer. Securities in the OSTF are primarily held by the State Treasurer's agent in the name of the State of Oregon. Additional information about the OSTF can be found at <https://www.oregon.gov/treasury/public-financial-services/oregon-short-term-funds/pages/default.aspx> or by writing to the Oregon State Treasury, 350 Winter St NE Suite 100, Salem, OR 97301-3896.

Securities Lending

In accordance with State of Oregon investment policies, state agencies may participate in securities lending. The Department is currently involved in securities lending only with cash balances invested in the Oregon Short-Term Fund (OSTF). As of June 30, 2020, the amount of the fair value of all securities on loan from OSTF allocated to the Veterans' Home Program was \$445,393. OSTF securities on loan in total included U.S. Treasury securities (58.80%), U.S. Agency securities (23.64%) and domestic fixed income securities (17.56%). The amount allocated

to the Veterans' Home Program of the fair value of all investments made with the cash collateral received for those securities on loan was \$370,750. The amount of total collateral received for the securities on loan from OSTF allocated to the Department's Home Program was \$370,775. Additional information about the OSTF and securities lending can be found in the OSTF financial statements at: <https://www.oregon.gov/treasury/public-financial-services/oregon-short-term-funds/pages/default.aspx>.

Investment Income

The following table details the components of Investment Income for the year ended June 30, 2020:

	TOTAL <u>June 30, 2020</u>
Investment Income: Accrual Basis	\$ 522,528
Securities Lending Revenue	3,679
Investment Income	<u>\$ 526,207</u>

3. Resident-Care Receivables

The following table provides detail on the balances of the resident-care receivables by payor category for the fiscal year ended June 30, 2020:

	TOTAL <u>June 30, 2020</u>
Federal VA	\$ 5,805,854
Medicare Related	66,564
Medicaid Related	1,058,909
Resident Private Pay	141,031
Total Resident-Care Receivables	<u>\$ 7,072,358</u>

4. Capital Assets

The following table provides detail on the balances and activities of the Department's capital assets for the year ended June 30, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 4,648,018	\$ -	\$ -	\$ 4,648,018
Construction in Progress	147,268	1,900,930	(140,132)	1,908,066
Works of Art & Historical Treasures	107,018	-	-	107,018
Total Capital Assets Not Being Depreciated	\$ 4,902,304	\$ 1,900,930	\$ (140,132)	\$ 6,663,102
Capital Assets Being Depreciated:				
Buildings, Property & Equipment	\$ 58,725,737	\$ 239,519	\$ (59,582)	\$ 58,905,674
Improvements Other than Buildings	2,313,910	-	-	2,313,910
Works of Art & Historical Treasures	30,000	-	-	30,000
Total Capital Assets Being Depreciated	\$ 61,069,647	\$ 239,519	\$ (59,582)	\$ 61,249,584
Less Accumulated Depreciation:				
Buildings, Property & Equipment	\$ (11,694,351)	\$ (1,803,876)	\$ 59,582	\$ (13,438,645)
Improvements Other than Buildings	(383,403)	(230,830)	-	(614,233)
Works of Art & Historical Treasures	(30,000)	-	-	(30,000)
Total Accumulated Depreciation	\$ (12,107,754)	\$ (2,034,706)	\$ 59,582	\$ (14,082,878)
Total Capital Assets Being Depreciated, Net	\$ 48,961,893	\$ (1,795,187)	\$ -	\$ 47,166,706
Total Capital Assets, Net	\$ 53,864,197	\$ 105,743	\$ (140,132)	\$ 53,829,808

Depreciation expense for year-ended June 30, 2020 was \$ 2,034,706.

5. Changes in Long-Term Liabilities

The following table provides detail on the long-term liability activity as of June 30, 2020:

	Beginning			Ending	Due Within
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>One Year</u>
Net Pension Liability	\$ 290,871	\$ 9,842	\$ -	\$ 300,713	\$ -
Pension-Related Debt	25,251	-	(2,323)	22,928	2,381
Compensated Absences Payable	4,409	4,234	-	8,643	5,618
Net OPEB Liability - RHIPA Plan	2,667	-	(1,038)	1,629	-
Total OPEB Liability - PEBB Plan	11,745	-	(2,251)	9,494	-
Total Long-Term Liabilities	<u>\$ 334,943</u>	<u>\$ 14,076</u>	<u>\$ (5,612)</u>	<u>\$ 343,407</u>	<u>\$ 7,999</u>

6. Interfund Transactions

At June 30, 2020, there was an outstanding interfund payable of \$91,484 for services performed by Department employees related to the operation of the Veterans' Home Program. The balance is shown as a "Due to Other Funds" on the Statement of Net Position

7. Employee Retirement Plan

Plan Description

As part of the State of Oregon, the Public Employees Retirement System (PERS) provides defined benefit and defined contribution retirement plans to the Department's Home Program employees. PERS is a cost-sharing multiple-employer defined benefit pension plan. All benefits of PERS are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Oregon Public Service Retirement Plan (OPSRP), established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. The Individual Account Program (IAP) is a defined contribution plan. Beginning January 1, 2004, all member contributions are deposited into the members IAP account. The pension plans provide pension benefits, death benefits and disability benefits.

PERS issues a publicly available Comprehensive Annual Financial Report (CAFR) that can be obtained at <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The rates in effect for the fiscal year ended June 30, 2020 for state agencies general service members were 20.76% for Tier One/Tier Two and 14.48% for OPSRP. The IAP member contribution as set by statute is 6% and is currently paid by the employee.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the State of Oregon reported a liability of \$4.95 billion for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The State's proportion of the net pension liability was based on a projection of the State's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the State's proportion was 28.6%, which increased from the 27.3% proportion measured as of June 30, 2018.

As part of the State of Oregon, the Home Program was allocated a percentage (0.0017%) of the State's proportionate share in the plan as follows:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 16,583	\$ -
Changes in assumptions	40,795	
Net difference between projected and actual earnings on investments	-	8,525
Changes in proportion and differences between contributions and proportionate share of contributions	11,035	5,811
Subtotal	68,413	14,336
Net deferred Outflow (Inflow) of Resources before contributions subsequent to measurement date		54,077
Contributions subsequent to measurement date	40,134	
Net Deferred Outflow (Inflow) of Resources		\$ 94,211

Pension-Related Debt

Prior to the formation of the PERS State and Local Government Rate Pool (SLGRP), the State and community colleges were pooled together in the State and Community College Pool (SCCP), while local government employers participated in the Local Government Rate Pool (LGRP). These two pools combined to form the SLGRP effective January 1, 2002. The unfunded actuarial liability (UAL) attributable to the SCCP at the time the SLGRP was formed is maintained separately from the SLGRP and is reduced by contributions and increased for interest charges at the assumed interest rate. The pre-SLGRP liability is essentially a debt owed to the SLGRP by the SCCP employers. The balance of the pre-SLGRP pooled liability attributable to the State is being amortized over the period ending December 31, 2027.

8. Risk Financing

The State of Oregon administers property and casualty insurance programs covering State government through its Central Services Fund (*Insurance Fund*). The Insurance Fund services claims for direct physical loss or damage to State property; tort liability claims brought against

the State, its officers, employees, or agents; worker's compensation; employee dishonesty; and faithful performance coverage for certain key positions required by law to be covered, and other key positions.

As a state agency, the Department participates in the Insurance Fund. The cost of servicing insurance claims and payments is covered by charging an assessment to each State entity based on its share of services provided in a prior period. The total statewide assessment for the cost of servicing is based on independent biennial actuarial forecasts and administrative expenses, less any available fund balance in the Insurance Fund from the prior biennium.

Risk Management Division of the Department of Administrative Services is the State's manager for self-insurance, insurance and risk control. Risk Management Division investigates, evaluates and resolves claims for damage to state property and for loss or injury to the public arising out of state activities. Division staff consult with and advise state agencies on claim related loss control issues. State agencies are responsible for informing Risk Management Division in a timely fashion when they become aware that property or liability damage has occurred.

During the fiscal year ended June 30, 2020 there were no significant reductions in insurance coverage in any risk category. Also, for the past ten fiscal years *(July 1, 2010 through June 30, 2020)* there have been no claims that exceeded the Department's property or liability coverage.

9. Allowances in Veterans' Home Program

Revenues are reported net of discounts and allowances in the accompanying financial statements. The amounts netted against Resident Related Revenues are \$254,777 for fiscal year 2020.

10. Subsequent Events

On August 27, 2020, the Department received an additional \$462,250 in federal funds from the CARES Act Provider Relief Fund. These funds are to be used only for the reimbursement of infection control expenses.



OTHER SUPPLEMENTAL SECTION

Oregon Department of Veterans' Affairs
Veterans' Home Program
Combining Statement of Net Position - *Unaudited*
Proprietary Funds
June 30, 2020

	Business-Type Activities - Enterprise Funds		
	<i>The Dalles Veterans' Home</i>	<i>Lebanon Veterans' Home</i>	<i>Total</i>
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 11,805,517	\$ 12,378,931	\$ 24,184,448
Cash and Cash Equivalents - Restricted	424,339	190,603	614,942
Securities Lending Cash Collateral	182,836	187,914	370,750
Resident Care Receivable	3,164,446	3,886,771	7,051,217
Total Current Assets	\$ 15,577,138	\$ 16,644,219	\$ 32,221,357
Noncurrent Assets			
Resident Care Receivable (Net)	\$ 20,278	\$ 863	\$ 21,141
Net OPEB Asset - RHIA & RHIPPA Plans	1,818	1,818	3,636
Capital Assets:			
Building, Property and Equipment	23,459,266	35,446,408	58,905,674
Improvements Other than Buildings	534,228	1,779,682	2,313,910
Land	600,073	4,047,945	4,648,018
Construction in Progress	1,723,471	184,595	1,908,066
Works of Art and Historical Treasures	89,998	47,020	137,018
Accumulated Depreciation	(8,791,329)	(5,291,549)	(14,082,878)
Total Noncurrent Assets	\$ 17,637,803	\$ 36,216,782	\$ 53,854,585
Total Assets	\$ 33,214,941	\$ 52,861,001	\$ 86,075,942
Deferred Outflows of Resources			
Pension Related	\$ 89,573	\$ 18,974	\$ 108,547
OPEB Related	1,714	(557)	1,157
Total Deferred Outflows of Resources	\$ 91,287	\$ 18,417	\$ 109,704
Liabilities			
Current Liabilities			
Accounts Payable	\$ 1,882,049	\$ 2,140,091	\$ 4,022,140
Due to Other Funds	45,467	46,017	91,484
Unearned Revenue	528,095	248,416	776,511
Contracts Payable - Retainage	78,640	-	78,640
Obligations under Securities Lending	182,836	187,914	370,750
Pension Related Debt	2,381	-	2,381
Compensated Absences Payable	3,136	2,482	5,618
Total Current Liabilities	\$ 2,722,604	\$ 2,624,920	\$ 5,347,524
Noncurrent Liabilities			
Pension Related Debt	\$ 20,547	\$ -	\$ 20,547
Net Pension Liability	173,937	126,776	300,713
Compensated Absences Payable	1,689	1,336	3,025
Net OPEB Liability - RHIA & RHIPPA Plans	815	814	1,629
Total OPEB Liability - PEBB Plan	4,747	4,747	9,494
Total Noncurrent Liabilities	\$ 201,735	\$ 133,673	\$ 335,408
Total Liabilities	\$ 2,924,339	\$ 2,758,593	\$ 5,682,932
Deferred Inflows of Resources			
Pension Related	\$ 7,079	\$ 7,257	\$ 14,336
OPEB Related	1,162	1,161	2,323
Total Deferred Inflows of Resources	\$ 8,241	\$ 8,418	\$ 16,659
Net Position			
Net Investment in Capital Assets	\$ 17,615,707	\$ 36,214,101	\$ 53,829,808
Restricted for OPEB	1,818	1,818	3,636
Unrestricted	12,756,123	13,896,488	26,652,611
Total Net Position	\$ 30,373,648	\$ 50,112,407	\$ 80,486,055

Oregon Department of Veterans' Affairs

Veterans' Home Program

Combining Statement of Revenues, Expenses and Changes in Fund Net Position - *Unaudited*

Proprietary Funds

For the Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds		
	<i>The Dalles Veterans' Home</i>	<i>Lebanon Veterans' Home</i>	<i>Total</i>
Operating Revenues			
Resident Revenue (Net)	\$ 19,917,723	\$ 23,485,834	\$ 43,403,557
Investment Income	258,482	267,725	526,207
Other Income	12,334	30,927	43,261
Total Operating Revenues	\$ 20,188,539	\$ 23,784,486	\$ 43,973,025
Operating Expenses			
Salaries and Other Payroll	\$ 287,486	\$ 134,970	\$ 422,456
Securities Lending Investment Expense	1,814	1,865	3,679
Services and Supplies	334,268	128,632	462,900
Veterans' Home Operations	18,259,508	20,936,684	39,196,192
Depreciation	879,848	1,154,858	2,034,706
Total Operating Expenses	\$ 19,762,924	\$ 22,357,009	\$ 42,119,933
Operating Income (Loss)	\$ 425,615	\$ 1,427,477	\$ 1,853,092
Nonoperating Revenues (Expenses)			
Interest Expense - Pension Related Debt	\$ (1,784)	\$ -	\$ (1,784)
CARES Provider Relief Federal Funds	382,189	709,153	1,091,342
Total Nonoperating Revenues (Expenses)	\$ 380,405	\$ 709,153	\$ 1,089,558
Income (Loss) before Transfers and Contributions	\$ 806,020	\$ 2,136,630	\$ 2,942,650
Transfers and Contributions			
Net Transfers from Veterans' Home Trust Fund	\$ 20,884	\$ 27,166	\$ 48,050
Net Transfers between The Dalles and Lebanon	5,250,000	(5,250,000)	-
Net Transfers to Dept. of Administrative Services	(10,834)	(4,502)	(15,336)
Total Transfers and Contributions	\$ 5,260,050	\$ (5,227,336)	\$ 32,714
Increase (Decrease) in Net Position	\$ 6,066,070	\$ (3,090,706)	\$ 2,975,364
Net Position - Beginning	\$ 28,557,578	\$ 48,953,113	\$ 77,510,691
Net Position - Ending	\$ 34,623,648	\$ 45,862,407	\$ 80,486,055

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Governmental Funds

General Fund

The General Fund accounts for general governmental operations that are financed by legislatively approved appropriations funded from general revenues. For the Department, general government activities are related to services to veterans. Specifically, general fund dollars cover a portion of the cost for claims and appeals, outreach, conservatorship and other services to veterans. In addition, the General Fund makes available emergency assistance to certain veterans, as well as financial assistance and training to County Veterans' Service Offices and National Veterans' Organizations.

In November 2016, Oregon voters passed an amendment (Measure 96) to Oregon's constitution, which dedicated 1.5% of net lottery proceeds for services to veterans. The Department began receiving legislatively approved lottery appropriations for the 2017-2019 biennium. This type of lottery appropriation is a governmental activity that is not budgeted as General Fund, yet it does not meet the accounting requirements to be reported in other Generally Accepted Accounting Principle (GAAP) funds.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Veterans' Trust Accounts - The Department accepts donations that can be used to operate the Oregon Veterans' Homes and to provide its residents with amenities to enhance their quality of life. The fund is composed of donations and interest earnings. In addition, the Department maintains other veteran-related trust accounts.

Oregon Department of Veterans' Affairs
Combined Balance Sheet - *Unaudited*
Governmental Funds
June 30, 2020

	<u>General Fund</u>	<u>General Fund</u> Vet Home Const Bonds	<u>General Fund</u> Lottery	<u>Special Revenue Fund</u> Veterans' Home Trust
Assets				
Current Assets				
Cash and Cash Equivalents	\$ -	\$ 19,803	\$ 4,157,176	\$ 3,993,471
Receivables:				
Due from State General Fund	260,702	-	-	-
Due from Other Funds	-	-	-	6,137
Due from State Lottery Funds	-	-	2,590,119	-
Federal Grants	-	-	-	-
Prepaid Items	132	-	-	-
Total Current Assets	<u>260,834</u>	<u>19,803</u>	<u>6,747,295</u>	<u>3,999,608</u>
Total Assets	<u>\$ 260,834</u>	<u>\$ 19,803</u>	<u>\$ 6,747,295</u>	<u>\$ 3,999,608</u>
Liabilities				
Current Liabilities				
Accounts Payable	\$ 260,702	\$ -	\$ 981,891	\$ -
Due to Other Funds	-	-	62,949	-
Total Current Liabilities	<u>260,702</u>	<u>-</u>	<u>1,044,840</u>	<u>-</u>
Total Liabilities	<u>\$ 260,702</u>	<u>\$ -</u>	<u>\$ 1,044,840</u>	<u>\$ -</u>
Fund Balances				
Nonspendable Fund Balance - Prepaids	\$ 132	\$ -	\$ -	\$ -
Restricted Fund Balance - Donor/Other External Party	<u>-</u>	<u>19,803</u>	<u>5,702,455</u>	<u>3,999,608</u>
Total Fund Balances	<u>\$ 132</u>	<u>\$ 19,803</u>	<u>\$ 5,702,455</u>	<u>\$ 3,999,608</u>
Total Liabilities and Fund Balances	<u>\$ 260,834</u>	<u>\$ 19,803</u>	<u>\$ 6,747,295</u>	<u>\$ 3,999,608</u>

Special Revenue Fund	Governmental Funds
<u>Other Veterans' Trust Accounts</u>	<u>Total</u>
\$ 318,472	\$ 8,488,922
-	260,702
-	6,137
-	2,590,119
130,944	130,944
-	132
<u>449,416</u>	<u>11,476,956</u>
 \$ <u>449,416</u>	 \$ <u>11,476,956</u>

\$ 26,683	\$ 1,269,276
<u>87,940</u>	<u>150,889</u>
114,623	1,420,165
 \$ <u>114,623</u>	 \$ <u>1,420,165</u>

\$ -	\$ 132
<u>334,793</u>	<u>10,056,659</u>
 \$ <u>334,793</u>	 \$ <u>10,056,791</u>
 \$ <u><u>449,416</u></u>	 \$ <u><u>11,476,956</u></u>

Oregon Department of Veterans' Affairs

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - *Unaudited*

Governmental Funds

For The Fiscal Year Ended June 30, 2020

	<u>General Fund</u>	<u>General Fund</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
		Vet Home Const Bonds	Lottery	Veterans' Home Trust
Revenues				
Federal Revenue	\$ -	\$ -	\$ -	\$ -
Donations	-	-	-	737,629
Interest Income	-	427	87,820	75,783
Other Income	-	-	20,024	590
Total Revenues	-	427	107,844	814,002
Expenditures				
Veterans' Services				
Salaries and Other Payroll	2,056,970	-	2,078,878	-
Services and Supplies	377,014	-	1,150,366	-
Bond Costs	84,795	-	-	-
State Treasury Charges	-	-	-	-
Trust Fund Distributions	-	-	-	-
Special Payments	1,053,337	-	3,806,373	-
Total Expenditures	3,572,116	-	7,035,617	-
Other Financing Sources (Uses)				
State Appropriations	3,572,116	-	-	-
Transfer In from DMV	-	-	-	119,335
Transfer in from DAS	-	-	9,109,208	-
Transfer Out to Counties	-	-	-	-
Transfer Out to Loan Program	-	-	(475,000)	-
Transfer Out to Veterans' Home	-	-	-	(48,050)
Total Other Financing Sources (Uses)	3,572,116	-	8,634,208	71,285
Net Change in Fund Balance	-	427	1,706,435	885,287
Beginning Fund Balance	89	19,376	3,996,020	3,114,321
Change in Reserve for Prepaid Items	43	-	-	-
Ending Fund Balance	\$ 132	\$ 19,803	\$ 5,702,455	\$ 3,999,608

<u>Special Revenue Fund</u>	<u>Governmental Funds</u>
Other Veterans' Trust Accounts	Total
\$ 765,341	\$ 765,341
115,865	853,494
4,867	168,897
-	20,614
<u>886,073</u>	<u>1,808,346</u>
272,761	4,408,609
10,511	1,537,891
-	84,795
510	510
88,814	88,814
<u>(34,609)</u>	<u>4,825,101</u>
<u>337,987</u>	<u>10,945,720</u>
-	3,572,116
-	119,335
-	9,109,208
(477,816)	(477,816)
-	(475,000)
-	(48,050)
<u>(477,816)</u>	<u>11,799,793</u>
<u>70,270</u>	<u>2,662,419</u>
264,523	7,394,329
-	43
<u>\$ 334,793</u>	<u>\$ 10,056,791</u>

Oregon Department of Veterans' Affairs
Schedule of Legislative Authorization (Non-GAAP Budgetary Basis) - *Unaudited*
Compared to Actual Expenditures Subject to Budget
Governmental Fund
For The Biennium Ending June 30, 2021
As of June 30, 2020

	General Fund			
	2019-2021 Original Budget	2019-2021 Final Budget	First Year Actual June 30, 2020	Variance Favorable/ (Unfavorable)
General Fund:				
Veterans' Services Division - Appropriation	\$ <u>7,974,857</u>	\$ <u>7,337,003</u>	\$ <u>3,181,050</u>	\$ <u>4,155,953</u>
 Total General Fund	\$ <u>7,974,857</u>	\$ <u>7,337,003</u>	\$ <u>3,181,050</u>	\$ <u>4,155,953</u>

Fiduciary Fund

Private Purpose Trust Fund

Private Purpose Trust Funds, a type of Fiduciary Fund, account for trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments.

Conservatorship Private Purpose Trust Fund – As of June 30, 2020, the Department acts as conservator of estates of approximately 115 veterans, survivors, and minor or helpless children of veterans who the court has determined are unable to manage their own financial affairs. Revenue sources include Social Security monies, U.S. Department of Veterans' Affairs benefits, investment income, and other sources of income. Additionally, as of June 30, 2020, the Department acts as representative payee – a more limited financial management position than conservator – for 93 clients upon assignment by the U.S. Department of Veterans' Affairs.

Oregon Department of Veterans' Affairs

Statement of Net Position - *Unaudited*

Fiduciary Fund

June 30, 2020

		<u>Private Purpose Trust Fund</u>
		<u>Conservatorship Program</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$	22,124,867
Investments		763,525
Receivables:		
Other		3,699
Accrued Interest		24,264
Total Current Assets	\$	<u>22,916,355</u>
<u>Noncurrent Assets</u>		
Conservatorship Real Property	\$	4,140,142
Conservatorship Personal Property		480,801
Total Noncurrent Assets	\$	<u>4,620,943</u>
Total Assets	\$	<u><u>27,537,298</u></u>
<u>Liabilities</u>		
<u>Current Liabilities</u>		
Mortgages on Conservatorship Real Property	\$	<u>90,348</u>
Total Current Liabilities	\$	<u>90,348</u>
<u>Noncurrent Liabilities</u>		
Mortgages on Conservatorship Real Property	\$	<u>1,121,710</u>
Total Noncurrent Liabilities	\$	<u>1,121,710</u>
Total Liabilities	\$	<u>1,212,058</u>
<u>Net Position</u>		
Net Position Held in Trust for Individuals	\$	<u>26,325,240</u>
Total Net Position	\$	<u><u>26,325,240</u></u>

Oregon Department of Veterans' Affairs
Statement of Changes in Net Position
Fiduciary Fund

For The Fiscal Year Ended June 30, 2020

	<u>Private Purpose Trust Fund</u>
	<u>Conservatorship Program</u>
Additions	
<u>Contributions:</u>	
Veterans' Benefits	\$ 10,502,852
<u>Investment Income:</u>	
Interest Income	\$ 484,453
Valuation Changes and Redemptions of Investments	<u>243,697</u>
Total Additions	<u>\$ 11,231,002</u>
 Deductions	
 Veterans' Services: Beneficiary Care	 \$ <u>10,364,863</u>
Total Deductions	\$ <u>10,364,863</u>
 Net Increase/ (Decrease)	 \$ <u>866,139</u>
 Change in Net Position	 \$ <u><u>866,139</u></u>
 Beginning Net Position	 \$ 25,459,101
Ending Net Position	\$ <u><u>26,325,240</u></u>

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STATISTICAL SECTION

Oregon Department of Veterans' Affairs
Assets, Liabilities, and Net Position - *Unaudited*
Veterans' Home Program (The Dalles Veterans' Home only)
For The Fiscal Years Ended 2011 - 2020

Assets	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Current Assets					
Cash and Cash Equivalents	\$ 11,805,517	\$ 11,942,400	\$ 8,459,192	\$ 9,822,719	\$ 8,710,369
Cash and Cash Equivalents - Restricted	424,339	-	-	-	-
Securities Lending Cash Collateral	182,836	379,072	195,218	75,898	347,504
Resident Care Receivable	3,164,446	1,392,102	1,669,935	2,269,120	1,419,079
Construction Rebates and Grant Receivable	-	-	586,310	533,593	-
Other Receivable	-	-	-	6,132	-
Due from Other Funds	-	-	-	-	-
Total Current Assets	\$ 15,577,138	\$ 13,713,574	\$ 10,910,655	\$ 12,707,462	\$ 10,476,952
Noncurrent Assets					
Cash and Cash Equivalents - Restricted	\$ -	\$ -	\$ 4,291	\$ -	\$ -
Resident Care Receivable (Net)	20,278	43,522	52,020	205,835	70,349
Net Pension Asset	-	-	-	-	-
Net OPEB Asset - RHIA Plan	1,818	1,234	492	-	-
Capital Assets:					
Building, Property and Equipment	23,459,266	23,446,962	17,645,105	16,468,082	16,360,991
Improvements Other than Buildings	534,228	534,228	497,231	497,231	497,231
Land	600,073	600,073	600,073	600,073	600,073
Construction in Progress	1,723,471	126,597	5,646,455	816,941	-
Works of Art and Historical Treasures	89,998	89,998	89,998	89,998	89,998
Accumulated Depreciation	(8,791,329)	(7,971,063)	(7,179,435)	(6,663,252)	(6,156,026)
Total Noncurrent Assets	\$ 17,637,803	\$ 16,871,551	\$ 17,356,230	\$ 12,014,908	\$ 11,462,616
Total Assets	\$ 33,214,941	\$ 30,585,125	\$ 28,266,885	\$ 24,722,370	\$ 21,939,568
Deferred Outflows of Resources					
Pension Related	\$ 89,573	\$ 83,672	\$ 79,809	\$ 121,707	\$ 37,470
OPEB Related	1,714	1,982	1,612	-	-
Total Deferred Outflows of Resources	\$ 91,287	\$ 85,654	\$ 81,421	\$ 121,707	\$ 37,470
Total Assets and Deferred Outflows of Resources	\$ 33,306,228	\$ 30,670,779	\$ 28,348,306	\$ 24,844,077	\$ 21,977,038
Liabilities					
Current Liabilities					
Accounts Payable	\$ 1,882,049	\$ 1,434,166	\$ 1,813,229	\$ 1,501,887	\$ 1,218,963
Due to Other Funds	45,467	22,125	22,914	48,932	54,487
Contracts Payable - Retainage	78,640	-	252,903	-	-
Deposit Liabilities	-	-	-	-	-
Unearned Revenue	528,095	62,085	135,621	129,234	125,308
Obligations Under Securities Lending	182,836	379,072	195,218	75,898	347,504
Pension-Related Debt	2,381	2,295	1,600	1,400	1,000
Compensated Absences Payable	3,136	1,618	11,122	10,941	18,592
Total Current Liabilities	\$ 2,722,604	\$ 1,901,361	\$ 2,432,607	\$ 1,768,292	\$ 1,765,854
Noncurrent Liabilities					
Pension-Related Debt	\$ 20,547	\$ 22,956	\$ 25,666	\$ 27,507	\$ 29,266
Net Pension Liability	173,937	172,198	170,981	216,336	145,338
Contracts Payable - Retainage	-	-	-	17,310	-
Compensated Absences Payable	1,689	833	5,989	5,891	10,012
Net OPEB Liability - RHIPA Plan	815	1,334	1,780	-	-
Total OPEB Liability - PEBB Plan	4,747	5,872	7,079	-	-
Other Post Employment Benefits Obligation (Net)	-	-	-	1,366	1,926
Total Noncurrent Liabilities	\$ 201,735	\$ 203,193	\$ 211,495	\$ 268,410	\$ 186,542
Total Liabilities	\$ 2,924,339	\$ 2,104,554	\$ 2,644,102	\$ 2,036,702	\$ 1,952,396
Deferred Inflows of Resources					
Pension Related	\$ 7,079	\$ 8,085	\$ 1,086	\$ 1,650	\$ 35,387
OPEB Related	1,162	562	402	-	-
Total Deferred Inflows of Resources	\$ 8,241	\$ 8,647	\$ 1,488	\$ 1,650	\$ 35,387
Net Position					
Net Investment in Capital Assets	\$ 17,615,707	\$ 16,826,795	\$ 17,299,427	\$ 11,809,073	\$ 11,392,267
Expendable, Restricted for Capital Construction	-	-	337,698	516,283	-
Restricted for OPEB	1,818	1,234	492	-	-
Unrestricted	12,756,123	11,729,549	8,065,099	10,480,369	8,596,988
Total Net Position	\$ 30,373,648	\$ 28,557,578	\$ 25,702,716	\$ 22,805,725	\$ 19,989,255
Total Liabilities, Deferred Inflows and Net Position	\$ 33,306,228	\$ 30,670,779	\$ 28,348,306	\$ 24,844,077	\$ 21,977,038

	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
\$	9,845,403	\$ 7,969,206	\$ 6,435,934	\$ 5,809,130	\$ 3,981,396
	-	-	-	-	-
	591,146	519,927	427,682	607,557	4,459,350
	1,570,711	1,481,895	2,282,144	1,566,269	1,376,424
	-	-	-	-	-
	8,312	100,495	-	-	-
	5,416	9,241	8,560	-	-
\$	<u>12,020,988</u>	<u>\$ 10,080,764</u>	<u>\$ 9,154,320</u>	<u>\$ 7,982,956</u>	<u>\$ 9,817,170</u>
\$	175,305	\$ -	\$ -	\$ -	\$ -
	87,382	58,823	134,885	14,369	26,927
	29,002	-	-	-	-
	-	-	-	-	-
	15,905,374	15,732,349	15,732,349	15,507,603	12,718,076
	13,695	13,695	13,695	13,695	13,695
	600,073	600,073	600,073	600,073	600,073
	641,460	39,163	-	-	1,566,650
	89,998	89,998	89,998	70,000	70,000
	(5,691,993)	(5,294,125)	(4,895,076)	(4,497,806)	(4,202,032)
\$	<u>11,850,296</u>	<u>\$ 11,239,976</u>	<u>\$ 11,675,924</u>	<u>\$ 11,707,934</u>	<u>\$ 10,793,389</u>
\$	<u>23,871,284</u>	<u>\$ 21,320,740</u>	<u>\$ 20,830,244</u>	<u>\$ 19,690,890</u>	<u>\$ 20,610,559</u>
\$	10,734	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
\$	<u>10,734</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	<u>23,882,018</u>	<u>\$ 21,320,740</u>	<u>\$ 20,830,244</u>	<u>\$ 19,690,890</u>	<u>\$ 20,610,559</u>
\$	1,269,740	\$ 1,258,941	\$ 1,389,624	\$ 1,316,836	\$ 1,125,035
	94,617	81,173	71,798	68,285	66,147
	-	-	-	-	-
	2,812	-	-	-	187
	72,282	33,108	23,835	124,746	92,502
	591,146	519,927	427,682	607,557	4,459,350
	1,200	900	700	-	-
	18,085	5,326	3,994	3,046	3,392
\$	<u>2,049,882</u>	<u>\$ 1,899,375</u>	<u>\$ 1,917,633</u>	<u>\$ 2,120,470</u>	<u>\$ 5,746,613</u>
\$	30,104	\$ 31,790	\$ 32,853	\$ -	\$ -
	-	-	-	-	-
	-	-	-	-	-
	9,317	2,744	2,151	1,569	1,748
	-	-	-	-	-
	-	-	-	-	-
	2,880	2,377	2,162	1,112	494
\$	<u>42,301</u>	<u>\$ 36,911</u>	<u>\$ 37,166</u>	<u>\$ 2,681</u>	<u>\$ 2,242</u>
\$	<u>2,092,183</u>	<u>\$ 1,936,286</u>	<u>\$ 1,954,799</u>	<u>\$ 2,123,151</u>	<u>\$ 5,748,855</u>
\$	55,962	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
\$	<u>55,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$	11,558,607	\$ 11,181,153	\$ 11,541,039	\$ 11,693,565	\$ 10,766,462
	183,617	-	-	-	-
	-	-	-	-	-
	9,991,649	8,203,301	7,334,406	5,874,174	4,095,242
\$	<u>21,733,873</u>	<u>\$ 19,384,454</u>	<u>\$ 18,875,445</u>	<u>\$ 17,567,739</u>	<u>\$ 14,861,704</u>
\$	<u>23,882,018</u>	<u>\$ 21,320,740</u>	<u>\$ 20,830,244</u>	<u>\$ 19,690,890</u>	<u>\$ 20,610,559</u>

Oregon Department of Veterans' Affairs
Statement of Revenues, Expenses and Changes In Net Position - *Unaudited*
Veterans' Home Program (The Dalles Veterans' Home only)
For The Fiscal Years Ended 2011 - 2020

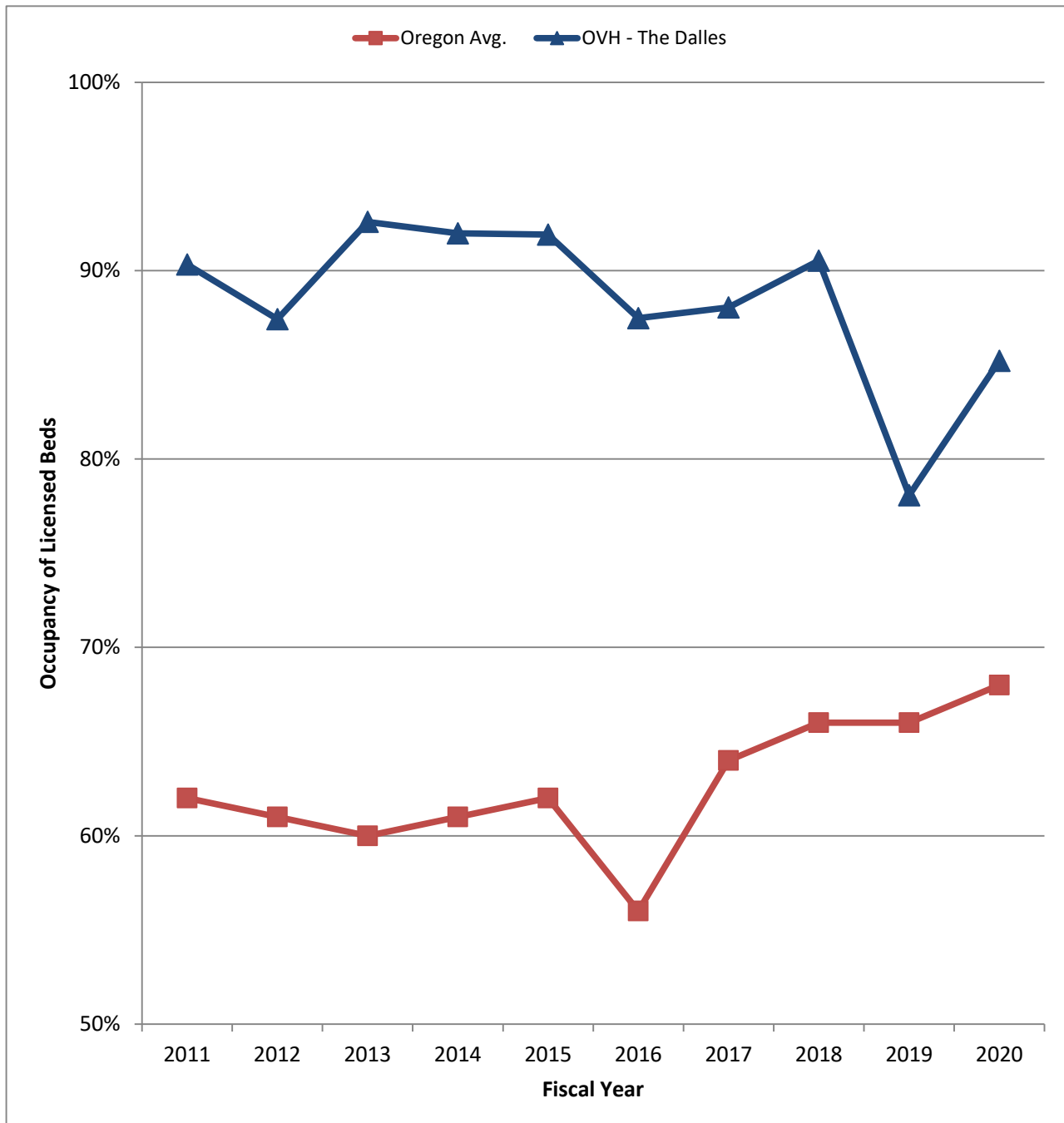
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Operating Revenues					
Resident Revenue (Net) (1)	\$ 19,917,723	\$ 18,353,276	\$ 16,241,511	\$ 17,923,496	\$ 16,308,920
Investment Income	258,482	218,829	126,916	102,051	52,249
Other Fees and Charges	12,334	50,678	44,528	43,562	23,854
Total Operating Revenues	\$ 20,188,539	\$ 18,622,783	\$ 16,412,955	\$ 18,069,109	\$ 16,385,023
Operating Expenses					
Salaries and Other Payroll	\$ 287,486	\$ 205,483	\$ 285,456	\$ 222,440	\$ 434,715
Securities Lending Investment Expense	1,814	3,534	745	244	1,260
Services and Supplies	334,268	554,870	649,105	153,784	134,037
Veterans' Home Operations	18,259,508	16,455,390	14,876,540	14,918,488	13,379,228
Depreciation	879,848	806,014	516,183	507,225	464,034
Total Operating Expenses	\$ 19,762,924	\$ 18,025,291	\$ 16,328,029	\$ 15,802,181	\$ 14,413,274
Operating Income (Loss)	\$ 425,615	\$ 597,492	\$ 84,926	\$ 2,266,928	\$ 1,971,749
Non-operating Revenues (Expenses)					
Interest Expense - Pension Related	\$ (1,784)	\$ (1,734)	\$ (1,796)	\$ (2,069)	\$ (2,053)
CARES Provider Relief Federal Funds	382,189	-	-	-	-
Total Non-operating Revenues (Expenses)	\$ 380,405	\$ (1,734)	\$ (1,796)	\$ (2,069)	\$ (2,053)
Income (Loss) before Transfers and Contributions	806,020	595,758	83,130	2,264,859	1,969,696
Transfers and Contributions					
Net Transfers from Veterans' Home Trust Fund	\$ 20,884	\$ 117,696	\$ 36,938	\$ 28,501	\$ 18,972
Net Transfers to Lebanon Veterans' Home	5,250,000	1,000,000	-	-	(3,750,000)
Net Transfers from Article XI-Q Bond Proceeds	-	1,150,000	-	-	-
Net Transfers to Dept. of Administrative Services	(10,834)	(8,592)	(10,894)	(10,483)	(13,292)
Gain (Loss) on Disposition of Asset	-	-	-	-	-
Capital Contributions	-	-	2,769,297	533,593	30,006
Total Transfers and Contributions	\$ 5,260,050	\$ 2,259,104	\$ 2,795,341	\$ 551,611	\$ (3,714,314)
Increase (Decrease) in Net Position	\$ 6,066,070	\$ 2,854,862	\$ 2,878,471	\$ 2,816,470	\$ (1,744,618)
Net Position					
Beginning Net Position	\$ 28,557,578	\$ 25,702,716	\$ 22,805,725	\$ 19,989,255	\$ 21,733,873
Prior Period Adjustment	-	-	26,120	-	-
Cumulative Effect of Change in Accounting Principle	-	-	(7,600)	-	-
Beginning Net Position, Restated	\$ 28,557,578	\$ 25,702,716	\$ 22,824,245	\$ 19,989,255	\$ 21,733,873
Ending Net Position	\$ 34,623,648	\$ 28,557,578	\$ 25,702,716	\$ 22,805,725	\$ 19,989,255

(1) Resident Revenue is shown net of any related bad debt expense.

June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
\$ 15,855,020	\$ 16,216,313	\$ 14,263,736	\$ 13,677,396	\$ 12,615,906
46,467	45,590	35,394	27,712	20,719
21,119	20,968	28,303	2,048	1,648
<u>\$ 15,922,606</u>	<u>\$ 16,282,871</u>	<u>\$ 14,327,433</u>	<u>\$ 13,707,156</u>	<u>\$ 12,638,273</u>
\$ 225,034	\$ 138,129	\$ 133,068	\$ 230,801	\$ 217,270
706	488	1,210	1,345	3,861
173,227	165,230	160,526	82,462	121,569
13,431,203	12,679,264	12,407,376	11,603,548	11,103,989
408,468	399,050	397,270	317,534	315,949
<u>\$ 14,238,638</u>	<u>\$ 13,382,161</u>	<u>\$ 13,099,450</u>	<u>\$ 12,235,690</u>	<u>\$ 11,762,638</u>
<u>\$ 1,683,968</u>	<u>\$ 2,900,710</u>	<u>\$ 1,227,983</u>	<u>\$ 1,471,466</u>	<u>\$ 875,635</u>
\$ (2,123)	\$ (2,119)	\$ (2,218)	\$ -	\$ -
-	-	-	-	-
<u>\$ (2,123)</u>	<u>\$ (2,119)</u>	<u>\$ (2,218)</u>	<u>\$ -</u>	<u>\$ -</u>
1,681,845	2,898,591	1,225,765	1,471,466	875,635
\$ 384,311	\$ 15,509	\$ 13,534	\$ 177,700	\$ 947,478
-	(2,500,000)	-	-	-
-	-	-	-	-
(10,935)	(5,586)	(4,979)	(9,278)	(8,679)
4,262	-	-	-	-
342,726	100,495	107,687	1,066,147	796,674
<u>\$ 720,364</u>	<u>\$ (2,389,582)</u>	<u>\$ 116,242</u>	<u>\$ 1,234,569</u>	<u>\$ 1,735,473</u>
\$ 2,402,209	\$ 509,009	\$ 1,342,007	\$ 2,706,035	\$ 2,611,108
\$ 19,384,454	\$ 18,875,445	\$ 17,567,739	\$ 14,861,704	\$ 12,250,596
162	-	(34,301)	-	-
<u>(52,952)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 19,331,664	\$ 18,875,445	\$ 17,533,438	\$ 14,861,704	\$ 12,250,596
<u>\$ 21,733,873</u>	<u>\$ 19,384,454</u>	<u>\$ 18,875,445</u>	<u>\$ 17,567,739</u>	<u>\$ 14,861,704</u>

Oregon Department of Veterans' Affairs
Veterans' Home Program
Unaudited

Average Occupancy Rate - The Dalles

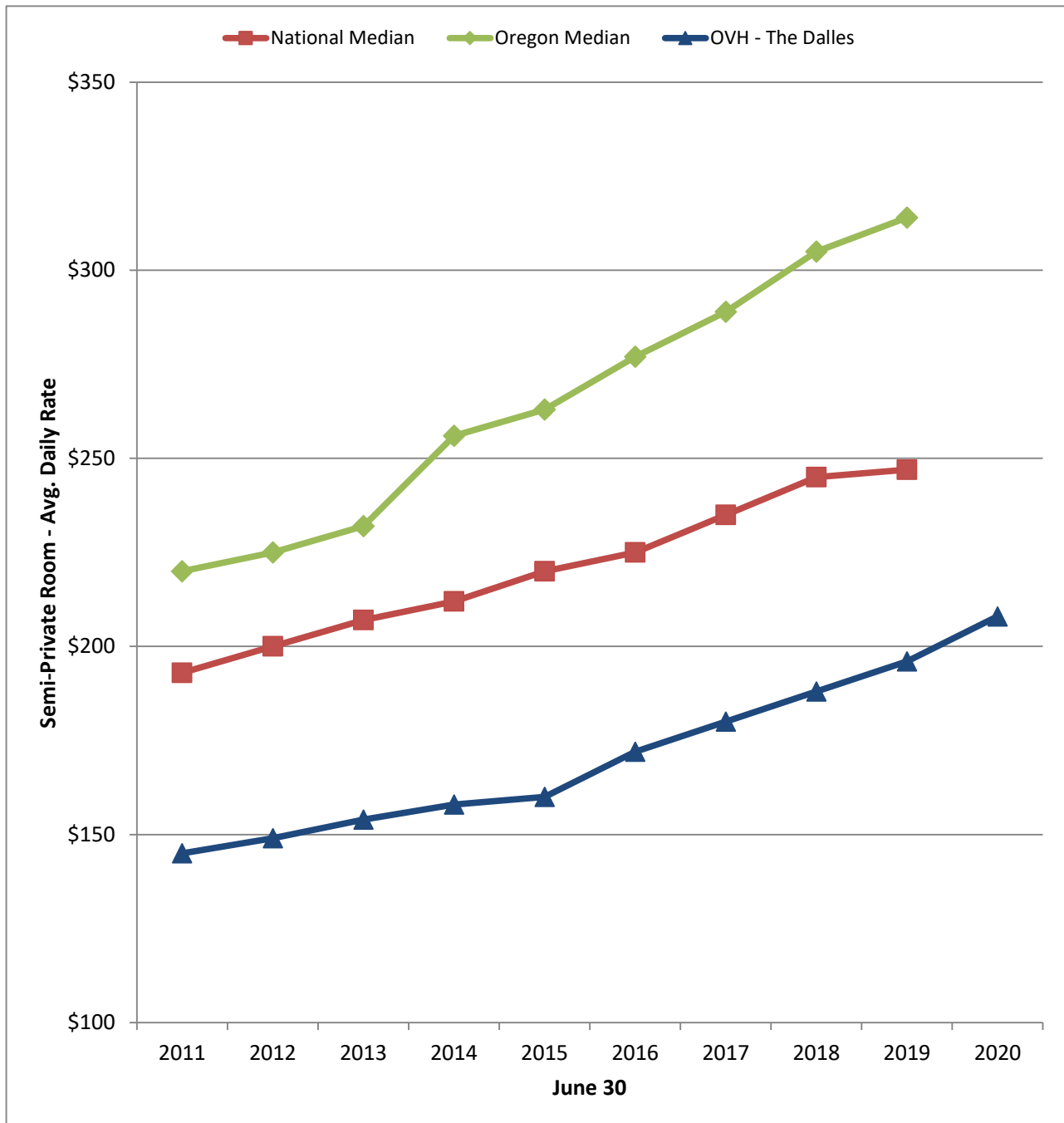


Note: Census was reduced in fiscal year 2018 related to an interior building remodel/refresh of the Oregon Veterans' Home in The Dalles.

Source: Statistical Reports of the Oregon Department of Veterans' Affairs.

Oregon Department of Veterans' Affairs
Veterans' Home Program
Unaudited

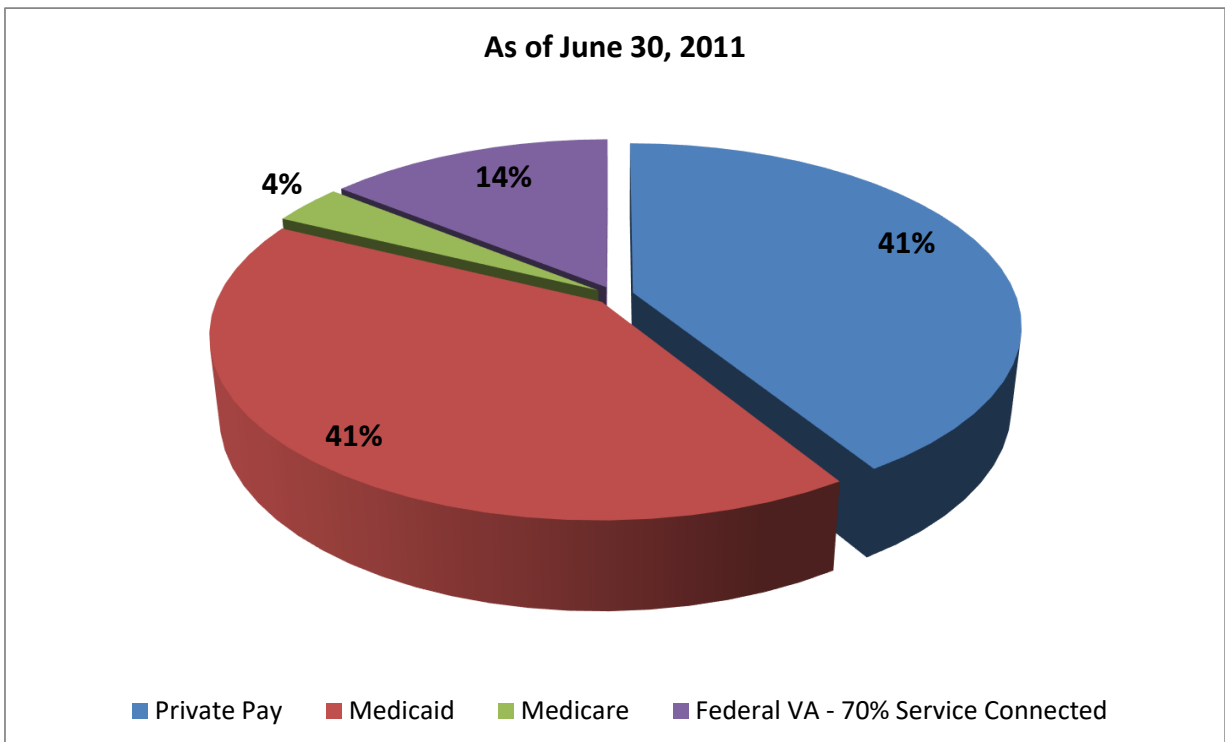
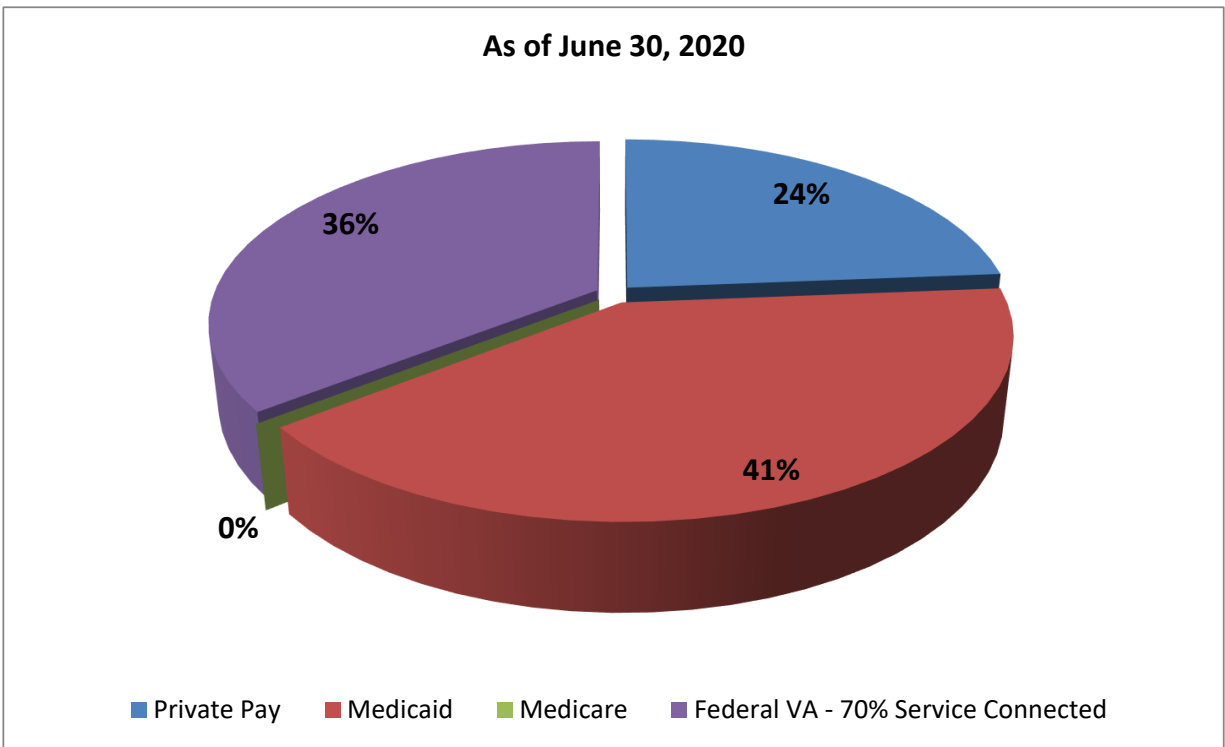
Resident Semi-Private Room Rates - The Dalles



Source: Genworth Financial Reports and Statistical Reports of the Oregon Department of Veterans' Affairs.

**Oregon Department of Veterans' Affairs
Veterans' Home Program - *Unaudited***

**Payor Type Categories - The Dalles
Current Year and Nine Years Ago**

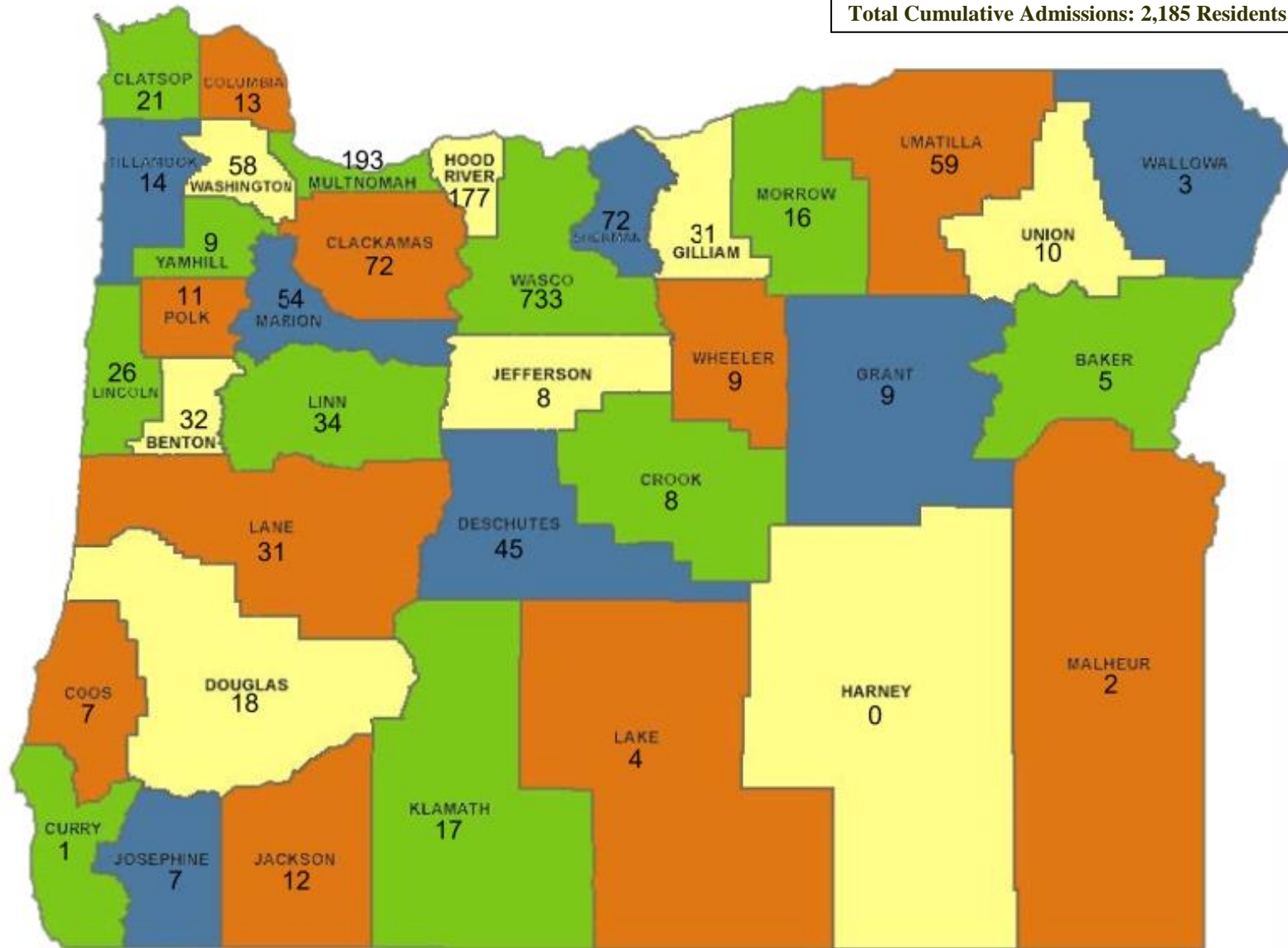


Source: Statistical Reports of the Oregon Department of Veterans' Affairs.

Oregon Department of Veterans' Affairs
Veterans' Home Program

Cumulative Resident Admissions by County – The Dalles
November 1, 1997 through June 30, 2020

Out of State Admissions: 364 Residents
Total Cumulative Admissions: 2,185 Residents



Source: Statistical Reports of the Oregon Department of Veterans' Affairs

Oregon Department of Veterans' Affairs
Assets, Liabilities, and Net Position - *Unaudited*
Veterans' Home Program (Lebanon Veterans' Home only)
For The Fiscal Years Ended 2011 - 2020

Assets	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<u>Current Assets</u>				
Cash and Cash Equivalents	\$ 12,378,931	\$ 12,148,438	\$ 10,693,221	\$ 6,630,232
Cash and Cash Equivalents - Restricted	190,603	-	-	-
Securities Lending Cash Collateral	187,914	385,611	246,649	51,230
Resident Care Receivable	3,886,771	1,754,707	1,735,082	2,808,512
Construction Related Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Total Current Assets	\$ 16,644,219	\$ 14,288,756	\$ 12,674,952	\$ 9,489,974
<u>Noncurrent Assets</u>				
Cash and Cash Equivalents - Restricted	\$ -	\$ -	\$ -	\$ -
Resident Care Receivable (Net)	863	2,217	10,942	23,420
Loan Receivable	-	-	-	-
Net OPEB Asset - RHIA Plan	1,818	1,234	492	-
Capital Assets:				
Building, Property and Equipment	35,446,408	35,278,775	34,655,402	34,480,483
Improvements Other than Buildings	1,779,682	1,779,682	788,469	788,469
Land	4,047,945	4,047,945	4,047,945	4,047,945
Construction in Progress	184,595	20,671	72,809	-
Works of Art and Historical Treasures	47,020	47,020	47,020	47,020
Accumulated Depreciation	(5,291,549)	(4,136,691)	(3,110,878)	(2,178,927)
Total Noncurrent Assets	\$ 36,216,782	\$ 37,040,853	\$ 36,512,201	\$ 37,208,410
Total Assets	\$ 52,861,001	\$ 51,329,609	\$ 49,187,153	\$ 46,698,384
<u>Deferred Outflows of Resources</u>				
Pension Related	\$ 18,974	\$ 24,349	\$ 23,517	\$ 73,497
OPEB Related	(557)	176	528	-
Total Deferred Outflows of Resources	\$ 18,417	\$ 24,525	\$ 24,045	\$ 73,497
Total Assets and Deferred Outflows of Resources	52,879,418	51,354,134	49,211,198	46,771,881
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accounts Payable	\$ 2,140,091	\$ 1,810,141	\$ 1,627,078	\$ 1,452,053
Due to Other Funds	46,017	17,942	21,020	38,340
Contracts Payable - Retainage	-	-	-	-
Unearned Revenue	248,416	50,663	113,867	39,460
Obligations Under Securities Lending	187,914	385,611	246,649	51,230
Compensated Absences Payable	2,482	1,292	2,156	2,118
Total Current Liabilities	\$ 2,624,920	\$ 2,265,649	\$ 2,010,770	\$ 1,583,201
<u>Noncurrent Liabilities</u>				
Net Pension Liability	\$ 126,776	\$ 118,673	\$ 110,466	\$ 149,756
Contracts Payable - Retainage	-	-	-	-
Compensated Absences Payable	1,336	666	1,161	1,141
Net OPEB Liability - RHIPA Plan	814	1,333	1,780	-
Total OPEB Liability - PEBB Plans	4,747	5,873	7,079	-
Other Post Employment Benefits Obligation (Net)	-	-	-	810
Total Noncurrent Liabilities	\$ 133,673	\$ 126,545	\$ 120,486	\$ 151,707
Total Liabilities	\$ 2,758,593	\$ 2,392,194	\$ 2,131,256	\$ 1,734,908
<u>Deferred Inflows of Resources</u>				
Pension Related	\$ 7,257	\$ 8,264	\$ 1,265	\$ 1,829
OPEB Related	1,161	563	401	-
Total Deferred Inflows of Resources	\$ 8,418	\$ 8,827	\$ 1,666	\$ 1,829
<u>Net Position</u>				
Net Investment in Capital Assets	\$ 36,214,101	\$ 37,037,402	\$ 36,500,767	\$ 37,184,990
Expendable, Restricted for Capital Construction	-	-	-	-
Restricted for OPEB	1,818	1,234	492	-
Unrestricted	13,896,488	11,914,477	10,577,017	7,850,154
Total Net Position	\$ 50,112,407	\$ 48,953,113	\$ 47,078,276	\$ 45,035,144
Total Liabilities and Net Position	\$ 52,879,418	\$ 51,354,134	\$ 49,211,198	\$ 46,771,881

June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
\$ 4,147,274	\$ 588,088	\$ 2,496,571	\$ -	\$ -	\$ -
-	-	-	-	-	-
182,323	94,875	353,877	512,271	1,283,694	-
2,405,952	1,129,788	-	-	-	-
222,869	23,578	2,603,198	-	-	-
2,568	-	-	-	-	-
<u>\$ 6,960,986</u>	<u>\$ 1,836,329</u>	<u>\$ 5,453,646</u>	<u>\$ 512,271</u>	<u>\$ 1,283,694</u>	<u>\$ -</u>
\$ 422,760	\$ 1,008,516	\$ 2,927,534	\$ 6,805,940	\$ 10,254,538	\$ 10,431,646
10,412	-	-	-	-	-
-	-	65,947	-	-	-
-	-	-	-	-	-
34,299,802	34,100,562	-	-	-	-
-	-	-	-	-	-
4,047,945	3,652,186	3,619,901	2,910,424	1,500,000	1,500,000
289,741	-	29,414,900	4,105,576	458,006	-
-	-	-	-	-	-
(1,360,694)	(528,143)	-	-	-	-
<u>\$ 37,709,966</u>	<u>\$ 38,233,121</u>	<u>\$ 36,028,282</u>	<u>\$ 13,821,940</u>	<u>\$ 12,212,544</u>	<u>\$ 11,931,646</u>
<u>\$ 44,670,952</u>	<u>\$ 40,069,450</u>	<u>\$ 41,481,928</u>	<u>\$ 14,334,211</u>	<u>\$ 13,496,238</u>	<u>\$ 11,931,646</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>44,670,952</u>	<u>40,069,450</u>	<u>41,481,928</u>	<u>14,334,211</u>	<u>13,496,238</u>	<u>11,931,646</u>
\$ 1,539,116	\$ 893,019	\$ 1,788,550	\$ 1,607,981	\$ 226,027	\$ -
53,620	20,880	62,656	8,560	-	-
6,395	-	1,326,525	-	-	-
20,659	20,299	-	-	-	-
182,323	94,875	353,877	512,271	1,283,694	-
2,976	1,977	-	-	-	-
<u>\$ 1,805,089</u>	<u>\$ 1,031,050</u>	<u>\$ 3,531,608</u>	<u>\$ 2,128,812</u>	<u>\$ 1,509,721</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	167,981	-	-
1,602	1,018	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,602</u>	<u>\$ 1,018</u>	<u>\$ -</u>	<u>\$ 167,981</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 1,806,691</u>	<u>\$ 1,032,068</u>	<u>\$ 3,531,608</u>	<u>\$ 2,296,793</u>	<u>\$ 1,509,721</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 37,276,794	\$ 37,224,605	\$ 33,034,801	\$ 7,016,000	\$ 1,958,006	\$ 1,500,000
639,234	1,032,094	2,459,241	5,021,418	10,028,511	10,431,646
-	-	-	-	-	-
4,948,233	780,683	2,456,278	-	-	-
<u>\$ 42,864,261</u>	<u>\$ 39,037,382</u>	<u>\$ 37,950,320</u>	<u>\$ 12,037,418</u>	<u>\$ 11,986,517</u>	<u>\$ 11,931,646</u>
<u>\$ 44,670,952</u>	<u>\$ 40,069,450</u>	<u>\$ 41,481,928</u>	<u>\$ 14,334,211</u>	<u>\$ 13,496,238</u>	<u>\$ 11,931,646</u>

Oregon Department of Veterans' Affairs
Statement of Revenues, Expenses and Changes In Net Position - *Unaudited*
Veterans' Home Program (Lebanon Veterans' Home only)
For The Fiscal Years Ended 2011 - 2020

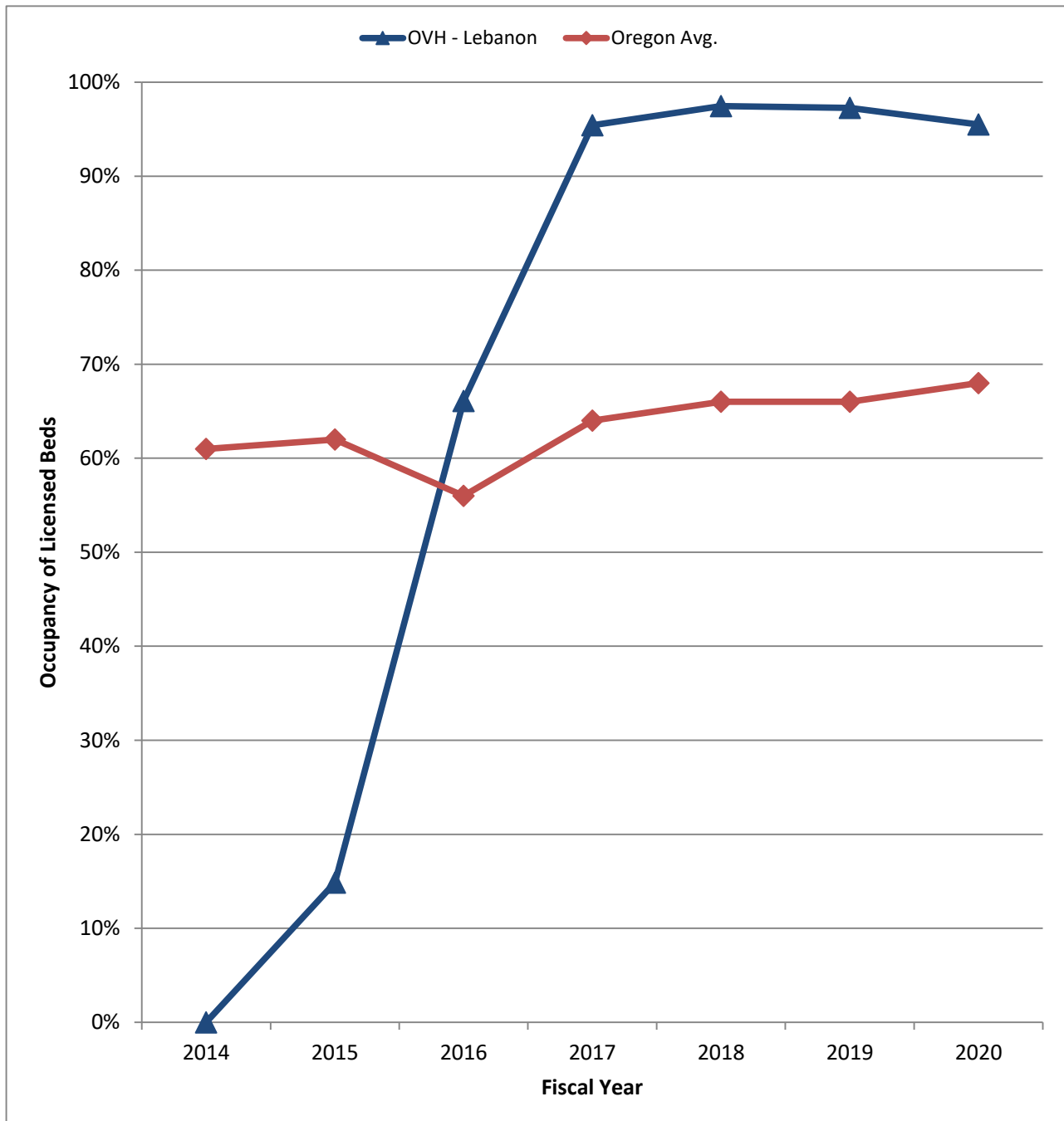
	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Operating Revenues				
Resident Revenue (Net) (1)	\$ 23,485,834	\$ 23,026,264	\$ 22,334,907	\$ 21,463,876
Investment Income	267,725	250,021	148,693	62,723
Other Income	30,927	50,576	64,784	68,191
Total Operating Revenues	\$ 23,784,486	\$ 23,326,861	\$ 22,548,384	\$ 21,594,790
Operating Expenses				
Salaries and Other Payroll Expenses	\$ 134,970	\$ 121,819	\$ 120,190	\$ 208,253
Securities Lending Investment Expense	1,865	3,596	941	164
Services and Supplies	128,632	428,359	75,808	129,020
Veterans' Home Operations	20,936,684	19,874,182	19,408,470	18,641,867
Depreciation Expense	1,154,858	1,025,812	931,952	874,580
Total Operating Expenses	\$ 22,357,009	\$ 21,453,768	\$ 20,537,361	\$ 19,853,884
Operating Income (Loss)	\$ 1,427,477	\$ 1,873,093	\$ 2,011,023	\$ 1,740,906
Non-operating Revenues (Expenses)				
CARES Provider Relief Federal Funds	\$ 709,153	\$ -	\$ -	\$ -
Total Non-operating Revenues (Expenses)	\$ 709,153	\$ -	\$ -	\$ -
Income (Loss) before Transfers and Contributions	2,136,630	1,873,093	2,011,023	1,740,906
Transfers and Contributions				
Net Transfers from Veterans' Home Trust Fund	\$ 27,166	\$ 10,044	\$ 24,671	\$ 45,271
Net Transfers to Dept. of Administrative Services	(4,502)	(4,322)	(3,917)	(4,327)
Net Transfers from General Fund	-	-	-	-
Net Transfers from The Dalles Veterans' Home	(5,250,000)	(1,000,000)	-	-
Net Transfers from Article XI-Q Bond Proceeds	-	996,022	-	-
Gain (Loss) on Disposition of Assets	-	-	-	(52,712)
Capital Contributions	-	-	-	441,745
Total Transfers and Contributions	\$ (5,227,336)	\$ 1,744	\$ 20,754	\$ 429,977
Change in Net Position	\$ (3,090,706)	\$ 1,874,837	\$ 2,031,777	\$ 2,170,883
Net Position				
Beginning Net Position	\$ 48,953,113	\$ 47,078,276	\$ 45,035,144	\$ 42,864,261
Prior Period Adjustment	-	-	19,510	-
Cumulative Effect of Change in Accounting Principle	-	-	(8,155)	-
Beginning Net Position, Restated	\$ 48,953,113	\$ 47,078,276	\$ 45,046,499	\$ 42,864,261
Ending Net Position	\$ 45,862,407	\$ 48,953,113	\$ 47,078,276	\$ 45,035,144

(1) Resident Revenue is shown net of any related bad debt expense.

June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2011
\$ 14,653,681	\$ 1,986,766	\$ -	\$ -	\$ -	\$ -
17,086	15,395	33,165	52,586	57,713	5,550
48,519	14,690	112,893	-	-	-
<u>\$ 14,719,286</u>	<u>\$ 2,016,851</u>	<u>\$ 146,058</u>	<u>\$ 52,586</u>	<u>\$ 57,713</u>	<u>\$ 5,550</u>
\$ 130,300	\$ 92,784	\$ -	\$ -	\$ -	\$ -
661	113	414	1,685	2,842	-
419,826	1,673,996	903,293	-	-	-
13,828,148	3,554,189	45,971	-	-	-
832,551	528,143	-	-	-	-
<u>\$ 15,211,486</u>	<u>\$ 5,849,225</u>	<u>\$ 949,678</u>	<u>\$ 1,685</u>	<u>\$ 2,842</u>	<u>\$ -</u>
<u>\$ (492,200)</u>	<u>\$ (3,832,374)</u>	<u>\$ (803,620)</u>	<u>\$ 50,901</u>	<u>\$ 54,871</u>	<u>\$ 5,550</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(492,200)	(3,832,374)	(803,620)	50,901	54,871	5,550
\$ 64,513	\$ -	\$ -	\$ -	\$ -	\$ -
(4,978)	(2,984)	-	-	-	-
-	-	4,000,000	-	-	-
3,750,000	-	2,500,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
509,544	5,035,313	20,216,522	-	-	11,926,096
<u>\$ 4,319,079</u>	<u>\$ 5,032,329</u>	<u>\$ 26,716,522</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,926,096</u>
<u>\$ 3,826,879</u>	<u>\$ 1,199,955</u>	<u>\$ 25,912,902</u>	<u>\$ 50,901</u>	<u>\$ 54,871</u>	<u>\$ 11,931,646</u>
\$ 39,037,382	\$ 37,950,320	\$ 12,037,418	\$ 11,986,517	\$ 11,931,646	\$ -
-	(112,893)	-	-	-	-
-	-	-	-	-	-
\$ 39,037,382	\$ 37,837,427	\$ 12,037,418	\$ 11,986,517	\$ 11,931,646	\$ -
<u>\$ 42,864,261</u>	<u>\$ 39,037,382</u>	<u>\$ 37,950,320</u>	<u>\$ 12,037,418</u>	<u>\$ 11,986,517</u>	<u>\$ 11,931,646</u>

Oregon Department of Veterans' Affairs
Veterans' Home Program
Unaudited

Average Occupancy Rate - Lebanon

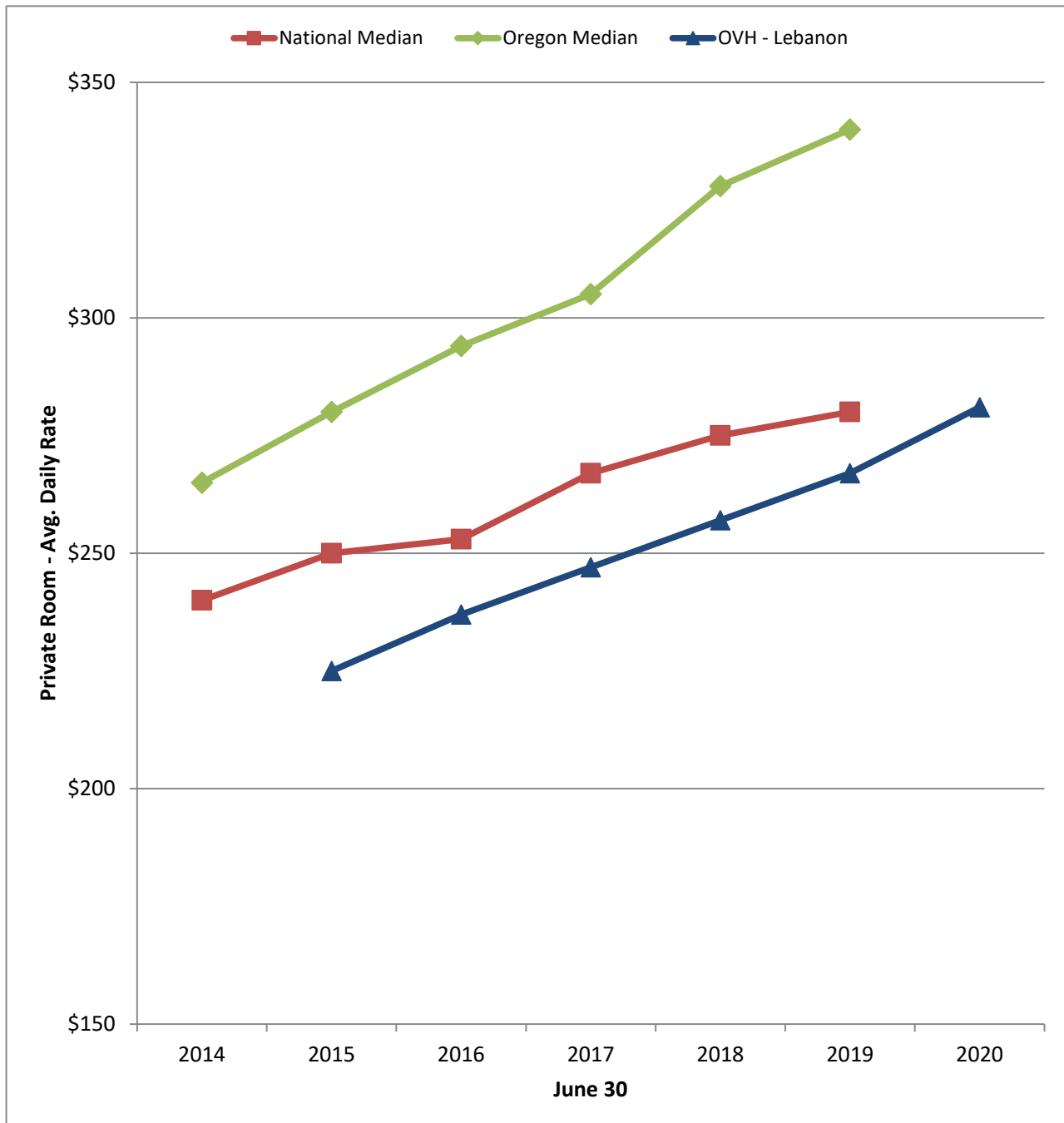


Note: The Lebanon Veterans' Home was opened in October 2014.

Source: Statistical Reports of the Oregon Department of Veterans' Affairs.

Oregon Department of Veterans' Affairs
Veterans' Home Program
Unaudited

Resident Private Room Rates - Lebanon



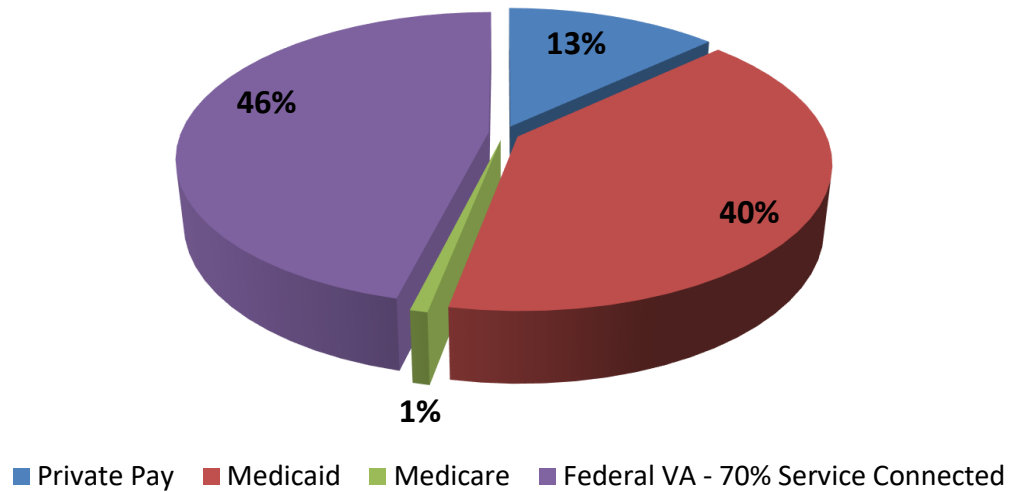
Note: The Lebanon Veterans' Home was opened in October 2014.

Source: Genworth Financial Reports and Statistical Reports of the Oregon Department of Veterans' Affairs.

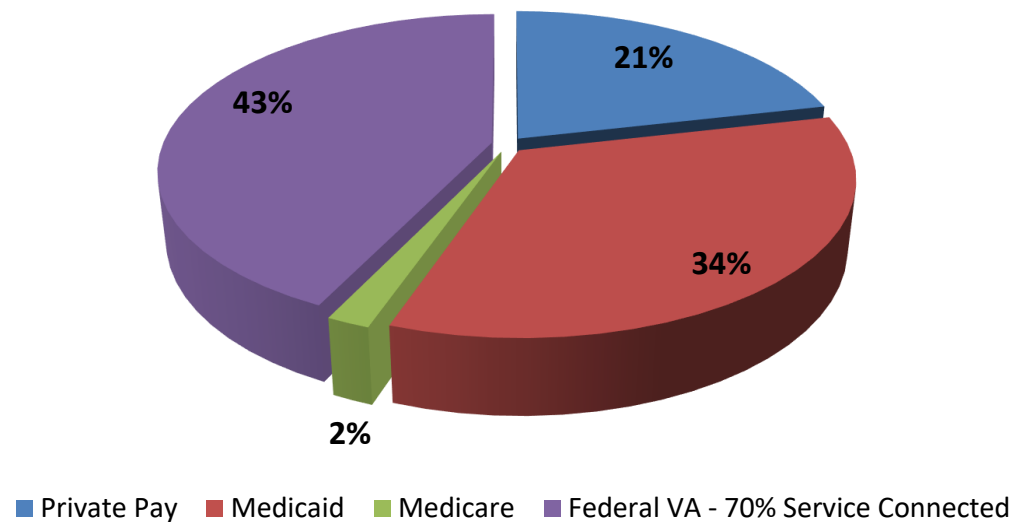
Oregon Department of Veterans' Affairs
Veterans' Home Program
Unaudited

Payor Type Categories - Lebanon

As of June 30, 2020



As of June 30, 2015



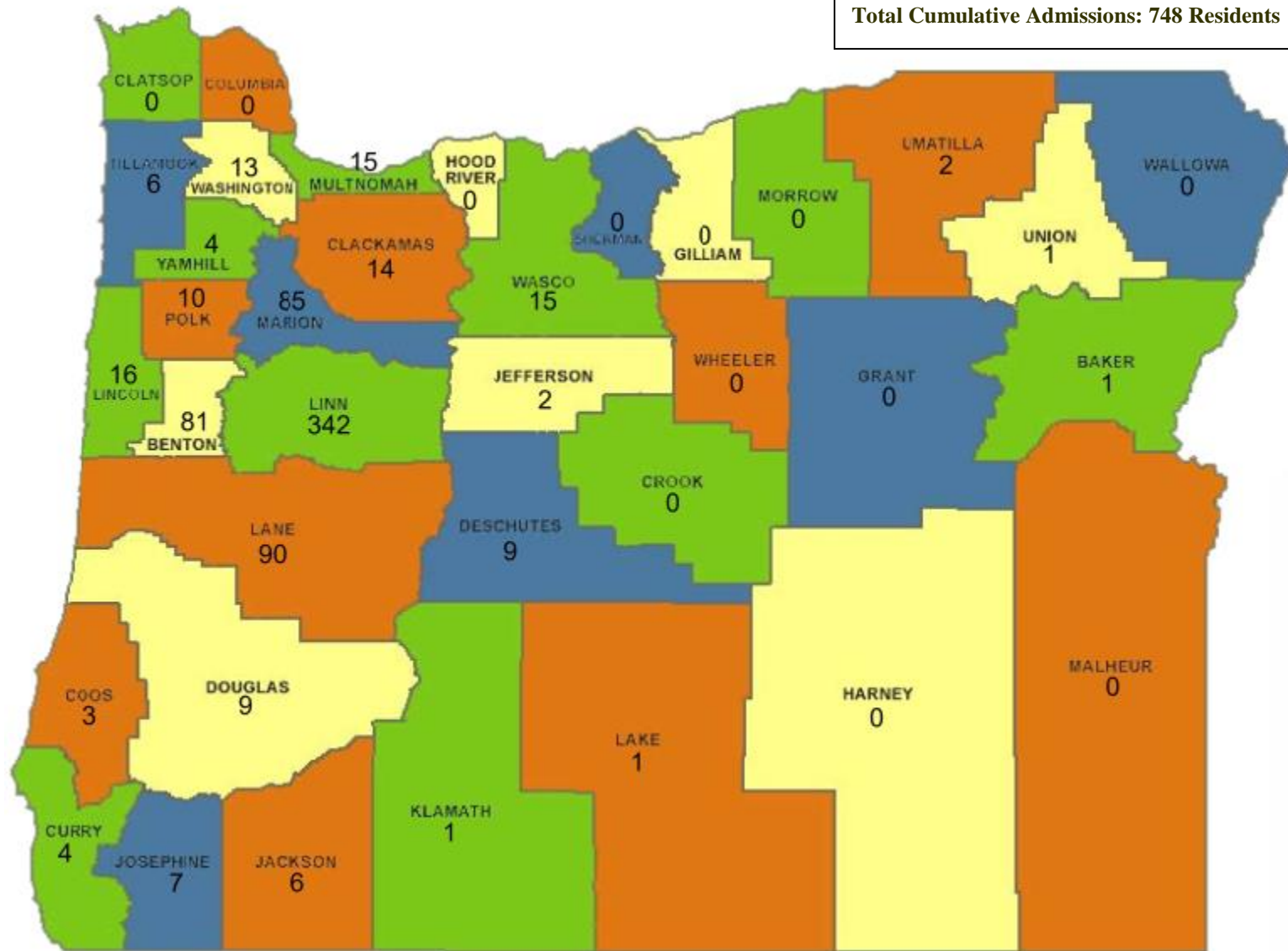
Note: The Lebanon Veterans' Home was opened in October 2014.

Source: Statistical Reports of the Oregon Department of Veterans' Affairs.

Oregon Department of Veterans' Affairs
Veterans' Home Program

Cumulative Resident Admissions by County – Lebanon
October 23, 2014 through June 30, 2020

Out of State Admissions: 11 Residents
Total Cumulative Admissions: 748 Residents





OTHER REPORTS

**INDEPENDENT AUDITOR'S 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***

The Honorable Kate Brown, Governor of Oregon
Kelly Fitzpatrick, Director, Oregon Department of Veterans' Affairs

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Veterans' Home Program, an enterprise fund of the State of Oregon, Department of Veterans' Affairs (the Home Program) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Home Program's basic financial statements, and have issued our report thereon dated October 23, 2020.

The financial statements present only the Home Program and are not intended to present fairly the financial position and cash flows of the State of Oregon or the Oregon Department of Veterans' Affairs and the results of their operations in conformity with accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Home Program'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 Home Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Home Program's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify

any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



For Merina+Co
Tualatin, Oregon
October 23, 2020



OREGON DEPARTMENT
of **VETERANS' AFFAIRS**

Serving Oregon Veterans Since 1945 | 700 Summer Street NE | Salem, Oregon 97301 | Headquarters 800 828 8801

The Oregon Department of Veterans' Affairs (ODVA) intends to comply with the Americans with Disabilities Act (The ADA), PL101-336. The ADA provides that no qualified person with a disability shall be kept from participation in (or be denied a benefit of) the services, programs, or activities of ODVA because of that disability. For additional information or how to file a complaint, please contact ODVA's ADA coordinator at 503-373-2380.

This information is also available in alternate formats, upon request.