

MANISTEE COUNTY MEDICAL CARE FACILITY
EXAMINED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2021 THROUGH 2025

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February 20, 2021

To the Board of Directors
Manistee County Medical Care Facility

We have performed an update to the financial feasibility study surrounding Manistee County Medical Care Facility's (MCMCF or the "Facility") plans to renovate and expand the existing facility with municipal bond financing. The original study was issued May 23, 2019. The proposed project will convert all 4 bed rooms into either private or semi-private rooms and provide upgrades to other areas throughout the facility.

The forecast was performed to comply with public financing requirements and board request. The Facility is working with Manistee County Commissioners regarding the proposed issuance of \$21 Million bonds and inclusion in a millage proposal to be voted on in May 2021.

The proceeds are forecasted to be used as follows:

- Private and semi-private bed expansion, eliminating all 4 bed rooms within the Facility.
- To pay for professional services and management of the renovation project..

Construction is anticipated to begin in April 2022, with anticipated completion in October 2024.

Our procedures included analysis of the following:

- Manistee County Medical Care Facility's history and goals for the project
- The project timing and financing
- Future demand for services, including consideration of the following:
 - Demographic characteristics of the market
 - Locations and capacities of other facilities in the area
 - Historical and expected occupancy levels
 - Cost of development, debt service requirements and financing costs
 - Anticipated room rates and payments
 - Staffing requirements, salaries and benefits and other operational expenses
 - Revenue volumes

We also participated in gathering information, assisted management in identifying and formulating its assumptions, and assembled the accompanying financial forecast based on those assumptions.

The accompanying financial forecast for the annual periods ending September 30, 2021 through September 30, 2025 is based upon assumptions that were provided by, or reviewed with and approved by, management. We have not been engaged to evaluate the effectiveness of management, and we are not responsible for future management actions upon which actual results will depend.

The financial forecast includes the following financial statements and the related summary of significant forecast assumptions and accounting policies :

- Forecasted statement of activities and changes in net position
- Forecasted statement of financial position
- Forecasted statement of cash flows
- Forecasted schedule of certain financial ratios

We have examined the financial forecast. MCMCF's management is responsible for the forecast. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by management and the preparation and presentation of the forecast. We believe our examination provides a reasonable basis for our opinion.

Legislation and regulation at all levels of government have affected, and may continue to affect, the operation of the planned and existing assisted living and nursing facilities. This financial forecast is based on legislation and regulations currently in effect. If future legislation or regulations related to Manistee County Medical Care Facility's operations are subsequently enacted, such legislation or regulations could have a material effect on the future operations of MCMCF.

The assumed interest rates, principal payments, and other financing assumptions are described in Note 6. If actual interest rates, principal payments, or funding requirements are different from those assumed, the amount of bonds and associated debt service requirements would need to be adjusted accordingly from those indicated in the forecast. If such interest rates, principal payments, or funding requirements are lower than those assumed, such adjustments would not adversely affect the forecast.

Our conclusions are presented below:

- In our opinion, the accompanying financial forecast is presented in conformity with applicable guidelines for the presentation of a financial forecast established by the American Institute of Certified Public Accountants.
- In our opinion, the underlying assumptions provide a reasonable basis for management's forecast. However, there will be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.
- The accompanying financial forecast indicates that sufficient funds could be generated to meet MCMCF's operating expenses, and other financial requirements including debt service requirements of the proposed bond issuance. However, the achievement of any financial forecast is dependent upon future events, the occurrence of which cannot be assured. Moreover, the farther into the future the forecast extends, the more difficult it is for management to predict future events.

The accompanying forecast and this report are intended solely for the information and use of MCMCF for the purpose of inclusion in the official statement.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.



Sarah L. Jennings, CPA

**MANISTEE COUNTY MEDICAL CARE FACILITY
FORECASTED STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
YEARS ENDING SEPTEMBER 30, 2021 THROUGH 2025**

	2021	2022	2023	2024	2025
OPERATING REVENUES					
Sales	\$ 31,847	\$ 32,484	\$ 34,108	\$ 35,813	\$ 37,604
Charges for services					
Private pay	497,080	547,285	587,051	667,081	692,432
Medicaid	6,301,732	7,052,876	7,781,961	9,042,162	9,625,883
Medicare	900,831	988,212	1,058,477	1,201,709	1,246,751
Insurance	107,144	111,430	115,887	120,522	125,343
Other	88,912	90,690	92,504	94,354	96,241
Quality assurance supplement	770,535	785,946	801,665	817,698	834,052
Quality measures initiative	263,162	268,425	273,794	279,270	284,855
Other operating revenue	608,639	243,456	248,325	253,292	258,358
TOTAL OPERATING REVENUES	9,569,882	10,120,804	10,993,772	12,511,901	13,201,519
OPERATING EXPENSES					
Salaries and Wages	5,044,043	5,144,924	5,350,721	5,564,750	5,676,045
Fringe benefits	2,270,098	2,383,603	2,502,783	2,627,922	2,759,318
Operating supplies	605,298	617,404	629,752	642,347	655,194
Other operating expenses	114,557	116,848	119,185	121,569	124,000
Utilities	216,012	220,332	224,739	224,739	224,739
Professional services	858,020	875,180	892,684	910,538	928,749
Repairs and maintenance	87,139	87,139	87,139	87,139	87,139
Equipment	68,303	68,303	68,303	68,303	68,303
Staff development	19,983	20,710	23,183	21,096	22,479
Insurance	48,991	49,971	50,970	51,989	53,029
Travel	19,850	20,247	20,652	21,065	21,486
Other expenses	671,481	740,058	911,823	961,827	988,852
Depreciation expense	266,136	266,136	373,677	493,167	1,643,167
TOTAL OPERATING EXPENSES	10,289,911	10,610,855	11,255,611	11,796,451	13,252,500
OPERATING INCOME	(720,029)	(490,051)	(261,839)	715,450	(50,981)
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	30,759	31,620	32,505	33,415	34,351
Tax revenue	483,225	995,444	1,025,307	1,056,066	1,087,748
Interest expense	-	-	(420,000)	(415,000)	(410,000)
TOTAL NONOPERATING REVENUES (EXPENSES)	513,984	1,027,064	637,812	674,481	712,099
CHANGE IN NET POSITION	(206,045)	537,013	375,973	1,389,931	661,118
Net position, beginning of year	1,690,575	1,484,530	2,021,543	2,397,516	3,787,447
Net position, end of year	\$ 1,484,530	\$ 2,021,543	\$ 2,397,516	\$ 3,787,447	\$ 4,448,565

**MANISTEE COUNTY MEDICAL CARE FACILITY
FORECASTED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2021 THROUGH 2025**

	2021	2022	2023	2024	2025
ASSETS					
Current assets					
Cash and cash equivalents	\$ 2,018,923	\$ 2,266,497	\$ 2,577,878	\$ 2,430,762	\$ 3,856,796
Project cash/investments (from loan)	-	10,500,000	2,100,000	410,000	-
Accounts receivable, net	1,131,070	1,196,184	1,299,361	1,478,790	2,060,296
Due from County	562,242	1,071,209	1,175,218	1,210,475	1,246,789
Inventory	69,019	69,019	69,019	69,019	69,019
Estimated third-party payor settlements	-	-	-	-	-
Total current assets	3,781,254	15,102,909	7,221,476	5,599,046	7,232,900
Noncurrent assets					
Assets limited as to use	2,804,813	1,355,859	196,696	-	-
Capital assets, net of accumulated depreciation	1,862,512	1,596,376	1,222,699	1,810,947	24,492,766
Project capital assets (construction in progress)	-	11,948,954	21,508,117	23,897,908	-
Total noncurrent assets	4,667,325	14,901,189	22,927,512	25,708,855	24,492,766
TOTAL ASSETS	8,448,579	30,004,098	30,148,988	31,307,901	31,725,666
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources related to pensions	973,692	973,692	973,692	973,692	973,692
LIABILITIES					
Current liabilities					
Accounts payable	306,172	312,295	318,541	324,912	318,541
Residents' trust deposits	5,410	5,518	5,669	5,509	5,501
Accrued payroll	303,100	309,162	315,345	321,652	328,085
Accrued liabilities	-	-	-	-	-
Total current liabilities	614,682	626,975	639,555	652,073	652,127
Noncurrent liabilities					
Compensated absences	310,639	316,852	323,189	329,653	336,246
Long-term debt	-	21,000,000	20,750,000	20,500,000	20,250,000
Net pension liability	6,677,708	6,677,708	6,677,708	6,677,708	6,677,708
Net other post-employment benefits liability	334,712	334,712	334,712	334,712	334,712
Total noncurrent liabilities	7,323,059	28,329,272	28,085,609	27,842,073	27,598,666
TOTAL LIABILITIES	7,937,741	28,956,247	28,725,164	28,494,146	28,250,793
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pensions	-	-	-	-	-
NET POSITION					
Net investment in capital assets	1,862,512	3,045,330	4,080,816	5,618,855	4,242,766
Unrestricted	(377,982)	(1,023,787)	(1,683,300)	(1,831,408)	205,799
TOTAL NET POSITION	\$ 1,484,530	\$ 2,021,543	\$ 2,397,516	\$ 3,787,447	\$ 4,448,565

**MANISTEE COUNTY MEDICAL CARE FACILITY
FORECASTED STATEMENT OF CASH FLOWS
YEARS ENDING SEPTEMBER 30, 2021 THROUGH 2025**

	2021	2022	2023	2024	2025
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 8,514,007	\$ 9,001,319	\$ 9,815,136	\$ 11,235,504	\$ 11,501,106
Cash received from quality assurance supplement	1,033,697	1,054,371	1,075,459	1,096,968	1,118,907
Cash paid to/for employees	(7,302,107)	(7,516,252)	(7,840,984)	(8,179,901)	(8,422,337)
Cash paid to suppliers	<u>(2,703,631)</u>	<u>(2,810,069)</u>	<u>(3,022,184)</u>	<u>(3,104,241)</u>	<u>(3,180,341)</u>
NET CASH AND CASH EQUIVALENTS PROVIDED (USED) BY OPERATING ACTIVITIES	(458,034)	(270,631)	27,427	1,048,330	1,017,335
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Change in resident trust deposits	13	108	151	(160)	(8)
Cash transfer from County (tax payments)	<u>466,849</u>	<u>486,477</u>	<u>921,298</u>	<u>1,020,809</u>	<u>1,051,434</u>
NET CASH AND CASH EQUIVALENTS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	466,862	486,585	921,449	1,020,649	1,051,426
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital acquisitions	-	(11,948,954)	(9,559,163)	(3,471,206)	(427,078)
Principal paid	-	-	(250,000)	(250,000)	(250,000)
Interest paid	<u>-</u>	<u>-</u>	<u>(420,000)</u>	<u>(415,000)</u>	<u>(410,000)</u>
NET CASH AND CASH EQUIVALENTS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(11,948,954)	(10,229,163)	(4,136,206)	(1,087,078)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from bonds payable	-	21,000,000	-	-	-
Interest received	<u>30,759</u>	<u>31,620</u>	<u>32,505</u>	<u>33,415</u>	<u>34,351</u>
NET CASH AND CASH EQUIVALENTS PROVIDED (USED) BY INVESTING ACTIVITIES	30,759	21,031,620	32,505	33,415	34,351
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	39,587	9,298,620	(9,247,782)	(2,033,812)	1,016,034
Cash and cash equivalents, beginning of year	<u>4,784,149</u>	<u>4,823,736</u>	<u>14,122,356</u>	<u>4,874,574</u>	<u>2,840,762</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,823,736</u></u>	<u><u>\$ 14,122,356</u></u>	<u><u>\$ 4,874,574</u></u>	<u><u>\$ 2,840,762</u></u>	<u><u>\$ 3,856,796</u></u>
Reconciliation of operating income to net cash and cash equivalents provided by operating activities					
Operating income	(720,029)	(490,051)	(261,839)	715,450	(50,981)
Adjustments to reconcile operating income to net cash and cash equivalents provided by operating activities					
Depreciation	266,136	266,136	373,677	493,167	1,643,167
Provision for bad debts	32,473	21,456	13,482	16,853	21,066
(Increase) decrease in:					
Accounts receivable, net	(54,651)	(86,570)	(116,659)	(196,282)	(602,572)
Increase (decrease) in:					
Accounts payable	6,003	6,123	6,246	6,371	(6,371)
Accrued payroll	5,943	6,062	6,183	6,307	6,433
Compensated absences	<u>6,091</u>	<u>6,213</u>	<u>6,337</u>	<u>6,464</u>	<u>6,593</u>
NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ (458,034)</u></u>	<u><u>\$ (270,631)</u></u>	<u><u>\$ 27,427</u></u>	<u><u>\$ 1,048,330</u></u>	<u><u>\$ 1,017,335</u></u>

**MANISTEE COUNTY MEDICAL CARE FACILITY
FORECASTED SCHEDULE OF CERTAIN FINANCIAL RATIOS
YEARS ENDING SEPTEMBER 30, 2021 THROUGH 2025**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Debt Service Coverage Ratio	(206,045)	537,013	375,973	1,389,931	661,118
Increase in net position					
Depreciation and amortization expense	266,136	266,136	373,677	493,167	1,643,167
Interest expense	-	-	420,000	415,000	410,000
Funds available for debt service coverage	60,091	803,149	1,169,650	2,298,098	2,714,285
Annual debt service	-	-	289,637	369,748	384,686
Debt service coverage ratio	-	-	4.04	6.22	7.06
Days cash on hand					
Unrestricted cash	2,018,923	2,266,497	2,577,878	2,430,762	3,856,796
Unrestricted investments	-	-	-	-	-
Total unrestricted cash and investments	2,018,923	2,266,497	2,577,878	2,430,762	3,856,796
Average daily expense	28,192	29,071	30,837	32,319	36,308
Days cash on hand	71.6	78.0	83.6	75.2	106.2

**MANISTEE COUNTY MEDICAL CARE FACILITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS**

NOTE 1 - NATURE AND LIMITATIONS OF FORECAST

This financial forecast presents, to the best of management's knowledge and belief, the expected financial position, results of activities and changes in net position, and cash flows of Manistee County Medical Care Facility (MCMCF or the "Facility") as of and for each of the five years ending September 30, 2021 through 2025. Accordingly, the forecast reflects management's judgment as of February 19, 2021, the date of this forecast, of the expected conditions and the expected course of action given these assumptions. The assumptions disclosed herein are those that management believes are significant to the forecast and are not all-inclusive. There will be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

NOTE 2 - BACKGROUND INFORMATION AND PROJECT DESCRIPTION

MCMCF is a county-owned, 100-bed nursing home in Manistee, Michigan. Services are provided to its residents in the form of long-term, as well as rehabilitation skilled nursing care.

The Facility is governed by the Manistee County Health and Human Services Board (the "Board"). The Board consists of (3) members, two of whom are appointed by the Manistee County board of Commissioners and one of whom is appointed by the Michigan governor. The Manistee County Department of Human Services Board approves the budget for the Facility annually and its operations are financed primarily through user charges (Medicaid, Medicare, private pay, etc.).

MCMCF is planning an expansion and renovation that will eliminate all four bed resident rooms. The proposed project will convert the facility from 27 private/42 semi private/32 4 bed resident rooms to 74 private/26 semi-private beds. The main goal of this project will be removal of all 4 bed resident rooms to a desired blend of private and semi-private rooms and will allow MCMCF to move toward more of a "neighborhood" style of operations and resident care. The expansion will also include an enclosed walking area allowing residents a safe environment for exercise and living. The renovations will continue to upgrade the facility aligning with efforts that began with the Dena wing. The addition will include a memory wing, specifically designed for the well-being and safety requirements necessary. The "neighborhood" style of care will allow additional area for spacious common rooms, dining rooms and support rooms. The project will also include a wander management system and other technological upgrades intended to increase the effectiveness of the staff, improve the wellbeing of residents and visitors and increase the safety of residents. The facility is currently licensed for 100 beds, and the intent is to remain at 100 beds after the additions and renovations. Collectively, this is referred to as the "Project."

Construction of the Project is scheduled to begin in April 2022, with expected completion in October 2024. Management forecasts the Project will be financed by the County of Manistee (the "County"), through the proposed issuance of \$21,000,000 Manistee County Bonds.

**MANISTEE COUNTY MEDICAL CARE FACILITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS**

**NOTE 2 - BACKGROUND INFORMATION AND PROJECT DESCRIPTION
(CONCLUDED)**

The current and forecasted configuration of the campus is as follows:

	<u>Current</u>	<u>Proposed</u>
Private Rooms	25	74
Semi-private Rooms	24	22
4-person Rooms	12	0
COVID unit/impacted	35	

The following table lays out management's assumption in regard to estimated timing of the financing construction:

<u>Project Phases</u>	<u>Duration</u>	<u>Estimated Date</u>
Project planning and financing closing		March 2022
Construction start		April 2022
Construction and renovation complete	36 months	September 2024
Stabilized occupancy	1 months	October 2024
1st stabilized occupancy year		2025

NOTE 3 - KEY ASSUMPTIONS AND SIGNIFICANT RISK FACTORS

Management's Assumptions - The assumptions disclosed herein are those that management believes are significant to the forecast and are not meant to be all inclusive. Management believes all of the assumptions used in the forecast are appropriate under the circumstances and that it will adopt policies and procedures consistent with the assumptions. However, the assumptions and forecast policies and procedures are subject to the uncertainty that changes in economic, legislative, or other circumstances may have on future events and actions. Future results will be affected, favorably or unfavorably, by events and circumstances that may be beyond the control of management. Such events and circumstances may include (but are not limited to) future changes in demand for and utilization of services, changes in services provided by other competing healthcare organizations in the service area, changes in government regulations and reimbursement legislation, construction delays, and local economic conditions.

Construction - For the purpose of this forecast, project construction costs are based upon construction cost estimates prepared by CM Contracting, Inc. (see Note 5). Certain cost overruns (e.g., significant change orders, etc.) in the actual construction costs or significant delay in the forecasted timing could have a material impact on the forecasted financial results.

Successful completion of the proposed project will be dependent on the timely and satisfactory performance of third parties under the terms of the various agreements, including performance by various construction subcontractors. Projects requiring construction entail significant construction risks, including, but not limited to, cost overruns, shortages of materials or skilled labor, labor disputes, unforeseen environmental or engineering problems, work stoppages, fire and other natural disasters, construction scheduling problems, and weather interference, any of which could delay construction or result in a substantial increase in costs to the Project.

**MANISTEE COUNTY MEDICAL CARE FACILITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS**

**NOTE 3 - KEY ASSUMPTIONS AND SIGNIFICANT RISK FACTORS
(CONTINUED)**

While management intends to obtain contracts as well as standard payment and performance bonds related to the contractor, there can be no assurance the various project components will become operational within the forecasted timeframes and budgets. Failure to complete aspects of the Project within the budget or on schedule could result in material variations between the forecasted and actual results, and may have a material adverse effect on the proposed project.

Financing - The forecasted plan of financing, discussed in more detail in Note 6, assumes the issuance of a tax-exempt series of bonds in February 2022, which are assumed to bear an average interest rate of 4 percent over a 30-year term.

MCMCF's ability to meet its debt service obligations and to reduce its total indebtedness will depend upon future performance, which will be subject to general economic conditions and financial, business, and other factors affecting the operations of MCMCF, many of which are beyond management's control.

Occupancy - The Project's stabilized occupancy assumptions are particularly sensitive assumptions. Any delays in construction, the lack of the ability to maintain all beds open throughout the project, as well as changes in the actual supply and demand for services, could impact occupancy, and stabilized occupancy may not be achieved within the periods forecasted, which may have a material effect on operating results.

Meeting the Project's forecasted stabilized occupancy rate will be determined by management's ability to continue to attract residents, as well as local supply and demand. Any material variation from the forecasted fill-up rate could have a material impact on the forecast.

The forecasted occupancy rates are discussed in Note 7. There may be differences between forecasted and actual occupancy rates. Any significant variation in the occupancy rates over the forecast period could have a material impact on the forecasted financial results.

Legislative and Governmental Uncertainty

MCMCF operates a skilled care nursing facility offering full rehabilitation and physical therapy programs for short and long-term stays. Revenue is derived from participation in the Medicaid and Medicare programs, insurance reimbursements as well as from private pay residents. Revenue is recorded at standard billing rates and differences between billing rates and amounts paid under these programs are recorded as contractual adjustments. Amounts earned from private pay residents and through insurance contract reimbursements make up a small portion of the net service revenue included in the forecast.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to both interpretation and change. To continue participating in the Medicare and Medicaid programs, MCMCF is subject to a licensing inspection by the State of Michigan. This inspection is performed to ensure skilled nursing facilities comply with these laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation. Noncompliance with such laws and regulations could result in significant regulatory action including fines, penalties, and temporary or permanent exclusion from the Medicaid and Medicare programs. Management believes it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoings.

**MANISTEE COUNTY MEDICAL CARE FACILITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS**

**NOTE 3 - KEY ASSUMPTIONS AND SIGNIFICANT RISK FACTORS
(CONTINUED)**

Medicare - Currently, Medicare reimburses skilled nursing facilities (SNF) under a prospective payment system. This payment system is based on the acuity and estimated resources used by the resident that are measured by a Minimum Data Set (MDS 3.0) tool. Under this payment program, the SNF is paid a predetermined amount based on the clinical category in which the resident is classified under Resource Utilization Group (RUG).

Changes to this methodology have been announced, but an implementation date has not yet been determined. Management anticipates future revenues to remain constant or increase once the methodology is implemented.

Medicaid - The Michigan Medicaid program is a cost-based reimbursement system that also includes a quality assurance supplement (QAS). The QAS is a reimbursement based on Medicaid occupancy at a percentage of the variable cost component of the Medicaid rate, and is related to the provider bed tax assessed to medical care facilities. The Medicaid rate used in this forecast is based on rules and regulations in effect as of the date of this forecast. Reimbursement rules and regulations are subject to change.

The payment methodology and amounts earned related to this program are based on costs that are subject to review and final approval by Medicaid. Any adjustment that is a result of this final review and approval will be recorded in the period in which the adjustment is made. In the opinion of management, adequate provision has been made for any adjustments that may result from such third-party review.

Laws and regulations governing the Medicaid program are complex and subject to interpretation. To continue participating in the Medicaid program, the Organization is subject to an annual licensing inspection by the State of Michigan. This inspection is performed to ensure skilled nursing facilities comply with these laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and temporary or permanent exclusion from the Medicaid program.

Forecast Period - The forecast period is for the years ending September 30, 2021 through 2025. Over the course of the forecast period, management's ability to predict future results decreases and the degree of uncertainty increases as the length of the forecast period increases.

MCMCF is a blended component unit of Manistee County, Michigan (the "County"). The forecasted financial statements present only the Facility, and are not intended to present the financial position and results of operations of the County in conformity with accounting principles generally accepted in the United States of America

**MANISTEE COUNTY MEDICAL CARE FACILITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS**

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The forecasted financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999. The Facility follows the "business-type" activities reporting requirements of GASB Statement No. 34, which provides a comprehensive look at the Facility's financial activities. No component units are required to be reported in the Facility's financial statements.

Proprietary Fund Accounting - The Facility utilizes the proprietary fund method whereby accounting revenue and expenses are recognized on the full accrual basis.

Cash and Cash Equivalents - The Facility's cash and cash equivalents accounts consist of various checking accounts and certain investments in highly liquid debt instruments with original maturities of three months or less. The amounts recorded as cash and cash equivalents are available to meet current operating requirements.

Assets Limited as to Use - Assets limited as to use primarily include assets set aside by the Manistee County Department of Human Services Board for future capital improvements over which the Board retains control. Those assets have been considered for Project funding as noted in Note 5.

Accounts Receivable - Accounts receivable for residents, insurance companies, and governmental agencies are based a unit rate for services provided to individuals qualified to receive services from the Facility. An allowance for doubtful accounts is established on the Facility's assessment of the current status of individual accounts. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible.

Capital Assets, Net of Depreciation - Capital assets are recorded at cost. Depreciation is computed principally on the straight-line basis over the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

Deferred Outflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualifies for reporting in this category, which is the deferred outflows of resources related to the defined benefit pension plan. The deferred outflows of resources result from two transactions: contributions to the defined benefit pension plan subsequent to the plan's year end through the Facility's fiscal year end and the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings.

Residents' Trust Deposits - The Michigan Department of Treasury requires facilities to administer and account for certain resident monies. Accordingly, the residents' trust liability recorded in the statement of net position represents those patient monies on deposit with the Facility at year end.

Compensated Absences - Compensated absences are charged to operations when earned. Unused benefits are recorded as a current liability in the financial statements.

**MANISTEE COUNTY MEDICAL CARE FACILITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS**

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUES)

Net Pension Liability and Net Other Post-Employment Benefits Obligation - The net pension liability and net other post-employment benefits obligation are deemed to be noncurrent liabilities and are recognized on the statement of net position.

Net Position - Net position of the Facility is classified in two components. Net investment in capital assets consists of the project fund and capital assets, net of accumulated depreciation, reduced by the balance of any outstanding borrowings used to finance the purchase or construction of those assets. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Charges for Services - The Facility's principal activity is operating a long-term healthcare facility for the elderly. Revenue is derived from participation in the Medicaid and Medicare programs, as well as from private-pay residents. Revenue is recorded at standard billing rates and differences between billing rates and amounts paid under these programs are recorded as contractual adjustments. Amounts earned under the Medicaid and Medicare programs make up a significant portion of revenue earned during each year.

The payment methodology and amounts earned related to these programs are based on cost and clinical assessments that are subject to review and final approval by Medicaid and Medicare. Any adjustment that is a result of this final review and approval will be recorded in the period in which the adjustment is made. In the opinion of management, adequate provision has been made for any adjustments that may result from such third-party review.

Services rendered to Medicare program beneficiaries are paid at prospectively determined rates based upon clinical assessments completed by the Facility that are subject to review and final approval by Medicare.

Medicaid reimburses the Facility for resident routine service costs, on a per diem basis, prospectively determined.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Management believes it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoings. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Quality Assurance Program - The Facility's Medicaid revenue has been partially funded by a program called the quality assurance assessment program (QAAP). The current QAAP program was approved by the federal government during 2006 and was made effective retroactive to October 1, 2005. The Facility receives Medicaid revenue related to QAAP and is assessed a "provider tax" based on the number of non-Medicare resident days of service provided during the year. The QAAP revenue and provider tax estimates have been included within the forecast, based on projected Medicaid Days, as outlined in Note 7.

Use of Estimates - The preparation of forecasted financial statements requires management to make estimates and assumptions that affect the forecasted amounts and disclosures. Actual results could differ from those estimates.

**MANISTEE COUNTY MEDICAL CARE FACILITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS**

NOTE 4 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUTES)

Upcoming Accounting Pronouncements – In November 2016, the Governmental Accounting Standards Board issued GASB Statement No. 83, *Certain Asset Retirement Obligations*, which establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The Facility is currently evaluating the impact this standard will have on the financial statements when adopted but the effects of this pronouncement are anticipated to be minimal. The provisions of this statement are effective for the Facility’s financial statements for the September 30, 2020 fiscal year end.

In September 2019, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were 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 right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Facility is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Facility’s financial statements for the year ending September 30, 2022.

NOTE 5 – PROJECT SOURCES AND USES OF FUNDS

Management has forecasted the following sources and uses of funds in preparing the financial forecast:

Sources of Funds	
Loan proceeds	\$ 21,000,000
Operational reserves	93,095
Assets designated for capital purchases	2,804,813
Total Source of Funds	\$ 23,897,908
Uses of Funds	
Project costs	\$ 17,356,108
Contingency funds	2,172,537
Construction management	520,683
Architecture and engineering	1,527,336
Professional services	428,652
Bonding fees	583,200
Furniture, fixture, and equipment	1,309,392
Total Uses of Funds	\$ 23,897,908

Refer to Note 6 for the description of the assumptions used to develop the Project Sources of Funds.

**MANISTEE COUNTY MEDICAL CARE FACILITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS**

NOTE 5 – PROJECT SOURCES AND USES OF FUNDS (CONTINUED)

Architect and Engineering - Architect and engineering costs are based primarily on MCMCF's contract with Eckert Wordell.

Construction management - Construction management costs are based primarily on MCMCF's contract with CM Contracting, Inc.

Funded Interest - Funded interest is forecasted to be funded from proceeds of the issued bonds. The funded interest includes interest on the Series 2016 Bonds over an 18-month period.

Bonding Fees - Issuance costs, legal fees (of bond and borrower's counsel), underwriter fees and the fees associated with the issuance of the bonds and fees associated with certificate of need filing and feasibility study. These costs will be funded with cash included in the Facility's assets limited to use.

Millage – Property tax revenue was based on an increasing the medical care millage to 1 mill. Revenue and collections related to this have been updated throughout the report and forecasted statements.

NOTE 6 – PROJECT FINANCING

Management has forecasted the bonds as follows:

<u>Bond Proceeds</u>	<u>Par Value</u>	<u>Average Coupon</u>	<u>Maturity Date</u>
Tax-exempt new money	\$ 21,000,000	2.00%	May 1, 2050

The bonds are forecasted to be dated and delivered on or about April 2022.

Interest on the bonds is forecasted to be payable semiannually beginning October 1, 2022.

The following table summarizes long-term debt balance and principal repayments over the forecast period:

<u>Year End</u>	<u>Forecasted Principal Payments</u>	<u>Forecasted Interest Payments</u>
2023	\$ 250,000	\$ 420,000
2024	250,000	415,000
2025	250,000	410,000
2026	250,000	405,000
2027	250,000	400,000
Thereafter	19,750,000	6,105,000
	<u>\$ 21,000,000</u>	<u>\$ 8,155,000</u>

**MANISTEE COUNTY MEDICAL CARE FACILITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS**

NOTE 7 – REVENUE

Management's revenue assumptions were developed considering historical information about payer mix, occupancy and rates, and general assumptions about inflation. Service revenue is a function of units occupied and the pay rates for various sources. MCMCF's management has forecasted revenue from private pay sources and insurance, Medicaid and Medicare. The forecasted occupancy, payor mix, and rates are particularly sensitive assumptions. A comprehensive market study (presented in Note 10) was performed to evaluate future market demand and assist management with the development of assumptions supporting revenue.

** These assumptions have been adjusted given the impact of COVID-19 specifically resulting from guidance on social distancing and isolation related to disease.

Revenue and Payor Mix

The forecasted revenue and payor mix, which management has based on a combination of historical activity, planned changes to the community, and a market demand analysis (see Note 10), are as follows:

Forecasted revenue by payor category:

	2021	2022	2023	2024	2025
Net Service Revenues					
Private pay	\$ 497,080	\$ 547,285	\$ 587,051	\$ 667,081	\$ 692,432
Medicaid	6,301,732	7,052,876	7,781,961	9,042,162	9,625,883
Medicare	900,831	988,212	1,058,477	1,201,709	1,246,751
Insurance	107,144	111,430	115,887	120,522	125,343
Other	88,912	90,690	92,504	94,354	96,241
Net Service Revenues	<u>\$ 7,895,699</u>	<u>\$ 8,790,493</u>	<u>\$ 9,635,880</u>	<u>\$ 11,125,828</u>	<u>\$ 11,786,650</u>

Forecasted occupancy and average daily rates:

	2021	2022	2023	2024	2025
Average available units - skilled nursing	96	96	96	96	96
Average available units (COVID Impact)	61	81	85	92	94
Average occupied units - skilled nursing	59	66	72	85	88
Average occupancy	61%	69%	75%	89%	92%
Medicaid residents	37	38	41	43	39
Medicaid rates	\$ 256	\$ 263	\$ 270	\$ 278	\$ 287
<i>Inflation factor*</i>		2.6%	2.8%	3.0%	3.2%
Medicare/Managed Care residents	19	25	27	36	39
Medicare/Managed Care rates	\$ 315	\$ 321	\$ 327	\$ 334	\$ 341
<i>Inflation factor*</i>		1.7%	1.8%	1.9%	2.0%
Private pay residents	3	3	4	6	10
Private pay rates	\$ 283	\$ 290	\$ 300	\$ 310	\$ 320
<i>Inflation factor*</i>		2.1%	2.0%	2.1%	2.1%

**MANISTEE COUNTY MEDICAL CARE FACILITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS**

NOTE 7 – REVENUE (CONTINUED)

Transition Plan

Management has devised a phased plan for the project, with residents being relocated between the newly built units and existing units. Throughout the thirty-six month project the facility is expected maintain full occupancy potential. The plan includes utilizing various 4-bed rooms to maintain bed count. Management intends to work closely with the contractors to ensure minimal census count impact.

The impact of Covid-19 and resulting operational regulations on the census and capacity of the facility has put MCMCF in a position to have increased flexibility in the movement of residents throughout the construction process.

NOTE 8 - OPERATING EXPENSES

Operating expenses have been forecasted based upon management's experience and historical costs for existing facilities. Annual inflation rates of 2 percent were assumed for all operating expenses for the forecast period, other than salaries and wages, as outlined below.

Salaries and Wages - The following tables summarize management's expected staffing levels and wage rates for the Project:

For the years ending September 30,	Full-time Equivalents (FTEs)				
	2021	2022	2023	2024	2025
Administrative and general	7	7	7	7	7
Maintenance	6	6	6	6	6
Laundry	3	3	3	3	3
Housekeeping	6	6	6	6	6
Dietary	13	13	14	14	14
Nursing and activities	90	90	100	100	100
	<u>125</u>	<u>125</u>	<u>136</u>	<u>136</u>	<u>136</u>

For the years ending September 30,	Average Hourly Rates				
	2021	2022	2023	2024	2025
Administrative and general	\$ 25.44	\$ 25.95	\$ 26.47	\$ 27.00	\$ 27.54
Maintenance	22.66	23.11	23.57	24.04	24.52
Laundry	17.00	17.34	17.69	18.04	18.40
Housekeeping	14.62	14.91	15.21	15.51	15.82
Dietary	19.31	19.70	20.09	20.49	20.90
Nursing and activities	28.13	28.69	29.26	29.85	30.45

**MANISTEE COUNTY MEDICAL CARE FACILITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS**

NOTE 8 - OPERATING EXPENSES (CONTINUED)

Management has forecasted salaries and wages using the following assumptions:

- Management's forecasted staffing levels are based on historical staffing levels. No additional staffing is assumed for the new units.
- Salaries and wages are based on the Corporation's current wage scale and are forecasted to increase 2 percent annually throughout the forecast period based on expectations of future market factors and
- Employee Payroll Taxes and Benefits - The cost of employee benefits consists primarily of payroll taxes, health insurance, workers' compensation, retirement benefits, and other miscellaneous items. Total payroll taxes and benefits as a percent of salaries and wages during the forecast period are at a rate of 33.9%.

Utilities - Management has forecasted utilities to be adjusted annually at an inflationary rate of 2 percent, based on the recent historical trends and adjusted based on additional square footage.

Other Operating Expenses - Management is forecasting the cost of other non-labor related expenses, including supplies, maintenance, and other costs, will increase at an inflationary rate of 2 percent during the forecast period, based upon management's experience and recent trends.

NOTE 9 – OTHER ASSUMPTIONS

Capital Assets - Capital assets are summarized as follows:

	2021	2022	2023	2024	2025
Building and improvements	6,134,686	6,134,686	6,134,686	6,134,686	30,032,594
Equipment	1,719,967	1,719,967	1,719,967	1,719,967	1,719,967
Construction in progress	59,878	11,948,954	21,508,117	23,897,908	
Subtotal	7,914,531	19,803,607	29,362,770	31,752,561	31,752,561
Less: accumulated depreciation	(6,052,019)	(6,318,155)	(6,691,832)	(7,184,999)	(8,828,166)
Net capital assets	1,862,512	13,485,452	22,670,938	24,567,562	22,924,395

Management forecasts minimal capital expenditures outside of the proposed project expenditures through the year ended September 30, 2025.

Accounts Receivable - Average days in accounts receivable for service revenue is forecasted to be consistent with current timing for the forecast period.

Accounts Payable - The average number of days in accounts payable is forecasted to be consistent with current timing for the forecast period. The average is forecasted by management based on MCMCF's historical payment cycle on all cash expenses and is assumed to remain constant throughout the forecast period.

**MANISTEE COUNTY MEDICAL CARE FACILITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS**

NOTE 9 – OTHER ASSUMPTIONS (CONTINUED)

Accrued Payroll and Related Liabilities - The forecast assumes that MCMCF will pay staff bi-weekly and accrue balances of vacation and sick time that will remain constant throughout the forecast period.

Agent Defined Benefit Pension Plan - The Facility participates in an agent multiple- employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS), which covers all employees. The net pension liability and related deferred outflows of resources have been incorporated into the forecast assumptions.

Net Pension Liability and Deferred Outflows of Resources - The Facility's net pension liability and deferred outflows of resources was measured as of September 30, 2018. The total pension liability used to calculate that pension liability and related deferred outflows of resources was determined by an annual actuarial valuation as of that date. The Facility's net pension liability and related deferred outflows of resources was based on the most recent data available for the forecast.

Defined Contribution Plan - The Facility adopted a multiemployer defined contribution plan for all employees sponsored by the Municipal Employees' Retirement Systems (MERS) and is required to make a 3 percent matching contribution. Those contributions are included in the projections.

Post-employment Obligations - The Facility provides certain retiree medical benefits as other post-employment benefits (OPEB) to two former administrators. The Facility pays retiree healthcare costs on a "pay-as-you-go" basis and has no obligation to make contributions in advance of when the insurance premiums are due for payment. These costs are included in the projections.

NOTE 10 – MARKET STUDY

The following is a market study of the nursing home market for the Manistee County Medical Care Facility (MCMCF) campus in Manistee, MI. The assumptions for the future utilization of MCMCF are developed by management and based on several factors that affect the demand for skilled nursing beds. These factors include:

- The campus and defined market area for MCMCF's campus
- Economic factors and demographic characteristics of the market area, including employment, housing, and industry trends
- Estimated age, income, housing unit value, and population within the market area
- An analysis of skilled nursing beds in the market area
- Penetration rates for skilled nursing beds

**MANISTEE COUNTY MEDICAL CARE FACILITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS**

NOTE 10 – MARKET STUDY (CONTINUED)

Manistee County Medical Care Facility is located in the lower peninsula of Michigan, adjacent to Lake Michigan. MCMCF is next door to Munson Healthcare Manistee Hospital with a tunnel connector allowing patients to be transported with ease.

MCMCF is located in the lower peninsula of Michigan and accessible by US highway 31 running directly through the county.



Source: Geology.com

Manistee County Transportation, Inc. services the entire county with on-demand bussing. The system also provides free patient transportation to/from Munson Medical Center in Traverse City, which is approximately 60 miles north of MCMCF.

Manistee Blacker Airport is available for commercial and private planes and has direct flights to Chicago Midway International Airport.

Manistee County encompasses various cities, townships and villages that provide additional public services and transportation. In addition to that, the Manistee County Council on Aging has additional resources for the community including a referral network for services, meal assistance and transportation assistance.

Little River Casino Resort is located in Manistee, less than two miles from MCMCF.

**MANISTEE COUNTY MEDICAL CARE FACILITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS**

NOTE 10 – MARKET STUDY (CONTINUED)

The following table shows the unemployment trends for Manistee County compared to trends in Michigan and the United States. Note that this data includes the entire county.

	<u>2016⁽¹⁾</u>	<u>2017⁽¹⁾</u>	<u>2018⁽¹⁾</u>	<u>2019⁽¹⁾</u>	<u>2020⁽¹⁾</u>	<u>2021⁽²⁾</u>
Manistee County	5.6	5.3	4.1	4.0	8.3	5.1
Michigan	4.9	4.5	3.5	3.9	8.6	7.0
United States	5.0	4.2	3.7	3.5	7.8	6.7

(1) As of each fiscal year end (September)

(2) Most recently available (February)

Source: U.S. Bureau of Labor Statistics (data.bls.gov)

Manistee County, while showing unemployment rates above both state and national averages until recent years, trends consistent with the rises and falls experienced throughout the state of Michigan.

The Manistee County area lines Lake Michigan and boasts historic museums, theater, Riverwalk, pier's and one of only four remaining catwalks in the state of Michigan. Residents and visitors have access to many beaches, marina's, parks, festivals and farmer's markets. Some additional attractions include the North Pier and Catwalk, Little River Casino and the S.S. City of Milwaukee.

Manistee County Medical Care Facility is located adjacent to the area hospital, Munson Healthcare Manistee Hospital, and has a tunnel connecting the buildings. The facility was established in 1868 as the County Farm Hospital. The current facility was built in 1959 and expanded in 2004 to include additional private and semi-private resident rooms, nursing stations and common areas.

The majority of residents of MCMCF come from the county community and approximately 85% of admissions are from Munson Healthcare Manistee Hospital.

As noted above, Munson Healthcare Manistee Hospital is next door to MCMCF. It is also the main referral source for residents. This hospital is one of nine community hospitals in the Munson Healthcare system. The hospital is a 45-bed acute care facility with emergency care and a walk-in clinic and is expanding to include a rehabilitation center that will be located near the hospital.

The following market area information was collected from a variety of sources including the Zip Code Database for the county, the State of Michigan, and the United States. The database reports are based on 2000 and 2010 census data.

**MANISTEE COUNTY MEDICAL CARE FACILITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS**

NOTE 10 – MARKET STUDY (CONTINUED)

The median age in Manistee County was 49.2 in 2010 and 41.5 in 2000, according to census data, and 34.5% of households within Manistee County had individuals over 65 years of age.

The table below depicts the aging population for all zip codes in Manistee County for 2000 and 2010.

	2010	2000
18 years and over	80.9	77.4
21 years and over	77.8	74.3
62 years and over	25.2	21.4
65 years and over	20.7	18.1

As the baby boomers continue to move into the older age groups, the proportion of seniors aged over 65 is projected to increase. According to the United States Census Bureau, the age group of 65 years and over will increase from 16.85% of the population in 2020 to 22.03% of the population by 2050. The trends in Manistee County are projected to follow, as shown in the census data above.

According to the State of Michigan Aging and Adult Services Agency, 23.6 percent of Michigan’s current population is 60 years of age and or older. currently has

Skilled Nursing - Skilled nursing is the long-term care option that provides housing, meals, personal care, nursing care, and medical services. Skilled nursing homes provide care to residents with conditions requiring long-term care or for those needing a shorter recovery period after hospitalization.

The Michigan Department of Licensing and Regulatory Affairs, Bureau of Health Systems issues licenses to all nursing homes providing organized nursing care and medical treatment 24 hours per day in a residential setting to seven or more unrelated individuals. Nursing homes are required to be licensed by the Michigan Department of Licensing and Regulatory Affairs. Licensure is mandatory and facilities must meet the state regulations to become licensed.

In Michigan, the Certificate of Need Program (CON) is a state regulatory program intended to balance cost, quality, and access issues and ensure that only needed services and facilities are developed in Michigan. Michigan's CON program was enacted in 1972 and is administered by the Department of Community Health. MCMCF is located in Manistee County. As of March 1, 2021, the State has determined Manistee County has a bed need of 31 beds.

The following list identified competitors in the region, as defined by management.

	Total Beds
Oakview Medical Care Facility	96
The Maples	78
MediLodge of Ludington	93

**MANISTEE COUNTY MEDICAL CARE FACILITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND FORECAST ASSUMPTIONS**

NOTE 10 – MARKET STUDY (CONTINUED)

Maple Ridge Manor (Maple Ridge), scheduled to open in 2021 directly across the street from Manistee County Medical Care Facility, will have 54 separate and individual apartments for independent, assisted living needs. While the facility is not yet open and the mix of full services is unclear, it does not appear that the opening will dramatically impact MCMCF or the future projections given the anticipated increased need as well as the dissimilar targeted clientele. It is anticipated Maple Ridge Manor could be a referral source to MCMCF as clients required assistance outside of the planned scope of Maple ridge.

According to NICMap.org, the mean occupancy for nursing facilities in the United States for the quarter ended March 31, 2021 was 88.1 percent.

Admissions from hospitals accounted for approximately 85 percent of total admissions and management reports the Munson Healthcare Manistee Hospital is MCMCF's main referral source.

Marketing and Occupancy Rates - The success of MCMCF's skilled nursing facility is dependent, in part, on the occupancy rates. MCMCF has no formal marketing plan currently; however, management is planning to launch a rebranding and marketing plan once renovations and expansion has begun.