

CURRY HEALTH DISTRICT
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2024 AND 2023



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INTRODUCTORY SECTION

**CURRY HEALTH DISTRICT
GOVERNING BOARD AND PRINCIPAL EMPLOYEE
JUNE 30, 2024 AND 2023**

Members of the Board of Directors as of July 1, 2023:

Maarten Van Otterloo	Board Chair
Joel Hensley	Vice Chair
DJ Storns	Secretary
Derral Hawthorne	Board Member
Bryan Grummon	Treasurer

Curry Health District has designated the following registered agent and office as of July 1, 2023:

Virginia Williams	Registered Agent
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The above individuals can be contacted at the address below:

94220 Fourth St.
Gold Beach, Oregon 97444

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Directors
Curry Health District
Gold Beach, Oregon

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Curry Health District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information – Non-GAAP Budgetary Basis Schedules

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedules of revenues and expenditures – budget (non-GAAP budgetary basis) and actual on page 32 are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedules of revenues and expenditures – budget (non-GAAP budgetary basis) and actual on page 32 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters for the year ended June 30, 2024. The purpose of this 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 District's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 27, 2024, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Other Matters

The 2023 financial statements of Curry Health District were audited by other auditors, whose report dated November 16, 2023 expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Bellevue, Washington
November 27, 2024

**CURRY HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023**

This "Discussion and Analysis" provides an overview of the financial activities of Curry Health District (the District) for the fiscal years ended June 30, 2024, 2023, and 2022. It should be read in conjunction with the District's financial statements that follow.

The District is a governmental entity organized under the laws of the state of Oregon with five publicly elected board members who serve four-year terms. The District levies and collects property taxes from property owners within the District. The Governmental Accounting Standards Board prescribes the financial reporting format for the District. The state of Oregon's Auditor's Office maintains copies of the audited financial statements.

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position

One of the most important questions asked about the District's finances is, "Is the District better or worse off because of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes in it. You can think of the District's net position — the difference between assets and liabilities — as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the District's patient base and measures of the quality of service it provides to the community, as well as the local economic factors to assess the overall health of the District.

The Statement of Cash Flows

The final required statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as "Where did cash come from?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

The District's Services

In fiscal year 2024, the District operated several healthcare facilities in Curry County, Oregon:

- A Rural Health Clinic in Port Orford – with 2,014 clinic and 797 ancillary visits
- Curry General Hospital in Gold Beach, a critical access hospital – with 4,255 emergency room visits, 523 hospital admissions, 6,400 clinic visits, 29,347 ancillary service (radiology, lab, therapy) visits, and 2,163 surgical procedures
- Curry Medical Center (CMC) in Brookings – with 27,010 clinic visits, 11,069 emergency room visits, and 25,881 ancillary service visits
- The District brought on six providers in FY2024, one general surgeon on a per diem basis, a urologist, and four mid- level providers during the fiscal year. Four providers left the District during the same time period.
- In fiscal year 2024, 44% of the District's cash revenue was from traditional Medicare, 35% from commercial insurers, 19% Medicaid (OMAP), and 2 percent from patients.

**CURRY HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2024 AND 2023**

Significant Events and Initiatives

The following events and transactions had significant financial impacts, which are reflected in the financial statements:

- The following Medicare cost report adjustments took place during the fiscal year:

\$ 338,548	2023 Tentative Retroactive Settlement
<u>782,000</u>	2023 Cost Report Settlement
\$1,120,548	Net amount received in cost report adjustments throughout fiscal year

Below are several initiatives in various stages of progress which will have financial impacts in future years. Each initiative will require varying amounts of manpower and management focus throughout their implementations.

- Accountable Care Organization (ACO) Membership
- Electronic Medical Record (EMR) Change from CPSI to Epic
- CHN Chemo/Infusion Center
- Master Facilities Planning
- Work Force Housing

Risks

The District faces numerous financial risks, some of which derive from the healthcare industry and some from the local condition of the District's market and financial condition.

**CURRY HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2024 AND 2023**

Table 1: Statements of Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets			
Current Assets	\$ 40,254,725	\$ 39,688,740	\$ 38,028,741
Capital Assets, Net	39,502,494	38,290,916	37,734,065
Other Noncurrent Assets	<u>1,644,009</u>	<u>1,549,263</u>	<u>1,453,917</u>
 Total Assets	 <u>\$ 81,401,228</u>	 <u>\$ 79,528,919</u>	 <u>\$ 77,216,723</u>
Liabilities			
Current Liabilities	\$ 7,329,729	\$ 6,073,592	\$ 7,438,882
Noncurrent Liabilities	35,313,510	36,608,500	36,796,353
Total Liabilities	<u>42,643,239</u>	<u>42,682,092</u>	<u>44,235,235</u>
 Net Position			
Net Investment in Capital Assets	2,489,484	19,811	(940,851)
Restricted	1,144,009	1,049,263	953,917
Unrestricted	<u>35,124,496</u>	<u>35,777,753</u>	<u>32,968,422</u>
Total Net Position	<u>38,757,989</u>	<u>36,846,827</u>	<u>32,981,488</u>
 Total Liabilities and Net Position	 <u>\$ 81,401,228</u>	 <u>\$ 79,528,919</u>	 <u>\$ 77,216,723</u>

**CURRY HEALTH DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2024 AND 2023**

Table 2: Operating Results and Changes in Net Position

Contacting the District's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District's Chief Financial Officer's Office at Curry Health District, 94181 Fourth Street, Gold Beach, Oregon 97444.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating Revenues			
Net Patient Service Revenue	\$ 69,853,654	\$ 66,397,447	\$ 59,893,929
Other Operating Revenue	<u>1,032,693</u>	<u>963,435</u>	<u>658,900</u>
Total Operating Revenues	<u>70,886,347</u>	<u>67,360,882</u>	<u>60,552,829</u>
Operating Expenses			
Salaries, Wages, and Benefits	36,689,403	30,833,492	28,677,425
Professional Fees	<u>17,325,943</u>	<u>18,621,129</u>	<u>13,379,393</u>
Depreciation and Amortization	<u>4,313,716</u>	<u>4,238,946</u>	<u>4,211,193</u>
Supplies and Other Operating Expenses	<u>12,086,691</u>	<u>10,707,959</u>	<u>8,957,679</u>
Total Operating Expenses	<u>70,415,753</u>	<u>64,401,526</u>	<u>55,225,690</u>
Operating Gain (Loss)	470,594	2,959,356	5,327,139
Nonoperating Revenues (Expenses)			
Taxation for Bond Principal and Interest	600,460	586,691	595,924
Taxation for Maintenance and Operations	<u>957,536</u>	<u>895,365</u>	<u>846,006</u>
CARES Act Provider Relief Fund	-	-	1,627,442
Interest Income	<u>1,484,779</u>	<u>783,723</u>	<u>118,736</u>
Interest Expense	<u>(1,617,595)</u>	<u>(1,579,873)</u>	<u>(1,757,909)</u>
Gain (Loss) on Disposal of Capital Assets	<u>(213,539)</u>	<u>35,000</u>	<u>17,500</u>
Other, Net	<u>18,661</u>	<u>35,077</u>	<u>322,303</u>
Total Nonoperating Revenues (Expenses)	<u>1,230,302</u>	<u>755,983</u>	<u>1,770,002</u>
Change in Net Position Before Capital Asset Impairment, Net of Insurance Settlement and Gain on Forgiveness of Paycheck Protection Program Loan	1,700,896	3,715,339	7,097,141
Capital Asset Impairment, Net of Insurance Settlement	<u>210,266</u>	<u>150,000</u>	<u>(254,660)</u>
Gain on Forgiveness of Paycheck Protection Program Loan	-	-	4,405,300
Change in Net Position	<u>1,911,162</u>	<u>3,865,339</u>	<u>11,247,781</u>
Beginning Net Position	<u>36,846,827</u>	<u>32,981,488</u>	<u>21,733,707</u>
Ending Net Position	<u><u>\$ 38,757,989</u></u>	<u><u>\$ 36,846,827</u></u>	<u><u>\$ 32,981,488</u></u>

FINANCIAL STATEMENTS

**CURRY HEALTH DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,057,030	\$ 366,842
Investments	26,547,283	26,936,390
Receivables:		
Patient Accounts, Net	10,366,293	10,293,124
Estimated Third-Party Payor Settlements	-	1,113,188
Property Taxes	140,538	138,547
Other	91,186	11,731
Inventories	663,099	624,446
Prepaid Expenses	389,296	204,472
Total Current Assets	<u>40,254,725</u>	<u>39,688,740</u>
NONCURRENT ASSETS		
Restricted Investments - Certificates of Participation, Series 2010A		
Reserve	562,009	564,263
Restricted Investments - USDA Loan Reserve	582,000	485,000
Investments Designated by the Board for Electronic Medical Record System	500,000	500,000
Capital, Lease, and Software Right-of-Use Assets, Net of Accumulated Depreciation and Amortization	39,502,494	38,290,916
Total Noncurrent Assets	<u>41,146,503</u>	<u>39,840,179</u>
Total Assets	<u><u>\$ 81,401,228</u></u>	<u><u>\$ 79,528,919</u></u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 2,965,641	\$ 2,448,507
Accrued Compensation and Related Liabilities	2,073,609	1,616,529
Estimated Third-Party Payor Settlements	307,727	49,549
Accrued Interest Payable	283,252	296,402
Current Maturities of Long-Term Debt and Other Noncurrent Liabilities	1,699,500	1,662,605
Total Current Liabilities	<u>7,329,729</u>	<u>6,073,592</u>
NONCURRENT LIABILITIES		
Long-Term Debt and Other Noncurrent Liabilities, Net of		
Current Maturities	35,313,510	36,608,500
Total Noncurrent Liabilities	<u>35,313,510</u>	<u>36,608,500</u>
Total Liabilities	42,643,239	42,682,092
NET POSITION		
Net Investment in Capital Assets	2,489,484	19,811
Restricted	1,144,009	1,049,263
Unrestricted	35,124,496	35,777,753
Total Net Position	<u>38,757,989</u>	<u>36,846,827</u>
Total Liabilities and Net Position	<u><u>\$ 81,401,228</u></u>	<u><u>\$ 79,528,919</u></u>

See accompanying Notes to Financial Statements.

CURRY HEALTH DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Net Patient Service Revenues	\$ 69,853,654	\$ 66,397,447
Other	<u>1,032,693</u>	<u>963,435</u>
Total Operating Revenues	<u>70,886,347</u>	<u>67,360,882</u>
OPERATING EXPENSES		
Salaries and Wages	30,730,945	25,936,192
Employee Benefits	5,958,458	4,897,300
Professional Fees and Purchased Services	17,325,943	18,621,129
Supplies	7,535,663	6,175,627
Utilities	850,681	847,817
Repairs and Maintenance	1,267,954	1,012,088
Depreciation and Amortization	4,313,716	4,238,946
Rent	205,618	341,040
Insurance	758,106	702,454
Other	<u>1,468,669</u>	<u>1,628,933</u>
Total Operating Expenses	<u>70,415,753</u>	<u>64,401,526</u>
OPERATING INCOME	470,594	2,959,356
NONOPERATING REVENUES (EXPENSES)		
Taxation for Bond Principal and Interest	600,460	586,691
Taxation for Maintenance and Operations	957,536	895,365
Grants	500	35,077
Interest Income	1,484,779	783,723
Interest Expense	(1,617,595)	(1,579,873)
Gain (Loss) on Disposal of Capital Assets	(213,539)	35,000
Other Income	18,161	-
Total Nonoperating Revenue (Expenses)	<u>1,230,302</u>	<u>755,983</u>
Change in Net Position Before Capital Asset Impairment, Net of Insurance Settlement	1,700,896	3,715,339
Capital Asset Impairment, Net of Insurance Settlement	210,266	150,000
Change in Net Position	1,911,162	3,865,339
Net Position - Beginning of Year	<u>36,846,827</u>	<u>32,981,488</u>
NET POSITION - END OF YEAR	<u>\$ 38,757,989</u>	<u>\$ 36,846,827</u>

See accompanying Notes to Financial Statements.

**CURRY HEALTH DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from and on Behalf of Patients	\$ 71,151,851	\$ 65,760,692
Receipts from Other Revenue	953,238	966,279
Payments to or on Behalf of Employees	(36,232,323)	(31,330,932)
Payments to Suppliers and Contractors	(29,118,977)	(29,867,957)
Net Cash Provided by Operating Activities	<u>6,753,789</u>	<u>5,528,082</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property Taxes for Maintenance and Operations	957,536	893,368
Grant Proceeds	<u>18,161</u>	-
Net Cash Provided by Noncapital Financing Activities	<u>976,197</u>	<u>893,368</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Property Taxes for Bond Principal and Interest	598,469	586,691
Principal Paid on Long-Term Debt and Other Noncurrent Liabilities	(1,810,733)	(2,332,836)
Interest Paid	(1,620,053)	(1,594,573)
Purchase of Capital Assets	(5,232,726)	(2,831,772)
Proceeds From Sale of Capital Assets	35,839	-
Insurance Settlement Received	210,266	150,000
Capital Grant	-	35,077
Net Cash Used by Capital and Related Financing Activities	<u>(7,818,938)</u>	<u>(5,987,413)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	1,484,779	783,723
Proceeds from Sale of Investments	8,111,993	-
Purchase of Investments	<u>(7,817,632)</u>	<u>(3,746,666)</u>
Net Cash Provided (Used) by Investing Activities	<u>1,779,140</u>	<u>(2,962,943)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>1,690,188</u>	<u>(2,528,906)</u>
Cash and Cash Equivalents - Beginning of Year	<u>366,842</u>	<u>2,895,748</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 2,057,030</u></u>	<u><u>\$ 366,842</u></u>

See accompanying Notes to Financial Statements.

**CURRY HEALTH DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 470,594	\$ 2,959,356
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	4,313,716	4,238,946
Provision for Bad Debts	2,316,158	1,731,889
(Increase) Decrease in Assets:		
Receivables:		
Patient Accounts, Net	(2,389,327)	(2,026,456)
Estimated Third-Party Payor Settlements	1,113,188	(342,188)
Other	(79,455)	2,844
Inventories	(38,653)	36,089
Prepaid Expenses	(184,824)	62,234
Increase (Decrease) in Liabilities:		
Accounts Payable	517,134	(637,192)
Accrued Compensation and Related Liabilities	457,080	(497,440)
Estimated Third-Party Payor Settlements	258,178	-
Net Cash Provided by Operating Activities	<u>\$ 6,753,789</u>	<u>\$ 5,528,082</u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND
CAPITAL RELATED FINANCING ACTIVITIES**

Lease Assets Received in Exchange for Lease Liability	\$ 232,891	\$ -
Subscription Assets Received in Exchange for Subscription Liability	<u>\$ 309,055</u>	<u>\$ 1,646,310</u>

**CURRY HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Curry Health District (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the District are described below.

Reporting Entity

The District owns and operates Curry General Hospital (the Hospital), an 18-bed acute care hospital, and multiple medical clinics which, combined with the Hospital, do business as Curry Health Network. The District provides healthcare services to patients in Curry County, as well as other patients in the southern Oregon coastal area. The District's services include the acute care hospital, surgery, emergency department, and related clinic and ancillary services (laboratory, radiology, etc.). Outpatient clinic services are provided from District-owned and leased facilities in Port Orford, Gold Beach, and Brookings.

The District also has dual status as a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code. The District is exempt from federal income tax.

The District was incorporated as a municipal corporation on October 17, 1983, and operates under the laws of the state of Oregon for Oregon Health Districts as provided by ORS 440.315-440.410. It is governed by an elected five-member board.

For financial reporting purposes, the District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that the exclusion would cause the District's financial situation to be misleading or incomplete. The District has no material component units.

Use of Estimates

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

Enterprise Fund Accounting

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

**CURRY HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with original maturity dates of three months or less.

Prepaid Expenses

Prepaid expenses are expenses paid during the year relating to expenses incurred in future periods. Prepaid expenses are amortized over the expected benefit period of the related expense. Prepaid expenses include prepaid insurance and other expenses.

Inventories

Inventories are stated at cost on the first-in, first-out method. Inventories consist of pharmaceutical, medical-surgical, and other supplies used in the operation of the District.

Budgets

The District is required to prepare and adopt an annual operating budget in accordance with the state of Oregon (Oregon) Health District Law. This budget is presented differently, in some respects, from (GAAP). The differences are primarily that nonoperating transactions such as interest income, interest expense, and contributions are considered operating expenses and revenues for budgetary purposes.

Restricted and Designated Noncurrent Investments

Restricted investments consist of amounts restricted for debt reserves. The debt reserve funds are for the Certificates of Participation, Series 2010A bond, and the USDA Rural Development loan. The Board has also designated investments for an electronic medical record system.

Compensated Absences

The District's employees earn paid time off (PTO) at varying rates, depending on years of service. Employees can accumulate unused PTO from one year to the next with a maximum of 280 hours. All unused PTO is paid to employees in cash upon their termination of employment from the District, if proper notice has been given, subject to limits based on years of employment with the District. All exempt staff receive unlimited PTO and received a pay out of any unused PTO when the policy was changed. In addition, upon request, the District has the discretion to cash out a current employee's unused PTO in the event of a hardship.

Net Position

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

**CURRY HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Restricted Resources

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

Operating Revenues and Expenses

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

Grants and Contributions

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

Fair Value Measurements

To the extent available, the District's investments are recorded at fair value. GASB Statement No. 72 – *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources.

In contrast, unobservable inputs reflect an entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**CURRY HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Fair Value Measurements (continued)

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Hospital has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Subsequent Events

The District has evaluated subsequent events through November 27, 2024, the date on which the financial statements were available to be issued. (Note 12)

NOTE 2 BANK DEPOSITS AND INVESTMENTS

As of June 30, 2024 and 2023, the District had deposits invested in various financial institutions in the form of operating cash, cash equivalents, and certificates of deposits in the amounts of \$2,299,035 and \$1,127,428, respectively. The District is required by Oregon Revised Statutes (ORS) Chapter 295 (ORS 295) to maintain any deposit accounts in financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) coverage at certain "qualified" financial institutions. As of and for the years ended June 30, 2024 and 2023, all of the District's deposits in financial institutions in excess of FDIC coverage were maintained at "qualified" financial institutions.

**CURRY HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 2 BANK DEPOSITS AND INVESTMENTS (CONTINUED)

ORS 295 governs the collateralization of Oregon public funds. Oregon's Public Funds Collateralization Program (the PFCP) was created by the Oregon State Treasurer (the OST) to facilitate bank depository, custodian, and public official compliance with ORS 295. Under the PFCP, which created a shared liability structure for participating depositories, these bank depositories are required to pledge collateral against any public funds' deposits in excess of deposit insurance amounts. Based on information the banks are required to report quarterly, the PFCP calculates each depository bank's minimum collateral (maximum liability) that must be pledged with the custodian for the next quarter. The OST can require pledged collateral to be 10% to 110% of the bank depository's uninsured public fund deposits. Federal Home Loan Bank is the agent of the depository. The pledged securities are designated as subject to the pledge agreement between the depository bank, Federal Home Loan Bank (the custodian bank), and the OST, and are held for the benefit of the OST on behalf of the public depositors.

NOTE 3 INVESTMENTS

The District's investment balances and average maturities were as follows:

	2024			
	Investment Maturities in Years			
	Fair Value	Less Than 1	1-5	Over 5
Investment in Local				
Government Investment Pool	\$ 27,501,084	\$ 27,501,084	\$ -	-
Certificates of Deposit	128,199	-	128,199	-
Short-Term Money Market	562,009	562,009	-	-
Total Investments	<u>\$ 28,191,292</u>	<u>\$ 28,063,093</u>	<u>\$ 128,199</u>	<u>\$ -</u>
Investments Included in Current Assets	\$ 26,547,283			
Investments Included in Noncurrent Assets	1,644,009			
Total Investments	<u>\$ 28,191,292</u>			
2023				
	Investment Maturities in Years			
	Fair Value	Less Than 1	1-5	Over 5
Investment in Local				
Government Investment Pool	\$ 27,794,945	\$ 27,794,945	\$ -	\$ -
Certificates of Deposit	126,445	126,445	-	-
Short-Term Money Market	564,263	564,263	-	-
Total Investments	<u>\$ 28,485,653</u>	<u>\$ 28,485,653</u>	<u>\$ -</u>	<u>\$ -</u>
Investments Included in Current Assets	\$ 26,936,390			
Investments Included in Noncurrent Assets	1,549,263			
Total Investments	<u>\$ 28,485,653</u>			

ORS Chapter 294 authorizes municipal governments to invest their funds in a variety of investments including federal, state, and local government debt obligations; time deposit accounts, certificates of deposit, and savings accounts in qualified public depositories; the State of Oregon local government investment pool; and certain other investments. The District's investment policy does not further limit the types of investments the District may invest in.

**CURRY HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 3 INVESTMENTS (CONTINUED)

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2024:

- Certificates of deposit of \$128,199 are valued using observable inputs (Level 2).

The District had the following recurring fair value measurements as of June 30, 2023:

- Certificates of deposit of \$126,445 are valued using observable inputs (Level 2).

Local Government Investment Pool

The investment in the Local Government Investment Pool (LGIP) is included in Oregon Short-Term Fund (OSTF) and the LGIP is not subject to fair value measurement under GASB 72 as the OSTF is an external government investment pool and the pool is not registered with the Securities and Exchange Commission. The Oregon Investment Council, with advice from the Treasurer and Oregon Short-Term Fund Board, adopts the policy for how the money held in the OSTF can be invested. As of June 30, 2024, the policy limited investments to Grade "A" investments including but not limited to U.S. Treasury, U.S. Agencies, corporate bonds, commercial paper, and foreign governments. A portion of the assets invested in the LGIP at June 30, 2024 and 2023, are included in cash and cash equivalents on the statements of net position.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District's exposure to interest rate risk is minimal as the majority of its investments have a maturity of less than one year.

Credit Risk

Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, such as Moody's Investor Service, Inc. The District's investments in such obligations are in government investment funds, certificates of deposit, and money markets. The District believes there is minimal credit risk with these obligations at this time.

**CURRY HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 3 INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer), the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The District's investments are generally held by qualified financial institutions or government agencies. The District believes there is minimal custodial credit risk with its investments at this time. District management monitors the entities which hold the various investments to ensure they remain in good standing.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District believes there is minimal concentration of custodial credit risk with its investments at this time. District management monitors the entities which hold the various investments to ensure they remain in good standing.

Restricted Investments

Restricted investments as of June 30, 2024 and 2023, were held by a trustee under bond indenture agreement, and held by a trustee for the USDA debt reserve. Interest income, dividends, and both realized and unrealized gains and losses on investments are recorded as investment income.

Board Designated Assets

Designated investments as of June 30, 2024 and June 30, 2023, were designated by the board for the acquisition of a new electronic medical record system. The board may use these investments for other uses as its discretion.

**CURRY HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 PATIENT ACCOUNTS RECEIVABLE

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

Patient accounts receivable reported as current assets by the District consisted of these amounts at June 30:

	2024	2023
Medicare	\$ 8,221,662	\$ 6,758,071
Medicaid	4,100,115	4,058,017
Other Third-Party Payors and Patients	<u>8,939,401</u>	<u>8,798,377</u>
Subtotal	<u>21,261,178</u>	<u>19,614,465</u>
Less: Allowance for Uncollectible Amounts	<u>10,894,885</u>	<u>9,321,341</u>
Total	<u>\$ 10,366,293</u>	<u>\$ 10,293,124</u>

NOTE 5 PROPERTY TAXES

The Curry County (the County) Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on July 1 on property values listed as of the prior October 1. Remaining property tax balances due to the County after May 15 are considered delinquent. Collections are distributed monthly to the District by the County Treasurer.

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

**CURRY HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 6 CAPITAL ASSETS AND RIGHT-OF-USE ASSETS

All capital assets, other than land and construction in progress, are being depreciated or amortized (in the case of right-of-use assets), using the straight-line method over the shorter period of the right-of-use agreement term or the estimated useful life of the capital asset. Amortization from right-of-use leases is included in depreciation and amortization in the financial statements. Expenditures for maintenance and repairs are expensed as incurred; betterments and major renewals are capitalized. Useful lives have been estimated as follows:

Land Improvements	5 to 25 Years
Buildings and Improvements	5 to 40 Years
Fixed Equipment	3 to 30 Years
Movable Equipment	3 to 20 Years
Lease Right-of-Use Assets – Buildings	2 to 5 Years
Lease Right-of-Use Assets – Equipment	2 to 5 Years
Subscription Assets	1 to 5 Years

The District capitalizes assets whose costs exceed \$5,000 and with an estimated useful life of at least two years; lesser amounts are expensed. Capital assets are reported at historical cost or their estimated fair value at the date of donation. When such assets are disposed of, the related costs and accumulated depreciation or amortization are removed from the accounts, and the resulting gain or loss is classified in nonoperating revenues or expenses.

**CURRY HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 6 CAPITAL ASSETS AND RIGHT-OF-USE ASSETS (CONTINUED)

Capital asset and right-of-use activity was as follows at June 30:

	2024				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital Assets Not Being Depreciated:					
Land	\$ 2,699,194	\$ -	\$ -	\$ 517,408	\$ 3,216,602
Construction in Progress	474,380	4,108,852	-	(2,392,923)	2,190,309
Total Capital Assets Not Being Depreciated	3,173,574	4,108,852	-	(1,875,515)	5,406,911
Capital Assets Being Depreciated:					
Land Improvements	3,363,181	53,950	-	-	3,417,131
Building and Improvements	31,988,225	37,653	-	1,795,227	33,821,105
Fixed Equipment	11,950,024	360,292	(39,000)	-	12,271,316
Movable Equipment	14,042,836	516,224	(331,069)	80,288	14,308,279
Lease Right-of-Use Assets - Buildings	329,774	146,616	(329,774)	-	146,616
Lease Right-of-Use Assets - Equipment	1,696,640	86,275	(1,207,609)	-	575,306
Subscription Assets	1,929,025	464,810	(53,354)	-	2,340,481
Total Capital Assets Being Depreciated	65,299,705	1,665,820	(1,960,806)	1,875,515	66,880,234
Less: Accumulated Depreciation for:					
Land Improvements	1,018,513	215,115	-	-	1,233,628
Building and Improvements	11,936,743	1,557,018	-	-	13,493,761
Fixed Equipment	4,503,527	687,996	(39,161)	-	5,152,362
Movable Equipment	11,070,494	953,820	(328,146)	-	11,696,168
Lease Right-of-Used Assets - Buildings	180,350	50,497	(218,620)	-	12,227
Lease Right-of-Used Assets - Equipment	1,265,825	120,333	(1,072,147)	-	314,011
Subscription Assets	206,911	728,937	(53,354)	-	882,494
Total Accumulated Depreciation	30,182,363	4,313,716	(1,711,428)	-	32,784,651
Total Capital Assets Being Depreciated, Net	35,117,342	(2,647,896)	(249,378)	1,875,515	34,095,583
Total Capital Assets, Net	\$ 38,290,916	\$ 1,460,956	\$ (249,378)	\$ -	\$ 39,502,494

CURRY HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 CAPITAL ASSETS AND RIGHT-OF-USE ASSETS (CONTINUED)

	2023				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital Assets Not Being Depreciated:					
Land	\$ 2,699,194	\$ -	\$ -	\$ -	\$ 2,699,194
Construction in Progress	1,220,145	469,379	-	(1,215,144)	474,380
Total Capital Assets Not Being Depreciated	3,919,339	469,379	-	(1,215,144)	3,173,574
Capital Assets Being Depreciated:					
Land Improvements	3,363,181	-	-	-	3,363,181
Building and Improvements	29,591,449	1,181,632	-	1,215,144	31,988,225
Fixed Equipment	12,104,924	-	(154,900)	-	11,950,024
Movable Equipment	12,840,743	1,210,860	(8,767)	-	14,042,836
Lease Right-of-Used Assets - Buildings	329,774	-	-	-	329,774
Lease Right-of-Used Assets - Equipment	2,711,530	4,901	(1,019,791)	-	1,696,640
Subscription Assets	-	1,929,025	-	-	1,929,025
Total Capital Assets Being Depreciated	60,941,601	4,326,418	(1,183,458)	1,215,144	65,299,705
Less: Accumulated Depreciation for:					
Land Improvements	820,941	197,572	-	-	1,018,513
Building and Improvements	10,473,065	1,463,678	-	-	11,936,743
Fixed Equipment	4,001,277	657,150	(154,900)	-	4,503,527
Movable Equipment	9,972,236	1,107,025	(8,767)	-	11,070,494
Lease Right-of-Used Assets - Buildings	90175	90,175	-	-	180,350
Lease Right-of-Used Assets - Equipment	1,769,181	516,435	(1,019,791)	-	1,265,825
Subscription Assets	-	206,911	-	-	206,911
Total Accumulated Depreciation	27,126,875	4,238,946	(1,183,458)	-	30,182,363
Total Capital Assets Being Depreciated, Net	33,814,726	87,472	-	1,215,144	35,117,342
Total Capital Assets, Net	\$ 37,734,065	\$ 556,851	\$ -	\$ -	\$ 38,290,916

Construction in progress at June 30, 2024 consists of various projects associated with phase 1 of the infusion center development, a fire alarm upgrade, progress on a sleep lab, and hardware associated with the EPIC implementation, with remaining cost to complete \$472,000. Also included in construction in progress is progress billings associated with the EPIC implementation. The remaining estimated cost for the conversion is \$2,111,000 and went live in September 2024.

CURRY HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7 LONG-TERM DEBT, LEASE, AND OTHER NONCURRENT LIABILITIES

A schedule of balances and changes in the District's long-term debt, lease liabilities, and subscription liabilities follows:

2024					
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Certificates of Participation, Series 2010A	\$ 8,965,000	\$ -	\$ (520,000)	\$ 8,445,000	\$ 550,000
Series 2010A Discount	(78,627)	-	10,692	(67,935)	-
GO Bonds, Series 2015	7,700,000	-	(335,000)	7,365,000	350,000
USDA Loan	19,879,363	-	(283,830)	19,595,533	293,906
Other Lease Liabilities	340,492	232,891	(171,145)	402,238	144,161
Subscription Liabilities	1,464,877	309,055	(500,758)	1,273,174	361,433
Total Long-Term Debt	\$ 38,271,105	\$ 541,946	\$ (1,800,041)	\$ 37,013,010	\$ 1,699,500

2023					
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Certificates of Participation, Series 2010A	\$ 9,455,000	\$ -	\$ (490,000)	\$ 8,965,000	\$ 520,000
Series 2010A Discount	(89,847)	-	11,220	(78,627)	-
GO Bonds, Series 2015	8,025,000	-	(325,000)	7,700,000	335,000
USDA Loan	20,153,464	-	(274,101)	19,879,363	283,830
Siemens MRI	177,298	-	(177,298)	-	-
Celtic No. 4 Lease Liability	205,458	-	(205,458)	-	-
Other Lease Liabilities	748,544	-	(408,052)	340,492	178,103
Subscription Liabilities	-	1,646,310	(181,433)	1,464,877	345,672
Total Long-Term Debt	\$ 38,674,917	\$ 1,646,310	\$ (2,050,122)	\$ 38,271,105	\$ 1,662,605

Certificates of Participation, Series 2010A

In March 2010, the District issued the Certificates of Participation, Series 2010A in the amount of \$13,495,000, net of an original issue discount of \$262,874. The proceeds from the Certificates of Participation, Series 2010A were used to build and provide equipment for a medical office building in Brookings, Oregon – Curry Medical Center (CMC). The Certificates of Participation, Series 2010A are secured by the financed assets pursuant to a deed of trust and require annual principal payments each January 1 ranging from \$550,000 to \$1,040,000. The Certificates of Participation, Series 2010A bear interest at rates ranging from 6.20% to 7%, payable semiannually each January 1 and July 1, through January 1, 2035. The Certificates of Participation, Series 2010A, maturing on or after January 1, 2021, are subject to optional prepayment on January 1, 2020, and on each July 1 and January 1 thereafter, at a prepayment price of 100% of the principal amount of such Certificates of Participation, Series 2010A, to be redeemed, plus accrued interest to the date of prepayment. Under the terms of the Certificates of Participation, Series 2010A agreement, the District is required to maintain certain deposits with a trustee. Such deposits are included with restricted investments in the financial statements. The agreement also requires that the District satisfy certain levels of insurance.

**CURRY HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 7 LONG-TERM DEBT, LEASE, AND OTHER NONCURRENT LIABILITIES (CONTINUED)

General Obligation (GO) Bond, Series 2015

In August 2015, the District issued the GO Bond, Series 2015 in the amount of \$10,000,000. The proceeds from the GO Bond, Series 2015 were used in the construction of a critical access facility. The GO Bond, Series 2015 bears interest at 3.63% and requires principal payments ranging from \$350,000 to \$360,000 through June 2025. The GO Bond, Series 2015 is subject to mandatory tender for purchase by the District, at a purchase price equal to the outstanding principal balance plus accrued interest to the date of purchase. The dates of purchase are June 15, 2025 and June 15, 2035, if the District receives a waiver at the first purchase date. Outstanding principal balances as of the purchase dates are scheduled to be \$7,015,000 and \$2,770,000, respectively. If waivers are granted for both purchase dates, principal payments will range from \$360,000 to \$595,000 through June 2040 with the interest rate adjusting as disclosed in the GO Bond, Series 2015 agreement. Subsequent to June 30, 2024, the District refinanced the GO Bond, Series 2015 (Note 12).

USDA Loan

In September 2015, the District entered into an agreement with the USDA for the District to obtain financing for the construction of the critical access facility. The USDA loan will be repaid over 40 years with an interest rate ranging from 3.5% to 3.625%. The loan matures in April 2059. The loan is payable in monthly payments of \$81,463, including interest. The loan is secured by all real property, fixtures, and equipment acquired and constructed as part of the construction project.

Lease Liabilities

The District has adopted the provisions of GASB 87 that requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and as inflows of resources or outflows of resources recognized 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 standard, 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.

Subscription Based Information Technology Arrangements (SBITA) Liabilities

SBITA assets and liabilities are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. SBITA liabilities are reduced based on actual payments with a portion of the payment included in interest expense based on the discount rate.

**CURRY HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 7 LONG-TERM DEBT, LEASE, AND OTHER NONCURRENT LIABILITIES (CONTINUED)

Scheduled principal and interest payments are as follows:

<u>Year Ending June 30,</u>	Bonds and Notes Payable		
	Principal	Interest	Total
2025	\$ 1,193,906	\$ 1,508,612	\$ 2,702,518
2026	1,249,343	1,452,470	2,701,813
2027	1,310,151	1,390,569	2,700,720
2028	1,371,345	1,325,462	2,696,807
2029	1,442,939	1,256,993	2,699,932
2030-2034	8,393,610	5,104,385	13,497,995
2035-2039	5,947,202	3,126,612	9,073,814
2040-2044	3,259,511	2,244,868	5,504,379
2045-2049	3,173,707	1,714,073	4,887,780
2050-2054	3,780,487	1,107,293	4,887,780
2055-2059	4,283,332	384,466	4,667,798
Total	\$ 35,405,533	\$ 20,615,803	\$ 56,021,336

<u>Year Ending June 30,</u>	Lease Liabilities		
	Principal	Interest	Total
2025	\$ 144,161	\$ 9,752	\$ 153,913
2026	114,683	6,691	121,374
2027	70,584	3,847	74,431
2028	44,340	2,001	46,341
2029	28,470	486	28,956
Total	\$ 402,238	\$ 22,777	\$ 425,015

<u>Year Ending June 30,</u>	Subscription Liabilities		
	Principal	Interest	Total
2025	\$ 361,433	\$ 36,819	\$ 398,252
2026	380,648	24,232	404,880
2027	400,746	10,959	411,705
2028	130,347	1,014	131,361
Total	\$ 1,273,174	\$ 73,024	\$ 1,346,198

**CURRY HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 8 DEFINED CONTRIBUTION RETIREMENT PLAN

Eligible employees may make elective contributions to the District's defined contribution retirement plan, Curry Health District 403(b) Plan (the Plan). The District made matching contributions of approximately \$581,000 and \$240,000 for the years ended June 30, 2024 and 2023, respectively.

Participants are immediately vested in their own contributions to the Plan and vest in the District's contributions at a rate of 20% per year over five years of service. The Plan is administered by the District and can be amended or terminated by the District at any time. Forfeitures of nonvested contributions are used to reduce plan expenses.

Participant contributions to the Plan during the years ended June 30, 2024 and 2023, were approximately \$1,380,000 and \$1,057,000, respectively.

NOTE 9 NET PATIENT SERVICE REVENUE

The District recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the District recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the District's uninsured patients will be unable or unwilling to pay for the services provided. The District's provisions for bad debts and write offs have not changed significantly from prior years. The District has not changed its charity care or uninsured discount policies during the years ended June 30, 2024 or 2023. The District does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant write offs from third-party payors. Patient service revenue, net of contractual adjustments and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows at June 30:

	2024	2023
Medicare	\$ 30,891,565	\$ 28,696,713
Medicaid	13,835,058	13,989,033
Other Third-Party Payors	26,550,017	24,099,134
Patients	1,317,037	1,936,881
Total	72,593,677	68,721,761
Less:		
Charity Care	423,865	592,425
Provision for Bad Debts	2,316,158	1,731,889
Net Patient Service Revenue	\$ 69,853,654	\$ 66,397,447

**CURRY HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 9 NET PATIENT SERVICE REVENUE (CONTINUED)

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

Medicare

The District is classified as a critical access hospital and is reimbursed for most inpatient and outpatient services at cost with final settlement determined after submission of annual cost reports by the District and subject to audits thereof by the Medicare administrative contractor. Physician services are reimbursed on a fee schedule.

Medicaid

For patients covered by Medicaid managed care insurance, inpatient and outpatient services are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. For all other Medicaid patients, the District is reimbursed at cost for most hospital and physician services, with final settlement determined after submission of annual cost reports by the District and review thereof by the Oregon Health Authority. The Oregon Health Authority's administrative procedures preclude final determination of amounts due to the District for such services until after the District's annual cost report is audited or otherwise reviewed or settled upon by Oregon Health Authority. The fee for Service Medicaid transitioned to a prospective payment program in January 2024, however the change did not have a material impact on the District's patient service revenue.

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

Laws and regulations governing Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Due to differences between original estimates and final settlements or revised estimates, net patient service revenue increased by approximately \$10,000 and \$3,000 in 2024 and 2023, respectively.

The District provides charity care to patients who are financially unable to pay for the healthcare services they receive. The District's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the District does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended June 30, 2024 and 2023, were approximately \$322,000 and \$321,000, respectively.

**CURRY HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 10 RISK MANAGEMENT AND CONTINGENCIES

Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Medical Malpractice Claims

The District has professional liability insurance with Physicians Insurance: A Mutual Company (Physicians). The Physicians policy provides protection on a “claims- made” basis whereby only malpractice claims reported to the insurance carrier in the current year are covered by the current policies. If there are unreported incidents which result in a malpractice claim in the current year, such claims would be covered in the year the claim was reported to the insurance carrier only if the District purchased claims-made insurance in that year or the District purchased “tail” insurance to cover claims incurred before but reported to the insurance carrier after cancellation or expiration of a claims-made policy. The malpractice insurance provides \$1,000,000 per claim of primary coverage with an annual aggregate limit of \$5,000,000.

The District also has excess professional liability insurance with Physicians on a claims-made basis. The excess malpractice insurance provides \$5,000,000 per claim of primary coverage with an annual aggregate limit of \$5,000,000.

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

Industry Regulations

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditations, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes no significant violations have been made by the District.

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

**CURRY HEALTH DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 11 CONCENTRATIONS

Patient Accounts Receivable

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

The mix of receivables from patients was as follows at June 30:

	<u>2024</u>	<u>2023</u>
Medicare	29 %	32 %
Medicaid	21	19
Other Third-Party Payors	45	44
Patients	5	5
Total	<u>100 %</u>	<u>100 %</u>

Physicians

The District is dependent on local physicians practicing in its service area to provide admissions and utilize hospital services on an outpatient basis. A decrease in the number of physicians providing these services or change in their utilization patterns may have an adverse effect on the District's operations.

NOTE 12 SUBSEQUENT EVENTS

General Obligation (GO) Bond, Series 2024

In July 2024, the District issued the GO Bond, Series 2024 in the amount of \$7,115,000. The proceeds from the GO Bond, Series 2024 were to refund the GO Bond 2015 series. The GO Bond, Series 2024 bears interest ranging from 4.00% to 5.00% and requires principal payments ranging from \$310,000 to \$620,000 through June 2040.

Certificates of Participation, Series 2024

In November 2024, the District issued the Certificates of Participation, Series 2024 in the amount of \$7,630,000. The proceeds from the Certificates of Participation, Series 2024 were to refund the Certificates of Participation, 2010A series. The Certificates of Participation, Series 2024 bears interest at 5.00% and requires principal payments ranging from \$585,000 to \$945,000 through January 2035.

House Bill 3320

Effective January 1, 2025, House Bill 3320 will go into effect. Per the Oregon Health Authority, House Bill 3320 relates to the prescreening and presumptive eligibility awards related to financial assistance. The district is currently determining the impact of the new bill on its operations. The District has not yet determined the full impact of this bill, and will monitor its affect after the effective date of the bill going into law.

SUPPLEMENTAL INFORMATION

CURRY HEALTH DISTRICT
SCHEDULE OF RESOURCES AND EXPENDITURES
BUDGET VS. ACTUAL (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2024

	Budget	Actual	Variance
OPERATING REVENUE			
Net Patient Revenue	\$ 72,495,000	\$ 69,853,654	\$ (2,641,346)
Other Operating Revenue	<u>1,015,000</u>	<u>1,032,693</u>	<u>17,693</u>
Total Operating Revenue	<u>73,510,000</u>	<u>70,886,347</u>	<u>(2,623,653)</u>
OPERATING EXPENSES			
Salaries and Wages	29,942,000	30,730,945	(788,945)
Employee Benefits	6,331,000	5,958,458	372,542
Contract Labor	14,114,000	13,906,133	207,867
Professional Fees	757,000	528,160	228,840
Purchased Services	4,273,000	4,159,604	113,396
Supplies	4,512,000	5,461,549	(949,549)
Pharmaceuticals	2,424,000	2,074,114	349,886
Utilities	933,000	850,681	82,319
Insurance	975,000	758,106	216,894
Rent	447,000	205,618	241,382
Depreciation and Amortization	4,459,000	4,313,716	145,284
Other Expenses	<u>1,780,000</u>	<u>1,468,669</u>	<u>311,331</u>
Total Operating Expenses	<u>70,947,000</u>	<u>70,415,753</u>	<u>531,247</u>
OPERATING INCOME		2,563,000	470,594
			(2,092,406)
NONOPERATING REVENUE (EXPENSES)			
Interest	(643,000)	(1,617,595)	(974,595)
Other Revenues and Expenses, Net	<u>1,745,000</u>	<u>3,058,163</u>	<u>1,313,163</u>
Total Nonoperating Revenue, Net	<u>1,102,000</u>	<u>1,440,568</u>	<u>338,568</u>
CHANGE IN NET POSITION	<u><u>\$ 3,665,000</u></u>	<u><u>\$ 1,911,162</u></u>	<u><u>\$ (1,753,838)</u></u>

ADDITIONAL REQUIRED REPORTS

CURRY HEALTH DISTRICT
AUDIT COMMENTS AND DISCLOSURES REQUIRED BY OREGON STATE REGULATIONS
YEAR ENDED JUNE 30, 2024

Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments, and disclosures required in audit reports. The required statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth in the following pages.



INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Curry Health District
Gold Beach, Oregon

We have audited the basic financial statements of Curry Health District (the District) as of and for the year ended June 30, 2024, and have issued our report thereon dated November 27, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements as of and for the year ended June 30, 2024, are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-000 through 162-010-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statements 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to, the following:

- Deposit of public funds with financial institutions (ORS Chapter 295)
- Indebtedness limitations, restrictions, and repayment
- Budgets legally required (ORS Chapter 440)
- Insurance and fidelity bonds in force or required by law
- Programs funded from outside sources
- Authorized investment of surplus funds (ORS Chapter 294)
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C)

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts and grant agreements, including the provisions of the ORS as specified in OAR 162-010-000 through 162-010-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-010-0230 Internal Control

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

Restriction on Use

This report is intended solely for the information and use of the Board of Directors; management; others within the District; and the Secretary of State, Oregon Audits Division, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
November 27, 2024

SINGLE AUDIT



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Curry Health District
Gold Beach, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Curry Health District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents, and have issued our report thereon dated November 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

The logo for CliftonLarsonAllen LLP, featuring the company name in a stylized, handwritten font.

CliftonLarsonAllen LLP

Bellevue, Washington
November 27, 2024



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Curry Health District
Gold Beach, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Curry Health District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of audit findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
November 27, 2024

CURRY HEALTH DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture Direct Programs				
Community Facilities Loans and Grants	10.766			\$ 8,593,001
Community Facilities Loans and Grants	10.766			9,481,487
Community Facilities Loans and Grants	10.766			1,804,875
Total Community Facilities Loans and Grant Cluster				<u>19,879,363</u>
Total U.S. Department of Agriculture				<u>19,879,363</u>
Total Expenditures of Federal Awards				<u><u>\$ 19,879,363</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CURRY HEALTH DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Curry Health District (the District) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on this Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 DIRECT LOAN

Nonmonetary assistance in the form of a direct loan is included in the accompanying schedule of expenditures of federal awards. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The related loan balance was \$19,595,533 at June 30, 2024.

**CURRY HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued:	Unmodified		
2. Internal control over financial reporting:			
• Material weakness(es) identified?	_____	yes	<input checked="" type="checkbox"/> no
• Significant deficiency(ies) identified?	_____	yes	<input checked="" type="checkbox"/> none reported
3. Noncompliance material to financial statements noted?	_____	yes	<input checked="" type="checkbox"/> no

Federal Awards

1. Internal control over major federal programs:			
• Material weakness(es) identified?	_____	yes	<input checked="" type="checkbox"/> no
• Significant deficiency(ies) identified?	_____	yes	<input checked="" type="checkbox"/> none reported
2. Type of auditors' report issued on compliance for major federal programs:	Unmodified		
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	yes	<input checked="" type="checkbox"/> no

Identification of Major Federal Programs

<u>Assistance Living Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.766	Community Facilities Loans and Grants
Dollar threshold used to distinguish between Type A and Type B programs:	Type A - \$750,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no

**CURRY HEALTH DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



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