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Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

Clatsop Care Health District

June 30, 2024 and 2023



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**Clatsop Care Health District
Clatsop County, Oregon
District Officials
June 30, 2024**

BOARD OF DIRECTORS

Linda Crandell

Megan Lampson

Mary Nauha

Paul Radu

Mike Aho

Chuck Meyer

Melissa Watson

REGISTERED AGENT

Mark Remley

Chief Executive Officer

All board members and the registered agent receive mail at the address listed below

DISTRICT OFFICE

Administration

646 16th Street

Astoria, OR 97103



Report of Independent Auditors

The Board of Directors
Clatsop Care Health District

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Clatsop Care Health District (the District), which comprise the consolidated statements of net position as of June 30, 2024 and 2023, and the related consolidated statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Clatsop Care Health District as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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 consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Clatsop Care Health District's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 5 through 14 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.

Other Information

Management is responsible for the other information included in the consolidated financial statements. The other information comprises the schedules of adopted appropriations and expenditures, original and final budget and actual on pages 47 through 52 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2024, on our consideration of Clatsop Care Health 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clatsop Care Health District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clatsop Care Health District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated December 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.



Tony Andrade, Partner, for
Moss Adams LLP
Portland, Oregon
December 27, 2024

Management's Discussion and Analysis

Clatsop Care Health District Management's Discussion and Analysis

As management of Clatsop Care Health District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. Management prepares this discussion and is responsible for the completeness and reliability of the information. This discussion should be read in conjunction with the financial statements and related footnote disclosures.

The District is a municipal corporation which was created in March 1978 and was organized under Oregon Revised Statutes (ORS) 440, to provide various health care, long-term care, and home-health care services as well as retirement apartments for the residents of the District. The District, located in Clatsop County, Oregon, oversees the operations of Clatsop Care Health and Rehabilitation Center (CCHRC), a 71-bed skilled nursing and long-term care facility; Clatsop Care Retirement Village (CRV), a 69-unit assisted living facility; Clatsop Care Memory Community (CCMC), a 32-bed memory care facility; and Clatsop Care In-Home Services (IHS), a program that provides in-home care to approximately 55 clients throughout the county.

A seven-member board of directors governs the District. The members of the board are elected for a term of four years. Elections are staggered every other year so the entire board is not up for election at one time. The board is required to elect a chairman and secretary. One of their duties is to appoint a Chief Executive Officer (CEO). The board delegates the day-to-day operations of the District to the management company, Aidan Health Services, Inc.

As a municipal government entity, the District levies and the county collects property taxes from property owners within Clatsop Care Health District. These tax revenues are used to support the purpose of the District, which is to provide health care services to its residents.

Overview of the Financial Statements

This annual financial report includes this management's discussion and analysis report, the report of independent auditors, and the consolidated basic financial statements of the District. The consolidated basic financial statements also include notes that explain in more detail some of the information in the consolidated basic financial statements. The audit reports of the District are reviewed by the office of the Oregon Secretary of State, Division of Audits.

Required Financial Statements

The District's consolidated basic financial statements report information using the enterprise fund accounting approach which follows Governmental Accounting Standards Board ("GASB") pronouncements. These statements offer short-term and long-term financial information about its activities. These statements are the following:

- The *Consolidated Statements of Net Position* presents information on the District's financial position at the end of the fiscal year and includes all assets and liabilities with the net difference reported as net position. Over time, increases or decreases in net position are indicators of the improvements or deterioration of the District's financial health. These statements also provide the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the District.

Clatsop Care Health District Management's Discussion and Analysis

- The *Consolidated Statements of Revenues, Expenses, and Changes in Net Position* presents the revenues earned and the expenses incurred during the fiscal year. Revenue and expenses are reported as either operating or non-operating. The primary source of operating revenues includes resident service revenue, ancillary revenue, and in-home care revenue. Property and timber taxes are classified as non-operating revenues. This statement measures the annual financial success of the District's operations and can be used to determine whether the District has successfully recovered all of its costs through its resident service revenue, ad valorem taxes, and other sources of revenue.
- The *Consolidated Statements of Cash Flows* presents information on cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing (capital and noncapital) activities. They highlight the key sources and uses of the District's cash and what the change in the cash balance was during the reporting period. This statement assists the reader in evaluating the District's financial viability and its ability to meet financial obligations as they become due.
- The *Notes to the Basic Financial Statements* provide additional information that is essential to a full understanding of the data provided in the consolidated financial statements.

Financial Highlights

- The District's financial position at June 30, 2024, consists of \$20.1 million assets, \$12.8 million liabilities, and \$7.3 million net position. Net position increased \$2.0 million or 39.1% from the prior year.
- As we have continued to work our way out of the impacts of COVID 19; we have paid particular attention to 2 items: Staffing and Census. We are happy with the elimination of temporary staff in both Clatsop Retirement Village and Clatsop Memory Care. We continue to experience temporary staff in the Care Center. We have continued to hold CNA classes and are seeing a drop in the agency utilization, but still have some work to do.
- The District just ended the first year of the tax levy and will continue through 2027.
- The Medicaid Rates in community based care were increased 5% as of July 1. We also saw an increase in the nursing facility Medicaid Rate that pushed it up to \$518.22 per patient day. We are also seeing the expansion of the Bariatric Residents in Clatsop Care Center, which through the Medicaid program has a reimbursement level of \$958.71 per patient day.

Financial Analysis of Clatsop Care Health District

The District's net position, the difference between total assets and liabilities, is a way to measure financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. However, the financial statement user should consider other nonfinancial factors, such as changes in economic conditions, population growth, taxable property values and tax rates, and new or changed governmental legislation, when analyzing the District's financial position.

Clatsop Care Health District Management's Discussion and Analysis

A comparative summary of the District's consolidated basic statements of net position at June 30, 2024, 2023, and 2022, is presented below:

	2024	\$ Change from 2023	% Change 2023	2023	\$ Change from 2022	% Change from 2022	2022
Assets							
Current assets and other assets	\$ 7,853,352	\$ 1,590,275	25.4%	\$ 6,263,077	\$ 1,081,477	20.9%	\$ 5,181,600
Non-current assets	132,690	(43,036)	-24.5%	175,726	48,690	38.3%	127,036
Capital assets	12,077,089	(135,745)	-1.1%	12,212,834	(351,446)	-2.8%	12,564,280
Total assets	20,063,131	1,411,494	7.6%	18,651,637	778,721	4.4%	17,872,916
Liabilities							
Current liabilities	1,721,063	(222,439)	-11.4%	1,943,502	183,624	10.4%	1,759,878
Non-current liabilities	11,083,684	(407,918)	-3.5%	11,491,602	(418,007)	-3.5%	11,909,609
Total liabilities	12,804,747	(630,357)	-4.7%	13,435,104	(234,383)	-1.7%	13,669,487
Net position							
Net investment in capital assets	569,638	250,566	78.5%	319,072	45,929	16.8%	273,143
Restricted expendable	459,933	62,772	15.8%	397,161	115,325	40.9%	281,836
Unrestricted	6,228,813	1,728,513	38.4%	4,500,300	851,850	23.3%	3,648,450
Total liabilities and net position	\$ 7,258,384	\$ 2,041,851	39.1%	\$ 5,216,533	\$ 1,013,104	24.1%	\$ 4,203,429

Clatsop Care Health District Management's Discussion and Analysis

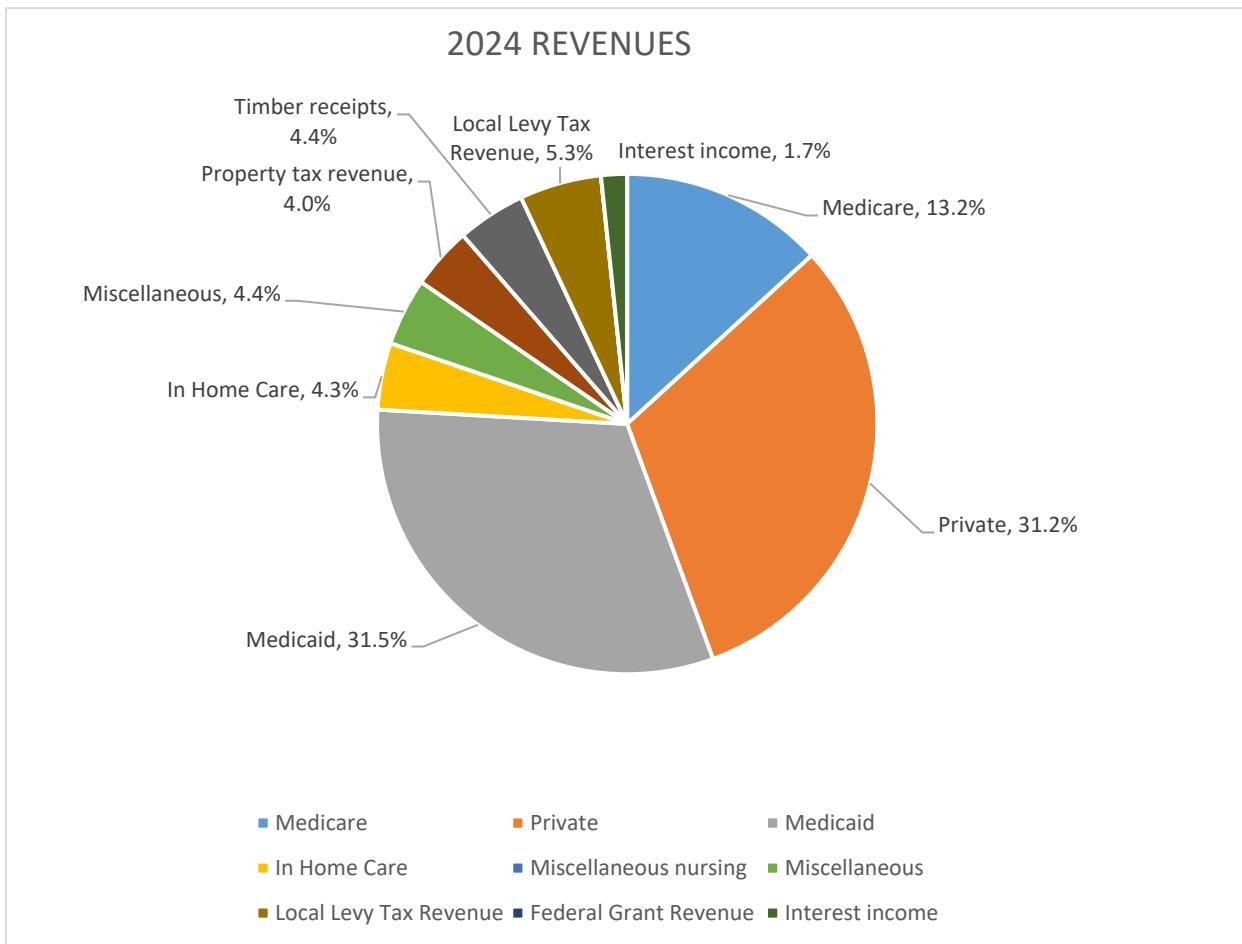
The following table presents the District's condensed consolidated statements of revenues, expenses, and changes in net position for fiscal years 2024, 2023, and 2022:

	2024	\$ Change from 2023	% Change from 2023	2023	\$ Change from 2022	% Change from 2022	2022
Operating revenues							
Charges for services							
Medicare	\$ 2,025,551	\$ 36,924	1.9%	\$ 1,988,627	\$ 423,354	27.0%	\$ 1,565,273
Private	4,784,250	263,923	5.8%	4,520,327	566,374	14.3%	3,953,953
Medicaid	4,827,786	1,032,780	27.2%	3,795,006	342,011	9.9%	3,452,995
In-home care	662,108	74,356	12.7%	587,752	(17,257)	-2.9%	605,009
Miscellaneous	669,456	(101,240)	-13.1%	770,696	718,985	1390.4%	51,711
Total operating revenues	<u>12,969,151</u>	<u>1,306,743</u>	<u>11.2%</u>	<u>11,662,408</u>	<u>2,033,467</u>	<u>21.1%</u>	<u>9,628,941</u>
Non-operating revenue							
Gain on forgiveness of Paycheck Protection Prog	-	-	100.0%	-	(1,246,999)	-100.0%	1,246,999
Taxes							
Unrestricted property tax revenue	1,425,966	193,210	15.7%	1,232,756	36,606	3.1%	1,196,150
Timber tax receipts	677,201	78,521	13.1%	598,680	67,195	12.6%	531,485
Federal grant revenue	-	-	100.0%	-	(296,794)	0.0%	296,794
Interest income	257,086	131,014	103.9%	126,072	108,032	598.8%	18,040
Gain on sale of assets	-	-	0.0%	-	-	0.0%	-
Total non-operating revenues	<u>2,360,253</u>	<u>402,745</u>	<u>20.6%</u>	<u>1,957,508</u>	<u>(1,331,960)</u>	<u>-40.5%</u>	<u>3,289,468</u>
Total Revenue	<u>15,329,404</u>	<u>1,709,488</u>	<u>12.6%</u>	<u>13,619,916</u>	<u>701,507</u>	<u>5.4%</u>	<u>12,918,409</u>
Operating expenses							
Nursing services	6,068,679	241,885	4.2%	5,826,794	970,091	20.0%	4,856,703
Facility administration	2,874,554	221,550	8.4%	2,653,004	194,515	7.9%	2,458,489
Dietary services	1,535,388	136,207	9.7%	1,399,181	(10,271)	-0.7%	1,409,452
Therapy services	565,699	36,940	7.0%	528,759	34,325	6.9%	494,434
Depreciation and amortization	766,146	21,407	2.9%	744,739	9,179	1.2%	735,560
Maintenance services	512,620	64,146	14.3%	448,474	5,239	1.2%	443,235
Laundry and housekeeping services	206,871	16,955	8.9%	189,916	(9,474)	-4.8%	199,390
Activities services	220,357	(25,659)	-10.4%	246,016	44,322	22.0%	201,694
Social services	66,192	(17,331)	-20.7%	83,523	(420)	-0.5%	83,943
Total operating expenses	<u>12,816,506</u>	<u>696,100</u>	<u>5.7%</u>	<u>12,120,406</u>	<u>1,237,506</u>	<u>11.4%</u>	<u>10,882,900</u>
Non-operating expenses							
Interest expense	471,047	(15,359)	-3.2%	486,406	(17,424)	-3.5%	503,830
Total expenses	<u>13,287,553</u>	<u>680,741</u>	<u>5.4%</u>	<u>12,606,812</u>	<u>1,220,082</u>	<u>10.7%</u>	<u>11,386,730</u>
Change in net position	<u>2,041,851</u>	<u>1,028,747</u>	<u>101.5%</u>	<u>1,013,104</u>	<u>(518,575)</u>	<u>-33.9%</u>	<u>1,531,679</u>
Net position							
Beginning of the year	5,216,533	1,013,104	24.1%	4,203,429	1,531,679	57.3%	2,671,750
End of the year	<u>\$ 7,258,384</u>	<u>\$ 2,041,851</u>	<u>39.1%</u>	<u>\$ 5,216,533</u>	<u>\$ 1,013,104</u>	<u>24.1%</u>	<u>\$ 4,203,429</u>

Operating revenues increased by \$1.3 million, or 11.2% as compared to the prior fiscal year. Medicare service revenue increased by 1.9% compared to other charges for services. Medicaid service revenue increased by 27.2%. Private services revenue increased over the prior fiscal year by 5.8%. In Home Care revenue increased by 12.7%.

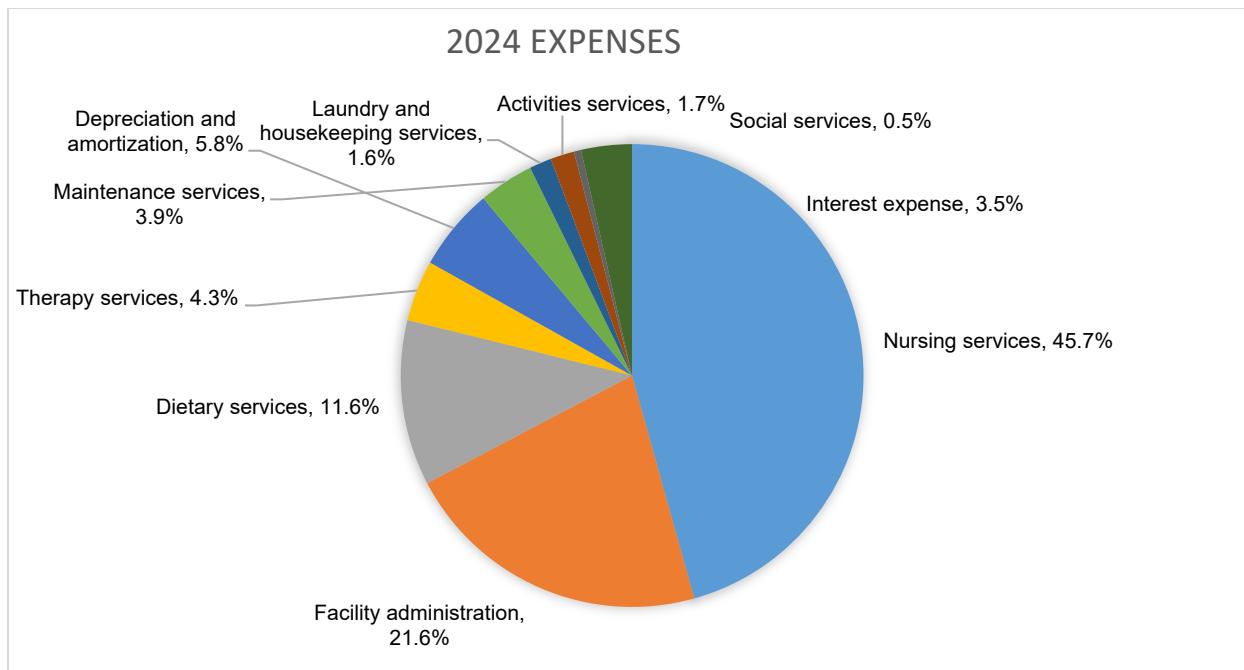
Clatsop Care Health District Management's Discussion and Analysis

The following graph illustrates the total revenue sources for the District for the 2024 fiscal year. Medicare revenue represents 13.2% of District revenues compared to 14.6% last year. Medicaid revenue increased to 31.5% from 27.9%. Private services revenue decreased to 31.2% from 33.2%. In Home Care services revenue remained at 4.3%.



Operating expenses consist of salaries and benefits, materials and services, utilities, and depreciation. Operating expenses increased \$696,100, or 5.7%. The largest increase was in nursing services of \$241,885 or 4.2% due to the increased costs to fill nursing positions. The following graph illustrates the total expenditures for the District for the 2024 fiscal year.

Clatsop Care Health District Management's Discussion and Analysis



The consolidated statements of cash flows provides a measurement of the District's financial health by providing information on the sources and uses of cash. It provides the user information on cash receipts and cash payments to help assess the District's ability to generate net cash flows, its ability to meet its obligations as they become due, and its need for external financing. This statement is reported using the direct method in accordance with the Governmental Accounting Standards Board. The Consolidated Statements of Cash Flows in summary form is provided below:

	2024	2023	\$ Change	% Change	2022
Cash Flows from Operating Activities	\$ 489,931	\$ 289,571	\$ 200,360	69.2%	\$ 186,082
Cash Flows from Non-Capital Financing Activities	2,057,167	1,893,046	164,121	8.7%	1,897,149
Cash Flows from Capital Financing Activities	(1,487,759)	(1,277,074)	(210,685)	16.5%	(1,037,923)
Cash Flows from Investing Activities	257,086	126,072	131,014	103.9%	18,040
Net increase in cash and cash equivalents	1,316,425	1,031,615	284,810	27.6%	1,063,348
Cash and Cash Equivalents, beginning of year	5,107,484	4,075,869	1,031,615	25.3%	4,075,869
Cash and Cash Equivalents, end of year	<u>\$ 6,423,909</u>	<u>\$ 5,107,484</u>	<u>\$ 1,316,425</u>	<u>25.8%</u>	<u>\$ 5,139,217</u>

The largest sources of cash from operating activities were resident revenue from private sources, Medicare, and Medicaid. Major uses of operating cash were payments for employees and for materials and supplies. The end of year net cash balance of \$6.4 million increased \$1.3 million or 25.8% from the prior year.

Clatsop Care Health District Management's Discussion and Analysis

Budgetary Highlights

There were no changes to the adopted budget for the fiscal year ended June 30, 2024.

	Budgetary Basis	Final Budget	\$ Variance	% Variance
Revenues				
Charges for services				
Medicare A	\$ 2,006,838	\$ 1,290,190	\$ 716,648	55.5%
Medicare B	16,733	2,920	13,813	0.0%
Private	4,784,250	6,403,489	(1,619,239)	-25.3%
Medicaid	4,827,786	4,848,461	(20,675)	-0.4%
In-Home companion and noncertified	662,108	-	662,108	0.0%
Miscellaneous nursing	1,980	-	1,980	0.0%
Tax Revenue				
Property tax	1,425,966	1,435,000	(9,034)	-0.6%
Timber tax	677,201	600,000	77,201	12.9%
Investment income	874,495	120,650	753,845	624.8%
Miscellaneous revenue	<u>669,456</u>	<u>18,250</u>	<u>651,206</u>	<u>3568.3%</u>
Total Revenues	<u>15,946,813</u>	<u>14,718,960</u>	<u>1,227,853</u>	<u>8.3%</u>
Expenditures				
Nursing	6,068,679	6,328,427	259,748	4.1%
Therapy	565,699	266,148	(299,551)	-112.6%
Administration	419,789	470,168	50,379	10.7%
Facility Administration	3,702,575	3,087,405	(615,170)	-19.9%
Maintenance Services	512,620	475,769	(36,851)	-7.7%
Laundry/housekeeping	206,871	144,269	(62,602)	-43.4%
Activities	220,357	252,086	31,729	12.6%
Dietary	1,535,388	1,317,165	(218,223)	-16.6%
Social services	66,192	71,037	4,845	6.8%
Debt Service	647,912	873,672	225,760	25.8%
Contingencies	-	376,241	376,241	100.0%
Unappropriated fund balance	<u>-</u>	<u>7,900,598</u>	<u>7,900,598</u>	<u>100.0%</u>
Total Expenditures	<u>13,946,082</u>	<u>21,562,985</u>	<u>7,616,903</u>	<u>35.3%</u>
OTHER FINANCING SOURCES				
Transfers in	-	327,329	327,329	100.0%
Transfers out	<u>-</u>	<u>(327,329)</u>	<u>(327,329)</u>	<u>100.0%</u>
Net transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>
Net Change in Net Position	2,000,731	(6,844,025)	8,844,756	-129.2%
Beginning Net Position	<u>\$ 4,573,793</u>	<u>\$ (16,317,854)</u>	<u>\$ 20,891,647</u>	<u>-128.0%</u>
Ending Net Position	<u>\$ 6,574,524</u>	<u>\$ (23,161,879)</u>	<u>\$ 29,736,403</u>	<u>-128.4%</u>

Operationally, the District continues to analyze the needs of the District to understand if there are other community needs that are currently unmet.

Clatsop Care Health District Management's Discussion and Analysis

Capital Assets

The District records all capital assets at historical cost with associated accumulated depreciation. The summary of capital assets presented below identifies the capital assets by categories and amounts.

	2024	\$ Change	% Change	2023	\$ Change	% Change	2022
Land	\$ 259,150	\$ -	0.0%	\$ 259,150	\$ -	0.0%	\$ 259,150
Land improvements	193,088	66,929	53.1%	126,159	-	0.0%	126,159
Buildings	12,306,935	56,173	0.5%	12,250,762	357,052	3.0%	11,893,710
Major movable equipment	775,356	216,254	38.7%	559,102	27,118	5.1%	531,984
Construction in process	305,976	291,045	1949.3%	14,931	(31,400)	100.0%	46,331
Building under capital lease	7,321,490	-	0.0%	7,321,490	-	0.0%	7,321,490
Accumulated depreciation	(9,084,906)	(766,146)	9.2%	(8,318,760)	(704,216)	9.2%	(7,614,544)
Capital assets, net	\$ 12,077,089	\$ (135,745)	-1.1%	\$ 12,212,834	\$ (351,446)	-2.8%	\$12,564,280

Debt Administration

As of June 30, 2024, the District has \$11.5 million in outstanding long-term debt.

Outstanding Debt as of June 30, 2024

Mortgage payable	\$ 4,965,531
Lease liability	<u>6,541,920</u>
	<u>\$ 11,507,451</u>

Issues Facing the Health District

There are issues facing the District that could result in material changes in its financial position in the long term. Among those issues are:

- The District is certified as a provider under both the Medicare program, which provides certain healthcare benefits to beneficiaries who are over 65 years of age or disabled, and the Medicaid program, funded jointly by the federal government and the states, which provides medical assistance to certain individuals and families in need. The funding of these programs by the federal and state governments face increasing pressure due to the significant increases in the costs of providing healthcare services in recent years.
- Labor shortages for healthcare professionals including registered nurses and other healthcare related fields. This nursing shortage, as well as other medical professional/technical employees, is causing higher salaries, requiring the usage of agency staff at a premium wage rate and hiring bonus incentives. These pressures are compounded by the COVID-19 pandemic.
- The District is a major employer within the community, employing a complex mix of professional, technical, clerical, maintenance, dietary, and housekeeping workers. Risks include contract disputes, personal tort actions, work-related injuries and exposure to hazardous materials, to name a few of the potential issues.

Clatsop Care Health District Management's Discussion and Analysis

- The COVID-19 pandemic will continue to impact the operations and finances at the District. The District is participating in Federal funding programs to help compensate for COVID related costs for testing, staffing and supplies as well as offset lost revenue since the pandemic began in March 2020. Inflation is also impacting the costs of materials and supplies.

Contacting the District's Financial Management

This financial report provides our residents, readers, suppliers, taxpayers and creditors with a general overview of Clatsop Care Health District's finances and shows the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Administrative Office at Clatsop Care Health District; 646 16th Street, OR 97103.

Financial Statements

Clatsop Care Health District
Consolidated Statements of Net Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,423,909	\$ 5,107,484
Restricted funds held in escrow	227,215	126,212
Receivables		
Resident accounts, net of estimated uncollectible amounts	865,625	776,465
Timber taxes	156,000	110,000
Property taxes	25,000	25,000
Resident funds held in trust	9,819	16,804
Other current assets	<u>145,784</u>	<u>101,112</u>
Total current assets	<u>7,853,352</u>	<u>6,263,077</u>
NON-CURRENT ASSETS		
Restricted funds held in escrow	<u>132,690</u>	<u>175,726</u>
CAPITAL ASSETS		
Land	259,150	259,150
Construction in progress	305,976	14,931
Depreciable capital assets, net of accumulated depreciation	5,619,057	5,688,701
Right-to-use asset, net of accumulated amortization	<u>5,892,906</u>	<u>6,250,052</u>
Total capital assets, net	<u>12,077,089</u>	<u>12,212,834</u>
Total assets	<u><u>\$ 20,063,131</u></u>	<u><u>\$ 18,651,637</u></u>

See accompanying notes.

Clatsop Care Health District
Consolidated Statements of Net Position
June 30, 2024 and 2023

	2024	2023
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 634,236	\$ 275,496
Accrued salaries and employee benefits	269,416	239,249
Employee retention tax credits	-	541,021
Compensated absences	178,852	215,775
Accrued expenses and unearned revenue	204,973	252,997
Resident funds held in trust	9,819	16,804
Current portion of lease liability	225,449	209,446
Current maturities of long-term debt	<u>198,318</u>	<u>192,714</u>
	<u>1,721,063</u>	<u>1,943,502</u>
NONCURRENT LIABILITIES		
Lease liability, net of current portion	6,316,471	6,541,920
Long-term debt, net of current maturities	<u>4,767,213</u>	<u>4,949,682</u>
	<u>11,083,684</u>	<u>11,491,602</u>
	<u>12,804,747</u>	<u>13,435,104</u>
NET POSITION		
Net investment in capital assets	569,638	319,072
Restricted expendable	459,933	397,161
Unrestricted	<u>6,228,813</u>	<u>4,500,300</u>
	<u>7,258,384</u>	<u>5,216,533</u>
	<u>\$ 20,063,131</u>	<u>\$ 18,651,637</u>

See accompanying notes.

Clatsop Care Health District
Consolidated Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
OPERATING REVENUES		
Net resident service revenue	\$ 11,313,008	\$ 10,007,528
In-home care revenue	662,108	587,752
Ancillary services	324,579	296,432
Other operating revenue	<u>669,456</u>	<u>770,696</u>
 Total operating revenues	 <u>12,969,151</u>	 <u>11,662,408</u>
OPERATING EXPENSES		
Nursing services	5,076,187	4,920,568
Administrative expenses	2,874,554	2,653,004
Dietary services	1,535,388	1,399,181
Depreciation and amortization	766,146	744,739
Occupancy and housekeeping	719,491	638,230
In-home care	623,447	561,395
Ancillary services	565,699	528,759
Activities and social services	286,549	329,699
Provider tax	<u>369,045</u>	<u>344,831</u>
 Total operating expenses	 <u>12,816,506</u>	 <u>12,120,406</u>
INCOME (LOSS) FROM OPERATIONS	 <u>152,645</u>	 <u>(457,998)</u>
NON-OPERATING REVENUES (EXPENSES)		
Property taxes	1,425,966	1,232,756
Timber taxes	677,201	598,680
Interest income	257,086	126,072
Interest expense	<u>(471,047)</u>	<u>(486,406)</u>
 Net non-operating revenues (expenses)	 <u>1,889,206</u>	 <u>1,471,102</u>
CHANGE IN NET POSITION	 <u>2,041,851</u>	 <u>1,013,104</u>
NET POSITION, beginning of year	 <u>5,216,533</u>	 <u>4,203,429</u>
NET POSITION, end of year	 <u>\$ 7,258,384</u>	 <u>\$ 5,216,533</u>

See accompanying notes.

Clatsop Care Health District
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from residents and third party payors	\$ 12,210,535	\$ 10,848,177
Cash paid to suppliers	(5,053,797)	(4,576,351)
Cash paid to employees	(6,967,218)	(6,408,120)
Cash paid for provider taxes	(369,045)	(344,831)
Other receipts from operations, net	<u>669,456</u>	<u>770,696</u>
Net cash from operating activities	<u>489,931</u>	<u>289,571</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Property taxes	1,425,966	1,232,756
Timber taxes	<u>631,201</u>	<u>660,290</u>
Net cash from non-capital financing activities	<u>2,057,167</u>	<u>1,893,046</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(630,401)	(393,293)
Principal payments on long-term debt	(176,865)	(203,116)
Principal payments on lease liability	(209,446)	(194,259)
Interest payments on long-term debt	(145,059)	(150,518)
Interest payments on lease liability	<u>(325,988)</u>	<u>(335,888)</u>
Net cash used in capital and related financing activities	<u>(1,487,759)</u>	<u>(1,277,074)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>257,086</u>	<u>126,072</u>
Net cash from investing activities	<u>257,086</u>	<u>126,072</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>1,316,425</u>	<u>1,031,615</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>5,107,484</u>	<u>4,075,869</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 6,423,909</u>	<u>\$ 5,107,484</u>

See accompanying notes.

Clatsop Care Health District
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Reconciliation of income (loss) from operations to net cash from operating activities		
Income (loss) from operations	<u>\$ 152,645</u>	<u>\$ (457,998)</u>
Adjustments to reconcile operating income (loss) to net cash from operating activities		
Depreciation and amortization	766,146	744,739
Changes in assets and liabilities		
Resident accounts receivable, net	(89,160)	(43,535)
Restricted funds held in escrow	(57,967)	(112,723)
Other current assets	(44,672)	915
Accounts payable	358,740	(5,679)
Accrued salaries and employee benefits	30,167	28,480
Employee retention tax credits	(541,021)	-
Compensated absences	(36,923)	(17,159)
Accrued expenses and unearned revenue	<u>(48,024)</u>	<u>152,531</u>
Net adjustments	<u>337,286</u>	<u>747,569</u>
Net cash from operating activities	<u>\$ 489,931</u>	<u>\$ 289,571</u>

See accompanying notes.

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 1 – Description of Reporting Entity and Summary of Significant Accounting Policies

Reporting entity – The Clatsop Care Health District (the District) is located in Astoria, Oregon and was established in March 1978. The District is a municipal corporation and was organized under Oregon Revised Statutes (ORS) 440, to provide various health care services, long-term care services, retirement apartments and home-health care services to the citizens of its district. The District oversees the operations of Clatsop Care Health and Rehabilitation Center, a 71-bed skilled nursing and long-term care facility; Clatsop Retirement Village, a 69-unit assisted living facility; Clatsop Care Memory Community, a 32-unit memory care facility; and Clatsop Care In-Home Care Services, a program which provides in-home care to approximately 60 clients throughout the county.

Major sources of revenue are fees for services provided and property and timber taxes. The District's expenses include costs of providing health care services and to pay debt services costs.

The District has authority to levy taxes on property within the District for general operations and has exercised that authority for several years.

Basis of accounting – The consolidated financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

U.S. GAAP requires the financial statements present Clatsop Care Center (the primary government) and all component units, if any. Component units, as established by GASB Statement 61, are separate organizations that are included in the reporting entity because of the significance of their operational or financial relationship with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic consolidated financial statements. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. Based on the application of the criteria established by the GASB, there are no potential component units of the District, except for Clatsop Retirement Village Property, LLC.

Blended component unit – Clatsop Retirement Village Property, LLC, established June 2013, is an Oregon limited liability company governed by a board comprised of the District's elected board. The charges for lease of the property and mortgage debt authorizations are approved by the District's board, and the District is legally obligated to provide resources in case there are deficiencies in debt service payments and resources are not available. Clatsop Retirement Village Property, LLC is reported as an enterprise fund and is required to report annually to Housing and Urban Development (HUD).

Principles of consolidation – For financial reporting purposes, management considers the activities relating to the operation of the District as those of a unitary enterprise fund accounting approach which is based on the full accrual method of accounting. However, for budgetary and legal purposes these activities are accounted for in the following funds:

Clatsop Care Health District

Notes to Consolidated Financial Statements

- *General Fund* – accounts for all general operating revenues and expenditures of the District. The major sources of revenue are ad-valorem taxes and the major source of expenses is personal services.
- *Clatsop Care Health and Rehabilitation Center Fund* – accounts for all revenues and expenses for the skilled nursing and long-term care facility, Clatsop Care Health and Rehabilitation Center. Revenues are resident service revenues.
- *Clatsop Care Memory Community Fund* – accounts for revenues and expenses for the memory care facility, Clatsop Care Memory Community. Revenues are resident service revenues.
- *Clatsop Care In-Home Services Fund* – accounts for all revenues and expenses for the in-home care program, Clatsop Care In-Home Services. Revenues are service revenues.
- *Clatsop Retirement Village Enterprise Fund* – accounts for all revenues and expenses for the assisted living facility, Clatsop Retirement Village. Revenues are resident service revenues.
- *Clatsop Retirement Village Property Enterprise Fund* – is a blended component unit of the District and was established to hold the Clatsop Retirement Village Property, LLC facility assets and related mortgage payable. The District leases the facility from Clatsop Retirement Village Property, LLC.

Use of estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Enterprise fund accounting – The District uses enterprise fund accounting. Revenues and expenses are recognized on an accrual basis using the economic resources measurement focus. The District adopted GASB No. 62, Codification of Accounting and Financial Reporting guidance contained in pre-November 30, 1989, Federal Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements, which identifies and codifies most pre-November 30, 1989, FASB and AICPA pronouncements that are relevant to governments and do not conflict with or contradict GASB pronouncements.

Cash and cash equivalents – Cash and cash equivalents include certain highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at cost, which approximates market value.

Clatsop Care Health District

Notes to Consolidated Financial Statements

Resident accounts receivable – The District grants credit in the normal course of business to private individuals, other businesses, governmental agencies, and insurance companies. The District performs ongoing credit evaluations and generally does not require collateral. The District receives payment for services rendered from private payors, Medicare and Medicaid programs, and third-party payors.

Management does not believe there are any credit risks associated with receivables from governmental agencies. Private and other receivables consist of receivables from a large number of payors involved in diverse activities and subject to differing economic conditions, which do not represent any concentrated credit risks to the District.

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, management analyzes its past history and identifies trends to estimate the appropriate allowance for doubtful accounts and provision for bad debts.

For receivables associated with self-pay residents (which includes both residents without insurance and residents with deductible and copayment balances due for which third-party coverage exists for part of the bill), the District records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts collected after all reasonable collection efforts have been exhausted is charged off to provision for bad debt.

Management regularly monitors and adjusts its reserves and allowances related to these receivables. Accounts deemed to be uncollectible are written off only after all reasonable collection efforts are exhausted. Interest is charged on accounts at the discretion of management. There was no change in the methodology used by the District to estimate the allowance for contractual adjustments and bad debt provision in the current year.

Timber and property taxes receivable – Uncollected timber and property taxes are shown in the statements of net position. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore, no allowance of uncollectible taxes has been established.

Restricted funds held in escrow – As a requirement of the District's long-term debt agreement, the District must maintain funded reserve accounts for annual insurance premiums, replacement reserves, and mortgage insurance. The District may request to use the replacement reserve account funds for approved building improvements. The property and mortgage insurance reserves are used automatically to pay the annual required expense.

Capital assets – The District's capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. Expenditures for maintenance and repairs are charged to operations as incurred. Betterments and major renewals with an estimated useful life of one year or greater and a cost of over \$5,000 are capitalized.

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Impairment losses on capital assets are measured using the method that best reflects the diminished service utility of the capital asset.

Clatsop Care Health District Notes to Consolidated Financial Statements

All capital assets other than land and construction in progress are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using these asset lives:

Buildings	30–40 years
Building improvements	5–25 years
Major moveable equipment	5–15 years
Land improvements	5–15 years

Leases – The District recognizes lease contracts or equivalents that have a term exceeding one year and the cumulative future payments on the contract exceed \$25,000 that meet the definition of an other than short-term lease as right-of-use assets. The District uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the District's incremental borrowing rate at start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred.

Subscription-based Information Technology Arrangements (SBITAs) – A SBITA is a contract that conveys to the District control of the right to use another party's (i.e., a vendor's) information technology (IT) software – alone or in combination with tangible capital assets – as specified in the contract for a period of time in an exchange or exchange-like transaction. Upon management's assessment, the impact of applying GASB 96 was deemed to be immaterial and no right-of-use subscription or corresponding liability were recorded during the years ended June 30, 2024 and 2023.

Compensated absences – The District has a paid time off plan, which includes vested vacation, sick and holiday time. These benefits are accrued and expensed as they are earned.

Net position – Net position of the District is classified in four components.

- *Net investment in capital assets* consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets.
- *Restricted expendable* is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District. See Note 6 for discussion of restrictions. Included in this category are funds reserved for memorials, reserve funds held in escrow, and federal grants restricted for specific purposes (see Note 6).
- *Unrestricted* is remaining net position that does not meet the definition of net investment in capital assets, restricted expendable or restricted nonexpendable.
- *Restricted nonexpendable* equals the principal portion of permanent endowments. The District has no such endowments for the years ended June 30, 2024 and 2023.

Clatsop Care Health District

Notes to Consolidated Financial Statements

Operating and non-operating revenues and expenses – The District's consolidated statements of revenues, expenses, and changes in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the District's principal activity. Nonexchange revenues, including taxes, investment income, and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Net resident service revenue, ancillary services, and in-home care revenue – Resident service revenue, revenue from ancillary services, and in-home care revenue are recorded at established rates and reported at the estimated net realizable amounts from residents, third-party payors and others for services rendered. Preliminary settlements under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Sources of resident service revenue, revenue from ancillary services, and in-home care revenue as of June 30 are as follows:

	2024	2023
Private pay	43%	45%
Medicaid	41%	37%
Medicare	16%	18%
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	100%	100%

Property taxes – Property taxes received by the District are used to support general operations. Property taxes are levied by the County on the District's behalf on July 1 and are payable on November 15, and may be paid in installments due November 15, February 15, and May 15. Taxes are billed and collected by Clatsop County and are remitted to the District at periodic intervals. Property tax revenues are recognized when levied. Additionally, in May of 2018, a local tax levy of \$0.23 per \$1,000 of assessed property value was approved for a duration of five years, from 2018 to 2022. In May of 2023, the local tax levy was renewed for a duration of five years, from 2023 to 2027. Total tax revenues from the five-year levy are estimated to be approximately \$3,980,000. Property tax revenues were \$1,425,966 and \$1,232,756 for the years ended June 30, 2024 and 2023, respectively.

Timber taxes – Clatsop Care Health District receives regular timber revenue receipts from harvest of State forests that occurs within District boundaries. The State Forestry Department provides a quarterly report on projections of revenues to receive in the current fiscal year as well as the following fiscal year. These projections are used to determine budgeted revenues. Timber revenues were \$677,201 and \$598,680 for the years ended June 30, 2024 and 2023, respectively.

Grants and contributions – From time to time, the District receives grants as well as contributions from individuals and private organizations. Revenues from grants and contributions 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 that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues.

Clatsop Care Health District Notes to Consolidated Financial Statements

Income taxes – The District is a municipal corporation under Oregon state law and is not subject to Federal income taxes.

Subsequent events – Subsequent events are events or transactions that occur after the consolidated balance sheet date but before consolidated financial statements are available to be issued. The District recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheet, including the estimates inherent in the process of preparing the consolidated financial statements. The District's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated balance sheet but arose after the consolidated balance sheet date and before the consolidated financial statements are available to be issued.

The District has evaluated subsequent events through December 27, 2024, which is the date the consolidated financial statements are available to be issued.

Note 2 – Budgetary Information

ORS 440.403 establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. Budgetary comparisons for enterprise funds are not required by U.S. GAAP. Accordingly, such comparisons of approved budgeted amounts with actual results of operations for individual funds prepared on a basis other than U.S. GAAP are set forth as other information as listed in the table of contents. Expenditure levels of control are personal services, materials and services, capital outlay, debt service, transfers and operating contingencies. The budget is created and brought to the Board of Directors for approval. After a public hearing on the budget, it is adopted and appropriations are made by June 30, which is prior to the start of the fiscal year. Expenditures cannot legally exceed appropriations except in the case of grants which could not be estimated at the time of budget adoptions. Appropriations lapse at fiscal year-end. Action of the Board may transfer appropriations between control categories or amend the budget with notice.

The Board may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by ORS. Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before public, publications in newspapers and approval by the Board. Expenditure appropriations may not be legally over-expended except in the case of grant receipts that could not be reasonably estimated at the time the budget was adopted, and for debt service on new debt issued during the budget year. Management may transfer budget amounts between individual line items within the function group, but cannot make changes to the function groups themselves, which is the legal level of control. During the fiscal years ended June 30, 2024 and 2023, the board did not approve any supplemental budget resolutions.

Financial position, results of operations, and change in fund balance/net position are reported on the basis of accounting principles generally accepted in the United States of America for the government-wide financial statements. The budgetary basis of accounting differs from generally accepted accounting principles. The budgetary basis statements provided as part of other information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison to actual result with the budget.

Clatsop Care Health District **Notes to Consolidated Financial Statements**

The budgetary basis of accounting is substantially the same as generally accepted accounting principles in the United States of America, with the exceptions that capital outlay expenditures are expensed when purchased, depreciation is not calculated, compensated absences are expensed when paid rather than when incurred, and principle payment and proceeds on long-term debt are recorded in revenues when received and expenditures when paid.

Note 3 – Cash and Cash Equivalents

ORS, Chapter 294, authorizes the District to invest in obligations of the U.S. Treasury, U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by a qualified financial institution, commercial paper, corporate bonds, repurchase agreements, State of Oregon Local Government Investment Pool, and various interest-bearing bonds of Oregon and other municipalities. The District has no investment policy that would further limit its investment choices.

Deposits with financial institutions are comprised of bank demand deposits. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. State statutes (ORS 295.002) allow public officials to deposit public funds in one or more depositories currently qualified pursuant to ORS 295.001 to 295.108. As long as the bank depository has entered into an agreement and has deposited securities pursuant to state statutes, there may be deposits at any one bank depository and its branches, a sum in excess of the amount insured by the Federal Deposit Insurance Corporation.

The District had the following cash and cash equivalents at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Demand deposits	\$ 809,197	\$ 355,173
Petty cash	1,282	1,282
Local Government Investment Pool	<u>5,613,430</u>	<u>4,751,029</u>
 Total cash and cash equivalents	 <u>\$ 6,423,909</u>	 <u>\$ 5,107,484</u>

Cash held by Clatsop Retirement Village Property, LLC may only be used for that entity unless a surplus cash distribution is approved by HUD. As of June 30, 2024 and 2023, the balance in that account was \$177,052 and \$187,499, respectively. Cash held by the District from memorial fund donations is also restricted as it can only be used for resident memorials. The balance in this account was \$100,028 and \$95,223 for the years ended June 30, 2024 and 2023, respectively. The District does not have any other cash and cash equivalents that are limited to use.

The District maintains their investments in the State of Oregon Local Government Investment Pool (LGIP), which is an alternate investment vehicle offered to participants that by law are made the custodian of, or have control of, any public funds. The investments are booked at fair value and are the same as the value of the pool shares.

Clatsop Care Health District Notes to Consolidated Financial Statements

The LGIP investments are governed by a written investment policy that is reviewed annually by the Oregon Short-Term Fund Board (OSTFB). The OSTFB is comprised of members of local government and private investment professionals, who are appointed by the Governor of the State of Oregon. The LGIP is not rated by any national rating service. The District considers all investments to be cash and cash equivalents.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. ORS require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. The District does not have this type of policy. The District manages exposure to declines in fair values by limiting the weighted average maturity of the investment portfolio to levels required by State statute.

Custodial credit risk – Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District will not be able to recover deposits. The District does not have a deposit policy for custodial credit risk. As of June 30, 2024 and 2023, \$250,000 of the District's bank balance was covered by depository insurance. Approximately \$6,534,000 was exposed to custodial credit risk at June 30, 2024.

Note 4 – Resident Accounts Receivable

The District provides services to residents, most of whom are local residents, who are either uninsured, covered by commercial insurance, Medicare, or Oregon Department of Human Resources Adult and Family Services Division (Welfare) programs. The District grants credit without collateral and maintains reserves for potential credit losses. Such losses have historically been within management's expectations.

Resident accounts receivable, including the applicable allowance for estimated contractual adjustments and uncollectible accounts, are as follows as of June 30:

	2024	2023
Receivables from residents and their insurance carriers	\$ 200,526	\$ 195,625
Receivable from Medicare	281,457	281,222
Receivable from Medicaid	<u>403,541</u>	<u>325,824</u>
 Total resident accounts receivable	 885,524	 802,671
Less allowance for uncollectible amounts	<u>(19,899)</u>	<u>(26,206)</u>
 Patient accounts receivable, net	 <u>\$ 865,625</u>	 <u>\$ 776,465</u>

The amount of resident receivable balance over 90 days past due as of June 30, 2024 and 2023, was \$28,336 and \$26,404, respectively.

Clatsop Care Health District
Notes to Consolidated Financial Statements

Note 5 – Property Taxes

For the fiscal years June 30, 2024 and 2023, the District levied their property taxes at the rate of 0.1763% of assessed property value. Additionally, on May 16, 2023, a local tax levy of 0.23% of assessed property value for five years was renewed to support the operations of the District. Property tax revenues are recognized when levied and are used to support general operations.

Property and local tax levy, collections and balances are as follows:

	Receivable June 30, 2023	2023-2024 Net Levy	Collections	Interest Received	Discounts Allowed	Adjustments Applied	Receivable June 30, 2024
2023-24	\$ -	\$ 1,472,204	\$ (1,400,879)	\$ 616	\$ (38,027)	\$ (792)	\$ 32,506
2022-23	22,668	-	(20,046)	1,444	(1)	(699)	1,922
2021-22	11,511	-	(5,755)	1,036	-	(52)	5,704
2020-21	21,839	-	(3,101)	829	-	(39)	18,699
2019-20	(31,957)	-	(2,620)	850	-	(8)	(34,585)
Prior Years	939	-	(179)	136	-	(6)	754
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 25,000	\$ 1,472,204	\$ (1,432,580)	\$ 4,911	\$ (38,028)	\$ (1,596)	\$ 25,000
	Receivable June 30, 2022	2022-2023 Net Levy	Collections	Interest Received	Discounts Allowed	Adjustments Applied	Receivable June 30, 2023
2022-23	\$ -	\$ 1,283,928	\$ (1,226,547)	\$ 569	\$ (34,032)	\$ (681)	\$ 22,668
2021-22	25,488	-	(11,640)	1,006	-	(2,337)	11,511
2020-21	25,734	-	(3,862)	729	-	(33)	21,839
2019-20	(28,925)	-	(2,997)	927	-	(35)	(31,957)
2018-19	1,868	-	(1,593)	540	-	(30)	245
Prior Years	835	-	(69)	55	-	(72)	694
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 25,000	\$ 1,283,928	\$ (1,246,708)	\$ 3,826	\$ (34,032)	\$ (3,188)	\$ 25,000

The following is a reconciliation of cash collections to revenue recognized for the years ended June 30:

	2024	2023
Total cash collections	\$ 1,432,580	\$ 1,246,708
Prior year receivable	(25,000)	(25,000)
Current year receivable	25,000	25,000
Taxes in lieu	<u>(6,614)</u>	<u>(13,952)</u>
 Total property and local levy tax revenue	 <u>\$ 1,425,966</u>	 <u>\$ 1,232,756</u>

The State of Oregon has a constitutional limit on property taxes for schools and non-school government operations. The limitation provides that property taxes for non-school operations are limited to \$10 for each \$1,000 of property market value. Local government taxes in the District currently do not exceed the \$10 rate limit; however, this limitation may affect the availability of future tax revenues for the District. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

Clatsop Care Health District Notes to Consolidated Financial Statements

An additional limit reduces the amount of operating property tax revenues available. This reduction was accomplished by rolling property values for 1997-98 back to their 1995-96 values less 10% and limited future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempt from the reductions. The Constitution also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues.

Note 6 – Restricted Funds Held in Escrow

Certain reserve deposits and escrow balances are required to be maintained as specified by the District's regulatory agreement with HUD. These deposits and escrow balances are held by Lument Capital.

The District may receive distributions from these balances upon approval from HUD. The following deposits and reserves are required:

Insurance escrow deposits – The escrow deposit account represents deposits held for property and liability insurance. Monthly deposits of \$17,732 are required to be made into an escrow deposit cash account.

Mortgage Insurance Premium (MIP) escrow – A funded reserve for MIP is required by HUD. Monthly deposits of \$2,729 are required to be made into the MIP escrow account.

Replacement reserve – Monthly deposits of \$6,104 are currently required to be made into a replacement reserve cash account. Any funds held in the replacement reserve account are to be used for future acquisitions of equipment and building improvements, after obtaining approval from HUD.

Clatsop Care Health District
Notes to Consolidated Financial Statements

The escrow and deposit accounts controlled by Lument Capital are held in bank accounts under the District's name. These deposits are subject to federally insured limits and any balances over \$250,000 are subject to custodial risk.

	For the Year Ended June 30, 2024				
	Beginning Balance	Deposits	Interest	Withdrawals	Ending Balance
MIP escrow	\$ 36,195	\$ 30,949	\$ -	\$ (32,748)	\$ 34,396
Insurance premium escrow	90,017	102,802	-	-	192,819
Replacement reserve	<u>175,726</u>	<u>62,936</u>	<u>840</u>	<u>(106,812)</u>	<u>132,690</u>
Total funds held in escrow	<u>\$ 301,938</u>	<u>\$ 196,687</u>	<u>\$ 840</u>	<u>\$ (139,560)</u>	<u>\$ 359,905</u>

	For the Year Ended June 30, 2023				
	Beginning Balance	Deposits	Interest	Withdrawals	Ending Balance
MIP escrow	\$ 32,259	\$ 37,924	\$ -	\$ (33,988)	\$ 36,195
Insurance premium escrow	29,920	97,267	-	(37,170)	90,017
Replacement reserve	<u>127,036</u>	<u>52,000</u>	<u>490</u>	<u>(3,800)</u>	<u>175,726</u>
Total funds held in escrow	<u>\$ 189,215</u>	<u>\$ 187,191</u>	<u>\$ 490</u>	<u>\$ (74,958)</u>	<u>\$ 301,938</u>

There were no deposits suspended or waived during 2024 or 2023.

Clatsop Care Health District
Notes to Consolidated Financial Statements

Note 7 – Capital Assets

The following is a summary of changes in capital assets during the fiscal years 2024 and 2023:

	Balance June 30, 2023	Additions	Retirements	Transfers	Balance June 30, 2024
CAPITAL ASSETS AT COST					
Land	\$ 259,150	\$ -	\$ -	\$ -	\$ 259,150
Construction in progress	14,931	419,523	-	(128,478)	305,976
Land improvements	126,159	-	-	66,929	193,088
Buildings and building improvements	12,250,762	39,148	-	17,025	12,306,935
Major movable equipment	559,102	171,730	-	44,524	775,356
Right-to-use asset	7,321,490	-	-	-	7,321,490
	<u>20,531,594</u>	<u>630,401</u>	<u>-</u>	<u>-</u>	<u>21,161,995</u>
LESS ACCUMULATED DEPRECIATION AND AMORTIZATION FOR:					
Land improvements	(68,461)	(4,969)	-	-	(73,430)
Buildings and building improvements	(6,780,789)	(309,403)	-	-	(7,090,192)
Major movable equipment	(398,072)	(94,628)	-	-	(492,700)
Right-to-use asset	(1,071,438)	(357,146)	-	-	(1,428,584)
	<u>(8,318,760)</u>	<u>(766,146)</u>	<u>-</u>	<u>-</u>	<u>(9,084,906)</u>
Capital assets, net	<u>\$ 12,212,834</u>	<u>\$ (135,745)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,077,089</u>
	Balance June 30, 2022	Additions	Retirements	Transfers	Balance June 30, 2023
CAPITAL ASSETS AT COST					
Land	\$ 259,150	\$ -	\$ -	\$ -	\$ 259,150
Construction in progress	46,331	360,766	-	(392,166)	14,931
Land improvements	126,159	-	-	-	126,159
Buildings and building improvements	11,893,710	12,093	-	344,959	12,250,762
Major movable equipment	531,984	20,434	(40,523)	47,207	559,102
Right-to-use asset	7,321,490	-	-	-	7,321,490
	<u>20,178,824</u>	<u>393,293</u>	<u>(40,523)</u>	<u>-</u>	<u>20,531,594</u>
LESS ACCUMULATED DEPRECIATION AND AMORTIZATION FOR:					
Land improvements	(64,236)	(4,225)	-	-	(68,461)
Buildings and building improvements	(6,478,060)	(302,729)	-	-	(6,780,789)
Major movable equipment	(357,956)	(80,639)	40,523	-	(398,072)
Right-to-use asset	(714,292)	(357,146)	-	-	(1,071,438)
	<u>(7,614,544)</u>	<u>(744,739)</u>	<u>40,523</u>	<u>-</u>	<u>(8,318,760)</u>
Capital assets, net	<u>\$ 12,564,280</u>	<u>\$ (351,446)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,212,834</u>

Depreciation expense for the years ended June 30, 2024 and 2023, was \$409,000 and \$387,593, respectively. Amortization expense for property under lease was \$357,146 for each of the years ended June 30, 2024 and 2023.

Clatsop Care Health District
Notes to Consolidated Financial Statements

Note 8 – Long-term Debt

The district has a mortgage on the assisted living facility that is secured by HUD and subject to the restrictions and requirements under the HUD program. The mortgage is payable in monthly payments of \$28,186, including interest at 2.87%, collateralized by land and building. The mortgage is due July 2043.

A schedule of changes in the District's non-current liabilities for the years ended 2024 and 2023 is as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Long-term debt					
Mortgage payable	\$ 5,142,396	\$ -	\$ (176,865)	\$ 4,965,531	\$ 198,318
	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Long-term debt					
Mortgage payable	\$ 5,345,512	\$ -	\$ (203,116)	\$ 5,142,396	\$ 192,714

Scheduled principal and interest repayments on long-term debt are as follows as of June 30, 2024:

	Total	Interest	Principal
2025	\$ 338,233	\$ 139,915	\$ 198,318
2026	338,233	134,148	204,085
2027	338,233	128,213	210,020
2028	338,233	122,106	216,127
2029	338,233	115,821	222,412
2030-2034	1,691,166	478,241	1,212,925
2035-2039	1,691,166	291,318	1,399,848
2040-2044	1,381,121	79,325	1,301,796
 Total	 \$ 6,454,618	 \$ 1,489,087	 \$ 4,965,531

Note 9 – Lease Obligations

In July 2015, the District commenced a twenty-five-year lease agreement as lessee for the Clatsop Care Memory Community facility. There are no residual value guarantees included in the measurement of the District's lease liability nor recognized as an expense for the year ended June 30, 2024. The District does not have any commitments that were incurred at the commencement of the leases. No termination penalties were incurred during the fiscal year. Total interest expense related to the capital lease was \$325,996 and \$335,935 for the years ended June 30, 2024 and 2023, respectively. There was \$26,767 and \$27,625 of accrued interest included in the current portion of lease liability as of June 30, 2024 and 2023, respectively.

Clatsop Care Health District
Notes to Consolidated Financial Statements

A schedule of changes in the District's leases liabilities for the years ended 2024 and 2023 is as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Lease Liabilities	\$ 6,751,366	\$ -	\$ (209,446)	\$ 6,541,920	\$ 225,449
	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Lease Liabilities	\$ 6,945,625	\$ -	\$ (194,259)	\$ 6,751,366	\$ 209,446

The future principal and interest lease payments as of June 30, 2023, are as follows:

	Total	Interest	Principal
2025	\$ 541,662	\$ 316,213	\$ 225,449
2026	547,078	304,767	242,311
2027	552,549	292,474	260,075
2028	558,074	279,287	278,787
2029	563,656	265,160	298,496
2030-2034	2,903,960	1,077,298	1,826,662
2035-2039	3,052,091	550,973	2,501,118
2040-2044	944,842	35,820	909,022
Total	<u><u>\$ 9,663,912</u></u>	<u><u>\$ 3,121,992</u></u>	<u><u>\$ 6,541,920</u></u>

The District evaluated the right-to-use assets for impairment and determined there was no impairment for the year ended June 30, 2024.

Note 10 – Related-party Operating Lease

Clatsop Retirement Village Property, LLC owns and leases the assisted living facility to the District. The lease expires in May 2043. Monthly rent is required to be 1.05 times the amounts necessary to pay the principal and interest on the mortgage and any required escrow and reserve deposits. The current annual lease amount is \$617,409. The lease revenue and lease expense are eliminated upon consolidation.

Note 11 – Employee Retirement Plans

The District sponsors a non-qualified deferred-compensation plan under Section 457(b) of the Internal Revenue Code. Under the plan, employees may defer up to the Internal Revenue Service limits. The District's Board of Directors has the authority to change these plan provisions.

For the years ended June 30, 2024 and 2023, employee contributions to the plan were \$9,729 and \$8,278, respectively, and employer contributions were \$3,624 and \$3,572, respectively. All plan funds are held and managed by an insurance company for the benefit of the employees. Therefore, the consolidated statements of net position do not reflect amounts held by the plan.

Clatsop Care Health District Notes to Consolidated Financial Statements

The District sponsors a 403(b) retirement plan under Section 403(b) of the Internal Revenue Code. The plan was created during 2023. Under the plan, employees may defer up to the Internal Revenue Service limits. The District's Board of Directors has the authority to amend the plan provisions.

For the year ended June 30, 2024, employee contributions to the plan were \$46,047 and employer contributions were \$22,250. All plan funds are held and managed by an insurance company for the benefit of the employees. Therefore, the consolidated statements of net position do not reflect amounts held by the plan.

Note 12 – Commitments and Contingent Liabilities

Payments from federal and state health care programs – Entities doing business with governmental payors, including Medicare and Medicaid, are subject to risks unique to the government-contracting environment that are difficult to anticipate and quantify. Revenues are subject to adjustment as a result of examination by government agencies as well as auditors, contractors, and intermediaries retained by the federal, state, or local governments (collectively “Government Agents”). Resolution of such audits or reviews often extend (and in some cases does not even commence until) several years beyond the year in which services were rendered and/or fees received.

In accordance with generally accepted accounting principles, to account for the uncertainty around Medicare and Medicaid revenues, the District estimates the amount of revenue that will ultimately be received under the Medicare and Medicaid programs. Amounts ultimately received or paid may vary significantly from these estimates.

Management agreement – Beginning on April 1, 2017, the District entered into an agreement with a management services company who provides management duties and oversees day to day operations. The agreement expired on June 30, 2019, and has been renewed annually in accordance with the agreement. The District will pay the management services company 6% of patient care gross revenue. Total management fees included in administrative expenses on the consolidated statements of revenues, expenses, and changes in net position totaled \$729,518 and \$637,914 for the years ended June 30, 2024 and 2023, respectively.

Compliance with laws and regulations – The District is subject to many complex federal, state, and local laws and regulations. Compliance with these laws and regulations is subject to government review and interpretation, and unknown or unasserted regulatory actions. Government activity with respect to investigations and allegations regarding possible violations of these laws and regulations by health care providers, including those related to medical necessity, coding and billing for services, has increased significantly. Violations of these laws can result in large fines and penalties, sanctions on providing future services, and repayment of past patient service revenues. The District has implemented a voluntary corporate compliance program, which includes guidance for all District employees' adherence to applicable laws and regulations. Management believes any actions that may result from investigations of non-compliance with laws and regulations will not have a material effect on the District's future financial position or results of operations.

Clatsop Care Health District

Notes to Consolidated Financial Statements

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.

General and professional liability – The District maintains primary and umbrella general and professional liability insurance coverage through “claims made” type policies. Current coverage is for \$1,000,000 per claim with a \$3,000,000 annual aggregate limit. Should the “claims made” policies not be renewed, or replaced with equivalent insurance, claims related to occurrences during their terms but reported subsequent to their termination may be uninsured. U.S. GAAP requires a health care facility disclose the estimated costs of malpractice claims in the period of the incident of malpractice if it is reasonably possible that liabilities may be incurred and losses can be reasonably estimated. Management is not aware of any potential liabilities that would exceed its coverage at June 30, 2024 or 2023. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Clatsop Care Health District
Notes to Consolidated Financial Statements

Note 13 – Consolidating Information

The consolidating assets, liabilities, and net position at June 30, 2024, are as follows:

	Clatsop Care Center Health District	Clatsop Retirement Village Property, LLC	Eliminating Entries	Consolidated Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 6,246,857	\$ 177,052	\$ -	\$ 6,423,909
Restricted funds held in escrow	-	227,215	-	227,215
Receivables				
Resident accounts, net of estimated uncollectible amounts	1,126,888	-	(261,263)	865,625
Timber taxes	156,000	-	-	156,000
Property taxes	25,000	-	-	25,000
Resident funds held in trust	9,819	-	-	9,819
Current portion of lease receivable	-	302,818	(302,818)	-
Other current assets	143,055	2,729	-	145,784
 Total current assets	 7,707,619	 709,814	 (564,081)	 7,853,352
LONG-TERM ASSETS				
Lease receivable, net of current portion	-	7,193,432	(7,193,432)	-
Lease interest receivable	-	17,928	(17,928)	-
Restricted funds held in escrow	-	132,690	-	132,690
 Total long-term assets	 - -	 7,344,050	 (7,211,360)	 132,690
CAPITAL ASSETS				
Land	40,150	219,000	-	259,150
Construction in progress	305,976	-	-	305,976
Depreciable capital assets, net of accumulated depreciation	1,315,117	4,303,940	-	5,619,057
Right-to-use asset, net of accumulated amortization	13,060,228	-	(7,167,322)	5,892,906
 Total capital assets, net	 14,721,471	 4,522,940	 (7,167,322)	 12,077,089
 Total assets	 \$ 22,429,090	 \$ 12,576,804	 \$ (14,942,763)	 \$ 20,063,131

Clatsop Care Health District
Notes to Consolidated Financial Statements

	Clatsop Care Center Health District	Clatsop Retirement Village Property, LLC	Eliminating Entries	Consolidated Total
CURRENT LIABILITIES				
Accounts payable	\$ 634,236	\$ 261,263	\$ (261,263)	\$ 634,236
Accrued salaries and employee benefits	269,416	-	-	269,416
Compensated absences	178,852	-	-	178,852
Accrued expenses and unearned revenue	193,097	11,876	-	204,973
Resident funds held in trust	9,819	-	-	9,819
Current portion of lease liability	546,195	-	(320,746)	225,449
Current maturities of long-term debt	-	198,318	-	198,318
 Total current liabilities	 1,831,615	 471,457	 (582,009)	 1,721,063
NONCURRENT LIABILITIES				
Lease liability, net of current portion	13,509,903	-	(7,193,432)	6,316,471
Long-term debt, net of current maturities	-	4,767,213	-	4,767,213
 Total noncurrent liabilities	 13,509,903	 4,767,213	 (7,193,432)	 11,083,684
DEFERRED INFLOW OF RESOURCES				
Long-term lease	-	7,167,322	(7,167,322)	-
 Total liabilities	 15,341,518	 12,405,992	 (14,942,763)	 12,804,747
NET POSITION				
Net investment in capital assets	665,373	(442,591)	346,856	569,638
Restricted expendable	100,028	359,905	-	459,933
Unrestricted	6,322,171	253,498	(346,856)	6,228,813
 Total net position	 7,087,572	 170,812	 -	 7,258,384
 Total liabilities and net position	 \$ 22,429,090	 \$ 12,576,804	 \$ (14,942,763)	 \$ 20,063,131

Clatsop Care Health District
Notes to Consolidated Financial Statements

The consolidating assets, liabilities, and net position at June 30, 2023, are as follows:

	Clatsop Care Center Health District	Clatsop Retirement Village Property, LLC	Eliminating Entries	Consolidated Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,919,985	\$ 187,499	\$ -	\$ 5,107,484
Restricted funds held in escrow	-	126,212	-	126,212
Receivables				
Resident accounts, net of estimated uncollectible amounts	1,116,618	-	(340,153)	776,465
Timber taxes	110,000	-	-	110,000
Property taxes	25,000	-	-	25,000
Resident funds held in trust	16,804	-	-	16,804
Current portion of lease receivable	-	294,260	(294,260)	-
Other current assets	98,280	2,832	-	101,112
Total current assets	<u>6,286,687</u>	<u>610,803</u>	<u>(634,413)</u>	<u>6,263,077</u>
LONG-TERM ASSETS				
Lease receivable, net of current portion	-	7,496,249	(7,496,249)	-
Lease interest receivable	-	18,632	(18,632)	-
Restricted funds held in escrow	-	175,726	-	175,726
Total long-term assets	<u>-</u>	<u>7,690,607</u>	<u>(7,514,881)</u>	<u>175,726</u>
CAPITAL ASSETS				
Land	40,150	219,000	-	259,150
Construction in progress	14,931	-	-	14,931
Depreciable capital assets, net of accumulated depreciation	1,142,316	4,546,385	-	5,688,701
Right-to-use asset, net of accumulated depreciation	13,796,264	-	(7,546,212)	6,250,052
Total capital assets, net	<u>14,993,661</u>	<u>4,765,385</u>	<u>(7,546,212)</u>	<u>12,212,834</u>
Total assets	<u>\$ 21,280,348</u>	<u>\$ 13,066,795</u>	<u>\$ (15,695,506)</u>	<u>\$ 18,651,637</u>

Clatsop Care Health District
Notes to Consolidated Financial Statements

	Clatsop Care Center Health District	Clatsop Retirement Village Property, LLC	Eliminating Entries	Consolidated Total
CURRENT LIABILITIES				
Accounts payable	\$ 275,496	\$ 340,153	\$ (340,153)	\$ 275,496
Accrued salaries and employee benefits	239,249	-	-	239,249
Employee retention tax credits	541,021	-	-	541,021
Compensated absences	215,775	-	-	215,775
Accrued expenses and unearned revenue	252,997	-	-	252,997
Resident funds held in trust	16,804	-	-	16,804
Current portion of lease liability	522,338	-	(312,892)	209,446
Current maturities of long-term debt	-	192,714	-	192,714
 Total current liabilities	 2,063,680	 532,867	 (653,045)	 1,943,502
NONCURRENT LIABILITIES				
Lease liability, net of current portion	14,038,169	-	(7,496,249)	6,541,920
Long-term debt, net of current maturities	-	4,949,682	-	4,949,682
 Total noncurrent liabilities	 14,038,169	 4,949,682	 (7,496,249)	 11,491,602
DEFERRED INFLOW OF RESOURCES				
Long-term lease	-	7,546,212	(7,546,212)	-
 Total liabilities	 16,101,849	 13,028,761	 (15,695,506)	 13,435,104
NET POSITION				
Net investment in capital assets	433,154	(377,011)	262,929	319,072
Restricted expendable	95,223	301,938	-	397,161
Unrestricted	4,650,122	113,107	(262,929)	4,500,300
 Total net position	 5,178,499	 38,034	 -	 5,216,533
 Total liabilities and net position	 \$ 21,280,348	 \$ 13,066,795	 \$ (15,695,506)	 \$ 18,651,637

Clatsop Care Health District
Notes to Consolidated Financial Statements

The consolidating statements of revenue, expenses, and changes in net position for the year ended June 30, 2024, are as follows:

	Clatsop Care Center Health District	Clatsop Retirement Village Property, LLC	Eliminating Entries	Consolidated Total
OPERATING REVENUES				
Net resident service revenue	\$ 11,313,008	\$ -	\$ -	\$ 11,313,008
In-home care revenue	662,108	-	-	662,108
Ancillary services	324,579	-	-	324,579
Other operating revenue	669,456	617,409	(617,409)	669,456
 Total operating revenues	 12,969,151	 617,409	 (617,409)	 12,969,151
OPERATING EXPENSES				
Nursing services	5,076,187	-	-	5,076,187
Administrative expenses	2,776,588	97,966	-	2,874,554
Dietary services	1,535,388	-	-	1,535,388
Depreciation and amortization	1,164,522	-	(398,376)	766,146
Occupancy and housekeeping	477,045	242,446	-	719,491
In-home care	623,447	-	-	623,447
Ancillary services	565,699	-	-	565,699
Activities and social services	286,549	-	-	286,549
Lease interest expense	219,033	-	(219,033)	-
Provider tax	369,045	-	-	369,045
 Total operating expenses	 13,093,503	 340,412	 (617,409)	 12,816,506
 (LOSS) INCOME FROM OPERATIONS	 (124,352)	 276,997	 -	 152,645
NON-OPERATING REVENUES (EXPENSES)				
Property taxes	1,425,966	-	-	1,425,966
Timber taxes	677,201	-	-	677,201
Interest income	256,246	840	-	257,086
Interest expense	(325,988)	(145,059)	-	(471,047)
 Net non-operating revenues (expenses)	 2,033,425	 (144,219)	 -	 1,889,206
 CHANGE IN NET POSITION	 1,909,073	 132,778	 -	 2,041,851
 NET POSITION, beginning of year	 5,178,499	 38,034	 -	 5,216,533
 NET POSITION, end of year	 \$ 7,087,572	 \$ 170,812	 \$ -	 \$ 7,258,384

Clatsop Care Health District
Notes to Consolidated Financial Statements

The consolidating statements of revenue, expenses, and changes in net position for the year ended June 30, 2023, are as follows:

	Clatsop Care Center Health District	Clatsop Retirement Village Property, LLC	Eliminating Entries	Consolidated Total
OPERATING REVENUES				
Net resident service revenue	\$ 10,007,528	\$ -	\$ -	\$ 10,007,528
In-home care revenue	587,752	-	-	587,752
Ancillary services	296,432	-	-	296,432
Other operating revenue	770,696	625,744	(625,744)	770,696
 Total operating revenues	 11,662,408	 625,744	 (625,744)	 11,662,408
OPERATING EXPENSES				
Nursing services	4,920,568	-	-	4,920,568
Administrative expenses	2,559,713	93,291	-	2,653,004
Dietary services	1,399,181	-	-	1,399,181
Depreciation and amortization	1,143,115	-	(398,376)	744,739
Occupancy and housekeeping	403,585	234,645	-	638,230
In-home care	561,395	-	-	561,395
Ancillary services	528,759	-	-	528,759
Activities and social services	329,699	-	-	329,699
Lease interest expense	227,368	-	(227,368)	-
Provider tax	344,831	-	-	344,831
 Total operating expenses	 12,418,214	 327,936	 (625,744)	 12,120,406
 (LOSS) INCOME FROM OPERATIONS	 (755,806)	 297,808	 -	 (457,998)
NON-OPERATING REVENUES (EXPENSES)				
Transfer expense/revenue*	(82,188)	82,188	-	-
Property taxes	1,232,756	-	-	1,232,756
Timber taxes	598,680	-	-	598,680
Interest income	125,582	490	-	126,072
Interest expense	(335,888)	(150,518)	-	(486,406)
 Net non-operating revenues (expenses)	 1,538,942	 (67,840)	 -	 1,471,102
 CHANGE IN NET POSITION	 783,136	 229,968	 -	 1,013,104
 NET POSITION, beginning of year	 4,395,363	 (191,934)	 -	 4,203,429
 NET POSITION, end of year	 \$ 5,178,499	 \$ 38,034	 \$ -	 \$ 5,216,533

* Transfer represents property tax funds received by Clatsop Care Center Health District used for capital projects for Clatsop Retirement Village Property, LLC

Clatsop Care Health District Notes to Consolidated Financial Statements

The consolidating statement of cash flows for the year ended June 30, 2024, is as follows:

	Clatsop Care Center Health District	Clatsop Retirement Village Property, LLC	Eliminating Entries	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from residents and third party payors	\$ 12,210,535	\$ -	\$ -	\$ 12,210,535
Cash paid to suppliers	(5,364,435)	(222,844)	533,482	(5,053,797)
Cash paid to employees	(6,967,218)	-	-	(6,967,218)
Cash paid for provider taxes	(369,045)	-	-	(369,045)
Other receipts from operations, net	669,456	533,482	(533,482)	669,456
Net cash (used in) from operating activities	<u>179,293</u>	<u>310,638</u>	<u>-</u>	<u>489,931</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Property taxes	1,425,966	-	-	1,425,966
Timber taxes	631,201	-	-	631,201
Net cash from non-capital financing activities	<u>2,057,167</u>	<u>-</u>	<u>-</u>	<u>2,057,167</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(630,400)	(1)	-	(630,401)
Principal payments on long-term debt	-	(176,865)	-	(176,865)
Principal payments on lease liability	(209,446)	-	-	(209,446)
Interest payments on long-term debt	-	(145,059)	-	(145,059)
Interest payments on lease liability	(325,988)	-	-	(325,988)
Net cash used in capital and related financing activities	<u>(1,165,834)</u>	<u>(321,925)</u>	<u>-</u>	<u>(1,487,759)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	256,246	840	-	257,086
Net cash from investing activities	<u>256,246</u>	<u>840</u>	<u>-</u>	<u>257,086</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS				
CASH AND CASH EQUIVALENTS, beginning of year	1,326,872	(10,447)	-	1,316,425
CASH AND CASH EQUIVALENTS, end of year	<u>4,919,985</u>	<u>187,499</u>	<u>-</u>	<u>5,107,484</u>
Reconciliation of (loss) income from operations to net cash (used in) from operating activities	<u>\$ 6,246,857</u>	<u>\$ 177,052</u>	<u>\$ -</u>	<u>\$ 6,423,909</u>
(Loss) income from operations	<u>\$ (124,352)</u>	<u>\$ 276,997</u>	<u>\$ -</u>	<u>\$ 152,645</u>
Adjustments to reconcile (loss) income from operations to net cash (used in) from operating activities:				
Depreciation and amortization	523,700	242,446	-	766,146
Changes in assets and liabilities:				
Resident accounts receivable, net	(10,270)	-	(78,890)	(89,160)
Decrease in accrued receivable	(294,963)	294,963	-	-
Restricted funds held in escrow	-	(57,967)	-	(57,967)
Other current assets	(44,775)	103	-	(44,672)
Accounts payable	358,740	(78,890)	78,890	358,740
Accrued salaries and employee benefits	(510,854)	-	-	(510,854)
Compensated absences	(36,923)	-	-	(36,923)
Accrued expenses and unearned revenue	(59,900)	11,876	-	(48,024)
Other adjustments (GASB 87) deferred inflows	378,890	(378,890)	-	-
Net adjustments	<u>303,645</u>	<u>33,641</u>	<u>-</u>	<u>337,286</u>
Net cash (used in) from operating activities	<u>\$ 179,293</u>	<u>\$ 310,638</u>	<u>\$ -</u>	<u>\$ 489,931</u>

Clatsop Care Health District Notes to Consolidated Financial Statements

The consolidating statement of cash flows for the year ended June 30, 2023, is as follows:

	Clatsop Care Center Health District	Clatsop Retirement Village Property, LLC	Eliminating Entries	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from residents and third party payors	\$ 10,848,177	\$ -	\$ -	\$ 10,848,177
Cash paid to suppliers	(5,168,754)	58,919	533,484	(4,576,351)
Cash paid to employees	(6,408,120)	-	-	(6,408,120)
Cash paid for provider taxes	(344,831)	-	-	(344,831)
Other receipts from operations, net	770,696	533,484	(533,484)	770,696
Net cash (used in) from operating activities	<u>(302,832)</u>	<u>592,403</u>	<u>-</u>	<u>289,571</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Property taxes	1,232,756	-	-	1,232,756
Timber taxes	660,290	-	-	660,290
Net cash from non-capital financing activities	<u>1,893,046</u>	<u>-</u>	<u>-</u>	<u>1,893,046</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(88,890)	(304,403)	-	(393,293)
Contribution from district for capital purchases	-	82,188	(82,188)	-
Distribution from district for capital purchases	(82,188)	-	82,188	-
Principal payments on long-term debt	-	(203,116)	-	(203,116)
Principal payments on lease liability	(194,259)	-	-	(194,259)
Interest payments on long-term debt	-	(150,518)	-	(150,518)
Interest payments on lease liability	(335,888)	-	-	(335,888)
Net cash used in capital and related financing activities	<u>(701,225)</u>	<u>(575,849)</u>	<u>-</u>	<u>(1,277,074)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	125,582	490	-	126,072
Net cash from investing activities	<u>125,582</u>	<u>490</u>	<u>-</u>	<u>126,072</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS				
CASH AND CASH EQUIVALENTS, beginning of year	1,014,571	17,044	-	1,031,615
CASH AND CASH EQUIVALENTS, end of year	<u>3,905,414</u>	<u>170,455</u>	<u>-</u>	<u>4,075,869</u>
Reconciliation of (loss) income from operations to net cash (used in) from operating activities	<u>\$ 4,919,985</u>	<u>\$ 187,499</u>	<u>\$ -</u>	<u>\$ 5,107,484</u>
(Loss) income from operations	<u>\$ (755,806)</u>	<u>\$ 297,808</u>	<u>\$ -</u>	<u>\$ (457,998)</u>
Adjustments to reconcile (loss) income from operations to net cash (used in) from operating activities:				
Depreciation and amortization	510,094	234,645	-	744,739
Changes in assets and liabilities:				
Resident accounts receivable, net	(321,152)	-	277,617	(43,535)
Decrease in accrued receivable	(286,629)	286,629	-	-
Restricted funds held in escrow	-	(112,723)	-	(112,723)
Other current assets	814	101	-	915
Accounts payable	(5,679)	277,617	(277,617)	(5,679)
Accrued salaries and employee benefits	28,480	-	-	28,480
Compensated absences	(17,159)	-	-	(17,159)
Accrued expenses and unearned revenue	165,316	(12,785)	-	152,531
Other adjustments (GASB 87) deferred inflows	378,889	(378,889)	-	-
Net adjustments	<u>452,974</u>	<u>294,595</u>	<u>-</u>	<u>747,569</u>
Net cash (used in) from operating activities	<u>\$ (302,832)</u>	<u>\$ 592,403</u>	<u>\$ -</u>	<u>\$ 289,571</u>

Clatsop Care Health District

Notes to Consolidated Financial Statements

Note 14 – Risks and Uncertainties

On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. The pandemic continues to impact the healthcare industry. The District continues to experience lower census numbers and challenges in employee recruitment and retention.

Employee Retention Tax Credits – During 2022, the District elected the Employee Retention Tax Credit under the CARES Act, which resulted in a reduction in employee taxes paid of \$541,021. The District has evaluated and determined that they qualify for the tax credit and have recorded it as other operating revenue in the consolidated statements of revenues, expenses, and changes in net position for the year ended June 30, 2024.

Supplemental Information

Clatsop Care Health District
Schedule of Adopted Appropriations and Expenditures, Original and Final Budget
and Actual – General Fund
Year Ended June 30, 2024

	Year Ended June 30, 2024				
	Actual	Budgetary Adjustment	Budgetary Basis	Original/Final Budget	Variance
REVENUES					
Taxes	\$ 2,103,167	\$ -	\$ 2,103,167	\$ 2,035,000	\$ 68,167
Investment income	256,202	- -	256,202	120,000	136,202
Miscellaneous income	6,435	- -	6,435	18,000	(11,565)
Total revenues	2,365,804	- -	2,365,804	2,173,000	192,804
EXPENDITURES					
Personnel services	267,062	- -	267,062	236,659	30,403
Materials and supplies	152,994	- -	152,994	233,509	(80,515)
Operating contingency	- -	- -	- -	376,241	(376,241)
Capital outlay	- -	50,524	50,524	750,000	(699,476)
Unappropriated fund balance	- -	- -	- -	7,708,713	(7,708,713)
Total expenditures	420,056	50,524	470,580	9,305,122	(8,834,542)
Excess (deficiency) of revenues over expenditures	1,945,748	(50,524)	1,895,224	(7,132,122)	9,027,346
OTHER FINANCING SOURCES					
Transfers in	- -	- -	- -	307,713	(307,713)
Transfers out	<u>(1,312,214)</u>	<u>- -</u>	<u>(1,312,214)</u>	<u>(19,616)</u>	<u>(1,292,598)</u>
Total other financing sources	<u>(1,312,214)</u>	<u>- -</u>	<u>(1,312,214)</u>	<u>288,097</u>	<u>(1,600,311)</u>
CHANGE IN NET POSITION	<u>\$ 633,534</u>	<u>\$ (50,524)</u>	<u>583,010</u>	<u>(6,844,025)</u>	<u>7,427,035</u>
NET POSITION, beginning of year			<u>2,924,636</u>	<u>(7,153,916)</u>	<u>10,078,552</u>
NET POSITION, end of year			<u>\$ 3,507,646</u>	<u>\$ (13,997,941)</u>	<u>\$ 17,505,587</u>

Clatsop Care Health District
Schedule of Adopted Appropriations and Expenditures, Original and Final Budget
and Actual – Clatsop Care Health and Rehabilitation Center Fund
Year Ended June 30, 2024

	Year Ended June 30, 2024				
	Actual	Budgetary Adjustment	Budgetary Basis	Original/Final Budget	Variance
REVENUES					
Charges for services	\$ 5,696,669	\$ -	\$ 5,696,669	\$ 5,660,640	\$ 36,029
Investment income	34	-	34	-	34
Miscellaneous income	503,236	-	503,236	-	503,236
Total revenues	6,199,939	-	6,199,939	5,660,640	539,299
EXPENDITURES					
Personnel services	2,997,550	-	2,997,550	2,740,026	257,524
Materials and supplies	2,871,930	-	2,871,930	2,735,399	136,531
Capital outlay	104,751	264,337	369,088	-	369,088
Unappropriated fund balance	-	-	-	94,729	(94,729)
Total expenditures	5,974,231	264,337	6,238,568	5,570,154	668,414
Excess (deficiency) of revenues over expenditures	225,708	(264,337)	(38,629)	90,486	(129,115)
OTHER FINANCING SOURCES					
Transfers in	1,156,214	-	1,156,214	-	1,156,214
Transfers out	-	-	-	(90,486)	90,486
Total other financing sources	1,156,214	-	1,156,214	(90,486)	1,246,700
CHANGE IN NET POSITION	\$ 1,381,922	\$ (264,337)	1,117,585	-	1,027,099
NET POSITION, beginning of year			2,766,352	(14,551,561)	17,317,913
NET POSITION, end of year			\$ 3,883,937	\$ (14,551,561)	\$ 18,345,012

Clatsop Care Health District
Schedule of Adopted Appropriations and Expenditures, Original and Final Budget
and Actual – Clatsop Care Memory Community Fund
Year Ended June 30, 2024

	Year Ended June 30, 2024				
	Actual	Budgetary Adjustment	Budgetary Basis	Original/Final Budget	Variance
REVENUES					
Charges for services	\$ 2,740,851	\$ -	\$ 2,740,851	\$ 2,797,020	\$ (56,169)
Investment income	-	-	-	-	-
Miscellaneous income	52,828	-	52,828	-	52,828
Total revenues	2,793,679	-	2,793,679	2,797,020	(3,341)
EXPENDITURES					
Personnel services	1,583,095	-	1,583,095	1,620,371	(37,276)
Materials and supplies	531,144	-	531,144	497,135	34,009
Debt service	325,988	-	325,988	535,442	(209,454)
Capital outlay	392,530	(219,730)	172,800	-	172,800
Amortization	-	-	-	-	-
Unappropriated fund balance	-	-	-	163,688	(163,688)
Total expenditures	2,832,757	(219,730)	2,613,027	2,816,636	(203,609)
Excess (deficiency) of revenues over expenditures	(39,078)	219,730	180,652	(19,616)	200,268
OTHER FINANCING SOURCES					
Transfers in	156,000	-	156,000	19,616	136,384
CHANGE IN NET POSITION	\$ 116,922	\$ 219,730	336,652	-	336,652
NET POSITION, beginning of year			(869,040)	7,355,704	(8,224,744)
NET POSITION, end of year			\$ (532,388)	\$ 7,355,704	\$ (7,888,092)

Clatsop Care Health District
Schedule of Adopted Appropriations and Expenditures, Original and Final Budget
and Actual – Clatsop Care In-Home Services Fund
Year Ended June 30, 2024

	Year Ended June 30, 2024				
	Actual	Budgetary Adjustment	Budgetary Basis	Original/Final Budget	Variance
REVENUES					
Charges for services	\$ 663,546	\$ -	\$ 663,546	\$ 651,260	\$ 12,286
Investment income	-	-	-	-	-
Miscellaneous income	<u>25,210</u>	-	<u>25,210</u>	-	<u>25,210</u>
Total revenues	688,756	-	688,756	651,260	37,496
EXPENDITURES					
Personnel services	571,692	-	571,692	546,281	25,411
Materials and supplies	93,949	-	93,949	89,164	4,785
Operating contingency	-	-	-	-	-
Unappropriated fund balance	-	-	-	-	-
Total expenditures	665,641	-	665,641	635,445	30,196
Excess (deficiency) of revenues over expenditures	23,115	-	23,115	15,815	7,300
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(15,815)	15,815
Total other financing sources	-	-	-	(15,815)	15,815
CHANGE IN NET POSITION	\$ 23,115	\$ -	23,115	-	7,300
NET POSITION, beginning of year			163,790	549,745	(385,955)
NET POSITION, end of year			\$ 186,905	\$ 549,745	\$ (378,655)

Clatsop Care Health District
Schedule of Adopted Appropriations and Expenditures, Original and Final Budget
and Actual – Clatsop Retirement Village Enterprise Fund
Year Ended June 30, 2024

	Year Ended June 30, 2024				
	Actual	Budgetary Adjustment	Budgetary Basis	Original/Final Budget	Variance
REVENUES					
Charges for services	\$ 3,198,629	\$ -	\$ 3,198,629	\$ 3,436,140	\$ (237,511)
Investment income	11	-	11	50	(39)
Miscellaneous income	81,747	-	81,747	250	81,497
Total revenues	3,280,387	-	3,280,387	3,436,440	(156,053)
EXPENDITURES					
Personnel services	1,869,111	-	1,869,111	1,849,512	19,599
Materials and supplies	1,013,708	617,409	1,631,117	915,437	715,680
Capital outlay	26,420	11,569	37,989	-	37,989
Operating contingency	-	-	-	-	-
Unappropriated fund balance	-	-	-	617,409	(617,409)
Total expenditures	2,909,239	628,978	3,538,217	3,382,358	155,859
Excess (deficiency) of revenues over expenditures	371,148	(628,978)	(257,830)	54,082	(311,912)
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(54,082)	54,082
Total other financing sources	-	-	-	(54,082)	54,082
CHANGE IN NET POSITION	\$ 371,148	\$ (628,978)	(257,830)	-	(311,912)
NET POSITION, beginning of year			(1,056,449)	(408,973)	(647,476)
NET POSITION, end of year	\$ (1,314,279)	\$ (408,973)	\$ (959,388)		

Clatsop Care Health District
Schedule of Adopted Appropriations and Expenditures, Original and Final Budget
and Actual – Clatsop Retirement Village Property Enterprise Fund
Year Ended June 30, 2024

	Year Ended June 30, 2024				
	Actual	Budgetary Adjustment	Budgetary Basis	Original/Final Budget	Variance
REVENUES					
Investment income	\$ 839	\$ 617,409	\$ 618,248	\$ 600	\$ 617,648
EXPENDITURES					
Materials and supplies	98,125		98,125	90,981	7,144
Capital outlay	242,445	(242,445)	-	108,000	(108,000)
Debt service	145,059	176,865	321,924	338,230	(16,306)
Unappropriated fund balance	-		-	(683,941)	683,941
Total expenditures	485,629	(65,580)	420,049	(146,730)	566,779
Excess (deficiency) of revenues over expenditures	(484,790)	682,989	198,199	147,330	50,869
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	-
Transfers out	-		-	(147,330)	147,330
Total other financing services	-	-	-	(147,330)	147,330
CHANGE IN NET POSITION	\$ (484,790)	\$ 682,989	198,199	-	198,199
NET POSITION, beginning of year			644,504	(2,108,853)	2,753,357
NET POSITION, end of year			\$ 842,703	\$ (2,108,853)	\$ 2,951,556



Report of Independent Auditors Required by Oregon State Regulations

The Board of Directors
Clatsop Care Health District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the consolidated financial statements of Clatsop Care 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, and have issued our report thereon dated December 27, 2024.

Compliance

As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the Minimum Standards for Audits of Oregon Municipal Corporations, 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.

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:

- Accounting records and internal control;
- Public fund deposits;
- Indebtedness;
- Budget;
- Insurance and fidelity bonds;
- Programs funded from outside sources;
- Investments; and
- Public contracts and purchasing.

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 ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

Public Contracts and Purchasing

Clatsop Care Health District contracts with various vendors for services. Under ORS 279, Clatsop Care Health District must follow public contracts and purchasing laws. Clatsop Care Health District did not maintain documentation for vendor selection, including consideration of whether requests for proposals were necessary or review of vendor prices to ensure best quality and price for the organization. We recommend Clatsop Care Health District review its public contracts and purchasing along with ORS 279, to ensure compliance with the state's requirements.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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. During our audit we did identify a deficiency in internal control that we consider to be a significant deficiency. However, additional material weaknesses or significant deficiencies may exist that have not been identified. We consider the following deficiency in the District's internal control to be a significant deficiency:

Review and Approval

Throughout our testing of controls, we noted various instances where no documented review and approval was implemented or documentation was not maintained. This lack of documented review and approval was prevalent in the following processes: payroll, fixed assets, accounts payable, journal entries, IT, and various other areas. Due to the lack of review across multiple areas, we believe this rises to the level of a significant deficiency. We recommend that there is an established process for review and approval with documentation maintained.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the board of directors, the Oregon Secretary of State, and management of the District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Tony Andrade, Partner, for
for Moss Adams LLP
Portland, Oregon
December 27, 2024



Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Clatsop Care Health District

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 consolidated financial statements of Clatsop Care Health District (the District) which comprise the consolidated statement of net position as of June 30, 2024, and the related consolidated statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 27, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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. During our audit we did identify a deficiency in internal control that we consider to be a significant deficiency. However, additional material weaknesses or significant deficiencies may exist that have not been identified. We consider the following deficiency in the District's internal control to be a significant deficiency:

Review and Approval

Throughout our testing of controls, we noted various instances where no documented review and approval was implemented or documentation was not maintained. This lack of documented review and approval was prevalent in the following processes: payroll, fixed assets, accounts payable, journal entries, IT, and various other areas. Due to the lack of review across multiple areas, we believe this rises to the level of a significant deficiency. We recommend that there is an established process for review and approval with documentation maintained.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Tony Andrade, Partner, for
For Moss Adams LLP
Portland, Oregon
December 27, 2024