Audited Financial Statements

WHITE RIVER HEALTH DISTRICT

June 30, 2022

White River Health District

BOARD OF DIRECTORS AND OFFICIALS

June 30, 2022

Board of Directors

Name	Address	Position
Suzanne Knapp	PO Box 251, Maupin, OR 97037	Chairman
Julie Whetzel	PO Box 311, Maupin, OR 97037	Secretary
James Hlycross	1701 George Jackson Rd. Apt. 205, Maupin, OR 97037	Director
Andrew Houck	167 N3 Circle Dr. Tygh Valley, OR 97063	Director
Laura Taylor	57029 Wamic Market Rd., Tygh Valley, OR 97063	Director

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WHITE RIVER HEALTH DISTRICT

June 30, 2022

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Management's Discussion and Analysis

WHITE RIVER HEALTH DISTRICT

June 30, 2022

The management of the White River Health District (the District) has prepared this annual discussion and analysis in order to provide an overview of the District's performance for the fiscal year ended June 30, 2021 in accordance with the Governmental Accounting Standards Board Statement No. 34, *Basic Financials Statements; Management's Discussion and Analysis for State and Local Governments.* The intent of this document is to provide additional information on the District's historical financial performance as a whole in addition to providing a prospective look at revenue growth, operating expenses, and capital development plans. This discussion should be reviewed in conjunction with the audited financial statements for the fiscal year ended June 30, 2022 and accompanying notes to the financial statements to enhance one's understanding of the District's financial performance.

Financial Summary for the Year

- Current liabilities were $94,532 with a current ratio of 1.6. Total assets were $3,111,981 consisting primarily of non-depreciable fixed assets.

- The District spent $2,261,186 on fixed assets during the fiscal year, the majority of which was CIP for the new clinic. Depreciation expense was $23,234. According to generally accepted accounting principles (GAAP), all property and equipment is recorded at historical costs and depreciated over a useful life as defined by the American Hospital Association. The District records capital assets on a historical basis less accumulated depreciation.

- Total operating cash and cash equivalents was $49,368, excluding $106,697 of restricted cash. Days cash on hand as of June 30, 2022 were 31.9. The majority of the District's cash is deposited with local banks and in other short-term money market accounts to maintain liquidity.

- Net patient accounts receivable was $105,126 consisting of various third party receivables.

- Current liabilities were $94,532 including $33,000 of current debt payments due.

- The operating loss was $(322,186). After accounting for non-operating revenues of $504,727, there was a net increase in net position of $182,541.

Net Patient Service Revenues and Operating Expenses

Net patient service revenues were $243,316 in the current fiscal year.

Total operating expenses were $565,502 for the current fiscal year. Some of the more significant expenses were as follows:

- $219,097 for salaries and wages and benefit.
- $59,487 in professional fees.
- $95,363 in purchased services.
- $71,574 in contract labor.

Economic Factors and Next Fiscal Year's Budget

The District's Board approved the budget for the fiscal year ending June 30, 2023 at a recent Board meeting. For fiscal year 2023, the District is budgeted to break even. This is due to several assumptions:

- A significant increase in patient services, with the largest percentage increase coming from dental income.
- A slight increase in QIM, capitation, and tax revenues.
- An increase in expenses equal to the expected increase in income.

JWT & Associates, LLP

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Report of Independent Auditors

The Board of Directors
White River Health District
Maupin, Oregon

Opinion

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the White River Health District, a district clinic (the District) as of and for the year ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and fiduciary activities of the District as of June 30, 2022 and 2021, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

Emphasis of Matter

The District analyzed GASB 87 for the year ending June 30, 2022, finding that it had no impact on the District's financial presentation. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 *Government Auditing Standards*, 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 Reporting Required by Oregon Minimum Standards

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

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the District's internal control over financial reporting and compliance.

Rick Jackson

For JWT & Associates, LLP
Fresno, California
December 19, 2024

Statement of Net Position

WHITE RIVER HEALTH DISTRICT

	June 30 2022	June 30 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 49,368	$ 89,268
Patient accounts receivable, net of allowances	105,126	50,860
Other current assets	1,100	1,110
Total current assets	155,594	141,238
Noncurrent assets:		
Restricted cash and cash equivalents	106,697	733,805
Non depreciable capital assets	2,649,072	395,864
Depreciable capital assets, net of accumulated depreciation	200,618	215,874
Total noncurrent assets	2,956,387	1,345,543
Total assets	$ 3,111,981	$ 1,486,781
Liabilities and Net Position		
Current liabilities:		
Current maturities of debt borrowings	$ 33,000	$ 29,620
Accounts payable and accrued expenses	58,026	17,187
Accrued payroll and related liabilities	3,506	5,314
Total current liabilities	94,532	52,121
Noncurrent liabilities:		
Debt borrowings, net of current maturities	1,459,828	59,580
Total noncurrent liabilities	1,459,828	59,580
Total liabilities	1,554,360	111,701
Net position:		
Net investment in capital assets	2,849,690	611,738
Restricted	106,697	733,805
Unrestricted	(1,398,766)	29,537
Total net position	1,557,621	1,375,080
Total liabilities and net position	$ 3,111,981	$ 1,486,781

See accompanying notes and auditor's report

Statement of Revenues, Expenses and Changes in Net Position

WHITE RIVER HEALTH DISTRICT

	Year Ended June 30	
	2022	2021
Operating revenues		
Net patient service revenue	$ 243,316	$ 246,609
Total operating revenues	243,316	246,609
Operating expenses		
Salaries and wages	207,445	226,234
Employee benefits	11,652	19,557
Contract labor	71,574	31,987
Professional fees	59,487	94,765
Supplies	22,991	24,753
Purchased services	95,363	61,846
Repairs and maintenance	9,550	1,265
Utilities and phone	15,717	11,216
Building and equipment rent	-	700
Insurance	16,739	7,221
Depreciation and amortization	23,234	22,504
Other operating expenses	31,750	13,708
Total operating expenses	565,502	515,756
Operating loss	(322,186)	(269,147)
Nonoperating revenues (expenses)		
District tax revenues	275,038	259,449
Interest expense	(2,106)	(2,016)
Other grants and contributions, net	231,795	41,079
Total nonoperating revenues (expenses)	504,727	295,512
Increase (decrease) in net position	182,541	29,365
Net position at beginning of the year	1,375,080	1,345,715
Net position at end of the year	$ 1,557,621	$ 1,375,080

See accompanying notes and auditor's report

Statement of Cash Flows

WHITE RIVER HEALTH DISTRICT

	Year Ended June 30 2022	2021
Cash flows from operating activities:		
Cash received from patients and third-parties on behalf of patients	$ 189,050	$ 195,749
Cash payments to suppliers and contractors	(282,322)	(231,384)
Cash payments to employees and benefit programs	(220,905)	(240,477)
Net cash (used in) operating activities	(314,177)	(276,112)
Cash flows from noncapital financing activities:		
District tax revenues supporting operations	275,038	259,449
Grants and contributions, net	231,795	41,079
Net cash provided by noncapital financing activities	506,833	300,528
Cash flows from capital and related financing activities:		
Purchase of capital assets and other changes	(2,261,186)	(88,981)
Repayment of debt borrowings	(27,740)	(27,300)
Debt issuance	1,431,368	-
Interest payments on debt borrowings and other	(2,106)	(2,016)
Net cash provided by (used in) capital financing activities	(859,664)	(118,297)
Net increase (decrease) in cash and cash equivalents	(667,008)	(93,881)
Cash and cash equivalents at beginning of year	823,073	916,954
Cash and cash equivalents at end of year	$ 156,065	$ 823,073

See accompanying notes and auditor's report

Statements of Cash Flows (continued)

WHITE RIVER HEALTH DISTRICT

	Year Ended June 30 2022	2021
Reconciliation of operating income to net cash provided by operating activities:		
Operating (loss)	$ (322,186)	$ (269,147)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation and amortization	23,234	22,504
Changes in operating assets and liabilities:		
Patient accounts receivable	(54,266)	(50,860)
Other current assets	10	(1,110)
Accounts payable and accrued expenses	40,839	17,187
Accrued payroll and related liabilities	(1,808)	5,314
Net cash (used in) operating activities	$ (314,177)	$ (276,112)

See accompanying notes and auditor's report

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: White River Health District (the District) is a health district authorized under ORS Chapter 440. The voters of the District elected to form the district in 2001. The District has the same boundaries as South Wasco School District, in addition to the City of Shaniko. The District accumulated tax revenues from 2001 to 2007 to help purchase, set-up, and equip the clinic building. The Deschutes Rim Health Clinic opened in September 2007. All residents of the area and visitors of the area are eligible to utilize the services of the District regardless of whether they pay property taxes. The District is governed by a board of directors that is comprised of five directors elected from the district. The District exists to provide basic medical and health care for the residents of Sportsman's Park, Wamic, Tygh Valley, Pine Grove, Juniper Flat, Maupin, and South Junction.

Basis of Preparation: The accounting policies and financial statements of the District generally conform with the recommendations of the audit and accounting guide, *Health Care Organizations*, published by the American Institute of Certified Public Accountants. The financial statements are presented in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operating revenues and expenses. The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

Management's Discussion and Analysis: GASB Statement number 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the District's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is similar to the analysis provided in the annual reports of organizations in the private sector.

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

Cash and Cash Equivalents: The District considers cash and cash equivalents to include certain investments in highly liquid debt instruments, when present, with an original maturity of three months or less or subject to withdrawal upon request. Exceptions are for those investments which are intended to be continuously invested. Investments in debt securities , when present, are reported at fair value. Interest, dividends and both unrealized and realized gains and losses on investments are included as investment income in nonoperating revenues when earned.

Patient Accounts Receivable: Patient accounts receivable consist of amounts owed by various governmental agencies, insurance companies and private patients. The District manages its receivables by regularly reviewing the accounts, inquiring with respective payors as to collectibility and providing for allowances on their accounting records for estimated contractual adjustments and uncollectible accounts.

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Cash and Cash Equivalents : Restricted cash and cash equivalents include, amounts designated by the Board of Directors for replacement or purchases of capital assets, and other specific purposes, and amounts held by trustees under specified agreements. Amounts required to meet current obligations of the District, are classified as current assets.

Capital Assets: Capital assets consist of property and equipment and are reported on the basis of cost, or in the case of donated items, on the basis of fair market value at the date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures which increase values, change capacities, or extend useful lives are capitalized. Depreciation of property and equipment and amortization of property under capital leases are computed by the straight-line method for both financial reporting and cost reimbursement purposes over the estimated useful lives of the assets, which range from 15 to 40 years for buildings and improvements, and 5 to 7 years for equipment. The District periodically reviews its capital assets for value impairment.

Compensated Absences: The District's employees earn paid-time-off (PTO) benefits at varying rates depending on years of service. Benefits can accumulate up to specified maximum levels. Employees are paid for accumulated PTO if they leave either upon termination or retirement. Accrued PTO liabilities as of June 30, 2022 and 2021 were $624 and $2,790, respectively.

Risk Management: Commercial insurance is generally purchased to cover the District against 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 accidental benefits. Settled claims have not exceeded this commercial coverage in any of the two preceding years. The District is also insured for medical malpractice claims and judgements, as discussed later in these footnotes.

Statements of Cash Flows: For purposes of the statements of cash flows, all highly liquid investments with original maturities of three months or less and demand deposits are considered to be cash equivalents. Cash paid for interest expense during the year ended June 30, 2022 and 2021 was $2,106 and $2,016, respectively.

Recently Adopted Accounting Pronouncement: In June, 2017 the Governmental Accounting Standards Board released GASB 87 regarding changes in the way leases are accounted for. GASB 87 superceded GASB 13 and GASB 62 and more accurately portrays lease obligations by recognizing lease assets and lease liabilities on the statement of net position and disclosing key information about leasing arrangements. The District analyzed the possible impact of GASB 87 noting that there were no leases which materially qualified under this new pronouncement.

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position: Net position is presented in three categories. The first category is net position "invested in capital assets, net of related debt". This category of net position consists of capital assets (both restricted and unrestricted), net of accumulated depreciation and reduced by the outstanding principal balances of any debt borrowings that were attributable to the acquisition, construction, or improvement of those capital assets.

The second category is "restricted" net position. This category consists of externally designated constraints placed on those assets by creditors (such as through debt covenants), grantors, contributors, law or regulations of other governments or government agencies, or law or constitutional provisions or enabling legislation.

The third category is "unrestricted" net position. This category consists of net position that does not meet the definition or criteria of the previous two categories. When the District has both restricted and unrestricted resources available to finance a particular program, it is the District's policy to use restricted resources before unrestricted resources.

Net Patient Service Revenues: Net patient service revenues are reported in the period at the estimated net realized amounts from patients, third-party payors and others including estimated retroactive adjustments under reimbursement agreements with third-party programs. Normal estimation differences between final reimbursement and amounts accrued in previous years are reported as adjustments of current year's net patient service revenues.

Charity Care: The District accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the District. Charity services are provided based on family size and income according to the federal poverty guidelines. These services require a smaller payment that is determined by the District's sliding scale polices, which reduce co-pays after determining eligibility. There were no charity care applications during the fiscal year ended June 30, 2022 and 2021.

District Tax Revenues: The District receives approximately 37% of its financial support from property taxes. These funds are used to support operations and meet required debt service agreements. They are classified as non-operating revenue as the revenue is not directly linked to patient care. Property taxes are levied by the county on the District's behalf during the year, and are intended to help finance the District's activities during the same year. Amounts are levied on the basis of the most current property values on record with the county. The county has established certain dates to levy, lien, mail bills, and receive payments from property owners during the year. Property taxes are considered delinquent on the day following each payment due date. Property taxes are considered delinquent on the day following each payment date. Those payment dates are November 15, February 15 and May 15 of each year.

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating Revenues and Expenses: The District's statement of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, which is the District's principal activity. Operating expenses are all expenses incurred to provide health care services, other than financing costs. Nonoperating revenues and expenses are those transactions not considered directly linked to providing health care services.

Revenue Recognition: As previously stated, net patient service revenues are reported at amounts that reflect the consideration to which the District expects to be entitled in exchange for patient services. These amounts are due from patients, third-party payors (including health insurers and government programs), and others. Generally, the District bills the patients and third-party payors several days after the patient receives healthcare services at the District. Revenue is recognized as services are rendered.

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. Payment arrangements include prospectively determined rates per day, discharge or visit, reimbursed costs, discounted charges and per diem payments. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Gifts of long-lived assets such as land, buildings, or equipment are reported as net assets without donor restrictions unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit donor restrictions that specify how the asset is to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived asset is placed in service. Cash received in excess of revenue recognized is unearned revenue.

Contributions are recognized as revenue when they are received or unconditionally pledged. Donor stipulations that limit the use of the donation are recognized as contributions with donor restrictions. When the purpose is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from donor restrictions. Donor restricted contributions whose restriction expire during the same fiscal year are recognized as net assets without donor restrictions. Absent donor imposed restrictions, the District records donated services, materials, and facilities as net assets without donor restrictions.

From time to time, the District receives grants from governmental agencies and private organizations. Revenues from grants are recognized when eligibility requirements, including time requirements are met. Grants may be restricted for specific operating purposes or capital acquisitions. These amounts, when recognized upon meeting all requirements, are reported as components of the statement of revenues, expenses and changes in net position.

NOTE B - CASH AND CASH EQUIVALENTS

As of June 30, 2022, the District had deposits invested in various financial institutions in the form of operating cash and cash equivalents amounted to $156,065. All of these funds were held in deposits, which are collateralized in accordance with the Oregon banking regulations and laws, except for $250,000 per account that is federally insured.

Under the provisions of the the Oregon Revised Statute (ORS) 295, it is required that the depositor verify that deposit accounts are maintained only at financial institutions that are on the list of qualified depositories found on the Oregon's State Treasurer's website. Furthermore ORS 295 requires all Oregon bank depositories holding public fund deposits to maintain securities totaling a value not less than 110% of the greater of (a) all public funds held by the bank depository or (b) the average of the balances of public funds held by the bank depository as shown on the last four immediately preceding treasurer reports. Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to it. ORS 295.0002 provides for funds deposited in excess of $250,000 to be held only in a depository qualified by the Oregon Public Funds Collateralization Program (PFCP).

Cash and cash equivalents also consist of funds deposited in the Oregon State Treasury Local Government Investment Pool (LGIP) which invests in several market pools as allowed according to public restrictions on investments. Deposits in the LGIP as of June 30, 2022 and 2021 were $37,760 and $62,677, respectively.

NOTE D - CONCENTRATION OF CREDIT RISK

Financial Instruments: Financial instruments, potentially subjecting the District to concentrations of credit risk, consist primarily of bank deposits in excess of the Federal Deposit Insurance Corporation (FDIC) limits of $250,000. There are no accounts as of June 30, 2022 and two accounts as of June 30, 2021 that exceed the FDIC limit. Management believes that there is no risk of material for these funds as of June 30, 2022.

Patient Accounts Receivable: The District grants credit without collateral to its patients and third-party payors. Patient accounts receivable from government agencies represent the only concentrated group of credit risk for the District and management does not believe that there are any credit risks associated with these governmental agencies. Contracted and other patient accounts receivable consist of various payors including individuals involved in diverse activities, subject to differing economic conditions and do not represent any concentrated credit risks to the District. Concentration of patient accounts receivable as of June 30, 2022 and 2021 are as follows:

NOTE D - CONCENTRATION OF CREDIT RISK (continued)

	2022	2021
Third party payors	$ 232,076	$ 196,645
Self pay and others	-	403
Gross patient accounts receivable	232,076	197,048
Less allowances for contractual adjustments and bad debts	(126,950)	(146,188)
Net patient accounts receivable	$ 105,126	$ 50,860

NOTE F - RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents as of June 30, 2022 and 2021 were comprised of the following:

Restricted for various purposes:	2022	2021
Cash and cash equivalents held by the Foundation	$ 106,697	$ 733,805
Total	$ 106,697	$ 733,805

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NOTE H - RELATED PARTY TRANSACTIONS

The Deschutes Rim Clinic Foundation (the Foundation), has been established to solicit contributions on behalf of the District. Substantially all funds raised except for funds required for operation of the Foundation, are distributed to the District or held for the benefit of the District. The Foundation's funds, which represent the Foundation's unrestricted resources, are distributed to the District in amounts and in periods determined by the Foundation's board and management, who may also restrict the use of funds for District property and equipment replacement, District expansion, reimbursement of expenses, or other specific purposes. Donations in this regard were $802,953 and $70,141 during the years ended June 30, 2022 and 2021, respectively. The Foundation is considered a component unit of the District with total assets of $106,697 and $733,805 as of June 30, 2022 and 2021, respectively.

NOTE I - CAPITAL ASSETS

Capital assets were comprised of the following:

	June 30, 2021	Additions	Retirements	June 30, 2022
Capital assets not being depreciated				
Construction-in-progress	$ 395,864	$ 2,253,208	$ -	$ 2,649,072
Total	395,864	2,253,208	-	2,649,072
Capital assets being depreciated				
Building and improvements	436,034	7,979	-	444,013
Equipment	119,678	-	-	119,678
Total	555,712	7,979	-	563,691
Less accumulated depreciation:				
Building and improvements	(321,495)	(18,302)		(339,797)
Equipment	(18,343)	(4,933)		(23,276)
Total accumulated depreciation	(339,838)	(22,235)		(363,073)
Total, net	$ 611,738	$ 51,601	$	$ 2,849,690

	June 30, 2020	Additions	Retirements	June 30, 2021
Capital assets not being depreciated				
Construction-in-progress	$ 325,723	$ 70,141	$ -	395,864
Total	325,723	70,141	-	395,864
Capital assets being depreciated				
Building and improvements	436,034	-	-	436,034
Equipment	115,714	3,964	-	119,678
Total	551,748	3,964	-	555,712
Less accumulated depreciation:				
Building and improvements	(303,877)	(17,618)		(321,495)
Equipment	(13,457)	(4,886)		(18,343)
Total accumulated depreciation	(317,334)	(22,504)		(339,838)
Total, net	$ 560,137	$ 51,601	$	$ 611,738

NOTE J - DEBT BORROWINGS

	June 30, 2021	Additions	Repayments	June 30, 2022
Balentine loan	$ 59,200	$ -	$ (17,200)	$ 42,000
Flex lease series 2009F	30,000	-	(10,540)	19,460
Old west federal credit union	-	1,431,368	-	1,431,368
Total debt borrowings	89,200	1,431,368	(27,740)	1,492,828
Less current maturities	(29,620)	-	-	(33,000)
Total long-term borrowings	$ 59,580	$ -	$ -	$ 1,459,828

	June 30, 2020	Additions	Repayments	June 30, 2021
Balentine loan	$ 76,500	$ -	$ (17,300)	$ 59,200
Flex lease series 2009F	40,000	-	(10,000)	30,000
Total debt borrowings	116,500	-	(27,300)	89,200
Less current maturities	(26,500)	-	-0-	(29,620)
Total long-term borrowings	$ 90,000	$ -	$ -0-	$ 59,580

The District entered into a loan agreement with E. Lee Balentine, DMD on September 1, 2018 for the purchase of a dental practice. Terms of the loan include monthly payments with 0% interest through November 1, 2024. The District issued serial coupon bonds on June 23, 2009 for building construction. The bonds were issued through US National Bank Association for $155,000. Terms of the bonds include annual payments with 2-5.4% interest through January 1, 2024. The District procured a loan from the Old West Federal Credit Union in January of 2022. No payments due until 2024 with no early payment penalty. The interest rate is 4.25%, increasing to 7.41% in February of 2027. Monthly payments will be made through December, 2036 with a balloon payment for the remaining principle due in January of 2037.

NOTE K - COMMITMENTS AND CONTINGENCIES

Litigation: The District may from time-to-time be involved in litigation and regulatory investigations which arise in the normal course of doing business. After consultation with legal counsel, management confirmed that no outstanding litigation exists as of June 30, 2022 and 2021.

Medical Malpractice Claims: The District maintains commercial malpractice liability insurance coverage under various claims-made policies covering losses up to $1 million per claim and $3 million in the aggregate with a per claim deductible for losses only. The District plans to maintain the coverage by renewing its current policy or by replacing it with equivalent insurance.

Workers Compensation Program: The District is a participant in the State of Oregon's SAIF workers' compensation program. SAIF is established for not-for-profit entities of which the District (although a government entity) is considered to be non-for-profit for this workers' compensation program. Annual premiums are approximately $1,500 each year. The policy covers up to $3,000,000 for bodily injury either by accident or disease.

Health Care Reform: The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statues and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District is in compliance with fraud and abuse as well as other applicable government laws and regulations. While no material regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

NOTE F - RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents as of June 30, 2022 and 2021 were comprised of the following:

Restricted for various purposes:	2022	2021
Cash and cash equivalents held by the Foundation	$ 106,697	$ 733,805
Total	$ 106,697	$ 733,805

NOTE N - SUBSEQUENT EVENTS

Management evaluated the effect of subsequent events on the financial statements through December 19, 2024 the date the financial statements are issued, and determined that there are no material subsequent events that have not been disclosed.

JWT & Associates, LLP

A Certified Public Accountancy Limited Liability Partnership
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Independent Auditors Report Required by Oregon State Regulations in accordance with Minimum Standards for Audits of Oregon Municipal Corporations

Board of Directors
White River Health District
Maupin, Oregon

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 basic financial statements of White River Health district (the District) as of and for the year ended June 30, 2022 and 2021, and have issued our report thereon dated December 19, 2024.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of *Oregon Revised Statues* as specified in *Oregon Administrative Rules* 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (HB2520).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outsources.

- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of *Oregon Revised Statues* as specified in *Oregon Administrative Rules* 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations.*

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the 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.

Our report on *Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* dated December 19, 2024, is presented separately.

Restrictions on Use

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

Rick Jackson

For JWT & Associates, LLP
Fresno, California
December 19, 2024

Schedule of Actual Revenues and Expenditures to Budget

WHITE RIVER HEALTH DISTRICT

For the Year Ended June 30, 2022

	Actual	Budget Original	Budget Final	(Over) Under Budget
Revenues				
Net patient service revenues	$ 243,316	$ 464,000	$ 464,000	$ 220,684
Contributions	22,351	-	-	(22,351)
Grants	236,333	24,000	24,000	(212,333)
Taxes	275,038	264,000	264,000	(11,038)
Other operating revenues	-	-	-	-
Total revenues	777,038	752,000	752,000	(25,038)
Less Expenditures				
Personnel services	290,671	592,380	592,380	301,689
Materials and other services	221,953	159,640	159,640	(62,313)
Other expenditures	58,639	-	-	(58,639)
Capital outlays	2,261,186	-	-	(2,261,186)
Debt borrowings services	27,740	-	-	(27,740)
Total expenditures	2,860,189	$ 752,000	$ 752,000	$ (2,083,151)
Excess expenditures over revenues	$ (2,083,151)			

Reconciliation of statutory operating expenditures to GAAP basis operating expenses	
Add: capital asset purchases	$ 2,261,186
Add: debt borrowing reductions	27,740
Less: depreciation	(23,234)
Total effects of reconciliation	2,265,6921
Increase (decrease) in net position	182,541
Net position - beginning of year	1,375,080
Net position - end of year	$ 1,557,621

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

The Board of Directors
White River Health Disctrict
Maupin, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the White River Health District (the District) as of and for the year ended June 30, 2022 and2021, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 19, 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. Given those limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rick Jackson

For JWT & Associates, LLP
Fresno, California
December 19, 2024