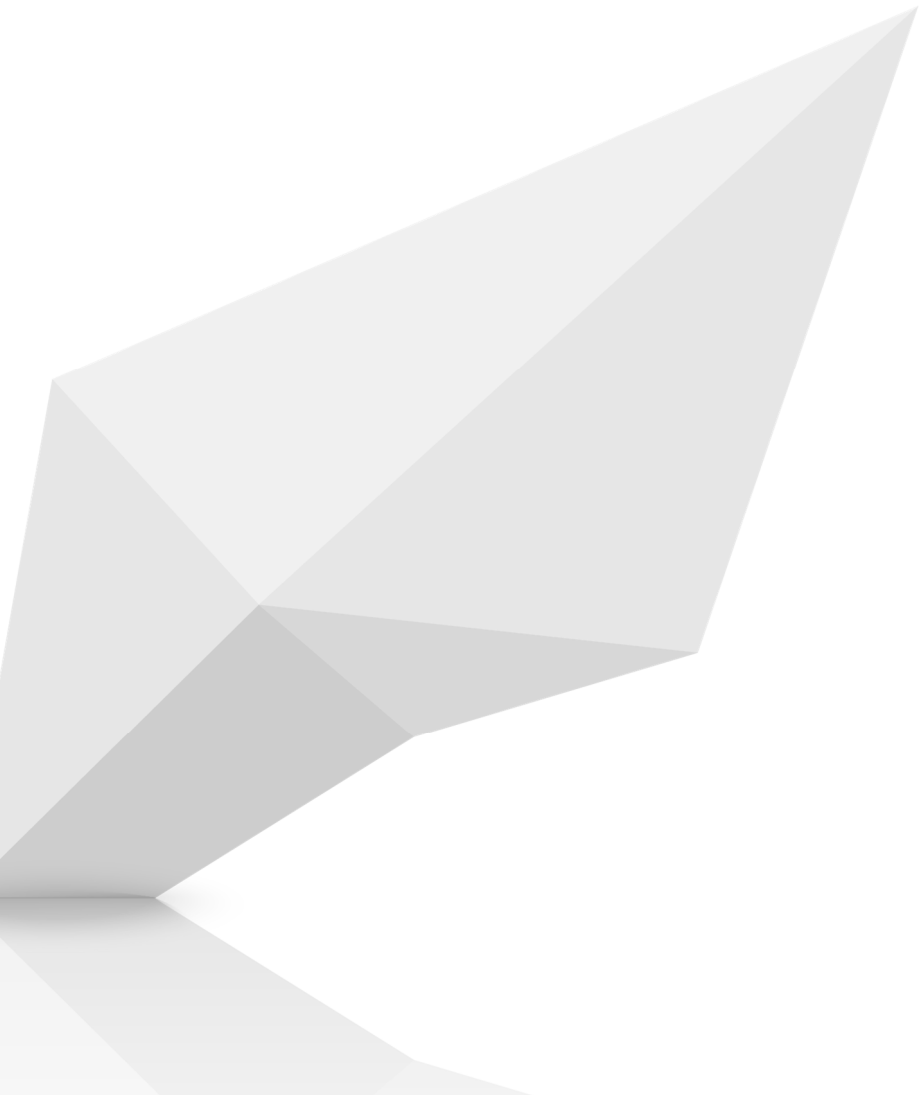
Henry Hospital District d/b/a Hammond-Henry Hospital

Financial Statements and Supplementary Information

Years Ended May 31, 2024 and 2023



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Henry Hospital District d/b/a Hammond-Henry Hospital

Years Ended May 31, 2024 and 2023

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Independent Auditor's Report

Board of Directors
Henry Hospital District d/b/a Hammond-Henry Hospital
Geneseo, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the basic financial statements of Henry Hospital District d/b/a Hammond-Henry Hospital and its blended component Unit (collectively the "Organization"), which comprise the statements of net position as of May 31, 2024 and 2023, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of May 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (''GAAP'').

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States of America. 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date 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 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 financial statements.

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

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

Supplementary Information

Required Supplementary Information

Accounting principles generally accepted in the United States required that the information listed in the table of contents related to the pension program be presented to supplement the basic financial statements. Such information, although not 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, 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 audits 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.

The Organization has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary combining statement of net position and statement of revenues, expenses, and changes in net position, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2024, on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP
Eau Claire, Wisconsin
September 18, 2024

Henry Hospital District d/b/a Hammond-Henry Hospital
Statements of Net Position

May 31,	2024	2023
Assets and Deferred Outflow of Resources		
Current assets:		
Cash and cash equivalents	$ 15,453,541	$ 17,547,092
Patient accounts receivable - Net	5,646,655	3,799,502
Property taxes receivable	1,222,837	1,164,718
Other accounts receivable	491,664	376,850
Inventories	811,549	823,343
Prepaid expenses and other	875,921	730,937
Total current assets	24,502,167	24,442,442
Assets limited as to use	52,926,411	48,603,925
Capital assets:		
Nondepreciable capital assets	1,464,429	2,239,786
Depreciable capital assets - Net	23,298,432	23,940,975
Capital assets - net	24,762,861	26,180,761
Other assets	869,035	759,862
Deferred outflows of resources - Pension	6,225,144	8,295,720
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 109,285,618	$ 108,282,710

Henry Hospital District d/b/a Hammond-Henry Hospital

Statements of Net Position (Continued)

May 31,	2024	2023
Liabilities, Deferred Inflows of Resources, and Net Position		
Current liabilities:		
Current portion of long-term debt	$ 1,122,523	$ 1,434,084
Current portion of lease liabilities	1,147,427	992,471
Accounts payable	850,435	1,529,058
Accrued salaries and wages	950,297	838,918
Accrued vacation payable	2,297,071	2,199,961
Accrued medical claims payable	393,648	369,675
Accrued payroll taxes and other	355,469	340,944
Amounts payable to third-party reimbursement programs	4,663,670	5,095,322
Total current liabilities	11,780,540	12,800,433
Long-term liabilities:		
Long-term debt - Less current portion	11,651,820	12,774,343
Long-term lease liabilities - Less current portion	2,344,065	3,005,616
Net pension liability	952,443	2,764,406
Other	963,238	845,760
Total long-term liabilities	15,911,566	19,390,125
Total liabilities	27,692,106	32,190,558
Deferred inflows of resources:		
Pension	56,084	189,184
Property taxes for succeeding year	359,658	342,564
Unearned rental and other revenue	-	2,940
Unearned COVID-19 funding	-	318,944
Total deferred inflows of resources	415,742	853,632
Net position:		
Net investment in capital assets	8,497,026	7,974,247
Restricted - Expendable	441,712	317,877
Restricted - Nonexpendable	228,762	228,762
Unrestricted net position	72,010,270	66,717,634
Total net position	81,177,770	75,238,520
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 109,285,618	$ 108,282,710

See accompanying notes to financial statements.

Henry Hospital District d/b/a Hammond-Henry Hospital

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended May 31,	2024	2023
Revenue:		
Net patient service revenue	$ 54,644,908	$ 51,537,034
Other operating revenue	2,214,923	2,079,728
Total revenue	56,859,831	53,616,762
Operating expenses:		
Salaries and wages	26,846,232	26,679,825
Employee benefits	5,790,655	5,186,380
Supplies and other expenses	8,994,830	7,916,999
Purchased services	6,328,031	5,252,922
Physician fees	1,252,278	1,093,236
Utilities	662,895	698,635
Insurance	850,398	959,828
Repairs and maintenance	227,402	194,134
Depreciation and amortization	3,820,689	3,371,323
Total operating expenses before actuarial pension related expense	54,773,410	51,353,282
Operating income before actuarial pension related expense	2,086,421	2,263,480
Employee benefits expense, change in actuarial pension obligation	125,513	320,505
Income from operations	1,960,908	1,942,975
Nonoperating revenues (expenses):		
Property tax revenue	1,032,359	1,078,512
Noncapital grants and contributions - Net	493,292	194,451
Interest expense	(561,606)	(577,925)
Investment income	2,559,822	813,008
COVID-19 grants and contributions - Net	338,772	3,920,725
Loss on disposal of capital assets	(9,165)	(37,209)
Total nonoperating revenues - Net	3,853,474	5,391,562
Revenue in excess of expenses	5,814,382	7,334,537
Contributions for capital assets	124,868	198,778
Increase in net position	5,939,250	7,533,315
Net position at beginning	75,238,520	67,705,205
Net position at end	$ 81,177,770	$ 75,238,520

See accompanying notes to financial statements.

Henry Hospital District d/b/a Hammond-Henry Hospital
Statements of Cash Flows

Years Ended May 31,	2024	2023
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Receipts from and on behalf of patients and other operating revenue	$ 54,463,272	$ 53,226,067
Payments of salaries, wages, and employee benefits	(32,264,387)	(31,240,402)
Payments to suppliers and other operating expenses	(18,969,711)	(16,931,469)
Net cash provided by operating activities	3,229,174	5,054,196
Cash flows from noncapital financing activities:		
Noncapital grants and contributions received - Net	493,292	194,451
COVID-19 related funding grants and contributions received	19,828	414,878
Property taxes received	991,334	1,039,256
Net cash provided by noncapital financing activities	1,504,454	1,648,585
Cash flows from capital and related financing activities:		
Contributions received for capital asset purchases	124,868	198,778
Purchase of capital assets	(2,134,918)	(2,365,400)
Principal paid on long-term debt and lease obligations	(2,509,793)	(2,220,686)
Interest paid on long-term debt and lease obligations	(561,606)	(577,925)
Proceeds from sale of capital assets and other assets	16,934	902
Net cash used in capital and related financing activities	(5,064,515)	(4,964,331)
Cash flows from investing activities:		
(Increase) decrease in assets limited as to use other than for debt service	(2,117,763)	1,168,432
Interest income	355,099	711,698
Net cash provided by (used in) investing activities	(1,762,664)	1,880,130
Net increase (decrease) in cash and cash equivalents	(2,093,551)	3,618,580
Cash and cash equivalents - Beginning of year	17,547,092	13,928,512
Cash and cash equivalents - End of year	$ 15,453,541	$ 17,547,092

Henry Hospital District d/b/a Hammond-Henry Hospital

Statements of Cash Flows (Continued)

Years Ended May 31,	**2024**	**2023**
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	$ 1,960,908	$ 1,942,975
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Provision for bad debts	1,971,691	2,355,103
Depreciation and amortization	3,820,689	3,371,323
Changes in operating assets and liabilities:		
Patient accounts receivable	(3,818,844)	(578,476)
Inventories	11,794	155,883
Prepaid expenses and other assets	(368,971)	(89,643)
Accounts payable	(286,001)	(408,826)
Amounts due to third-party reimbursement programs	(431,652)	(2,314,013)
Net pension asset/liability	(1,811,963)	14,961,707
Deferred outflows of resources from operations	2,070,576	(11,276,411)
Deferred inflows of resources for operations	(136,040)	(3,370,724)
Other accrued liabilities	246,987	305,298
Total adjustments	1,268,266	3,111,221
Net cash provided by operating activities	$ 3,229,174	$ 5,054,196

Supplemental cash flow information:

Purchases of capital assets included in accounts payable	$ -	$ 275,144
Capital assets acquired with lease obligations	569,114	1,701,586

See accompanying notes to financial statements.

Henry Hospital District d/b/a Hammond-Henry Hospital
Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

The Entity and Nature of Business

Henry Hospital District d/b/a Hammond-Henry Hospital (the “Hospital”), located in Geneseo, Illinois, is a public 23-bed acute care hospital with an attached 38-bed long-term care unit. The Hospital provides related health care ancillary, outpatient services, and clinical care. The Hospital also operates clinics in Geneseo, Annawan, Cambridge, Colona, Galesburg, Kewanee, and Port Byron, Illinois. The Hospital is governed by a nine member Board of Directors. The component unit, discussed below, is included in the basic financial statements because the nature and significance of its relationship to the Hospital is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete under criteria set forth by the Government Accounting Standards Board ("GASB"). Collectively these entities are referred to as the "Organization."

Hammond-Henry Hospital Foundation (the "Foundation") is a legally separate organization which the Organization has determined should be presented as a blended component unit. The Foundation has a specific financial benefit or burden to the Organization by providing financial and fundraising assistance and support in the furtherance of health care services. The Foundation is supported primarily by contributions from the Hospital's employees and the general public. All significant intercompany transactions and balances have been eliminated in the preparation of the accompanying financial statements.

Method of Accounting

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Organization's financial statements are presented using the economic resources measurement focus, which uses the accrual basis of accounting.

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying financial statements in conformity with GAAP requires management to make estimates and assumptions that directly 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 amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

The Organization considers critical accounting estimates to be those that require more significant judgments and include the valuation of patient accounts receivable, including contractual adjustments and allowance for uncollectible accounts, estimated third-party payors' settlements, the reserve for self-funded employee health plan claims, and the actuarially determined estimated net pension asset or liability.

Cash Equivalents

Highly liquid debt instruments with an original maturity of three months or less are considered to be cash equivalents, excluding amounts limited as to use or restricted.

Note 1: Summary of Significant Accounting Policies (Continued)

Patient Accounts Receivable and Credit Policy

Patient accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from local residents, most of whom are insured under third-party payor agreements. The Organization bills third-party payors on the patients' behalf, or if a patient is uninsured, the patient is billed directly. Once claims are settled with the primary payor, any secondary payor is billed, and patients are billed for copay and deductible amounts that are the patients' responsibility. Payments on patient accounts receivable are applied to the specific claim identified on the remittance advice or statement. The Organization does not have a policy to charge interest on past due accounts.

Patient accounts receivable are recorded in the accompanying statements of net position net of contractual adjustments and an allowance for uncollectible accounts, which reflect management's estimate of the amounts that will not be collected. Management provides for contractual adjustments under terms of third-party reimbursement agreements through a reduction of gross revenue and a credit to patient accounts receivable. In addition, management provides for probable uncollectible amounts, primarily from uninsured patients and amounts patients are personally responsible for, through a charge to operations and a credit to the allowance for uncollectible accounts based on its assessment of historical collection likelihood and the current status of individual accounts.

In evaluating the collectibility of patient accounts receivable, the Organization analyzes past results and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debt. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. Specifically, for receivables associated with services provided to patients who have third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors and patients who are known to be having financial difficulties that make the realization of amounts due unlikely.

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

Inventories

Inventories of supplies are valued at the lower of cost, determined on the first-in, first-out (FIFO) method, or market.

Note 1: Summary of Significant Accounting Policies (Continued)

Assets Limited as to Use and Investment Income (Loss)

Assets limited as to use consist of investments recorded at fair value and include assets the Board of Directors has designated for future capital improvements and expansion, over which the Board of Directors retains control and may at its discretion subsequently use for other purposes and amounts restricted by donors.

Restricted funds are used to differentiate funds which are limited by the donor to specific uses from funds on which the donor places no restriction or which arise as a result of the operation of the Hospital for its stated purposes. Resources set aside for Board-designated purposes are not considered to be restricted. Grants restricted for specific operating purposes are reported as other operating revenues. Resources restricted by donors or grantors for specific operating purposes are reported in other revenue to the extent expended within the period.

Investment income or loss (including realized gains and losses on investments, interest, dividends, and unrealized gains and losses) is reported as nonoperating revenues (expenses) and is included in unrestricted net position unless the income is restricted by donor or law. Realized gains or losses are determined by specific identification.

The Organization monitors the difference between the cost and fair value of its investments. If investments experience a decline in value that the Organization determines is other than temporary, the Organization records a realized loss in investment income.

Fair Value Measurements

The Organization measures fair value of its financial instruments using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of fair value hierarchy are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets in inactive markets.
- Inputs, other than quoted prices, that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Capital Assets and Depreciation

Capital assets are recorded at cost, if purchased, or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Estimated useful lives range from 5 to 20 years for major movable equipment and from 5 to 40 years for land improvements, buildings, and fixed equipment.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from income (loss) from operations, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted expendable net position. 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 assets are placed in service.

Impairment of Long-Lived Assets

Capital assets are reviewed for impairment when events or changes in circumstances suggest that the service utility of the capital asset may have significantly and unexpectedly declined. Capital assets are considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The determination of the impairment loss is dependent upon the event or circumstance in which the impairment occurred. Impairment losses, if any, are reported in the accompanying statements of revenue, expenses, and changes in net position. During 2024 and 2023, the Organization determined that no evaluations of recoverability were necessary.

Note 1: Summary of Significant Accounting Policies (Continued)

Leases

The Organization is a lessee in multiple noncancelable leases. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Leased assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The leased asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases or decreases to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense in the future period in which they are incurred.

The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the Organization's incremental borrowing rate. This rate is used to calculate the present value of future lease payments. This rate is an alternative investment rate for other than short-term or long-term investments and is materially the same as the rate the Organization might incur from an external lender.

For all underlying classes of assets, the Organization does not recognize leased assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Organization recognizes short-term leases with lease costs included in short-term lease expense. The Organization recognizes short-term lease cost on a straightline basis over the lease term.

Deferred Outflows/Inflows of Resources

In addition to assets, the accompanying statements of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the Organization has one item that qualifies for reporting in this category. The Organization reports deferred outflows of resources related to pension for its proportionate shares of collective deferred outflows of resources related to pensions and the Organization's contributions to pension plans subsequent to the measurement date of the collective net pension liability.

In addition to liabilities, the accompanying statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents the acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Organization reports deferred inflows of resources for its proportionate share of the collective deferred inflows of resources related to pensions, property taxes levied in the current year for a subsequent year, funding received for services to be provided in a subsequent year, and rental revenue collected in advance of the service provided by the Organization.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Pension Asset and Liability

The Organization participates in a cost-sharing multiple-employer defined benefit pension plan, the Illinois Municipal Retirement Fund ("IMRF"). For purposes of measuring the net pension asset or liability, deferred outflows of resources, deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of IMRF, and additions to/deductions from IMRF's fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. IMRF investments are reported at fair value.

Compensated Absences

Organization policies permit most employees to accumulate paid time off ("PTO") benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as PTO benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date.

Net Position

Net position of the Organization is classified in four components. Net investment in capital assets consists of capital assets net of accumulated depreciation reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is a noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the facility. Restricted nonexpendable net position is a noncapital net position that has been restricted by donors to be maintained in perpetuity. Unrestricted net position is the remaining net position that does not meet the definitions above.

Operating Revenues and Expenses

The Organization's statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenue and expenses. Operating revenues include the exchange transactions associated with providing health care services other than noncapital grants and contributions. Operating expenses are all expenses incurred to provide health care services, other than financing costs. Nonoperating revenue and expenses are those transactions not considered directly linked to providing health care services, other than grants and contributions for capital assets which are reported separately.

Note 1: Summary of Significant Accounting Policies (Continued)

Net Patient Service Revenue

The Organization recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. Certain third-party payor reimbursement agreements are subject to audit and retroactive adjustments. 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.

For uninsured patients who do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by the Organization's uninsured patient policy). On the basis of historical experience, a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services that are provided. Thus, the Organization records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Charity Care

The Organization provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The Organization maintains records to identify the amount of charges forgone for services and supplies furnished under the charity care policy. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

Grants and Contributions

The Organization receives grants as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is 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 are restricted to a specific operating purpose are reported as nonoperating revenue (expenses).

Property Taxes

Property taxes are recognized as assets in the period an enforceable legal claim to the assets arise. The current taxes receivable represents the calendar year 2023 levy and an estimate of the 2024 levy applicable to the fiscal year ended May 31, 2024. Property taxes are certified in December and attached as an enforceable lien on the property as of the preceding January 1. Revenue from property taxes, which are levied for operating purposes, is recognized in the year levied. Property taxes that are not available for current year operations are shown as deferred inflows of resources on the accompanying statements of net position.

Advertising Costs

Advertising costs are expensed as incurred.

Note 1: Summary of Significant Accounting Policies (Continued)

Unemployment Compensation

The Organization has elected the reimbursement method to finance the cost of unemployment compensation benefits. Unemployment compensation expense is charged to operating expense when paid or when the amount of the claims can be estimated.

Income Taxes

As a political subdivision of the state of Illinois, the Hospital is generally exempt from federal income taxes on related income pursuant to Section 115 of the Internal Revenue Code and a similar provision of state law.

The Foundation has been recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code") and similar provision of state law; however, it is subject to federal income tax on any unrelated business taxable income.

New Accounting Pronouncements

In 2024, the Organization adopted GASB Statement number 96 - *Subscription-Based Information Technology Arrangements* ("SBITA"). This statement improves financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and reporting for SBITA transactions. The statement will enhance the relevance and reliability of the Organization's financial statements by requiring the Organization to report a subscription asset and subscription liability for SBITAs and disclose essential information about the arrangements. The adoption of this accounting pronouncement did not have a material impact on the accompanying financial statements.

Subsequent Events

Subsequent events have been evaluated through September 18, 2024, which is the date the financial statements were available to be issued. See Note 20 for additional information on a subsequent event.

Note 2: COVID-19

Starting in March 2020, the nation in general, and healthcare-related entities specifically, have been faced with a global pandemic. As healthcare entities prepared for the crisis, operational changes were made to delay routine visits and elective procedures and reevaluate the entire care delivery model to care for patient needs, specifically those affected by COVID-19. These operational changes continued and adjustments were made in operations and business plans throughout the pandemic. The declared public health emergency ended in May 2023 related to the COVID-19 pandemic, and even with this ending the complete financial impact on the economy in general and healthcare-related entities specifically still remains undeterminable at this time. Management of the Organization continues to note that both operational performance and cash flows for healthcare-related entities have been and will continue to be impacted into the future even though the declared public health emergency period and pandemic have ended.

The federal and state governments, as well as other agencies, have assisted many healthcare organizations to prevent significant financial constraints by providing supplemental payment programs in the forms of distributions which are intended to help in offsetting lost revenues as well as the cost of staffing, supplies, and equipment from treating patients impacted by or preparing for the pandemic's healthcare needs.

During the years ended May 31, 2023, the Organization received approximately $232,000 in funding from these programs. In addition, the Organization had previously received approximately $7,712,000 from these programs through May 31, 2022. No additional funds were received during the year ended May 31, 2024. These funds were received from multiple sources, including but not limited to approximately $7,151,000 of provider relief funds from the U.S. Department of Health and Human Services ("HHS") Coronavirus Aid, Relief, and Economic Security ("CARES") and American Rescue Plan ("ARP") Acts and approximately $793,000 in grants from the State of Illinois related to COVID-19 assistance. Funds remaining which are unexpended at each respective year-end are included within deferred inflows of resources in the accompanying statements of net position.

These funds are subject to various financial and compliance guidelines for intended uses as published by the federal and state governments. Management is continuing to monitor compliance with the terms and conditions of these grants as new guidance and clarification is released from HHS, the State of Illinois, and other agencies. If the Hospital is unable to attest to or comply with current or future terms and conditions as more information becomes available, the Hospital’s ability to retain some or all of the distributions received may be impacted.

In 2024 and 2023, the Organization recognized approximately $339,000 and $3,921,000 of the funds provided as nonoperating revenue based on the current terms and conditions of the program for providers to utilize and retain these funds. The Organization had previously recognized $3,684,000 through May 31, 2022 as nonoperating revenue based on the terms and conditions of the program, including review of when funds were expended to assist with COVID-19 conditions and related expenses.

Note 3: Reimbursement Arrangements With Third-Party Payors

The Organization has agreements with third-party payors that provide for reimbursement at amounts that vary from its established rates. A summary of the basis of reimbursement with major third-party payors follows:

Hospital Services

Medicare - The Medicare program has designated the Organization as a CAH for Medicare reimbursement purposes. Under this designation, inpatient, swing-bed, and outpatient hospital services rendered to Medicare program beneficiaries are paid based on a cost-reimbursement methodology, with the exception of certain laboratory and mammography services. Certain professional services provided by physicians and other clinicians are reimbursed based on prospectively determined fee schedules. Home care and long-term care services are reimbursed on a prospective payment basis.

Medicaid - Hospital services rendered to Illinois Public Aid beneficiaries are paid at prospectively determined rates based on a patient classification system. These rates are not subject to retroactive adjustment; however, in order to receive proper reimbursement, the Organization must file a cost report annually with the State of Illinois.

Blue Cross Blue Shield - The Organization is paid for services rendered to Blue Cross Blue Shield beneficiaries based on a combination of fixed prices and discounted charges. Blue Cross Blue Shield processes claims under a uniform payment plan on an interim basis subject to a monthly reconciliation between actual payments received and the agreed-upon contractual amounts. The monthly reconciliation process results in a recognition of a liability that will be liquidated within 90 days.

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

Nursing Home Services

Medicare - Medicare pays for Part A services based on a predetermined rate per resident day, which varies depending upon the resident's level of care and the types of services provided. Medicare pays for Part B services based on predetermined fee schedules.

Medicaid - Some of the Organization's nursing home services were provided to aged and disabled nursing home residents who were beneficiaries of the Illinois Public Aid program. Illinois Public Aid reimburses the Organization on a prospectively determined rate per diem. The rate is determined on a cost-related basis subject to certain limitations as prescribed by the State of Illinois and adjusted based on the average acuity of the residents in the facility. The State of Illinois updates and makes adjustments to the nursing home Medicaid rates based on average resident acuity as reported by each facility in the previous 90-day period.

Note 3: Reimbursement Arrangements With Third-Party Payors (Continued)

Rural Health Clinic Services

Medicare - Certain physician and professional services rendered to Medicare beneficiaries at certain clinics qualify for reimbursement as rural health clinic ("RHC") services. Qualifying services are reimbursed based on a cost-reimbursement methodology.

Medicaid - Clinic services rendered to Illinois Public Aid beneficiaries at certain clinics are paid at prospectively determined rates that are updated annually.

Hospital Medicaid Assessment Programs

The Organization records additional Medicaid revenue from the State of Illinois Hospital Assessment Program when received. Under the hospital assessment program, each hospital is assessed based on their adjusted gross hospital revenue in order to provide for additional Medicaid revenues to be redistributed to hospitals in the State of Illinois under various payment programs. Governmental hospitals, including the Organization, are exempt from paying the assessment but are still eligible to participate in the enhanced payments.

In accordance with 305 ILCS 5/5A-12.4, enacted in 2012, the Illinois Department of Healthcare and Family Services started making Hospital Access Improvement Payments in state Fiscal Year 2014 after federal approval was achieved. The program is commonly referred to as the Enhanced Hospital Assessment and was effective for the period June 10, 2012 through June 30, 2018.

In accordance with Public Act 98-651 (SB 741), enacted on June 16, 2014, the State of Illinois authorized the creation of the Managed Care Organization Hospital Access Program, commonly known as MCO-HAP. Under this program, a portion of the funds that are currently paid to hospitals under the Hospital Assessment Program will be paid to Medicaid managed care organizations (MCOs) as increased capitation rates. The MCOs may then only use the increased capitation rates to make payments to hospitals in a manner that replicates the payment of the hospital access payments under the Hospital Assessment Program.

In accordance with 305 ILCS 5/5A-12.5, enacted in 2014, the Illinois Department of Healthcare and Family Services (HFS) requested new supplemental payments to hospitals for services provided to newly eligible Medicaid beneficiaries under the Affordable Care Act. In January 2015 HFS was granted approval by the Centers for Medicare and Medicaid Services (CMS). The program is commonly referred to as the ACA Expansion Payments and was in effect in its current design through June 30, 2018.

In accordance with Public Act 99-516 (HB4678), enacted in 2016, the State of Illinois authorized the extension of the Affordable Care Act Expansion Payments for adults enrolled in Managed Care Organizations. Under 305 ILCS 5/5A- 12.5, the supplemental payments were for newly eligible Medicaid beneficiaries under the Affordable Care Act. With the shift to managed care, the ACA Access Payments are now extended to Affordable Care At adults in Managed Care Organizations. This program was in effect in its current design through June 30, 2018.

The assessment and supplemental payment programs were extended under a redesigned program which was approved and extended through June 30, 2025.

Note 3: Reimbursement Arrangements With Third-Party Payors (Continued)

Accounting for Contractual Arrangements

The Organization is reimbursed for cost-reimbursable items at tentative rates, with final settlements determined after audit of the related annual cost reports by the Medicare fiscal intermediary. Estimated provisions to approximate the final expected settlements after review by the intermediary are included in the accompanying financial statements. The Organization's cost reports have been reviewed by the Medicare fiscal intermediary through May 31, 2021.

Note 4: Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Hospital's deposit policy for custodial credit risk requires compliance with the provisions of state law.

Illinois state statutes authorize the Hospital to make deposits and investments in interest-bearing depository accounts in federally insured and/or state-chartered banks and savings and loan associations or other financial institutions, as designated by ordinances, and to invest available funds in direct obligations of, or obligations guaranteed by, the U.S. Treasury or agencies of the United States, money market mutual funds whose portfolios consist of government securities, the Illinois Public Treasury's Investment Pool, and the Illinois Funds Investment Pool (the "Pool"). The Hospital's investments consist entirely of cash depository accounts, certificates of deposit, and money market funds.

The Hospital's deposit bank depository, certificates of deposit, and money market funds balances were fully collateralized by a pledging financial institution's trust department or agent in other than the Hospital's name at May 31, 2024 and 2023.

Investments

The Hospital may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds and equity securities.

The composition of the Foundation's investments and deposits are determined by the Foundation's Board of Directors, which is not subject to the same restrictions imposed by state law on the Hospital related to investments and depository accounts.

As of May 31, 2024 and 2023, the composition of the Organization's investments held at each of these dates are all anticipated to have a maturity within one year or less.

Note 4: Deposits and Investments (Continued)

Summary of Carrying Values and Classifications of Deposits and Investments

The carrying value of deposits and investments shown above are included in the statements of net position at May 31 as follows:

	2024	2023
Deposits and Investments:		
Cash - Hospital	$ 7,771,480	$ 10,013,874
Cash - Foundation	101,330	98,099
Money market funds - Hospital	7,915,881	15,596,531
Money market funds - Foundation	243,483	134,809
Certificates of deposit - Hospital	1,140,658	3,428,391
Trading certificates of deposit - Hospital	12,035,801	9,692,480
Fixed income securities - U.S. Treasury & Municipal bond obligations - Hospital	35,871,885	24,413,158
Mutual funds - Foundation	3,299,434	2,773,675
Totals	$ 68,379,952	$ 66,151,017
Included in the following statements of net position captions:		
Cash and cash equivalents	$ 15,453,541	$ 17,547,092
Assets limited as to use	52,926,411	48,603,925
Totals	$ 68,379,952	$ 66,151,017

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Hospital's investment portfolio shall be structured in such manner as to provide sufficient liquidity to pay obligations as they come due. There are no restrictions on the Foundation's investment portfolio other than to comply with specified donor restrictions when applicable.

Note 4: Deposits and Investments (Continued)

Investment income (loss): Investment income (loss), including return on assets limited as to use or restricted and assets held by the Foundation, for the years ended May 31, 2024 and 2023, is summarized as follows:

	2024	2023
Hospital:		
Realized gains on investments, interest, and dividends - Net	$ 1,530,467	$ 716,787
Change in net unrealized gain (loss) on investments	482,967	100,970
Foundation:		
Realized gains on investments, interest, and dividends - Net	119,726	103,032
Change in net unrealized loss on investments	426,662	(107,781)
Totals	$ 2,559,822	$ 813,008

Note 5: Assets Limited as to Use

Assets limited as to use consist of the following designations and restrictions at May 31:

	2024	2023
By Board of Directors for capital improvements	$ 49,383,495	$ 45,695,441
Amounts held by Foundation and donor-restricted funds	3,542,916	2,908,484
Total assets limited as to use	$ 52,926,411	$ 48,603,925

Note 6: Fair Value Measurements

The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- Money market funds are measured using $1 as net asset value. Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. The mutual funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded. Fixed income securities including corporate bonds, local government bonds, foreign bonds, and U.S. Government and agency securities are primarily valued using quotes from pricing vendors for identical or similar assets based on recent trading activity and other observable market data. Trading certificates of deposit are valued based on the principal invested plus accrued interest, and then adjusted by trading rates provided by financial insitutions and pricing agencies who work within the market.

Note 6: Fair Value Measurements (Continued)

The previously described methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. In addition, the Organization believes its valuation methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value on a recurring basis as of May 31:

	Fair Value Measurements Using			Total Assets at
2024	**Level 1**	**Level 2**	**Level 3**	**Fair Value**
Money market funds	$ -	$ 8,159,364	$ -	$ 8,159,364
Mutual funds - Equity securities	3,299,434	-	-	3,299,434
Fixed income securities - U.S. Treasury & Municipal bond obligations	-	35,871,885	-	35,871,885
Trading certificates of deposit	-	12,035,801	-	12,035,801
Total	$ 3,299,434	$ 56,067,050	$ -	$ 59,366,484

	Fair Value Measurements Using			Total Assets at
2023	**Level 1**	**Level 2**	**Level 3**	**Fair Value**
Money market funds	$ -	$ 15,731,340	$ -	$ 15,731,340
Mutual funds - Equity securities	2,773,675	-	-	2,773,675
Fixed income securities - U.S. Treasury & Municipal bond obligations	-	24,413,158	-	24,413,158
Trading certificates of deposit	-	9,692,480	-	9,692,480
Total	$ 2,773,675	$ 49,836,978	$ -	$ 52,610,653

The assets included in the fair value measurements table above at both May 31, 2024 and 2023, include all assets included in assets limited as to use as described in Note 5, with the exception of cash and certificates of deposit which are excluded from the fair value measurement table.

Note 7: Patient Accounts Receivable - Net

Patient accounts receivable - net consisted of the following at May 31:

	2024	2023
Gross patient accounts receivable	$ 17,961,148	$ 12,612,964
Less:		
Contractual adjustments	9,138,046	6,188,432
Allowance for uncollectible accounts	3,176,447	2,625,030
Patient accounts receivable - Net	$ 5,646,655	$ 3,799,502

Note 8: Net Patient Service Revenue

The following table sets forth the detail of net patient service revenue for the years ended May 31:

	2024	2023
Gross patient service revenue:		
Hospital	$ 113,274,665	$ 100,877,868
Long-term care	3,086,378	3,020,431
Home health	641,337	861,058
Clinics	17,532,226	18,974,303
Total gross patient service revenue	134,534,606	123,733,660
Less:		
Contractual allowances	77,918,007	69,841,523
Provision for bad debts	1,971,691	2,355,103
Net patient service revenue	$ 54,644,908	$ 51,537,034

Note 9: Charity Care

The Organization provides health care services and other financial support through various programs that are designed, among other matters, to enhance the health of the community, including the health of low-income patients. Consistent with the mission of the Organization, care is provided to patients regardless of their ability to pay, including providing services to those persons who cannot afford health insurance because of inadequate resources or who are underinsured.

Patients who meet certain criteria for charity care, generally based on federal poverty guidelines, are provided care without charge or at a reduced rate, determined based on qualifying criteria as defined in the Organization's financial assistance policy and from applications completed by patients and their families. The Organization is also required to provide additional discounts to uninsured hospital patients under the Hospital Uninsured Patient Discount Act as required by Illinois state law.

Patients who meet certain criteria for charity care, generally based on federal poverty guidelines, are provided care based on criteria defined in the Organization's charity care policy. The Organization maintains records to identify and monitor the level of charity care it provides. The amount of charges foregone for services and supplies furnished under the Organization's charity care policy aggregated $143,631 and $104,120 for the years ended May 31, 2024 and 2023, respectively.

Note 10: Capital Assets

Capital asset balances and activity for the year ended May 31, 2024, were as follows:

	Balance June 1, 2023	Increases	Decreases and Transfers	Balance May 31, 2024
Nondepreciable capital assets:				
Land	$ 1,358,669	$ -	$ -	$ 1,358,669
Construction in progress	881,117	1,005,827	(1,781,184)	105,760
Total nondepreciable capital assets	2,239,786	1,005,827	(1,781,184)	1,464,429
Depreciable capital assets:				
Land improvements	1,658,717	-	-	1,658,717
Building and improvements	48,405,357	315,293	-	48,720,650
Software	2,134,550	294,805	(13,055)	2,416,300
Leased assets	5,681,016	172,448	-	5,853,464
Equipment	13,519,599	2,025,033	(647,932)	14,896,700
Total depreciable capital assets	71,399,239	2,807,579	(660,987)	73,545,831
Accumulated depreciation:				
Land improvements	1,360,671	59,282	-	1,419,953
Buildings	31,868,689	1,455,415	-	33,324,104
Software	2,048,434	73,451	(13,055)	2,108,830
Leased assets	1,711,492	695,288	-	2,406,780
Equipment	10,468,978	1,140,587	(621,833)	10,987,732
Total accumulated depreciation	47,458,264	3,424,023	(634,888)	50,247,399
Depreciable capital assets - Net	23,940,975	(616,444)	(26,099)	23,298,432
Capital assets - Net	$ 26,180,761	$ 389,383	$ (1,807,283)	$ 24,762,861

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Note 10: Capital Assets (Continued)

Capital asset balances and activity for the year ended May 31, 2023, were as follows:

	Balance June 1, 2021	Increases	Decreases and Transfers	Balance May 31, 2022
Nondepreciable capital assets:				
Land	$ 1,358,669	$ -	$ -	$ 1,358,669
Construction in progress	573,236	1,804,882	(1,497,001)	881,117
Total nondepreciable capital assets	1,931,905	1,804,882	(1,497,001)	2,239,786
Depreciable capital assets:				
Land improvements	1,658,717	-	-	1,658,717
Building and improvements	46,856,472	1,548,885	-	48,405,357
Software	2,047,084	87,466	-	2,134,550
Leased assets	3,979,430	1,701,586	-	5,681,016
Equipment	13,114,658	732,201	(327,260)	13,519,599
Total depreciable capital assets	67,656,361	4,070,138	(327,260)	71,399,239
Accumulated depreciation:				
Land improvements	1,284,528	76,143	-	1,360,671
Buildings and improvements	30,391,353	1,477,336	-	31,868,689
Software	1,996,268	52,166	-	2,048,434
Right-of-use assets under lease obligations	886,979	824,513	-	1,711,492
Equipment	9,800,302	941,165	(272,489)	10,468,978
Total accumulated depreciation	44,359,430	3,371,323	(272,489)	47,458,264
Depreciable capital assets - Net	23,296,931	698,815	(54,771)	23,940,975
Capital assets - Net	$ 25,228,836	$ 2,503,697	$ (1,551,772)	$ 26,180,761

Note 11: Long-Term Debt

Long-term debt consisted of the following at May 31:

	Balance June 1, 2023	Additions	Reductions	Balance May 31, 2024	Amounts Due Within One Year
Direct placements:					
Alternate revenue source bonds, Series 2019 (b)	$ 13,294,714	$ -	$ (995,371)	$ 12,299,343	$ 1,022,523
Alternate revenue source bonds, Series 2013 (a)	338,713	-	(338,713)	-	-
Direct borrowing:					
Note payable (c)	575,000	-	(100,000)	475,000	100,000
Total long-term debt	14,208,427	$ -	$ (1,434,084)	12,774,343	$ 1,122,523
Less - Current portion	1,434,084			1,122,523	
Long-term debt - Excluding current portion	$ 12,774,343			$ 11,651,820	

	Balance June 1, 2022	Additions	Reductions	Balance June 1, 2023	Amounts Due Within One Year
Direct placements:					
Alternate revenue source bonds, Series 2019 (b)	$ 14,264,461	$ -	$ (969,747)	$ 13,294,714	$ 995,371
Alternate revenue source bonds, Series 2013 (a)	670,793	-	(332,080)	338,713	338,713
Direct borrowing:					
Note payable (c)	675,000	-	(100,000)	575,000	100,000
Total long-term debt	15,610,254	$ -	$ (1,401,827)	14,208,427	$ 1,434,084
Less - Current portion	1,401,828			1,434,084	
Long-term debt - Excluding current portion	$ 14,208,426			$ 12,774,343	

Note 11: Long-Term Debt (Continued)

Direct Placement Debt:

(a) In October 2013, the Organization issued $5,857,906 General Obligation Alternate Revenue Source, Series 2013 at a premium with an interest rate of 2.56% and varying maturities due monthly. Final payment was made in October 2023.

(b) In December 2019, the Organization issued $15,930,000 General Obligation Refunding Bonds, Series 2019 at a discount with an interest rate of 2.7492% and varying maturities due monthly through December 2034. The Series 2019 Bonds were issued to refinance the remaining outstanding balances on the Series 2010A and 2010B Bonds.

Direct Borrowing:

(c) In February 2019, the Organization entered into a non-interest bearing note with the City of Geneseo and issued $1,000,000 in additional long-term debt to assist with an emergency room renovation project. The note is due in monthly principal payments of $8,333 starting in May 2019. Final payment is due on the note in February 2029.

The Series 2019 Bonds were issued with the expectation they would be payable from the Organization's revenues. The Organization irrevocably pledged its full faith and credit to the punctual payment of principal and interest on the bonds. Total principal and interest remaining to pay on these bonds is $14,213,976 at May 31, 2024.

The bond indentures include various covenants to be met, including certain measures of financial performance.

Scheduled principal and interest repayments on long-term debt are as follows at May 31, 2024:

	Principal	Interest
2025	$ 1,122,523	$ 329,928
2026	1,149,001	301,081
2027	1,175,217	271,519
2028	1,203,877	241,826
2029	1,208,310	210,044
2030-2034	6,147,767	553,050
2035	767,648	7,185
Totals	$ 12,774,343	$ 1,914,633

Note 12: Leases

Changes in leases obligations consisted of the following for the years ended May 31:

	Balance June 1, 2023	Additions	Reductions	Balance May 31, 2024	Amounts due Within One Year
Nuclear Medicine Equipment (a)	$ 787,710	$ -	$ (158,635)	$ 629,075	$ 167,584
Canon 6170 Ultrasound (b)	366,167	-	(88,226)	277,941	93,202
Canon 7040 Ultrasound (c)	163,502	-	(34,357)	129,145	36,295
Stryker Flex (d)	41,131	-	(41,131)	-	-
Stryker Endoscopy (e)	13,094	-	(13,094)	-	-
Carefusion (f)	352,018	-	(64,115)	287,903	67,732
Huntington (g)	246,781	-	(94,670)	152,111	100,010
Intuitive (h)	725,792	-	(341,789)	384,003	353,946
D Johnson Cambridge (i)	54,195	-	(21,557)	32,638	22,878
J&S Kewanee (j)	817,997	-	(103,570)	714,427	131,966
Ashkin Holdings (k)	429,700	-	(36,039)	393,661	38,976
Stryker Scope (l)	-	247,598	(23,330)	224,268	58,484
Lodgevision (m)	-	67,336	(12,031)	55,305	12,652
Zimmer (n)	-	254,180	(43,165)	211,015	63,702
Leases payable	$ 3,998,087	$ 569,114	$ (1,075,709)	$ 3,491,492	$ 1,147,427

	Balance June 1, 2022	Additions	Reductions	Balance May 31, 2023	Amounts due Within One Year
Nuclear Medicine Equipment (a)	$ -	$ 863,822	$ (76,112)	$ 787,710	$ 158,635
Canon 6170 Ultrasound (b)	449,682	-	(83,515)	366,167	83,515
Canon 7040 Ultrasound (c)	-	185,381	(21,879)	163,502	34,357
Stryker Flex (d)	120,083	-	(78,952)	41,131	41,131
Stryker Endoscopy (e)	38,229	-	(25,135)	13,094	13,094
Carefusion (f)	-	358,841	(6,823)	352,018	64,115
Huntington (g)	-	293,542	(46,761)	246,781	94,670
Intuitive (h)	1,055,842	-	(330,050)	725,792	341,789
D Johnson Cambridge (i)	74,601	-	(20,406)	54,195	21,557
J&S Kewanee (j)	913,941	-	(95,944)	817,997	103,569
Ashkin Holdings (k)	462,972	-	(33,272)	429,700	36,039
Leases payable	$ 3,115,350	$ 1,701,586	$ (818,849)	$ 3,998,087	$ 992,471

Organization as Lessee

The terms and expiration dates of the Organization's lease obligations at May 31, 2024, are as follows:

(a) Lease obligation for a nuclear medicine equipment, maturing November 2027, payable in monthly installments of $16,500 including interest with a rate of 5.5%.

(b) Lease obligation for an ultrasound system, maturing March 2027, payable in monthly installments of $8,847 including interest with a rate of 5.5%.

(c) Lease oblgation for an ultrasound system, maturing September 2027, payable in monthly installments of $3,541 including interest with a rate of 5.5%.

(d) Lease obligation for surgical equipment, maturing December 2023, payable in monthly installments of $6,965 including interest with a rate of 5.5%. This lease was repaid in full in 2024.

(e) Lease obligation for surgical equipment, maturing December 2023, payable in monthly installments of $2,218 including interest with a rate of 5.5%. This lease was repaid in full in 2024.

(f) Lease obligation for a radio frequency generator, maturing April 2028, payable in monthly installments of $6,823 including interest with a rate of 5.5%.

(g) Lease obligation for colonoscopy equipment and monitor, maturing December 2025, payable in monthly installments of $8,823 including interest with a rate of 5.5%.

(h) Lease obligation for surgical equipment/tools and system, maturing June 2025, payable in monthly installments of $30,145 including interest with a rate of 3.5%.

(i) Lease obligation for the Cambridge Clinic location at 106 North East Street, Cambridge, Illinois, maturing October 2025, payable in monthly installments of $2,000, with annual increases in the installment payment, including interest with a rate of 5.5%.

(j) Lease obligation for Kewanee Clinic location at 1258 West South Street, Kewanee, Illinois, maturing October 2029, payable in monthly installments of $12,241, with annual increases in the installment payment, including interest with a rate of 5.5%.

(k) Lease obligation for the Annawan Clinic location at 203 West Front Street, Annawan, Illinois, maturing February 2032, payable in monthly installments of $5,416 including interest with a rate of 5.5%.

(l) Lease obligation for surgical equipment, maturing December 2027, payable in monthly installments of $5,758 including interest with a rate of 5.5%.

(m) Lease obligation for telecommunications equipment, maturing May 2028, payable in monthly installments of $1,286 including interest with a rate of 5.5%.

(n) Lease obligation for surgical equipment, maturing June 2027, payable in monthly installments of $5,000 including interest with a rate of 5.5%.

Capital assets, and their related accumulated amortization, which are being utilized during the lease terms described above, are included capital assets within the accompanying statements of net position as well as within Note 10 as leased assets.

Future minimum lease payments as of May 31, 2024, are:

	Leases		
	Principal	Interest	Total
2025	$ 1,147,427	$ 157,594	$ 1,305,021
2026	781,544	107,213	729,224
2027	715,992	67,351	623,809
2028	406,985	32,661	397,560
2029	201,819	17,847	476,876
2029 - 2032	237,725	13,149	250,874
Total	$ 3,491,492	$ 395,815	$ 3,887,307

Organization as Lessor

The Organization, as a lessor, has entered into various short-term lease agreements which have a term of one year or less. These leases are primarily for the lease of property and equipment for clinic and patient care organizations within the main hospital facility of the Organization. The total amount of lease revenue recognized as a part of other operating revenue in the accompanying statements of revenues, expenses, and changes in net position was $195,112 and $195,907 during the years ended May 31, 2024 and 2023, respectively.

Note 13: Employee Retirement Plans

Illinois Municipal Retirement Fund (IMRF)

Plan Description

The Organization sponsors a defined benefit pension plan for employees, which provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The Organization's plan is managed by the Illinois Municipal Retirement Fund ("IMRF"), the administrator of an agent multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Note 13: Employee Retirement Plans (Continued)

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011. The ECO plan was closed to new participants after that date.

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to a maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last ten years of service, divided by 48. Under Tier 1, the pension is increased by 3 percent of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to maximum of 75 percent of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last ten years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of 3 percent of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2023 and 2022, the following employees were covered by the benefit terms:

	2023	2022
Retirees and beneficiaries currently receiving benefits	257	241
Inactive plan members entitled to but not yet receiving benefits	403	379
Active Plan members	349	348
Totals	1,009	968

Plan Measurement Date

As a participant of IMRF, the Organization's plan measurement date is as of December 31, 2023 and 2022.

Note 13: Employee Retirement Plans (Continued)

Contributions

As set by statute, the Organization's Regular Plan Members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Organization's annual contribution rate for calendar years 2023 and 2022 was 4.26 percent and 5.26 percent, respectively. For the fiscal years ended May 31, 2024 and 2023, the Organization contributed $915,780 and $1,154,753, respectively, to the plan. The Organization also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

At May 31, 2024 and 2023, the Organization reported liability of $952,443 and $2,764,406, respectively, for its proportionate share of the net pension asset or liability. The net pension liability was measured as of December 31, 2023 and 2022, respectively, and the total pension asset or liability used to calculate the net pension asset or liability was determined by actuarial valuations as of December 31, 2023 and 2022, respectively.

For the years ended May 31, 2024 and 2023, the Organization recognized total pension expense/(income), including actuarial changes of $1,051,867 and $1,374,772, respectively. At May 31, 2024 and 2023, respectively, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,665,193	$ -
Net difference between projected and actual earnings on pension plan investments	3,630,205	-
Changes in assumptions	-	56,084
Organization's contributions made subsequent to the measurement date	929,746	-
Totals	$ 6,225,144	$ 56,084

Note 13: Employee Retirement Plans (Continued)

2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,024,510	$ 16,934
Net difference between projected and actual earnings on pension plan investments	5,289,828	-
Changes in assumptions	-	172,250
Organization's contributions made subsequent to the measurement date	981,382	-
Totals	$ 8,295,720	$ 189,184

At May 31, 2024, the Organization reported $929,746 as deferred outflows of resources related to pension contributions made subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending May 31, 2024. Other amounts reported as net deferred outflows of resources and deferred inflows of resources at May 31, 2024, related to pensions, will be recognized in pension expense as follows:

2024	$ 1,306,022
2025	1,851,351
2026	2,554,308
2027	(472,367)
Total	$ 5,239,314

Actuarial Assumptions

The total pension liability in the December 31, 2023 and 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

The Actuarial Cost Method used was Entry Age Normal.

The Asset Valuation Method used was 5-year smoothed market, 20% corridor.

The inflation rate was assumed to be 2.75 percent and 2.25 percent at December 31, 2023 and 2022, respectively.

The price inflation rate was assumed to be 2.25 percent at both December 31, 2023 and 2022.

Salary increases were expected to range from 2.75 to 13.75 percent, including inflation at both December 31, 2023 and 2022.

The Investment Rate of Return was assumed to be 7.25 percent in both 2023 and 2022.

Note 13: Employee Retirement Plans (Continued)

Projected Retirement Age was from the experience-based table of rates, specific to the type of eligibility condition, last updated for the 2020 valuation according to an experience study from years 2017 to 2019.

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106 percent) and Female (adjusted 105 percent) tables, and future mortality improvements projected using scale MP-2020.

For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

There were no benefit changes during the plan years ended December 31, 2023 and 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables for 2023 and 2022, respectively:

2023

	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	34.50 %	5.00 %
International equity	18.00 %	6.35 %
Fixed income	24.50 %	4.75 %
Real estate	10.50 %	6.30 %
Alternatives	11.50 %	14.70 %
Cash equivalents	1.00 %	3.80 %

Note 13: Employee Retirement Plans (Continued)

2022

	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.50 %	6.50 %
International equity	18.00 %	7.60 %
Fixed income	25.50 %	4.90 %
Real estate	10.50 %	6.20 %
Alternatives	9.50 %	16.15 %
Cash equivalents	1.00 %	4.00 %

Single Discount Rate

A single discount rate of 7.25 percent was used to measure the total pension obligation at both December 31, 2023 and 2022. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The single discount rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

2. The tax-exempt municipal bond rate based on index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

Note 13: Employee Retirement Plans (Continued)

Changes in the net pension obligation:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A)-(B)
Balance at December 31, 2021	$ 63,218,832	$ 75,416,133	$ (12,197,301)
Changes for the year:			
Service cost	1,665,630	-	1,665,630
Interest on the total pension liability	4,532,967	-	4,532,967
Difference between expected and actual experience of the total pension liability	1,891,815	-	1,891,815
Contributions - Employer	-	1,154,753	(1,154,753)
Contributions - Employees	-	916,002	(916,002)
Net investment income	-	(9,174,298)	9,174,298
Benefit payments, including refunds of employee contributions	(3,055,938)	(3,055,938)	-
Other (net transfer)	-	232,248	(232,248)
Net changes	5,034,474	(9,927,233)	14,961,707
Balance at December 31, 2022	$ 68,253,306	$ 65,488,900	$ 2,764,406

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A)-(B)
Balance at December 31, 2022	$ 68,253,306	$ 65,488,900	$ 2,764,406
Changes for the year:			
Service cost	1,789,465	-	1,789,465
Interest on the total pension liability	4,887,939	-	4,887,939
Difference between expected and actual experience of the total pension liability	679,102	-	679,102
Changes of assumptions	(46,781)	-	(46,781)
Contributions - Employer	-	915,780	(915,780)
Contributions - Employees	-	935,258	(935,258)
Net investment income	-	7,125,890	(7,125,890)
Benefit payments, including refunds of employee contributions	(3,456,389)	(3,456,389)	-
Other (net transfer)	-	2,049,646	(2,049,646)
Net changes	3,853,336	7,570,185	(3,716,849)
Balance at December 31, 2023	$ 72,106,642	$ 73,059,085	$ (952,443)

Note 13: Employee Retirement Plans (Continued)

Sensitivity of the Organization's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The Organization's proportionate share of the net pension asset or liability has been calculated using a discount rate of 7.25% in both 2023 and 2022. The following presents the Organization's proportionate share of the net pension (asset) liability calculated using a discount rate of 1% higher and lower than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Organization's proportionate share of the net pension (asset) liability (2023)	$ 7,383,718	$ (952,443)	$ (7,385,433)
Organization's proportionate share of the net pension (asset) liability (2022)	$ 10,858,181	$ 2,764,406	$ (3,451,681)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued IMRF financial report.

Employee Defined Contribution Plan

The Organization also sponsors a noncontributory 457(b) defined contribution plan with optional participation by full-time and regularly scheduled employees. There are no employer contributions to this plan.

Note 14: Self-Funded Health Insurance

The Organization has a self-funded health care plan that provides medical benefits to employees and their dependents. Health care expense is based upon actual claims paid, reinsurance premiums, administrative fees, and unpaid claims at year-end. The Organization buys reinsurance to cover catastrophic individual claims.

Accrued employee health claims are included with other current liabilities in the accompanying statements of net position. Activity in the Organization's accrued employee health claims for the years ended May 31 is summarized as follows:

	2024	2023
Balance at beginning	$ 369,675	$ 367,601
Current year claims incurred and changes in estimates for current claims	3,047,158	2,309,143
Claims and expenses paid	(3,023,185)	(2,307,069)
Balance at end	$ 393,648	$ 369,675

Note 15: Liability Insurance

Malpractice Insurance

The Organization is a participant in the Illinois Provider Trust ("IPT"). IPT provides professional and general liability insurance coverage to member hospitals on a pooled risk basis. The pool provides liability coverage on a claims-made basis of $2,000,000 per occurrence, with no annual aggregate. In addition, the Organization has purchased excess coverage that provides for an additional $3,000,000 per coverage in addition to the primary coverage provided by the IPT program. Funding to IPT is determined by annual actuarial valuations which are based on a member hospital's loss experience. Contributions to IPT are expected during the year in which they relate. If the actual loss experience of IPT exceeds the actuarially projected loss experience, the Organization would be required to make additional contributions to IPT. For the years ended May 31, 2024 and 2023, the Organization made no additional contributions to IPT related to additional assessments.

The Organization has recorded a liability of $963,328 and $845,760 for the years ended May 31, 2024 and 2023, respectively, to provide for discounted estimated potential losses from both known claims and incurred but unreported claims. The Organization has also recorded an estimated insurance recovery receivable of approximately $869,000 and $760,000 for the years ended May 31, 2024 and 2023, respectively, for claims expected to be paid by the insurance carrier subsequent to year-end.

Note 15: Liability Insurance (Continued)

Worker's Compensation

The Organization is a participant in the Illinois Compensation Trust ("ICT"), an organization sponsored by the Illinois Hospital Association (IHA) to provide workers' compensation coverage to Illinois hospitals which are members of IHA. The ICT is a multi-hospital, self-insurance trust formed pursuant to the provisions of the Illinois Religious and Charitable Risk Pooling Act. Member hospitals make contributions to ICT which provide mutual insurance protection for all members of the Trust. According to the Trust Agreement, a refund may be made to the participating hospitals if the Trust's loss experience is better than anticipated. If, however, the Trust's loss experience is worse than anticipated, the hospitals may be required to make additional contributions. The Organization has not been required to make additional material contributions to ICT in any of the three preceding years.

Note 16: Concentration of Credit Risk

Patient accounts receivable consist of amounts due from patients, their insurers, or governmental agencies (primarily Medicare and Medicaid) for health care provided to patients. The majority of the Organization's patients are from Geneseo, Illinois, and the surrounding area.

The mix of receivables from patients and third-party payors was as follows at May 31:

	2024	2023
Medicare	45 %	47 %
Medicaid	8 %	7 %
Blue Cross Blue Shield	11 %	14 %
Other third-party payors	17 %	23 %
Patients	19 %	9 %
Totals	100 %	100 %

Note 17: Laws and Regulations

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 billing regulations. Government activity with respect to investigations and allegations concerning possible violations of such regulations by health care providers has increased. 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 repayment for patient services previously billed. While no significant regulatory inquiries have been made to the Organization, 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.

CMS uses recovery audit contractors (RACs) as part of its efforts to ensure accurate payments under the Medicare program. RACs search for potentially inaccurate Medicare payments that may have been made to health care providers that were not detected through existing CMS program integrity efforts. Once an RAC identifies a claim it believes is inaccurate, it makes a deduction from or addition to the provider's Medicare reimbursement in an amount equal to the overpayment or underpayment. The Organization may either accept or appeal the RAC's findings. As of May 31, 2024, the Organization has not been notified by the RAC of any potential reimbursement adjustments.

Note 18: Foundation Activity

As discussed in Note 1, the Foundation is a component unit of the Organization, and its financial information has been blended with Organization data in the accompanying financial statements. A summary of the Foundation's net assets and activity as of and for the years then ended May 31, 2024 and 2023, is as follows:

	2024	2023
Assets:		
Cash and cash equivalents	$ 101,330	$ 98,099
Pledges receivable - Net	24,055	24,029
Prepaid expenses and other	-	7,855
Investments	3,542,916	2,908,483
Total assets	$ 3,668,301	$ 3,038,466
Liabilities and net assets:		
Accounts payable	$ -	$ 30,343
Unearned revenue and other	-	2,940
Net assets	3,668,301	3,005,183
Net liabilities and net assets	$ 3,668,301	$ 3,038,466
Operating revenues - Contributions and fund-raising	$ 187,343	$ 409,290
Operating expenses	(195,481)	(159,329)
Investment income (loss)	546,388	(4,749)
Revenue in excess of expenses prior to contributions to the Hospital	538,250	245,212
Contributions to the Hospital	124,868	(742,713)
Change in net assets	663,118	(497,501)
Net assets at beginning	3,005,183	3,502,684
Net assets at end	$ 3,668,301	$ 3,005,183

Note 19: Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform with the classifications used in 2024.

Note 20: Subsequent Events

Electronic Medical Records System Conversion

Subsequent to the year ended May 31, 2024, the Organization entered into a commitment to replace its current electronic medical records ("EMR") system with the Epic EMR. The implementation of the replacement EMR includes an agreement between the Organization and an unrelated health system who will assist with the implementation and act as the host site for the EMR system from the vendor, as well as EMR system provide support services in the future. The agreement requires initial implementation fees to the unrelated health system, which includes softare and licensing costs, of approximately $4,365,000. Approixmately $1,309,000 of this amount is due upon signing of the agreement in fiscal year 2025, and the remaining balance is due upon go-live of the EMR system which is anticipated to be in fiscal year 2026. There will also be additional system support and other purchased services which the Organization will purchase in the future after go-live of the system from the unrelated health system to assist with ongoing maintenance of and support for the EMR system. The system implementation and future ongoing maintenance and system support charges are anticipated to be funded by operating cash of the Organization.

Supplemental Information

Henry Hospital District d/b/a Hammond-Henry Hospital
Combining Statement of Net Position

May 31, 2023	Hospital	Foundation	Eliminations	Totals
Assets and Deferred Outflow of Resources				
Current assets:				
Cash and cash equivalents	$ 15,352,211	$ 101,330	$ -	$ 15,453,541
Patient accounts receivable - Net	5,646,655	-	-	5,646,655
Property taxes receivable	1,222,837	-	-	1,222,837
Other accounts receivable	467,609	24,055	-	491,664
Inventories	811,549	-	-	811,549
Prepaid expenses and other	875,921	-	-	875,921
Total current assets	24,376,782	125,385	-	24,502,167
Assets limited as to use	49,383,495	3,542,916	-	52,926,411
Capital assets:				
Nondepreciable capital assets	1,464,429	-	-	1,464,429
Depreciable capital assets - Net	23,298,432	-	-	23,298,432
Capital assets - net	24,762,861	-	-	24,762,861
Other assets:				
Other	869,035	-	-	869,035
Deferred outflows of resources - Pension	6,225,144	-	-	6,225,144
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 105,617,317	$ 3,668,301	$ -	$ 109,285,618

Henry Hospital District d/b/a Hammond-Henry Hospital

Combining Statement of Net Position (Continued)

May 31, 2023	Hospital	Foundation	Eliminations	Total
Liabilities, Deferred Inflows of Resources, and Net Position				
Current liabilities:				
Current portion of long-term debt	$ 1,122,523	$ -	$ -	$ 1,122,523
Current portion of lease liabilities	1,147,427	-	-	1,147,427
Accounts payable	850,435	-	-	850,435
Accrued salaries and wages	950,297	-	-	950,297
Accrued vacation payable	2,297,071	-	-	2,297,071
Accrued medical claims payable	393,648	-	-	393,648
Accrued payroll taxes and other	355,469	-	-	355,469
Amounts payable to third-party reimbursement programs	4,663,670	-	-	4,663,670
Total current liabilities	11,780,540	-	-	11,780,540
Long-term liabilities:				
Long-term debt - Less current portion	11,651,820	-	-	11,651,820
Long-term lease liabilities - Less current portion	2,344,065	-	-	2,344,065
Net pension liability	952,443	-	-	952,443
Other	963,238	-	-	963,238
Total long-term liabilities	15,911,566	-	-	15,911,566
Total liabilities	27,692,106	-	-	27,692,106
Deferred inflows of resources:				
Pension	56,084	-	-	56,084
Property taxes for succeeding year	359,658	-	-	359,658
Unearned rental and other revenue	-	-	-	-
Unearned COVID-19 funding	-	-	-	-
Total deferred inflows of resources	415,742	-	-	415,742
Net position:				
Net investment in capital assets	8,497,026	-	-	8,497,026
Restricted - Expendable	-	441,712	-	441,712
Restricted - Nonexpendable	-	228,762	-	228,762
Unrestricted net position	69,012,443	2,997,827	-	72,010,270
Total net position	77,509,469	3,668,301	-	81,177,770
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 105,617,317	$ 3,668,301	$ -	$ 109,285,618

See accompanying notes to financial statements.

Henry Hospital District d/b/a Hammond-Henry Hospital
Combining Statement of Revenues, Expenses, and Changes in Net Position

Year Ended May 31, 2023	Hospital	Foundation	Eliminations	Totals
Revenue:				
Net patient service revenue	$ 54,644,908	$ -	$ -	$ 54,644,908
Other operating revenue	2,214,923	-	-	2,214,923
Total revenue	56,859,831	-	-	56,859,831
Operating expenses:				
Salaries and wages	26,654,369	191,863	-	26,846,232
Employee benefits	5,790,655	-	-	5,790,655
Supplies and other expenses	8,991,212	3,618	-	8,994,830
Purchased services	6,328,031	-	-	6,328,031
Physician fees	1,252,278	-	-	1,252,278
Utilities	662,895	-	-	662,895
Insurance	850,398	-	-	850,398
Leases and rentals	-	-	-	-
Repairs and maintenance	227,402	-	-	227,402
Depreciation and amortization	3,820,689	-	-	3,820,689
Total operating expenses before actuarial pension related expense	54,577,929	195,481	-	54,773,410
Operating income before actuarial pension related expense	2,281,902	(195,481)	-	2,086,421
Employee benefits expense, change in actuarial pension obligation	125,513	-	-	125,513
Income (loss) from operations	2,156,389	(195,481)	-	1,960,908
Nonoperating revenues (expenses):				
Property tax revenue	1,032,359	-	-	1,032,359
Noncapital grants and contributions - Net	305,949	187,343	-	493,292
Interest expense	(561,606)	-	-	(561,606)
Investment income	2,013,434	546,388	-	2,559,822
COVID-19 grants and contributions - Net	338,772	-	-	338,772
Loss on disposal of capital assets	(9,165)	-	-	(9,165)
Total nonoperating revenues - Net	3,119,743	733,731	-	3,853,474
Revenue in excess of expenses	5,276,132	538,250	-	5,814,382
Contributions for capital assets	-	124,868	-	124,868
Increase in net position	5,276,132	663,118	-	5,939,250
Net position at beginning	72,233,337	3,005,183	-	75,238,520
Net position at end	$ 77,509,469	$ 3,668,301	$ -	$ 81,177,770

See accompanying notes to financial statements.

Required Supplementary Information

Henry Hospital District d/b/a Hammond-Henry Hospital

Required Supplementary Information
Illinois Municipal Retirement Fund
Schedule of Funding Progress

Fiscal Year Ended	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Obligation (Asset)	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Obligation (Asset) as a % of Covered Payroll
2024	$ 72,106,642	$ 73,059,085	$ (952,443)	101.32%	$ 20,783,487	-4.58%
2023	68,253,306	65,488,900	2,764,406	95.95%	20,148,862	13.72%
2022	63,218,832	75,416,133	(12,197,301)	119.29%	18,347,487	-66.48%
2021	59,249,106	65,376,791	(6,127,685)	110.34%	17,307,213	-35.41%
2020	56,328,725	57,784,843	(1,456,118)	102.59%	15,826,921	-9.20%
2019	53,634,245	49,544,565	4,089,680	92.37%	14,758,046	27.71%
2018	49,271,755	51,931,248	(2,659,493)	105.40%	13,342,378	-19.93%
2017	48,513,515	45,413,520	3,099,995	93.61%	12,247,151	25.31%
2016	46,688,298	43,053,322	3,634,976	92.21%	12,209,196	29.77%
2015	42,954,979	43,601,287	(646,308)	101.50%	11,373,257	-5.68%

GASB Statement No. 68 requires 10 years of information to be presented in this table.

See Independent Auditor's Report.

Henry Hospital District d/b/a Hammond-Henry Hospital

Required Supplementary Information

Illinois Municipal Retirement Fund

Schedule of Changes in the Net Pension Liability and Related Ratios

Years Ended December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:										
Service cost	$ 1,789,465	$ 1,665,630	$ 1,575,711	$ 1,571,555	$ 1,505,410	$ 1,331,569	$ 1,292,153	$ 1,301,858	$ 1,234,744	$ 1,264,754
Interest on the total pension liability	4,887,939	4,532,967	4,253,104	4,043,909	3,855,996	3,660,676	3,606,314	3,467,058	3,193,372	2,888,396
Differences between expected and actual experience of the total pension liability	679,102	1,891,815	887,820	599,801	(265,318)	106,379	(541,365)	(784,701)	1,234,926	294,732
Changes of assumptions	(46,781)	-	-	(621,986)	-	1,520,924	(1,448,052)	(58,850)	58,390	1,588,341
Benefit payments, including refunds of employee contributions	(3,456,389)	(3,055,938)	(2,746,909)	(2,672,898)	(2,401,608)	(2,257,058)	(2,150,810)	(2,100,148)	(1,988,113)	(1,921,620)
Net change in total pension liability	3,853,336	5,034,474	3,969,726	2,920,381	2,694,480	4,362,490	758,240	1,825,217	3,733,319	4,114,603
Total pension liability, beginning	68,253,306	63,218,832	59,249,106	56,328,725	53,634,245	49,271,755	48,513,515	46,688,298	42,954,979	38,840,376
Total pension liability, ending (A)	$ 72,106,642	$ 68,253,306	$ 63,218,832	$ 59,249,106	$ 56,328,725	$ 53,634,245	$ 49,271,755	$ 48,513,515	$ 46,688,298	$ 42,954,979
Plan fiduciary net position:										
Contributions - Employer	$ 915,780	$ 1,154,753	$ 1,266,039	$ 1,210,151	$ 944,681	$ 1,207,665	$ 1,180,756	$ 1,022,334	$ 1,041,444	$ 1,025,564
Contributions - Employee	935,258	916,002	838,074	792,571	734,106	676,888	601,513	552,544	624,219	546,006
Net investment income /(loss)	7,125,890	(9,174,298)	10,833,830	8,168,513	9,198,341	(2,748,020)	8,022,622	2,970,460	217,200	2,502,039
Benefit payments, including refunds of employee contributions	(3,456,389)	(3,055,938)	(2,746,909)	(2,672,898)	(2,401,608)	(2,257,058)	(2,150,810)	(2,100,148)	(1,988,113)	(1,921,620)
Other (net transfer)	2,049,646	232,248	(151,692)	93,611	(235,242)	733,842	(1,136,353)	(84,992)	(442,715)	257,244
Net change in plan fiduciary net position	7,570,185	(9,927,233)	10,039,342	7,591,948	8,240,278	(2,386,683)	6,517,728	2,360,198	(547,965)	2,409,233
Plan fiduciary net position, beginning	65,488,900	75,416,133	65,376,791	57,784,843	49,544,565	51,931,248	45,413,520	43,053,322	43,601,287	41,192,054
Plan fiduciary net position, ending (B)	$ 73,059,085	$ 65,488,900	$ 75,416,133	$ 65,376,791	$ 57,784,843	$ 49,544,565	$ 51,931,248	$ 45,413,520	$ 43,053,322	$ 43,601,287
Net pension obligation (asset) - ending (A) - (B)	$ (952,443)	$ 2,764,406	$ (12,197,301)	$ (6,127,685)	$ (1,456,118)	$ 4,089,680	$ (2,659,493)	$ 3,099,995	$ 3,634,976	$ (646,308)
Plan fiduciary net position as a percentage of the total pension obligation	101.32%	95.95%	119.29%	110.34%	102.59%	92.37%	105.40%	93.61%	92.21%	101.50%
Covered valuation payroll	$ 20,783,487	$ 20,148,062	$ 18,347,487	$ 17,307,213	$ 15,826,921	$ 14,758,046	$ 13,342,378	$ 12,247,151	$ 12,209,196	$ 11,373,257
Net pension obligation (asset) as a percentage of covered valuation payroll	-4.58%	13.72%	-66.48%	-35.41%	-9.20%	27.71%	-19.93%	25.31%	29.77%	-5.68%

GASB Statement No. 68 requires 10 years of information to be presented in this table.

See Independent Auditor's Report.

Henry Hospital District d/b/a Hammond-Henry Hospital

Required Supplementary Information

Illinois Municipal Retirement Fund

Schedule of Employer Contributions

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2023	$ 885,377	$ 915,780	$ (30,403)	$ 20,783,487	4.41%
2022	1,059,788	1,154,753	$ (94,965)	20,148,062	5.73%
2021	1,207,265	1,266,039	$ (58,774)	18,347,487	6.90%
2020	1,199,390	1,210,151	(10,761)	17,307,213	6.99%
2019	933,788	944,681	(10,893)	15,826,921	5.97%
2018	1,207,208	1,207,665	(457)	14,758,046	8.18%
2017	1,151,447	1,180,756	(29,309)	13,342,378	8.85%
2016	1,011,615	1,022,334	(10,719)	12,247,151	8.35%
2015	1,041,444	1,041,444	-	12,209,196	8.53%
2014	1,006,533	1,025,564	(19,031)	11,373,257	9.02%

GASB Statement No. 68 requires 10 years of information to be presented in this table.

See Independent Auditor's Report.

Henry Hospital District d/b/a Hammond-Henry Hospital
Required Supplementary Information
Illinois Municipal Retirement Fund
Notes to Required Supplementary Information

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2023 Contribution Rate*

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2023 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age = Normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	Non-Taxing bodies: 10-year rolling period. Taxing bodies: 20-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Emoloyer upon adoption of ERI.
Asset Valuation Method:	5-year smoothed market, 20% corridor
Wage Growth:	2.75%
Price Inflation:	2.25
Salary Increases:	2.75% to 13.75%, including inflation
Investment Rate of Return:	7.25%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2020 valuation pursuant to an experience study of the period 2017 to 2019.
Mortality:	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Other Information:

There were no benefit changes during the year.

*Based on valuation assumptions used in the December 31 , 2023, actuarial valuation; note two-year lag between valuation and rate setting.

See Independent Auditor's Report.

Compliance

WIPFLI

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

Board of Directors
Henry Hospital District d/b/a Hammond-Henry Hospital
Geneseo, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Henry Hospital District d/b/a Hammond-Henry Hospital (the "Organization"), as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated September 18, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 reasonable possibility that a material misstatement of the Organization’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP
Eau Claire, Wisconsin
September 18, 2024