Schuyler County Hospital District

Financial Report
February 29, 2024

Contents

Independent Auditor's Report

Board of Directors
Schuyler County Hospital District

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Schuyler County Hospital District (the Hospital) as of and for the year ended February 29, 2024, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Hospital as of February 29, 2024, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As explained in Note 11 to the financial statements, the Hospital adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is applied retroactively by restating balances in the financial statements as of March 1, 2023. Our opinion is not modified with respect to this matter.

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 Hospital's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 Hospital'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 Hospital's ability to continue as a going concern for a reasonable period of time.

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

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

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

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Hospital's basic financial statements. The other schedules, listed in the table of contents as supplementary information, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

RSM US LLP

Davenport, Iowa
September 16, 2024

Schuyler County Hospital District

Statement of Net Position
February 29, 2024

Assets and Deferred Outflows	
Current assets:	
Cash and cash equivalents	$ 20,101,524
Short-term investments	170,318
Receivables:	
Patient accounts, net	4,744,183
Property taxes	879,329
Supplies	896,295
Estimated third-party payor settlements	-
Prepaid expenses and other	237,764
Total current assets	27,029,413
Assets limited as to use or restricted:	
Internally designated	7,512,142
Donor restricted	473,619
	7,985,761
Capital assets:	
Nondepreciable	408,368
Depreciable, net	7,659,907
	8,068,275
SBITA right-of-use assets, net	3,420,982
Other assets	1,773,467
Total assets	48,277,898
Deferred outflows:	
Pension related	2,996,572
Other postemployment benefits related	84,106
Total deferred outflows	3,080,678
	$ 51,358,576

See notes to financial statements.

Liabilities, Deferred Inflows and Net Position	
Current liabilities:	
Accounts payable	$ 941,420
Accrued expenses	755,458
Estimated third-party payor settlements	555,207
SBITA liability	255,360
Total current liabilities	2,507,445
Net pension liability	1,494,890
Other postemployment benefits	1,031,111
SBITA liabilities, less current portion	2,938,995
Total liabilities	7,972,441
Deferred inflows of resources:	
Revenue for succeeding year property taxes	124,409
Pension related	427,670
Other postemployment benefits related	427,098
Total deferred inflows	979,177
Commitments and contingencies (Notes 6, 8 and 12)	
Net position:	
Net investment in capital assets	8,294,902
Restricted, expendable for specific operating purposes	473,619
Unrestricted	33,638,437
Total net position	42,406,958
	$ 51,358,576

Schuyler County Hospital District

Statement of Revenue, Expenses and Changes in Net Position
Year Ended February 29, 2024

Operating revenue:	
Net patient service revenue	$ 26,893,982
Other	1,524,140
Total operating revenue	28,418,122
Operating expenses:	
Salaries and wages	9,326,156
Employee benefits:	
Pension related adjustment	(1,139,890)
All others	2,206,447
Supplies and other	5,930,873
Purchased services and professional fees	7,805,197
Depreciation and amortization	1,166,259
Total operating expenses	25,295,042
Income from operations	3,123,080
Nonoperating revenue (expenses):	
Property taxes	783,322
Investment income	386,752
Interest expense	(60,258)
Noncapital grants and gifts	110,508
Total nonoperating revenue	1,220,324
Excess of revenue over expenses before capital grants and gifts	4,343,404
Capital grants and gifts	58,885
Increase in net position	4,402,289
Net position:	
Beginning	38,004,669
Ending	$ 42,406,958

See notes to financial statements.

Schuyler County Hospital District

Statement of Cash Flows
Year Ended February 29, 2024

Cash flows from operating activities:	
Receipts from patients and third-party payors	$ 26,951,589
Payments to suppliers and contractors	(15,713,212)
Payments to employees	(11,974,200)
Other receipts	1,524,140
Net cash provided by operating activities	788,317
Cash flows from capital and related financing activities:	
Capital grants and gifts	58,885
Purchase of capital assets	(223,241)
Interest paid on SBITA liabilities	(470,733)
Principal paid on SBITA liabilities	(60,258)
Net cash used in capital and related financing activities	(695,347)
Cash flows from noncapital financing activities:	
Taxes supporting operations	744,202
Noncapital grants and gifts	110,508
Net cash provided by noncapital financing activities	854,710
Cash flows from investing activities:	
Purchase of investments	(112,783)
Proceeds from disposition of investments	95,697
Interest and dividends on investments	475,357
Net cash provided by investing activities	458,271
Increase in cash and cash equivalents	1,405,951
Cash and cash equivalents:	
Beginning	25,475,135
Ending	$ 26,881,086
Reconciliation of cash to the balance sheets:	
Cash and cash equivalents in current assets	$ 20,101,524
Cash and cash equivalents in assets limited as to use	6,779,562
Total cash and cash equivalents	$ 26,881,086

(Continued)

Schuyler County Hospital District

Statement of Cash Flows (Continued)
Year Ended February 29, 2024

Reconciliation of operating income to net cash provided by operating activities:		
Income from operations	$	3,123,080
Depreciation and amortization		1,166,259
Changes in operating assets, deferred outflows, deferred inflows and liabilities:		
Patient and other accounts receivable, net		(1,071,450)
Other assets		(1,871,048)
Estimated third-party payor settlements		1,129,057
Accounts payable and accrued expenses		(48,595)
Deferred revenue		16,659
Medicare advance payments		-
Other postemployment benefits liability		(441,100)
Net pension liability		(1,786,093)
Deferred outflows		447,370
Deferred inflows		124,178
Net cash provided by operating activities	$	788,317
Supplemental schedule of noncash investing and financing activities:		
Net change in unrealized gains and losses	$	(89,899)
SBITA liabilities incurred in connection with right to use assets	$	3,420,982

See notes to financial statements.

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

Reporting entity: Schuyler County Hospital District (Hospital) is established in accordance with provisions of the Illinois Hospital District Law and is located in Rushville, Illinois. The Hospital primarily earns revenue by providing inpatient, outpatient and emergency services to patients in the Schuyler County area. It also operates four clinics, with locations in Beardstown, Astoria, Table Grove and Rushville, Illinois and has a foundation to accept charitable contributions on its behalf.

Blended component unit: The financial statements of the Hospital include the accounts of its blended component unit, Culbertson Memorial Hospital Foundation (Foundation). The Foundation is a legally separate organization for which the Hospital has determined should be presented as a blended component unit. While the Foundation appoints its own Board of Directors, it has a specific financial benefit to the Hospital and the resources held by the Foundation have historically been for the benefit of the Hospital. All significant intercompany transactions and balances have been eliminated in the preparation of the financial statements.

Presented below are condensed combining schedules for the blended component unit:

Condensed Combining Statement of Net Position
February 29, 2024

	Hospital	Foundation	Eliminations	Total (Memorandum Only)
Assets and Deferred Outflows				
Current assets	$ 26,666,985	$ 362,428	$ -	$ 27,029,413
Assets limited as to use	6,776,724	1,209,037	-	7,985,761
Capital assets, net	7,983,991	84,284	-	8,068,275
SBITA right-of-use assets, net	3,420,982	-	-	3,420,982
Other assets	1,773,467	-	-	1,773,467
Total assets	46,622,149	1,655,749	-	48,277,898
Deferred outflows	3,080,678	-	-	3,080,678
	$ 49,702,827	$ 1,655,749	$ -	$ 51,358,576
Liabilities, Deferred Inflows and Net Position				
Liabilities:				
Current liabilities	$ 2,507,445	$ -	$ -	$ 2,507,445
Long-term SBITA, net of current portion	2,938,995	-	-	2,938,995
Other liabilities	2,526,001	-	-	2,526,001
Total liabilities	7,972,441	-	-	7,972,441
Deferred inflows of resources	979,177	-	-	979,177
Net position:				
Net investment in capital assets	8,294,902	-	-	8,294,902
Restricted, expendable	-	473,619	-	473,619
Unrestricted	32,456,307	1,182,130	-	33,638,437
Total net position	40,751,209	1,655,749	-	42,406,958
	$ 49,702,827	$ 1,655,749	$ -	$ 51,358,576

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Condensed Combining Statement of Revenue, Expenses and Changes in Net Position
Year Ended February 29, 2024

	Hospital	Foundation	Eliminations	Total (Memorandum Only)
Total operating revenue	$ 28,418,122	$ -	$ -	$ 28,418,122
Operating expenses, before depreciation and amortization	24,078,921	264,243	(214,381)	24,128,783
Depreciation and amortization	1,166,259	-	-	1,166,259
Total operating expenses	25,245,180	264,243	(214,381)	25,295,042
Income (loss) from operations	3,172,942	(264,243)	214,381	3,123,080
Nonoperating revenue	1,368,810	65,895	(214,381)	1,220,324
Capital grants and gifts on the statement	-	58,885	-	58,885
Change in net position	4,541,752	(139,463)	-	4,402,289
Net position:				
Beginning	36,209,457	1,795,212	-	38,004,669
Ending	$ 40,751,209	$ 1,655,749	$ -	$ 42,406,958

Condensed Combining Statement of Cash Flows
Year Ended February 29, 2024

	Hospital	Foundation	Eliminations	Total (Memorandum Only)
Operating activities	$ 782,286	$ 6,031	$ -	$ 788,317
Capital and related financing activities	(695,347)	-	-	(695,347)
Noncapital financing activities	965,218	(110,508)	-	854,710
Investing activities	458,271	-	-	458,271
Net increase (decrease) in cash and cash equivalents	1,510,428	(104,477)	-	1,405,951
Cash and cash equivalents:	-	-	-	
Beginning	25,054,570	420,565	-	25,475,135
Ending	$ 26,564,998	$ 316,088	$ -	$ 26,881,086

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Significant accounting policies:

Accrual basis of accounting: The accrual basis of accounting is used by the Hospital. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when the liability has been incurred. Under this basis of accounting, all assets and liabilities and deferred inflows and outflows of resources associated with the operation of the Hospital are included in the statement of net position.

Accounting standards: These financial statements have been prepared in accordance with the Governmental Accounting Standards Board (GASB) codification (GASB Cod.). The financial statements of the Foundation are also prepared in accordance with the GASB Cod., as it is established for the direct benefit of the Hospital. The financial statements of the Hospital and its component unit have been prepared on the accrual basis of accounting.

Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of deferred inflows and outflows 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 could differ from those estimates. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in estimates and assumptions in the near term would be material to the financial statements.

Cash and cash equivalents: The Hospital considers all liquid investments with original maturities of three months or less to be cash equivalents. As of February 29, 2024, cash equivalents consisted primarily of a money market account with a broker and a repurchase agreement.

Patient accounts receivable: Patient accounts receivable, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors.

Patient accounts receivable, due directly from the patients, are carried at the original charge for the service provided, less amounts covered by third-party payors and less an estimated allowance for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts, by historical experience applied to an aging of accounts and by considering the patient's financial history, credit history and current economic conditions. The Hospital does not charge interest on patient receivables. Patient receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received.

Receivables or payables related to estimated settlements on various risk contracts that the Hospital participates in are reported as estimated third-party payor settlements.

Supplies: Supply inventories are stated at the lower of cost, determined using the first-in, first-out method or market.

Investments: Investments are carried at fair value. Securities traded on a national exchange are valued at the last reported sales price. Fair value of investments which are not traded on a national exchange is determined using pricing models, quoted prices of securities with similar characteristics or discounted cash flow.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Assets limited as to use: The Hospital's assets limited as to use include donor restricted assets and assets internally designated by the Hospital and Foundation's Board of Directors for capital improvements and specific operating purposes, over which the Board of Directors retains control and may at their discretion subsequently use for other purposes.

Capital assets: Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Purchases of real property and equipment of $5,000 or greater that have a useful life of longer than one year are capitalized at cost. The costs of replacement assets are capitalized in the same manner. The cost of minor equipment less than $5,000 and repairs are recorded in operating expenses. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the Hospital:

	Years
Land improvements	3-25
Buildings and leasehold improvements	3-40
Equipment	3-15

Subscription-Based Information Technology Arrangements: Subscription-Based Information Technology Arrangements (SBITA) are defined as contracts that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. A SBITA is included as a right to use asset and corresponding SBITA liability in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96).

For SBITAs recorded, the rates are based upon the incremental borrowing rate and vary based on inception date and terms of the contract.

Deferred outflows of resources: In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. Deferred outflows of resources for the Hospital consist of unrecognized items not yet charged to pension expense related to the net pension liability and contributions paid by the employer after the measurement date of the net pension liability but before the end of the employer's reporting period, and unrecognized items not yet charged to expense related to the other postemployment benefit (OPEB) liability.

Compensated absences: Hospital policies permit most employees to accumulate paid time off benefits based on time of service. The Hospital accrues paid time off benefits as earned as an expense and accrued expense.

Beginning Balance	Additions	Payments	Ending Balance	Amounts Due in One Year
$ 474,191	$ 805,293	$ (746,510)	$ 532,974	$ 532,974

Deferred inflows of resources: Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period which will not be recognized as an inflow of resources (revenue) until that time. The Hospital reports unavailable revenue from property taxes. These amounts are deferred and recognized as inflows of resources (revenue) in the year they become available or are intended to be used. In the statement of net position deferred inflows of resources also consist of deferred inflows related to net pension liability and deferred inflows related to other postemployment benefits liability.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Net position: Net position of the Hospital is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted expendable net position are noncapital assets that must be used for a particular purpose as specified by donors or creditors external to the Hospital. Unrestricted net position is the remaining assets and deferred outflows of resources, less remaining liabilities and deferred inflows of resources that do not meet the definition of invested in capital assets, net of related debt or restricted expendable.

Net patient service revenue: The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods, as adjustments become known.

Charity care: The Hospital provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. The amount of charity care is not separately classified from the provision for doubtful accounts, which is recorded as a reduction of net patient service revenue.

Income taxes: As a political subdivision of the state of Illinois, the Hospital is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code (IRC) and a similar provision of state law.

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

As of February 29, 2024, there were no uncertain tax positions identified or recorded on the financial statements.

Property taxes: The Hospital recorded the property tax revenue to support operations of $783,322 for the year ended February 29, 2024.

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 February 29, 2024. Property taxes are certified in December and attached as an enforceable lien on the property as of the preceding January 1st. Revenue from property taxes which are levied for operating purposes is recognized in the year levied. Property taxes receivable from the 2023 levy are deferred inflows of resources on February 29, 2024, since the period for which the taxes are levied and budgeted is for fiscal year February 28, 2025.

Property taxes are collected by Schuyler County, Illinois, which remits them to the Hospital and are primarily received in August through November.

Investment income: Investments consist of certificates of deposit, repurchase agreements and equity securities. Investment income consists of interest income on bank deposit accounts, certificates of deposit and repurchase agreements and realized and unrealized gains and losses on equity securities.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Operating revenue (expenses): The Hospital distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from the primary purpose of the Hospital, which is to provide medical services to the region. Operating revenue consists primarily of net patient services. Operating expenses consists of salaries and wages, employee benefits, purchased services and professional fees, supplies and other and depreciation and amortization. All revenue and expenses not meeting these criteria are considered nonoperating.

Subsequent events: The Hospital has considered subsequent events through September 16, 2024, the date these financial statements were available to be issued.

Note 2. Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. These payment arrangements include:

Medicare: The Hospital is designated as a critical access hospital (CAH) for Medicare reimbursement purposes. As a critical access hospital, the Medicare program reimburses the Hospital for most services provided to Medicare beneficiaries under a cost reimbursement methodology. The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary.

The Hospital's Medicare cost reports have been finalized by the fiscal intermediary through February 28, 2021.

Medicaid: Inpatient services are reimbursed based on prospectively determined rates per discharge. Outpatient services are reimbursed based upon fee schedules, except as described in the following paragraphs.

On March 12, 2018, the Governor of Illinois signed legislation to implement a redesigned Medicaid Hospital tax assessment program. Among other changes, the redesigned program bases payments on updated patient utilization data, shifts funding from fixed payments to dynamic live rates, and recognizes and incentivizes the shift from inpatient to outpatient services. The redesigned program was approved by the Centers for Medicare and Medicaid Services (CMS) in June 2018. The redesigned hospital tax assessment program, which was effective July 1, 2018, expired on June 30, 2020. On July 7, 2020, the Governor of Illinois signed legislation renewing the Medicaid Hospital tax assessment program through December 31, 2026. Total reimbursement revenue recognized by the Hospital related to this program was approximately $762,000 for the year ended February 29, 2024.

Under the state of Illinois Medicaid Hospital Assessment Program (Program), a hospital receives additional Medicaid reimbursement from the state and pays a related assessment. The Hospital receives the reimbursement from the state in varying amounts through the state's fiscal year. As a governmental hospital, there were no assessments incurred by the Hospital related to this Program for the year ended February 29, 2024.

On June 14, 2012, the Governor of Illinois signed the Save Medicaid Access and Resources Together (SMART) Act, which scales back the Illinois Medicaid program through provider rate adjustments, utilization controls and eligibility verification. The SMART Act also includes an enhanced hospital tax assessment program, which generates additional funds that will be used to attract additional federal matching funds. The additional funds will be used to provide new hospital payments designed to preserve and improve access to hospital services for residents throughout Illinois. Total reimbursement revenue recognized by the Hospital related to this program amounted to approximately $55,000 for the year ended February 29, 2024.

Note 2. Net Patient Service Revenue (Continued)

Commencing in 2018, the state of Illinois mandated certain regions of the state, which included Schuyler County, to enroll all Medicaid recipients into managed care health plans. The Hospital has contractual arrangements with various Medicaid managed care health plans, which call for the Hospital to be paid for covered services at negotiated rates, which at a minimum must be equal to the Medicaid rate.

Approximately 34% of the Hospital's net patient service revenue for the year ended February 29, 2024, is from participation in the Medicare and state-sponsored Medicaid programs. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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

Net patient service revenue is comprised of the following for the year ended February 29, 2024:

Gross patient service revenue	$ 55,242,262
Less discounts, allowances and estimated contractual adjustments under third-party reimbursement programs	27,049,143
Less provision for doubtful accounts	1,299,137
Net patient service revenue	$ 26,893,982

Contractual adjustment expense for the year ended February 29, 2024, includes the effect of a change in the estimated third-party payor settlements and is related to retroactive adjustments based on final settlements of cost reports. The effect of this change in estimate is an increase in contractual adjustment expense of approximately $490,000 for the year ended February 29, 2024.

Note 3. 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. State law allows collateralization of deposits in excess of federal depository insurance. The Hospital's deposit policy for custodial credit risk is to obtain a pledge of collateral for deposits substantially in excess of federal depository insurance.

As of February 29, 2024, the bank balance of the Hospital's deposits in financial institutions totaled approximately $22,538,000, of which $13,835,000, was uninsured and uncollateralized.

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 is determined by the Foundation's Board of Directors, which is not subject to restrictions imposed by state law.

Note 3. Deposits and Investments (Continued)

As of February 29, 2024, the Hospital had the following investments, which includes the repurchase agreement stated at fair value:

Maturities less than one year:	
Repurchase agreement	$ 6,208,283
Money market mutual fund	77,847
	6,286,130
Common stock	1,066,511
Corporate obligations	60,961
	1,127,472
	$ 7,413,602

Interest rate risk: Management believes the Hospital has no interest rate risk in relation to the above investments. The repurchase agreement and money market mutual fund are presented with a maturity of less than one year because they are redeemable in full immediately.

Fair value: The Hospital uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Investments in common stock, certificates of deposits and money market funds are reported at the last reported sales price on the day of valuation. Investments in corporate obligations are based on quoted market prices that are not active. Repurchase agreements are valued based on the market price of the underlying assets.

The Hospital and Foundation have the following recurring fair value measurements as of February 29, 2024.

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Repurchase agreements	$ 6,208,283	$ -	$ 6,208,283	$ -
Common stock	1,066,511	1,066,511	-	-
Corporate obligations	60,961	-	60,961	-
Money market mutual fund	77,847	77,847	-	-
	$ 7,413,602	$ 1,144,358	$ 6,269,244	$ -

Note 3. Deposits and Investments (Continued)

The Hospital had no other investments meeting the disclosure requirements of GASB Statement No. 72.

Information about the sensitivity of the fair values of the Hospital's investments to market interest rate fluctuation is provided by the following table that shows the distribution of the Hospital's investments by maturity:

		Investment Maturities (in Years)			
	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
Repurchase agreement	$ 6,208,283	$ 6,208,283	$ -	$ -	$ -
Money market mutual fund	77,847	77,847	-	-	-
Common stock	1,066,511	N/A	N/A	N/A	N/A
Corporate obligations	60,961	60,961	-	-	-
	$ 7,413,602	$ 6,347,091	$ -	$ -	$ -

Credit risk: Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Hospital limits its credit risk on debt securities by holding a repurchase agreement secured by U.S. governmental agency obligations and a money market mutual fund insured by the Securities Investor Protection Corporation.

As of February 29, 2024, the Hospital's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's Investors Service
Corporate obligations:		
Ebay Inc., 3.45%, 8/1/2024	BBB+	Baa1
Morgan Stanley Fin LLC, 5% CD, 2/16/2034, Callable 2/16/2029	A-	A1
National Rural Utilities CoOp Fin Corp, 3.0%, 1/15/2026	A-	A2
National Rural Utilities CoOp Fin Corp, 1.65%, 2/15/2031	A-	A2
Mutual funds, AB Income Fund Advisor Class	Not rated	Not rated

Custodial credit risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Hospital will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The underlying securities for the Hospital's investment in repurchase agreements are held by the counterparty in other than the Hospital's name. The Hospital's investment policy does not address how securities underlying repurchase agreements are to be held.

Concentration of credit risk: Management believes there is no concentration of credit risk in its portfolio. The Hospital has greater than 5% of its investments in repurchase agreements with a balance of $6,208,283 as of February 29, 2024.

The Hospital's investment policy does not specifically address the above risks.

Note 3. Deposits and Investments (Continued)

Summary of carrying value: The carrying values of deposits and investments as of February 29, 2024, are as follows:

Carrying value:	
Deposits	$ 20,844,001
Investments	7,413,602
	$ 28,257,603

The carrying values of deposits and investments shown above as of February 29, 2024, are included in the statement of net position as follows:

Included in the following statement of net position captions:	
Cash and cash equivalents	$ 20,101,524
Short-term investments	170,318
Assets limited as to use or restricted:	
Cash and cash equivalents	6,779,562
Investments	1,206,199
	$ 28,257,603

Investment income: Investment income for the year ended February 29, 2024, consisted of:

Interest and dividend income	$ 476,651
Change in net unrealized gains on investments	(89,899)
	$ 386,752

Note 4. Patient Accounts Receivable

The Hospital grants credit without collateral to its patients, many of whom are area residents and insured under third-party payor agreements. Patient accounts receivables as of February 29, 2024, consisted of:

Patient receivables	$ 13,721,824
Less discounts, allowances and estimated contractual adjustments under third-party reimbursement programs	7,661,404
Less provision for doubtful accounts	1,316,237
Net patient receivables	$ 4,744,183

Note 5. Capital Assets

Capital assets activity for the year ended February 29, 2024, is as follows:

	February 28, 2023	Additions	Transfers and Deletions	February 29, 2024
Capital assets not being depreciated:				
Land	$ 408,368	$ -	$ -	$ 408,368
Total capital assets not being depreciated	408,368	-	-	408,368
Capital assets being depreciated:				
Land improvements	1,078,269	-	-	1,078,269
Buildings and leasehold improvements	11,282,537	-	-	11,282,537
Equipment	12,557,910	223,241	-	12,781,151
Total capital assets being depreciated	24,918,716	223,241	-	25,141,957
Less accumulated depreciation for:				
Land improvements	970,510	41,243	-	1,011,753
Buildings and leasehold improvements	4,863,388	501,476	-	5,364,864
Equipment	10,725,999	379,434	-	11,105,433
Total accumulated depreciation	16,559,897	922,153	-	17,482,050
Total capital assets being depreciated, net	8,358,819	(698,912)	-	7,659,907
Organization capital assets, net	$ 8,767,187	$ (698,912)	$ -	$ 8,068,275

Note 6. Commitments, Risk Management, Insurance and Contingent Liabilities

Risk management: The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits.

Medical malpractice insurance: The Hospital purchases medical malpractice insurance under a commercial, claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional services occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Hospital's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

Note 6. Commitments, Risk Management, Insurance and Contingent Liabilities (Continued)

Worker's compensation insurance: The Hospital purchases worker's compensation insurance under a commercial occurrence based policy on a fixed premium basis. The Hospital was a member of the Illinois Compensation Trust, a risk pool (pool) through December 31, 2010. The pool's governing agreements specify that the pool will be self-sustaining through member premiums; however, if the pool's loss experience is worse than anticipated, the members may be required to make additional contributions.

The Hospital has open cases with the pool; however, based on the Hospital's claims experience, management believes no accrual is necessary as of February 29, 2024.

Laws and regulations: The health care industry is subject to numerous laws and regulations of federal, state and local governments. 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. These laws and regulations include, but are not limited to, accreditation, licensure, government health care program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the Hospital is subject to similar regulatory reviews, management believes the outcome of any such regulatory review will not have a material adverse effect on the Hospital's financial position.

Health care reform: In the United States, significant changes have occurred in the health care system as a result of the Health Care Reform Act. Substantially all of the key provisions of the Health Care Reform Act are now effective. While federal agencies have published interim and final regulations with respect to certain requirements, many issues remain uncertain.

Cyber security: On March 30, 2023, the Hospital became aware of a network security incident that involved an unauthorized party gaining access to the Hospital's network environment. Upon detecting the incident, the Hospital shut off all access to the Hospital's network and engaged a specialized third-party forensic incident response firm to assist with securing the network environment and investigating the extent of the unauthorized activity. Based on the investigation, management determined March 27, 2023 was the first date unauthorized access of the network occurred. Management confirmed the Hospital's network has been secured and they were able to restore the network from system backups and no recreation of network data was required. The investigation determined that the unauthorized party acquired certain personal information of certain patients. The Hospital provided written notice to the approximately 70,000 potentially impacted patients. The Hospital has also informed all required regulatory bodies of this breach including the Department of Health and Human Services (HHS) and various attorney generals. The Hospital has engaged external legal counsel to handle this matter and has become aware of motions filed regarding this matter, however the Hospital has only been formally served with one complaint as of September 16, 2024. As of September 16, 2024, management was unable to reasonable estimate the potential impact on the Hospital's financial statements as a result of this matter. The Hospital had an active cyber insurance policy at the time of the incident.

Note 7. Restricted and Designated Net Position

As of February 29, 2024, restricted expendable net position of $473,619, was available for specific operating purposes.

As of February 29, 2024, $7,512,142 of unrestricted net position has been designated by the Hospital's Board of Directors for capital acquisitions. Designated net position remains under control of the Board of Directors, which may at its discretion later use the net position for other purposes.

Note 8. Subscription Based Technology Arrangements (SBITA)

Subscription assets represent the Hospital's control of the right to use an underlying asset for the right to use another party's information technology software, as specified in the contract, in an exchange or exchange-like transaction. Subscription liabilities represent the Hospital's obligation to make payments arising from the contract. Subscription liabilities are initially recognized at the commencement date based on the present value of expected payments over the subscription arrangement term. Subsequently, the subscription liabilities are reduced by the principal portion of the payment made. Interest expense is recognized ratably over the subscription arrangement term. The subscription arrangement term may include options to extend or terminate the subscription arrangement when it is reasonably certain that the Hospital will exercise that option.

The Hospital has elected to recognize payments for short-term subscription arrangements with a subscription agreement term of 12 months or less as expenses as incurred, and these subscription agreements are not included as liabilities or right-of-use assets on the statement of net position.

SBITA (GASB 96) activity for the year ended February 29, 2024, is as follows:

	February 28, 2023	Additions	Transfers and Deletions	February 29, 2024
Right-of-use assets, SBITA arrangements	$ -	$ 3,665,088	$ -	$ 3,665,088
Less accumulated amortization for SBITA	-	244,106	-	244,106
SBITA right-of-use assets, net	$ -	$ 3,420,982	$ -	$ 3,420,982

Future minimum SBITA (GASB 96) payments are as follows:

	Principal	Interest	Total
Years ending February 29:			
2025	$ 255,360	$ 152,571	$ 407,931
2026	273,704	139,825	413,529
2027	230,921	127,605	358,526
2028	261,023	115,429	376,452
2029	293,576	101,699	395,275
Thereafter	1,879,771	239,908	2,119,679
	$ 3,194,355	$ 877,037	$ 4,071,392

As of February, 29, 2024, the unamortized value of right to use SBITA assets, net in the statement of net positions was $3,665,088 and the accumulated amortization on right to use SBITA assets as of February 29, 2024, was $244,106. Current rates are 4.55% to 5.70%.

Note 9. Pension Plan

Illinois Municipal Retirement Fund:

Plan description: The Hospital's defined benefit pension plan for employees provides retirement and disability benefits, postretirement increases and death benefits to plan members and beneficiaries. The Hospital'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 document. 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.

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 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% 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 10 years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with 10 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 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% 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 (measurement date), the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	155
Inactive plan members entitled to but not yet receiving benefits	173
Active plan members	151
	479

Note 9. Pension Plan (Continued)

Contributions: As set by statute, the Hospital's Regular Plan Members are required to contribute 4.5% 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 Hospital's annual contribution rate for calendar year 2023 was 5.89%. For the fiscal year ended February 29, 2024, the Hospital contributed $505,462 to the plan. The Hospital 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.

Net pension liability: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB 71), require the liability for defined benefit pensions (net pension liability or asset) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability or asset), less the amount of the pension plan's fiduciary net position. The net pension liability should be measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

As a participant in IMRF, the Hospital selected a measurement date of December 31, 2023. As a result, the net pension liability on the Hospital's statement of net position as of February 29, 2024, is equal to the Hospital's net pension liability as of December 31, 2023. In addition, contributions which occurred between the measurement date of December 31, 2023 and the Hospital's year-end of February 29, 2024, are reported on the Hospital's statement of net position as deferred outflows.

As of February 29, 2024, the Hospital reported a net pension liability of $1,494,890. The Hospital's net pension liability was measured as of December 31, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of these dates.

Actuarial assumptions: The following are the methods and assumptions used to determine total pension liability at December 31, 2023:

- The Actuarial Cost Method used was Aggregate Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Price Inflation Rate was assumed to be 2.25%.
- Salary increases were expected to be 2.85% to 13.75%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the experience-based table of rates, specific to the type of eligibility condition, last updated for the 2021 valuation according to an experience study from years 2017 to 2019.
- For nondisabled retirees, the Pub-2010, amount-weighted, below-median income, general, retiree, male (adjusted 108%) and female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021.

Note 9. Pension Plan (Continued)

- 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-2021.

- For Active Members, 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-2021.

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 to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic equity	35%	5.00%
International equity	18	6.35
Fixed income	25	4.75
Real estate	10	6.30
Alternative investments	11	6.05-8.65
Cash equivalents	1	3.80
	100%	

Single discount rate: A single discount rate of 7.25% for 2023 was used to measure the total pension liability. 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 an 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).

For the 2023 valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.77% and the resulting single discount rate is 7.25%.

Note 9. Pension Plan (Continued)

Changes in the net pension liability:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2022	$ 42,814,593	$ 39,533,610	$ 3,280,983
Service cost	669,322	-	669,322
Interest on the total pension liability	3,040,461	-	3,040,461
Differences between expected and actual experience of the total pension liability	801,590	-	801,590
Changes of assumptions	(43,965)	-	(43,965)
Contributions—employer	-	505,462	(505,462)
Contributions—employees	-	415,093	(415,093)
Net investment income	-	4,377,624	(4,377,624)
Benefit payments, including refunds of of employee contributions	(2,423,733)	(2,423,733)	-
Other (net transfer)	-	955,322	(955,322)
Net changes	2,043,675	3,829,768	(1,786,093)
Balances at December 31, 2023	$ 44,858,268	$ 43,363,378	$ 1,494,890

Sensitivity of the net pension liability to changes in the discount rate: The following presents the plan's net pension liability, calculated using a single discount rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

	February 29, 2024		
	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
Net pension liability	$ 6,746,464	$ 1,494,890	$ (2,052,958)

Note 9. Pension Plan (Continued)

Pension expense, deferred outflows of resources and deferred inflows of resources related to pension: For the year ended February 29, 2024, the Hospital recognized pension expense of $1,139,890. The impact of the changes in net pension liability, deferred outflows and deferred inflows related to pension increased operating expenses by $530,541 during the year ended February 29, 2024. At February 29, 2024, the Hospital reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

Deferred Amounts Related to Pension	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts to be recognized in pension expense in future periods:		
Differences between expected and actual experience	$ 645,982	$ 15,831
Changes of assumptions	-	51,608
Net difference between projected and actual earnings on pension plan investments	2,253,566	360,231
Total deferred amounts to be recognized in pension expense in future periods	2,899,548	427,670
Pension contributions made subsequent to the measurement date	97,024	-
Total deferred amounts related to pension	$ 2,996,572	$ 427,670

Employer contributions subsequent to the measurement date of $97,024, which are reported as deferred outflows of resources related to pension, will be recognized as a reduction of the net pension liability in the Hospital's fiscal year ended February 28, 2025.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods over the average remaining service life of all employees of 4.2 years or five years as follows:

	Net Deferred Outflows and Inflows of Resources
Years ending February 28, 29:	
2025	$ 467,644
2026	1,036,984
2027	1,638,765
2028	(311,284)
	$ 2,832,109

Note 10. Other Postemployment Benefits (OPEB)

Plan description: The Hospital sponsors a single-employer, postretirement medical plan. The retiree health benefit program provides post-termination medical insurance coverage for the participant and the participant's family. The employees eligible under this policy are all employees who terminate employment as follows:

- Age 55 (eligible for early retirement) with at least 8 years of service if hired on or prior to January 1, 2011.
- Age 60 (normal retirement) with at least 8 years or service if hired on or prior to January 1, 2011.
- Age 62 (eligible for early retirement) with at least 10 years of service if hired after January 1, 2011.
- Age 67 (normal retirement) with at least 10 years of service if hired after January 1, 2011.

Prior to the participants' retirement, the coverage shall be insured coverage providing a level of benefits reasonably comparable to the standard medical coverage the Hospital provides to all full-time and part-time employees. The plan coverage terminates upon the participant reaching Medicare eligibility.

Funding policy: The Hospital shall pay 40% of the premiums for the coverage under this plan for the participant and the participant's spouse depending on the ages of both of the covered individuals until the participant reaches Medicare eligibility age. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended February 29, 2024, the Hospital contributed $68,570 to the plan.

Employees covered by benefit terms: As of February 29, 2024, the following employees were covered by the benefit terms:

Current retirees, beneficiaries and dependents	5
Current active members	109
	114

Total OPEB liability: In accordance with GASB Statement No. 75, *Accounting for Financial Reporting for Postemployment Benefits other than Pensions,* the Hospital is required to record the liability for the OPEB plan (total OPEB liability). The Hospital's total OPEB liability of $1,031,111 was measured as of February 28, 2023 and was determined by an actuarial valuation as of that date, which was rolled forward to February 29, 2024. The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.50%
Discount rate	3.75
Health care cost trend rates	4.90% for medical benefits for the 2023 fiscal year and later years

The discount rate was based on the 20-year Bond Buyer GO Index.

Note 10. Other Postemployment Benefits (OPEB) (Continued)

Mortality rates were based on the Pub-2010 generational table scaled using MP-20 and applied on a gender-specific basis. It is assumed that 60% of future retirees cover a spouse at retirement. This is based on the current retiree spouse election percentages. The participation percentage is the assumed rate of future retirees who elect to continue health coverage at retirement. It is assumed that 50% of all employees and their dependents who are eligible will participate in the retiree medical plan.

Sensitivity of the total OPEB liability to changes in the health care cost trend rates: The following presents the Hospital's total OPEB liability calculated using the discount rate of 3.75% as well as what the Hospital's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.75%) or 1 percentage point higher (4.75%) than the current rate.

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
The Hospital's total OPEB liability	$ 1,100,356	$ 1,031,111	$ 966,374

The following presents the Hospital's total OPEB liability calculated using health care cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Trend Rate	1% Increase
The Hospital's total OPEB liability	$ 936,253	$ 1,031,111	$ 1,142,055

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended February 29, 2024, the Hospital recognized OPEB expense of approximately $43,000. As of February 29, 2024, the Hospital reported deferred outflows and inflows of resources related to OPEB from the following source:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual actuarial experience	$ 224,954	$ -
Changes in assumptions	202,144	1,112
Contribution subsequent to the measurement date	-	82,994
	$ 427,098	$ 84,106

Note 10. Other Postemployment Benefits (OPEB) (Continued)

Amounts reported as the net deferred inflow of resources related to OPEB will be recognized in OPEB expense in future periods, are as follows:

	Deferred Inflows and Outflows of Resources
2025	$ 33,266
2026	116,855
2027	82,139
2028	49,785
2029	48,488
Thereafter	12,459
	$ 342,992

Note 11. Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

The GASB has issued several statements implemented by the Hospital. The statements which may impact the Hospital are as follows:

On March 1, 2023, the Hospital adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement establishes that a SBITA results in a right-of-use asset and a corresponding SBITA liability. The Standard required the Hospital to record right-of-use assets and SBITA liabilities totaling approximately $3,665,088 and $3,390,175, respectively, in the statement of net position.

The GASB has issued several statements not yet implemented by the Hospital. The statements which may impact the Hospital are as follows:

GASB Statement No. 101, *Compensated Absences,* updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The standard is effective for fiscal years beginning after December 15, 2023.

The Hospital's management has not yet determined the effect these statements will have on the Hospital's financial statements.

Note 12. Labor Matters

Approximately 7% of the Hospital's nonmanagement employees are covered by a collective bargaining agreement. The current agreement covers the period from March 1, 2021 through February 28, 2024. This agreement has been extended while negotiations are in process.

Schuyler County Hospital District

Required Supplementary Information
Illinois Municipal Retirement Fund
Schedule of Funding Progress
February 29, 2024

Calendar Year Ended December 31	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension (Asset) Liability as a % of Covered Payroll
2023	**$ 44,858,268**	**$ 43,363,378**	**$ 1,494,890**	**96.67%**	**$ 8,577,158**	**17.43%**
2022	$ 42,814,593	$ 39,533,610	$ 3,280,983	92.34	$ 8,168,392	40.17
2021	$ 41,310,891	$ 47,674,771	$ (6,363,880)	115.40	$ 7,936,588	(80.18)
2020	$ 40,259,316	$ 41,857,948	$ (1,598,632)	103.97	$ 7,819,467	(20.44)
2019	$ 39,170,245	$ 37,549,198	$ 1,621,047	95.86	$ 7,760,447	20.89
2018	$ 37,629,057	$ 32,445,817	$ 5,183,240	86.23	$ 8,121,994	63.82
2017	$ 33,778,323	$ 33,972,726	$ (194,403)	100.58	$ 8,008,920	(2.43)
2016	$ 32,731,980	$ 29,821,414	$ 2,910,566	91.11	$ 7,856,966	37.04
2015	$ 31,264,725	$ 28,194,148	$ 3,070,577	90.18	$ 7,429,148	41.33
2014	$ 29,714,691	$ 28,658,864	$ 1,055,827	96.45	$ 7,528,361	14.02

Schuyler County Hospital District

Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Illinois Municipal Retirement Fund

	December 31			
	2023	2022	2021	2020
Total Pension Liability				
Service cost	**$ 669,322**	$ 750,970	$ 719,308	$ 735,559
Interest on the total pension liability	**3,040,461**	2,936,676	2,855,375	2,786,029
Differences between expected and actual experience of the total pension liability	**801,590**	177,057	(54,132)	230,318
Changes of assumptions	**(43,965)**	-	-	(442,771)
Benefit payments, including refunds of employee contributions	**(2,423,733)**	(2,361,001)	(2,468,976)	(2,220,064)
Net change in total pension liability	**2,043,675**	1,503,702	1,051,575	1,089,071
Total pension liability, beginning	**42,814,593**	41,310,891	40,259,316	39,170,245
Total pension liability, ending (A)	**$ 44,858,268**	$ 42,814,593	$ 41,310,891	$ 40,259,316
Plan Fiduciary Net Position				
Contributions, employer	**$ 505,462**	$ 599,560	$ 721,436	$ 736,595
Contributions, employees	**415,093**	370,676	407,833	353,314
Net investment income (loss)	**4,377,624**	(6,212,991)	7,179,843	5,441,052
Benefit payments, including refunds of employee contributions	**(2,423,733)**	(2,361,001)	(2,468,976)	(2,220,064)
Other (net transfer)	**955,322**	(537,405)	(23,313)	(2,147)
Net change in plan fiduciary net position	**3,829,768**	(8,141,161)	5,816,823	4,308,750
Plan fiduciary net position, beginning	**39,533,610**	47,674,771	41,857,948	37,549,198
Plan fiduciary net position, ending (B)	**$ 43,363,378**	$ 39,533,610	$ 47,674,771	$ 41,857,948
Net pension (asset) liability, ending (A) - (B)	**$ 1,494,890**	$ 3,280,983	$ (6,363,880)	$ (1,598,632)
Plan fiduciary net position as a percentage of the total pension liability	**96.67%**	92.34%	115.40%	103.97%
Covered payroll	**$ 8,577,158**	$ 8,168,392	$ 7,936,588	$ 7,819,467
Net pension (asset) liability as a percentage of covered payroll	**17.43%**	40.17%	(80.18%)	(20.44%)

December 31						
2019	2018	2017	2016	2015	2014
$ 753,309	$ 766,405	$ 800,800	$ 799,041	$ 817,644	$ 836,437
2,683,784	2,496,141	2,428,313	2,322,187	2,211,453	1,976,171
80,092	1,267,658	344,252	(291,998)	(243,099)	532,220
-	1,079,812	(1,017,269)	(41,139)	38,978	964,708
(1,975,997)	(1,759,282)	(1,509,753)	(1,320,836)	(1,274,942)	(1,051,149)
1,541,188	3,850,734	1,046,343	1,467,255	1,550,034	3,258,387
37,629,057	33,778,323	32,731,980	31,264,725	29,714,691	26,456,304
$ 39,170,245	$ 37,629,057	$ 33,778,323	$ 32,731,980	$ 31,264,725	$ 29,714,691
$ 559,528	$ 736,244	$ 736,020	$ 759,769	$ 696,111	$ 757,769
370,575	366,697	360,401	353,718	344,249	362,028
6,155,659	(1,871,536)	5,147,738	1,941,071	142,708	1,646,308
(1,975,997)	(1,759,282)	(1,509,753)	(1,320,836)	(1,274,942)	(1,051,149)
(6,384)	1,000,968	(583,094)	(106,456)	(372,842)	(10,423)
5,103,381	(1,526,909)	4,151,312	1,627,266	(464,716)	1,704,533
32,445,817	33,972,726	29,821,414	28,194,148	28,658,864	26,954,331
$ 37,549,198	$ 32,445,817	$ 33,972,726	$ 29,821,414	$ 28,194,148	$ 28,658,864
$ 1,621,047	$ 5,183,240	$ (194,403)	$ 2,910,566	$ 3,070,577	$ 1,055,827
95.86%	86.23%	100.58%	91.11%	90.18%	96.45%
$ 7,760,447	$ 8,121,994	$ 8,008,920	$ 7,856,966	$ 7,429,148	$ 7,528,361
20.89%	63.82%	(2.43%)	37.04%	41.33%	14.02%

Schuyler County Hospital District

Required Supplementary Information
Illinois Municipal Retirement Fund
Schedule of Employer Contributions
Year Ended February 29, 2024

Calendar Year Ended December 31	Actuarially Determined Contribution	Actual Contribution	Contribution (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2023	**$ 486,325**	**$ 505,462**	**$ (19,137)**	**$ 8,577,158**	**5.89%**
2022	599,560	599,560	-	8,168,392	7.34
2021	721,436	721,436	-	7,936,588	9.09
2020	736,594	736,595	(1)	7,819,467	9.42
2019	559,528	559,528	-	7,760,447	7.21
2018	710,674	736,244	(25,570)	8,121,994	9.06
2017	736,020	736,020	-	8,008,920	9.19
2016	759,769	759,769	-	7,856,966	9.67
2015	696,111	696,111	-	7,429,148	9.37
2014	732,510	757,769	(25,259)	7,528,361	10.07

Schuyler County Hospital District

Required Supplementary Information
Notes to Required Supplementary Information
Illinois Municipal Retirement Fund

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

Valuation Date: December 31, 2023

Notes: 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:	20-year closed period
Asset Valuation Method:	5-year smoothed market, 20% corridor
Wage Growth:	2.75%
Price Inflation:	2.25%, approximate; no explicit price inflation assumption is used in valuation
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:

Notes: There were no benefit changes during the year.

* Based on valuation assumptions used in the December 31, 2021 actuarial valuation; note two-year lag between valuation and rate setting.

Schuyler County Hospital District

Schedule of Changes in the Other Postemployment Benefit Plan and Related Ratios

	December 31,					
	2024	2023	2022	2021	2020	2019
Total OPEB liability:						
Service cost	**$ 45,556**	$ 50,000	$ 51,927	$ 70,795	$ 71,975	$ 68,539
Interest cost	**28,160**	29,500	34,206	85,118	79,940	80,337
Effect of plan changes	**-**	-	-	(144,475)	-	-
Effect of economic/demographic (gains)	**(355,119)**	-	-	(191,782)	-	-
Effect of assumptions changes or inputs	**(87,213)**	(11,823)	(16,292)	(198,813)	(44,836)	8,360
Benefit payments	**(72,484)**	(67,677)	(104,487)	(147,788)	(143,190)	(135,085)
Net change in total OPEB liability	**(441,100)**	-	(34,646)	(526,945)	(36,111)	22,151
Total OPEB liability, beginning	**1,472,211**	1,472,211	1,506,857	2,033,802	2,069,913	2,047,762
Total OPEB liability, ending	**$ 1,031,111**	$ 1,472,211	$ 1,472,211	$ 1,506,857	$ 2,033,802	$ 2,069,913

Notes to schedule: Changes of assumptions and other inputs reflect the changes in the discount rate each period. The following are discount rates used in each period.

2018	3.92%
2019	3.86
2020	4.19
2021	2.27
2022	2.44
2023	2.44
2024	3.75

Note: GASB Statement No. 75 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the Hospital will present information for those years for which information is available.

Schuyler County Hospital District

Supplementary Information
Net Patient Service Revenue
Year Ended February 28, 2024

	Inpatient	Outpatient	Total
Daily patient services:			
Acute care	$ 946,394	$ -	$ 946,394
	946,394	-	946,394
Other nursing services:			
Operating and recovery	796,560	2,340,693	3,137,253
Central services and supply	107,157	50,991	158,148
Observation	36,189	768,407	804,596
Clinics	1,085,291	4,717,779	5,803,070
Emergency	104,263	8,020,080	8,124,343
	2,129,460	15,897,950	18,027,410
Other professional services:			
Laboratory	421,042	9,224,631	9,645,673
Electrocardiology	25,224	2,040,073	2,065,297
Inhalation therapy	23,353	136,117	159,470
Radiology	223,162	14,217,199	14,440,361
Intravenous therapy	55,712	295,697	351,409
Pharmacy	268,721	3,396,703	3,665,424
Anesthesiology	292,536	748,507	1,041,043
Mammography	-	316,213	316,213
Physical therapy	175,045	1,868,072	2,043,117
Geropsychiatry	-	188,149	188,149
Clinics	-	2,352,302	2,352,302
	1,484,795	34,783,663	36,268,458
	$ 4,560,649	$ 50,681,613	55,242,262
Less charity care			14,829
Gross patient service revenue			55,227,433
Less allowances for:			
Medicare			11,012,069
Medicaid			4,153,372
Clinics			153,399
Other			11,715,474
Provision for doubtful accounts			1,299,137
			28,333,451
Net patient service revenue			$ 26,893,982

Schuyler County Hospital District

Operating Expenses
Year Ended February 29, 2024

	Salaries and Wages	Supplies and Expenses	Total
Nursing services:			
Nursing administration	$ 124,003	$ 297,365	$ 421,368
Acute nursing care	846,257	269,886	1,116,143
Operating room	243,282	433,110	676,392
Central services and supply	97,901	40,240	138,141
Clinic	628,716	2,175,810	2,804,526
Emergency services	722,537	2,564,042	3,286,579
	2,662,696	5,780,453	8,443,149
Other professional services:			
Laboratory	404,285	1,084,073	1,488,358
Electrocardiology	98,553	326,594	425,147
Radiology	588,183	515,288	1,103,471
Intravenous therapy	-	42,369	42,369
Pharmacy	-	1,339,227	1,339,227
Inhalation therapy	-	68,368	68,368
Anesthesiology	-	313,777	313,777
Medical records	328,830	121,098	449,928
Geropsychiatry	156,545	36,678	193,223
Physical therapy	427,305	200,898	628,203
Endocrine	-	20,000	20,000
Podiatry	-	12,500	12,500
	2,003,701	4,080,870	6,084,571
General services:			
Health Center	2,197,589	618,161	2,815,750
Dietary	334,880	222,093	556,973
Operation of plant	204,590	414,142	618,732
Housekeeping	282,085	26,216	308,301
Foundation	35,275	52,134	87,409
Laundry	-	33,767	33,767
	3,054,419	1,366,513	4,420,932
Administrative services:			
Administrative	1,605,340	2,508,234	4,113,574
Employee benefits—pension related	-	(1,139,890)	(1,139,890)
Employee benefits—all others	-	2,206,447	2,206,447
	1,605,340	3,574,791	5,180,131
Depreciation	-	1,166,259	1,166,259
Total operating expenses	$ 9,326,156	$ 15,968,886	$ 25,295,042