Morrison Community Hospital District

Financial Report
June 30, 2024

Contents

RSM

Independent Auditor's Report

RSM US LLP

Board of Directors
Morrison Community Hospital District

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Morrison Community Hospital District (the Organization), which comprise the statements of net position as of June 30, 2024 and 2023, and the related statements of revenue, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the basic financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Organization, as of June 30, 2024 and 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 within one year after the date that the financial statements are issued or 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 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 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 audits.

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

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Organization's basic financial statements. The combining financial statements and 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 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. The information has been subjected to the auditing procedures applied in the audits 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 financial statements as a whole.

RSM US LLP

Springfield, Illinois
November 1, 2024

Morrison Community Hospital District

Management's Discussion and Analysis
Years Ended June 30, 2024 and 2023

Introduction

This section of the annual audited financial report represents management's discussion and analysis of Morrison Community Hospital District for the fiscal years ended June 30, 2024 and 2023. The intent of this discussion is to provide an overview of the Morrison Community Hospital District's performance and should be read in conjunction with the Morrison Community Hospital District's financial statements and notes thereto.

Morrison Community Hospital District (Hospital) operates a Critical Access Hospital (CAH) with a 25-bed public hospital, governed by a nine-member Board of Directors located in Morrison, Illinois. Morrison Community Hospital District serves the citizens of the greater Whiteside County area and particularly the residents of Morrison, Illinois.

The Morrison Community Hospital Foundation (Foundation) is a legally separate, tax-exempt, component unit of Morrison Community Hospital District. The Hospital is the sole member of the Foundation. The Foundation was formed to promote, encourage or foster any activity which will promote the health and well-being of people in the Morrison, Illinois area. A majority of the Board of Directors of the Foundation is appointed by the Hospital and although the Hospital does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds are contributed to the Hospital. Because the Hospital appoints the majority of the Board of Directors of the Foundation and the resources held by the Foundation are for the benefit of the Hospital, the Foundation is considered a component unit of the Hospital and is presented in the Organization's financial statements as a blended component unit.

The Hospital and Foundation are collectively referred to as the Organization.

Overview of Financial Statements

The basic financial statements of the Organization report information using GASB accounting principles. These statements offer short-term and long-term information about its activities.

The statement of net position provides information about the nature and amounts of the Organization's assets, liabilities, deferred inflows of resources and net position. The statement of net position as of June 30, 2024 indicates total assets of $82,279,055, total liabilities of $27,638,629, total deferred inflows of resources of $464,844 and net position of $54,175,582.

The statement of revenue, expenses and changes in net position provides information on the Organization's revenue and expenses. These statements indicate total operating revenue of $56,805,816 and total operating expenses of $44,296,828 during fiscal year 2024. The operating income was $12,508,988 in 2024, compared to an operating income of $12,262,505 in 2023.

The statement of cash flows provides information about the Organization's cash from operating, noncapital financing, capital and related financing and investing activities. As reported in these statements, cash and cash equivalents increased from $23,327,567 as of June 30, 2023 to $26,635,385 as of June 30, 2024.

There are 11 notes to the financial statements. There are also several supplementary schedules that provide the reader detail about the source of the Organization's revenue and expenses. The reader is encouraged to examine these notes and schedules for additional information.

Financial Highlights

- The Organization's total assets increased by $14,568,313 or 21.5% from June 30, 2023 to June 30, 2024 and increased by $12,967,650 or 23.7% from June 30, 2022 to June 30, 2023.
- The Organization's assets exceeded liabilities by $54,640,426 and $40,558,854 as of June 30, 2024 and 2023, respectively.
- During the year ended June 30, 2024 and June 30, 2023, the Organization's total operating revenue increased approximately 5.52% to $56,805,816 and 40.4% to $53,836,004, respectively, while the operating expenses increased approximately 6.55% to $44,296,828 and 32.3% to $41,573,499, respectively. The increase in operating revenue and expense in both years was a result of the addition of new surgical services.
- The Organization made capital investments totaling $3,702,237 during the year ended June 30, 2024 by upgrading medical technologies and completing a capital expansion project. The source of funding for these items was derived primarily from cash from operations. Capital investments totaling $5,617,123 were made during the year ended June 30, 2023.

Condensed Statements of Revenue, Expenses and Changes in Net Position

A summary version of the statements of revenue, expenses and changes in net position for the years ended June 30, 2024, 2023 and 2022, follows:

	Years Ended June 30		
	2024	2023	2022
Net patient service revenue	$ 56,361,268	$ 53,371,065	$ 37,914,765
Other operating revenue	444,548	464,939	424,274
Total operating revenue	56,805,816	53,836,004	38,339,039
Nonoperating revenue, net	1,624,067	932,023	5,249,320
Total revenue	58,429,883	54,768,027	43,588,359
Expenses:			
Salaries, wages and employee benefits	24,889,521	22,853,809	18,091,563
Supplies and other	15,739,038	15,575,649	11,451,660
Depreciation	3,208,910	2,768,614	1,607,055
Insurance	459,359	375,427	282,009
Total operating expenses	44,296,828	41,573,499	31,432,287
Change in net position	14,133,055	13,194,528	12,156,072
Net position:			
Beginning	40,042,527	26,847,999	14,691,927
Ending	$ 54,175,582	$ 40,042,527	$ 26,847,999

Operations

Year ended June 30, 2024: For fiscal year 2024, overall patient volumes were above budget throughout most of the facility, again attributed to the continued growth of existing services and the addition of new primary and specialty services which has had a positive impact on surgical and ancillary volumes. With overall volumes being above budget for the year, operating expenses were also above budget.

Year ended June 30, 2023: For fiscal year 2023, overall patient volumes were above budget throughout most of the facility, mainly attributed to the growth of existing services and the addition of new specialty services which has had a positive impact on surgical and ancillary volumes. With overall volumes being above budget for the year, operating expenses were also above budget.

Condensed Statements of Net Position

Condensed versions of the statements of net position as of June 30, 2024, 2023 and 2022, are as follows:

	June 30		
	2024	2023	2022
Assets			
Current assets	$ 47,014,740	$ 33,293,823	$ 23,388,906
Assets limited as to use, noncurrent	1,941,519	1,504,034	1,154,463
Capital assets, net	33,322,796	32,912,885	30,199,723
Total assets	$ 82,279,055	$ 67,710,742	$ 54,743,092
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities:			
Current liabilities	$ 5,422,857	$ 4,199,802	$ 3,686,311
Long-term liabilities	22,215,772	22,952,086	23,692,548
Total liabilities	27,638,629	27,151,888	27,378,859
Deferred inflows of resources	464,844	516,327	516,234
Net position:			
Net investment in capital assets	10,264,282	9,116,719	5,820,923
Unrestricted	43,911,300	30,925,808	21,003,669
Restricted	-	-	23,407
Total net position	54,175,582	40,042,527	26,847,999
	$ 82,279,055	$ 67,710,742	$ 54,743,092

June 30, 2024: Total assets increased by $14,568,313. Net patient receivables increased by $5,109,202. Third-party payor settlements related to the Medicare cost report decreased from a $144,661 receivable at June 30, 2023 to a $555,865 liability at June 30, 2024. Total liabilities increased by $486,741, primarily due to timing of payments on accounts payable. Net position increased by $14,133,055 in 2024 compared to an increase of $13,194,528 in the prior year.

June 30, 2023: Total assets increased by $12,967,650. Net patient receivables increased by $916,459. Third-party payor settlements receivable related to the Medicare cost report decreased from $217,260 at June 30, 2022 to $144,661 at June 30, 2023. Total liabilities decreased by $226,971, primarily due to the recognition of unearned Provider Relief Funds revenue and payments on long-term debt. Net position increased by $13,194,528 in 2023 compared to an increase of $12,156,072 in the prior year.

Condensed Statements of Cash Flows

Condensed versions of the statements of cash flows for the years ended June 30, 2024, 2023 and 2022, are as follows:

	Years Ended June 30		
	2024	2023	2022
Cash provided by operating activities	$ 12,086,076	$ 14,207,143	$ 4,588,253
Cash provided by noncapital financing activities	1,294,893	1,457,242	2,606,531
Cash used in capital and related financing activities	(4,985,807)	(6,555,873)	(2,909,173)
Cash (used in) provided by investing activities	(5,087,344)	8,207	15,527
Net increase in cash	3,307,818	9,116,719	4,301,138
Cash and cash equivalents:			
Beginning	23,327,567	14,210,848	9,909,710
Ending	$ 26,635,385	$ 23,327,567	$ 14,210,848

Year ended June 30, 2024: Total cash and cash equivalents increased by $3,307,818 due to an increase in cash provided by operating activities resulting from the cash received from patients and cash from investments.

Year ended June 30, 2023: Total cash and cash equivalents increased by $9,116,719 due to an increase in cash provided by operating activities resulting from the cash received from patients.

Capital Assets

Capital assets as of June 30, 2024, 2023 and 2022 consist of the following:

	June 30		
	2024	2023	2022
Capital assets not being depreciated:			
Land	$ 501,675	$ 414,919	$ 230,584
Construction in progress	1,016,808	2,967,997	458,729
Capital assets net of depreciation:			
Land improvements	2,021,972	2,204,182	2,248,693
Building and improvements	23,897,922	21,731,569	22,994,844
Buildings under lease	78,028	138,224	90,284
Equipment	4,990,909	4,341,356	2,814,574
Equipment under lease	815,482	1,114,638	1,362,015
Total capital assets, net	$ 33,322,796	$ 32,912,885	$ 30,199,723

June 30, 2024: Construction in progress decreased by $1,951,189 due the completion of the previous Hospital expansion project. There was an overall $409,911 increase in capital assets, net of depreciation, primarily due to new capital expansion projects.

June 30, 2023: Construction in progress increased by $2,509,268 due to the start of an additional Hospital expansion project. There was an overall $2,713,162 increase in capital assets, net of depreciation, primarily due to the capital expansion projects.

Long-Term Debt

June 30, 2024: The Organization had $23,058,908 of outstanding debt as of June 30, 2024 compared to $23,796,310 outstanding as of June 30, 2023. The decrease of debt is primarily due to principal payments made on outstanding debt throughout the year.

June 30, 2023: The Organization had $23,796,310 of outstanding debt as of June 30, 2023 compared to $24,384,331 outstanding as of June 30, 2022. The decrease of debt is primarily due to principal payments made on outstanding debt throughout the year.

Economic Factors

Year ended June 30, 2024: As in previous years, the Organization continues to see the positive impact of Critical Access Hospital status. The Organization has added and continues to add many primary and specialty providers and continues to see a positive impact on revenue with the addition of the services provided to the community and surrounding area. With the importance of continued establishment and expansion of primary care and specialty services, the Organization is focused on the current capital expansion project and future plans to continue expanding on needed care to the community.

Year ended June 30, 2023: As in previous years, the Organization continues to see the positive impact of Critical Access Hospital status. The Organization has added and continues to add many primary and specialty providers and continues to see a positive impact on revenue with the addition of the services provided to the community and surrounding area. With the importance of continued establishment and expansion of primary care and specialty services, the Organization is focused on the current capital expansion project and future plans to continue expanding on needed care to the community.

Financial Information Contact

The Organization's financial statements are designed to provide a general overview of the Organization's finances for all those with an interest in the Organization's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the CFO of Morrison Community Hospital District at 303 North Jackson Street, Morrison, Illinois 61270.

Morrison Community Hospital District

Statements of Net Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	**$ 24,693,866**	$ 21,823,533
Investments	**6,104,800**	-
Receivables:		
Patient, net	**14,146,681**	9,037,479
Property taxes receivable	**394,753**	402,560
Succeeding year property taxes receivable	**464,844**	516,327
Other	**97,561**	308,969
Inventories	**741,262**	728,110
Prepaid expenses	**370,973**	332,184
Estimated settlement due from third-party payors	**-**	144,661
Total current assets	**47,014,740**	33,293,823
Assets limited as to use:		
Board designated for capital improvements and debt redemption	**930,325**	529,034
Under bond indentures held by trustee	**1,011,194**	975,000
	1,941,519	1,504,034
Capital assets:		
Depreciable, net	**31,804,313**	29,529,969
Nondepreciable	**1,518,483**	3,382,916
	33,322,796	32,912,885
Total assets	**$ 82,279,055**	$ 67,710,742

See notes to basic financial statements.

	2024	2023
Liabilities, Deferred Inflows of Resources and Net Position		
Current liabilities:		
Current maturities of long-term debt	**$ 843,136**	$ 844,224
Accounts payable	**1,820,709**	1,408,306
Accrued expenses:		
Salaries and wages	**865,963**	665,791
Compensated absences	**830,956**	774,717
Payroll taxes and other	**506,228**	506,764
Estimated settlement due to third-party payors	**555,865**	-
Total current liabilities	**5,422,857**	4,199,802
Long-term debt, less current maturities	**22,215,772**	22,952,086
Total liabilities	**27,638,629**	27,151,888
Deferred inflows of resources, revenue for succeeding year property taxes	**464,844**	516,327
Commitments and contingencies (Notes 8 and 11)		
Net position:		
Net investment in capital assets	**10,264,282**	9,116,719
Unrestricted	**43,911,300**	30,925,808
Total net position	**54,175,582**	40,042,527
Total liabilities, deferred inflows of resources and net position	**$ 82,279,055**	$ 67,710,742

Morrison Community Hospital District

Statements of Revenue, Expenses and Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
Operating revenue:		
Net patient service revenue	**$ 56,361,268**	$ 53,371,065
Other operating revenue	**444,548**	464,939
Total operating revenue	**56,805,816**	53,836,004
Operating expenses:		
Salaries and wages	**18,901,590**	17,578,518
Employee benefits	**5,987,931**	5,275,291
Supplies and other	**15,739,038**	15,575,649
Depreciation	**3,208,910**	2,768,614
Insurance	**459,359**	375,427
Total operating expenses	**44,296,828**	41,573,499
Income from operations	**12,508,988**	12,262,505
Nonoperating revenue (expense):		
Provider relief fund revenue	**-**	129,244
County tax revenue	**1,034,229**	1,032,738
State replacement tax revenue	**194,466**	295,239
Contributions and other, net	**58,391**	148,735
Loss on disposal of capital asset	**(51,439)**	(43,523)
Investment income	**1,017,456**	8,207
Interest	**(629,036)**	(638,617)
Total nonoperating revenue, net	**1,624,067**	932,023
Change in net position	**14,133,055**	13,194,528
Net position:		
Beginning	**40,042,527**	26,847,999
Ending	**$ 54,175,582**	$ 40,042,527

See notes to basic financial statements.

Morrison Community Hospital District

Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Cash received from patients and third-party payors	$ 51,952,592	$ 52,527,205
Payments to employees	(24,632,241)	(22,379,574)
Payments to suppliers and others	(15,890,231)	(16,322,235)
Other receipts and payments, net	655,956	381,747
Net cash provided by operating activities	12,086,076	14,207,143
Cash flows from noncapital financing activities:		
Tax revenue	1,236,502	1,308,507
Contributions	58,391	148,735
Net cash provided by noncapital financing activities	1,294,893	1,457,242
Cash flows from capital and related financing activities:		
Purchase of capital assets	(3,534,705)	(5,084,151)
Proceeds from sale of capital assets	8,677	3,053
Principal payments on long-term debt	(867,552)	(834,646)
Interest paid on debt	(592,227)	(640,129)
Net cash used in capital and related financing activities	(4,985,807)	(6,555,873)
Cash flows from investing activities:		
Investment proceeds	1,017,456	8,207
Purchases of investments	(6,000,000)	-
Interest on investments	(104,800)	-
Net cash (used in) provided by investing activities	(5,087,344)	8,207
Net increase in cash and cash equivalents	3,307,818	9,116,719
Cash and cash equivalents:		
Beginning, including assets limited as to use 2023 $1,504,034; 2022 $1,154,463	23,327,567	14,210,848
Ending, including assets limited as to use 2024 $1,941,519; 2023 $1,504,034	$ 26,635,385	$ 23,327,567
Reconciliation of operating income to net cash provided by operating activities:		
Income from operations	$ 12,508,988	$ 12,262,505
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	3,208,910	2,768,614
Provision for uncollectible accounts	1,748,569	2,115,000
Changes in assets and liabilities:		
Receivables	(6,646,363)	(3,114,651)
Inventories	(13,152)	(118,773)
Prepaid expenses	(38,789)	(72,381)
Accounts payable and accrued expenses	617,387	294,230
Estimated third-party payor settlements	700,526	72,599
Net cash provided by operating activities	$ 12,086,076	$ 14,207,143

(Continued)

Morrison Community Hospital District

Statements of Cash Flows (Continued)
Years Ended June 30, 2024 and 2023

	2024	2023
Noncash capital and related financing activities:		
Lease obligation incurred for acquisition of equipment	**$ 115,235**	$ 335,396
Right to use lease asset disposals	**$ (23,299)**	$ (88,122)
Right to use lease liability termination	**$ 23,299**	$ 88,771
Increase in accounts payable for purchase of fixed assets	**$ 52,296**	$ 197,576

See notes to basic financial statements.

Note 1. Nature of Business and Significant Accounting Policies

Financial reporting entity and nature of operations:

Reporting entity: Morrison Community Hospital District (Hospital) is a 25-bed public hospital, governed by a nine-member Board of Directors. The Hospital is located in Morrison, Illinois and serves Morrison and surrounding areas. The Hospital is designated as a Critical Access Hospital (CAH) by Medicare.

Blended component unit: Morrison Community Hospital Foundation (Foundation) is a legally separate, tax-exempt corporation formed to promote, encourage or foster any activity which will promote the health and well-being of people in the Morrison, Illinois area. The Foundation is a 501(c)(3) not-for-profit organization with a fiscal year ending on June 30, and the Hospital is the Foundation's sole member. The Hospital has determined the Foundation should be presented as a blended component unit as the Hospital appoints the voting majority of the Foundation's Board of Directors and the Foundation has a specific financial benefit or burden to the Hospital. Accordingly, the Foundation represents a blended component unit of the Hospital. Complete financial statements of the Foundation can be obtained by writing to the Morrison Community Hospital Foundation 303 N Jackson Street, Morrison, IL 61270.

The Hospital, along with its blended component unit are collectively referred to as the Organization. Presented below are condensed financial statements for the Hospital and the Foundation:

Condensed Statement of Net Position
June 30, 2024

	Hospital	Foundation	Eliminations	Total (Memorandum Only)
Assets				
Current assets	$ 46,926,900	$ 116,718	$ 28,878	$ 47,014,740
Assets limited as to use, noncurrent	1,941,519	-	-	1,941,519
Capital assets, net	33,322,796	-	-	33,322,796
Total assets	$ 82,191,215	$ 116,718	$ 28,878	$ 82,279,055
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities:				
Current liabilities	$ 5,449,235	$ 2,500	$ 28,878	$ 5,422,857
Long-term debt, less current maturities	22,215,772	-	-	22,215,772
Total liabilities	27,665,007	2,500	28,878	27,638,629
Deferred inflows of resources	464,844	-	-	464,844
Net position:				
Net investment in capital assets	10,264,282	-	-	10,264,282
Unrestricted	43,797,082	114,218	-	43,911,300
Total net position	54,061,364	114,218	-	54,175,582
	$ 82,191,215	$ 116,718	$ 28,878	$ 82,279,055

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

Condensed Statement of Net Position
June 30, 2023

	Hospital	Foundation	Eliminations	Total (Memorandum Only)
Assets				
Current assets	$ 33,216,861	$ 97,582	$ 20,620	$ 33,293,823
Assets limited as to use, noncurrent	1,504,034	-	-	1,504,034
Capital assets, net	32,912,885	-	-	32,912,885
Total assets	$ 67,633,780	$ 97,582	$ 20,620	$ 67,710,742
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities:				
Current liabilities	$ 4,220,422	$ -	$ 20,620	$ 4,199,802
Long-term debt, less current maturities	22,952,086	-	-	22,952,086
Total liabilities	27,172,508	-	20,620	27,151,888
Deferred inflows of resources	516,327	-	-	516,327
Net position:				
Net investment in capital assets	9,116,719	-	-	9,116,719
Unrestricted	30,828,226	97,582	-	30,925,808
Total net position	39,944,945	97,582	-	40,042,527
	$ 67,633,780	$ 97,582	$ 20,620	$ 67,710,742

Condensed Statement of Revenue, Expenses and Changes in Net Position
Year Ended June 30, 2024

	Hospital	Foundation	Eliminations	Total (Memorandum Only)
Total operating revenue	$ 56,685,865	$ 119,951	$ -	$ 56,805,816
Operating expenses, before depreciation	40,986,920	100,998	-	41,087,918
Depreciation	3,208,910	-	-	3,208,910
Total operating expenses	44,195,830	100,998	-	44,296,828
Income from operations	12,490,035	18,953	-	12,508,988
Nonoperating revenue (expenses), net	1,626,384	(2,317)	-	1,624,067
Change in net position	14,116,419	16,636	-	14,133,055
Net position:				
Beginning	39,944,945	97,582	-	40,042,527
Ending	$ 54,061,364	$ 114,218	$ -	$ 54,175,582

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

Condensed Statement of Revenue, Expenses and Changes in Net Position
Year Ended June 30, 2023

	Hospital	Foundation	Eliminations	Total (Memorandum Only)
Total operating revenue	$ 53,685,719	$ 150,285	$ -	$ 53,836,004
Operating expenses, before depreciation	38,602,889	201,996	-	38,804,885
Depreciation	2,768,614	-	-	2,768,614
Total operating expenses	41,371,503	201,996	-	41,573,499
Income (loss) from operations	12,314,216	(51,711)	-	12,262,505
Nonoperating revenue (expenses), net	935,234	(3,211)	-	932,023
Change in net position	13,249,450	(54,922)	-	13,194,528
Net position:				
Beginning	26,695,495	152,504	-	26,847,999
Ending	$ 39,944,945	$ 97,582	$ -	$ 40,042,527

Condensed Statement of Cash Flows
Year Ended June 30, 2024

	Hospital	Foundation	Eliminations	Total (Memorandum Only)
Operating activities	$ 12,072,881	$ 13,195	$ -	$ 12,086,076
Capital and related financing activities	(4,983,198)	(2,609)	-	(4,985,807)
Noncapital financing activities	1,294,893	-	-	1,294,893
Investing activities	(5,087,636)	292	-	(5,087,344)
Net increase in cash and cash equivalents	3,296,940	10,878	-	3,307,818
Cash and cash equivalents:				
Beginning, including assets limited as to use 2023 $1,504,034	23,250,605	76,962	-	23,327,567
Ending, including assets limited as to use 2024 $1,941,519	$ 26,547,545	$ 87,840	$ -	$ 26,635,385

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

Condensed Statement of Cash Flows
Year Ended June 30, 2023

	Hospital	Foundation	Eliminations	Total (Memorandum Only)
Operating activities	$ 14,278,674	$ (71,531)	$ -	$ 14,207,143
Capital and related financing activities	(6,552,346)	(3,527)	-	(6,555,873)
Noncapital financing activities	1,457,242	-	-	1,457,242
Investing activities	7,891	316	-	8,207
Net increase (decrease) in cash and cash equivalents	9,191,461	(74,742)	-	9,116,719
Cash and cash equivalents:				
Beginning, including assets limited as to use 2022 $1,154,463	14,059,144	151,704	-	14,210,848
Ending, including assets limited as to use 2023 $1,504,034	$ 23,250,605	$ 76,962	$ -	$ 23,327,567

Significant accounting policies:

Accrual basis of accounting: The accrual basis of accounting is used by the Organization. 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 associated with the operation of the Organization are included in the statements 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 component unit are also prepared in accordance with the GASB Cod., as it was established for the direct benefit of the Hospital.

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

Cash and cash equivalents: For purposes of reporting cash flows, cash and cash equivalents include cash and temporary cash investments that have a maturity of three months or less at date of acquisition.

Patient receivables: Patient receivables, 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.

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

Patient receivables due from 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 accounts 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 third-party payor receivables or payables.

The Hospital's allowance for doubtful accounts for self-pay patients was 54% and 49% of self-pay accounts receivable at June 30, 2024 and 2023, respectively. In addition, the Hospital's self-pay write off was approximately $1,709,000 and $1,849,000 for fiscal years 2024 and 2023, respectively. The Hospital has not changed its charity care or uninsured discount policies during fiscal years 2024 or 2023.

Tax revenue: The Hospital is a special taxing district which allows it to levy and appropriate property taxes within the taxing district. Tax revenue is recognized as follows:

Property taxes: Property taxes are recognized as a receivable at the time they are levied. Property taxes receivable as of June 30, 2024, represent the uncollected portion of the 2023 levy. Property taxes are certified in December and attached as an enforceable lien on the property as of the preceding January 1. These taxes become due and collectible in June, August, September and November and are collected by the county collector, who in turn remits to the Hospital its respective share. The succeeding year property tax receivable represents an estimate of the 2024 levy, applicable to the fiscal year ended June 30, 2024. Property taxes that are not available for current year operations are shown as deferred inflows of resources on the accompanying statements of net position.

Personal property replacement taxes: The state law mandates that the personal property replacement tax is to be first applied toward payment of the proportionate amount of debt service previously paid from personal property tax levies.

After debt service obligations are satisfied, any remaining monies can be used for the general operating purposes of the Hospital. The Hospital recognizes revenue from the personal property replacement tax when it becomes measurable and available.

Inventories: Inventories are stated at the lower of cost (first-in, first-out method) or market.

Leases: A lease asset is determined at inception when the control of the right to use underlying asset belongs to the entity for the term of the lease for a period of one year or greater. The term of the lease may include exercisable options when reasonably certain the option will be renewed. Right to use assets are amortized in a systematic and rational manner over the shorter of the lease terms or useful life of the underlying asset.

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

Leases, in which the Organization is the lessee, are included as right to use assets, net of amortization, in accordance with GASB Statement No. 87, *Leases* (GASB 87), in the statement of net position at the present value of expected lease payments over the lease term, adjusted for lease incentives, if applicable. Lease liabilities are based initially at the present value of lease payments or receipts, respectively, over the course of the lease and is re-measured whenever there is a change or modification of the lease terms. The current and long-term lease liabilities are recorded within long-term debt in the statement of net position.

For leases recorded, the rates are based upon the incremental borrowing rate and vary based on inception date and terms of the contract. Current rates range from 2.02% to 4.60%.

Investments: Investments consist of certificates of deposit. The certificates of deposit are recorded at cost, which management believes approximates fair value.

Assets limited as to use: The Organization's assets limited as to use include assets set aside by the Board of Directors for future capital improvements over which the board retains control and may, at its discretion, subsequently use for other purposes, amounts held by trustee under bond indenture and donor-restricted assets, which are to be used for their respective donor-imposed restriction. The assets limited as to use consist of certificates of deposit and cash totaling $1,914,519 and $1,504,034 as of June 30, 2024 and 2023, respectively. The certificates of deposit are recorded at cost, which management believes approximates fair value.

Capital assets: Capital assets are carried at cost or, if donated, are recorded at acquisition value at the time of donation. Assets under lease obligations are depreciated over the shorter of the lease term or their respective estimated useful lives, unless the Organization intends to purchase the asset at the end of the lease term in which case they are depreciated over the useful lives of the assets. Amortization on assets under leases is included with depreciation expense on owned capital assets. Depreciation is computed by the straight-line method over estimated useful lives as follows:

	Years
Land improvements	5-20
Buildings and improvements	5-40
Equipment	5-20

Compensated absences: Paid time off benefits are earned by employees of the Organization based on time of service. The Organization accrues paid time off benefits as earned as an expense and liability.

Net patient service revenue: Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors and others as services are rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Operating income: The Organization distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from the primary purpose of the Organization, which is to provide medical services to the area. All revenue and expenses not meeting these criteria are considered nonoperating. Other operating revenue consists primarily of cafeteria and special meals, grant income and other miscellaneous services. Operating expenses consist primarily of salaries and benefits, supplies, insurance and depreciation.

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

Provider relief fund revenue: The Organization recognizes the provider relief fund revenue when there is reasonable assurance the Organization has complied with the conditions associated with the grant. Management's estimates could change materially in the future based on operating performance or COVID-19 activities at individual locations, as well as the evolving grant compliance guidance provided by the government.

Contributions: From time-to-time the Organization receives contributions from individuals and private organizations. Revenue from contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue.

Charity care: The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The Hospital maintains records to identify and monitor the level of charity care it provides. Charity care for the years ended June 30, 2024 and 2023 was $160,562 and $7,645, respectively.

Investment income: Interest income on cash and deposits is reported as nonoperating revenue.

Net position: Net position classifications are defined as follows:

Net investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets, net of unspent loan proceeds.

Restricted: This component of net position consists of constraints placed on net position through external constraints imposed by creditors (such as through debt agreements), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, including amounts deposited as required by debt agreements. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Hospital's policy to first apply restricted resources and then unrestricted resources to the expense. There was no restricted net position as of June 30, 2024 and 2023.

Unrestricted: This component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets, above.

Subsequent events: The Organization has evaluated subsequent events through November 1, 2024, the date the financial statements were available to be issued.

Note 2. Net Patient Service Revenue

Approximately 70% and 75% of the Hospital's net patient service revenue for the years ended June 30, 2024 and 2023, respectively, was earned under agreements with Medicare, Medicaid and Blue Cross. These agreements provide for reimbursement to the Hospital at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party reimbursement programs follows:

Note 2. Net Patient Service Revenue (Continued)

Medicare: The Hospital is designated as a Critical Access Hospital. Under the CAH methodology, the Hospital is reimbursed for inpatient, outpatient and swing bed services based on a reasonable cost methodology at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audit by the third-party Medicare fiscal intermediary.

The Hospital's Medicare cost reports have been finalized by the Medicare fiscal intermediary through the year ended June 30, 2022.

Medicaid: Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Outpatient services related to Medicaid program beneficiaries are reimbursed on a fee schedule.

On March 12, 2018, the Governor of Illinois signed legislation to implement a redesigned Medicaid Hospital Tax Assessment Program (the 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 program was effective July 1, 2018 and originally expired on June 30, 2020. The hospital tax assessment program has been renewed and extended through December 31, 2026.

Under the Program, a hospital receives additional Medicaid reimbursement from the state and pays a related assessment. The Hospital's additional reimbursement for the years ended June 30, 2024 and 2023, was received and has been recorded in the accompanying financial statements. Total reimbursement revenue recognized by the Hospital related to this Program amounted to approximately $9,000 and $59,000 for the years ended June 30, 2024 and 2023, respectively, and is recorded as a reduction of contractual adjustment expense. As a governmental hospital, the Hospital did not incur any assessments related to this Program.

In January 2015, the State of Illinois approved a new supplemental payment to hospitals for services provided to newly eligible Medicaid beneficiaries under the Affordable Care Act (ACA). The new supplemental payment was retroactive to March 1, 2014. Total reimbursement revenue recognized by the Hospital related to this program was approximately $7,000 and $38,000 for the years ended June 30, 2024 and 2023, respectively.

Commencing in 2018, the State of Illinois mandated certain regions of the state, which included Whiteside County, to enroll 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.

In January 2023, the State of Illinois approved a new program to distribute Hospital Pandemic Recovery Stabilization Payments to hospitals prior to April 1, 2023. The allocation of the pool was based on the hospital directed payment classes and directed payments issued during calendar year 2022. Total payments recognized by the Hospital related to this program were approximately $191,000 and $120,000 for the years ended June 30, 2024 and 2023, respectively.

Other payors: The Hospital has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the Hospital under these agreements may include prospectively determined rates and discounts from established charges.

Note 2. Net Patient Service Revenue (Continued)

A summary of net patient service revenue for the years ended June 30, 2024 and 2023, is as follows:

	2024	2023
Gross patient service revenue	$ 90,325,363	$ 84,059,560
Less discounts, allowances and estimated contractual adjustments under third-party reimbursement programs	(32,215,526)	(28,573,495)
Less provision for bad debts	(1,748,569)	(2,115,000)
Net patient service revenue	$ 56,361,268	$ 53,371,065

Contractual adjustment expense for the years ended June 30, 2024 and 2023, includes the effect of a change in estimate of third-party payor settlements. The effect of this change in estimate is a decrease in contractual adjustment expense of approximately $154,000 for the year ended June 30, 2024 and an increase of approximately $47,000 for the year ended June 30, 2023.

Note 3. Deposits and Assets Limited as to Use

As of June 30, 2024 and 2023, the Hospital had investments in two certificates of deposit.

Credit risk: 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 funds whose portfolios consist of government securities, and the Illinois Public Treasurers' Investment Pool. The Hospital's formal investment policy states that the Hospital is to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting daily cash flow demands of the Hospital and conforming to all state and local statutes governing the investment of public funds.

Custodial credit risk: Custodial credit risk is the risk that in event of a bank failure, the Hospital's deposits may not be returned to the Hospital. As of June 30, 2024, the combined bank balance of the Hospital's deposits in financial institutions totaled $32,796,570, of which $500,000 was uninsured but collateralized by securities held by the pledging financial institution and $28,831,370 was uninsured and uncollateralized. As of June 30, 2023, the combined bank balance of the Hospital's deposits in financial institutions totaled $22,279,047, of which $500,000 was uninsured but collateralized by securities held by the pledging financial institution and $21,951,486 was uninsured and uncollateralized.

The carrying values of deposits shown above as of June 30, 2024 and 2023, are included in the statement of net position as follows:

	2024	2023
Cash and cash equivalents	$ 24,693,866	$ 21,823,533
Investments	6,104,800	-
Assets limited as to use:		
Cash and cash equivalents	1,941,519	1,504,034
	$ 32,740,185	$ 23,327,567

Note 4. Composition of Patient Receivables

Patient receivables as of June 30, 2024 and 2023, consist of the following:

	2024	2023
Patients	$ 28,291,681	$ 18,150,479
Less:		
Estimated allowance for third-party contractual adjustments	9,603,000	5,136,000
Estimated allowance for doubtful accounts	4,542,000	3,977,000
	$ 14,146,681	$ 9,037,479

Note 5. Capital Assets

A summary of capital assets as of June 30, 2024, is as follows:

	June 30, 2023	Additions	Disposals	Transfers	June 30, 2024
Capital assets not being depreciated:					
Land	$ 414,919	$ 86,756	$ -	$ -	$ 501,675
Construction in progress	2,967,997	2,550,035	-	(4,501,224)	1,016,808
Total capital assets not being depreciated	3,382,916	2,636,791	-	(4,501,224)	1,518,483
Capital assets being depreciated:					
Land improvements	2,827,213	2,718	(19,989)	27,667	2,837,609
Building and improvements	30,478,790	97,696	(321,631)	3,662,465	33,917,320
Building under lease	197,617	-	-	-	197,617
Equipment	10,516,075	849,797	(1,041,177)	791,002	11,115,697
Equipment under lease	2,311,400	115,235	(131,165)	20,090	2,315,560
Total capital assets being depreciated	46,331,095	1,065,446	(1,513,962)	4,501,224	50,383,803
Less accumulated depreciation for:					
Land improvements	623,031	212,595	(19,989)	-	815,637
Building and improvements	8,747,221	1,549,169	(276,992)	-	10,019,398
Building under lease	59,393	60,196	-	-	119,589
Equipment	6,174,719	975,769	(1,025,700)	-	6,124,788
Equipment under lease	1,196,762	411,181	(107,865)	-	1,500,078
Total accumulated depreciation	16,801,126	3,208,910	(1,430,546)	-	18,579,490
Total capital assets being depreciated, net	29,529,969	(2,143,464)	(83,416)	4,501,224	31,804,313
Capital assets, net	$ 32,912,885	$ 493,327	$ (83,416)	$ -	$ 33,322,796

Note 5. Capital Assets (Continued)

A summary of capital assets as of June 30, 2023, is as follows:

	June 30, 2022	Additions	Disposals	Transfers	June 30, 2023
Capital assets not being depreciated:					
Land	$ 230,584	$ 182,452	$ -	$ 1,883	$ 414,919
Construction in progress	458,729	4,415,382	(47,225)	(1,858,889)	2,967,997
Total capital assets not being depreciated	689,313	4,597,834	(47,225)	(1,857,006)	3,382,916
Capital assets being depreciated:					
Land improvements	2,664,334	151,193	-	11,686	2,827,213
Building and improvements	30,321,143	11,565	-	146,082	30,478,790
Building under lease	110,574	110,976	(23,933)	-	197,617
Equipment	8,301,922	521,135	(6,220)	1,699,238	10,516,075
Equipment under lease	2,709,623	224,420	(622,643)	-	2,311,400
Total capital assets being depreciated	44,107,596	1,019,289	(652,796)	1,857,006	46,331,095
Less accumulated depreciation for:					
Land improvements	415,641	207,390	-	-	623,031
Building and improvements	7,326,299	1,420,922	-	-	8,747,221
Building under lease	20,290	39,103	-	-	59,393
Equipment	5,487,348	693,591	(6,220)	-	6,174,719
Equipment under lease	1,347,608	407,608	(558,454)	-	1,196,762
Total accumulated depreciation	14,597,186	2,768,614	(564,674)	-	16,801,126
Total capital assets being depreciated, net	29,510,410	(1,749,325)	(88,122)	1,857,006	29,529,969
Capital assets, net	$ 30,199,723	$ 2,848,509	$ (135,347)	$ -	$ 32,912,885

Note 6. Long-Term Debt

Long-term debt activity as of and for the year ended June 30, 2024, is as follows:

	June 30, 2023	Borrowings	Terminations/ Payments	June 30, 2024	Due Within One Year
Notes and capital leases from direct borrowings:					
Revenue bonds, Series 2019A (A)	$ 3,486,691	$ -	$ (66,315)	$ 3,420,376	$ 69,430
Revenue bonds, Series 2019B (B)	387,410	-	(7,368)	380,042	7,713
USDA loan (C)	18,816,000	-	(396,000)	18,420,000	406,000
Leases right-of-use (D)	1,106,209	115,235	(382,954)	838,490	359,993
	$ 23,796,310	$ 115,235	$ (852,637)	$ 23,058,908	$ 843,136

Note 6. Long-Term Debt (Continued)

Long-term debt activity as of and for the year ended June 30, 2023, is as follows:

	June 30, 2022	Borrowings	Terminations/ Payments	June 30, 2023	Due Within One Year
Notes and capital leases from direct borrowings:					
Revenue bonds, Series 2019A (A)	$ 3,549,779	$ -	$ (63,088)	$ 3,486,691	$ 66,040
Revenue bonds, Series 2019B (B)	394,420	-	(7,010)	387,410	7,338
USDA loan (C)	19,200,000	-	(384,000)	18,816,000	396,000
Leases right-of-use (D)	1,240,132	335,396	(469,319)	1,106,209	374,846
	$ 24,384,331	$ 335,396	$ (923,417)	$ 23,796,310	$ 844,224

(A) The Hospital issued $3,600,000 of Secured Rural America Bonds, Series 2019A, in September 2019. The bonds are due in monthly interest installments that increase each year after the origination date, beginning October 2019 through September 2049. The bonds have a variable interest rate obtained by subtracting 1.00% from initial fixed interest rate. At June 30, 2024, the rate was 6.00%. Monthly principal installments increase each month after the origination date, beginning October 2021 through September 2049. The bond obligation is secured by real estate and building facilities, newly constructed facilities and improvements to facilities, deposit accounts and secured guarantees of the Hospital. The Hospital is required to comply with certain restrictive covenants, including debt service and tangible net worth ratios. The proceeds were used to repay the note payables of the Hospital and to finance the Hospital facilities and improvements.

(B) The Hospital issued $400,000 of Secured Rural America Bonds, Series 2019B, in September 2019. The bonds are due in monthly interest installments that increase each year after the origination date, beginning October 2019 through September 2049. The bonds have a variable interest rate obtained by subtracting 1.00% from initial fixed interest rate. At June 30, 2024, the rate was 6.00%. Monthly principal installments increase each month after the origination date, beginning October 2021 through September 2049. The bond obligation is secured by real estate and building facilities, newly constructed facilities and improvements to facilities, deposit accounts and secured guarantees of the Hospital. The Hospital is required to comply with certain restrictive covenants, including debt service and tangible net worth ratios. The proceeds were used to repay the note payables of the Hospital and to finance the Hospital facilities and improvements.

(C) The U.S. Department of Agriculture (USDA) Rural Development provided funds, which were used to repay the amounts owed from their 2019C Bond Series on renovation and construction of the hospital expansion. After project completion the note was finalized for a total of $19,200,000. Annual payments of $396,000 are made including interest at 2.125% through June 2056. The Hospital is required to comply with certain restrictive covenants, including debt service and tangible net worth ratios.

The Hospital has pledged future net revenue, as defined in the bond indenture of trust dated September 11, 2019, as gross revenue less operation and maintenance expenses, to repay $3,600,000 of Hospital Revenue Bonds Series 2019A, $400,000 of Hospital Revenue Bonds Series 2019B and USDA loan. The bonds are payable solely from net revenue and are payable through 2049. The total principal and interest remaining to be paid on the bonds and USDA loan is $27,371,427 as of June 30, 2024. Principal and interest paid on the Hospital Revenue Bonds for fiscal years ended June 30, 2024 and 2023 and net revenue (which consists of gross revenue less operation and maintenance expenses) were $469,684 and $454,097 and $17,627,687 and $16,113,478, respectively.

Note 6. Long-Term Debt (Continued)

(D) Lease obligations, due in monthly installments ranging from $400 to $11,400, including interest at varying rates ranging from 0.0% to 4.06%, with various maturity dates through April 2028, secured by the leased equipment and buildings.

The bonds and the USDA loan contain provisions that, in an event of default, lender may declare the entire unpaid principal balance under the notes and all accrued unpaid interest immediately due.

Leases contain provisions that in an event of default, the Hospital may incur late charge fees and the lessor may cancel the agreement and require the Hospital to pay the unpaid balance, including accrued interest and return the equipment or vacate the leased space.

The aggregate principal and interest maturities of long-term debt, excluding lease obligations, as of June 30, 2024, are approximately as follows:

	Principal	Interest
Years ending June 30:		
2025	$ 483,277	$ 574,098
2026	499,078	561,501
2027	508,226	548,056
2028	524,587	534,519
2029	534,170	519,919
2030-2034	2,904,947	2,407,586
2035-2039	3,337,196	1,989,174
2040-2044	3,843,003	1,495,796
2045-2049	4,414,993	912,658
2050-2054	3,620,941	397,637
2055-2056	1,550,000	49,555
	$ 22,220,418	$ 9,990,499

The future minimum rental commitments payable as of June 30, 2024 on lease obligations are as follows:

	Principal	Interest
Years ending June 30:		
2025	$ 359,859	$ 23,627
2026	301,302	11,790
2027	173,789	2,665
2028	3,540	60
	$ 838,490	$ 38,142

Note 7. Retirement Plan

Effective July 1, 2006, the Hospital implemented a nonqualified deferred compensation plan for employees. The plan is administered under Section 457(b) of the Internal Revenue Code. This plan was frozen and the plan is no longer accepting employee elective deferrals. There was no employer contribution or matching provision under the 457(b) plan.

The Hospital also has a nonqualified deferred compensation plan for employees that is administered under Section 403(b) of the Internal Revenue Code. This plan was frozen on February 16, 2006. No new participants are eligible to join the plan, and the plan is no longer accepting employee elective deferrals effective February 16, 2006.

Effective August 1, 2009, the Hospital implemented a qualified deferred compensation plan for employees. The plan is administered under Section 457(b) of the Internal Revenue Code. The Hospital matched 3% of employees’ contributions, which totaled approximately $302,000 and $280,000 for the years ended June 30, 2024 and 2023, respectively. Matching contributions are subject to a five-year vesting requirement.

Note 8. Insurance and Contingent Liabilities

Worker’s compensation: The Hospital maintains commercial insurance covering worker’s compensation incidents on an occurrence basis, with a loss limit of $1,000,000 per incident and a policy limit of $1,000,000. The Hospital incurred related expenses of approximately $87,000 and $115,000 for the years ended June 30, 2024 and 2023, respectively.

Professional and general liability insurance and litigation: The Hospital maintains professional liability and excess liability insurance covering occurrences on a claims-made basis, with a loss limit of $1,000,000 per incident and a total limit of $3,000,000. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Hospital is involved in litigation arising in the ordinary course of business. It is the opinion of management, however, that the Hospital’s malpractice insurance coverage is adequate to provide for potential losses resulting from pending or threatened litigation. Additional claims may be asserted against the Hospital arising from services provided to patients through June 30, 2024. The ultimate cost of resolution of such potential claims is not considered to be material and, accordingly, no accrual has been made for these costs. The Hospital has secured claims-made coverage through June 20, 2025.

The professional and general liability costs totaled approximately $459,000 and $375,000 for the years ended June 30, 2024 and 2023, respectively.

Health plan self-insurance: The Hospital is self-insured for its employee health insurance plan. The self-insured claims are processed through a Plan Administrator. The Hospital is responsible for the first $60,500 of each individual claim and amounts over $60,500 until the aggregate of the individual excess amounts exceeds $65,000.

Note 8. Insurance and Contingent Liabilities (Continued)

Liabilities are reported when it is probable that a loss will occur, and the amount of loss can be reasonably estimated. Liabilities are calculated considering recent claims, settlement trends, including frequency and amount of payouts and other economic and social factors and are included in accrued payroll taxes and other on the accompanying statements of net position. The following is a summary of estimated claims liability for the self-insured health plan for the years ended June 30, 2024 and 2023:

	2024	2023
Balance, beginning	$ 480,243	$ 242,341
Claims expense	4,372,141	3,717,427
Claims paid	(4,366,536)	(3,479,525)
Balance, ending	$ 485,848	$ 480,243

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.

CMS RAC Program: Congress passed the Medicare Modernization Act in 2003, which among other things, established a demonstration of The Medicare Recovery Audit Contractor (RAC) program. The RACs identified and corrected a significant amount of improper overpayments to providers. In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states. The Hospital has been subject to such audits and may continue to be subject to additional audits at some time in the future.

Note 9. Concentration of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of net receivables from third-party payors and patients as of June 30, 2024 and 2023 was as follows:

	2024	2023
Medicare	31%	16%
Medicaid	15	3
Blue Cross	20	23
Other third-party payors	21	37
Patients	13	21
	100%	100%

Note 10. New and Pending Pronouncements

In May 2022, GASB issued Statement No. 99, *Omnibus 2022.* The statement provides guidance addressing various accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements, including: accounting and financial reporting for exchange or exchange-like financial guarantees; certain derivative instruments that are neither hedging derivative instruments nor investment derivative instruments; and clarification of certain provisions of: GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* GASB Statement No. 87 and GASB Statement No. 96. The Organization adopted GASB Statement No. 99, *Omnibus 2022*, which did not have a material impact on the Organization's financial statements for the year ended June 30, 2024.

In 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62.* This statement provides guidance to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement also requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature, and the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The Organization adopted GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, which did not have a material impact on the Organization's financial statements for the year ended June 30, 2024.

In 2022, GASB issued Statement No. 101, *Compensated Absences.* This statement provides guidance updating the recognition and measurement guidance for compensated absences. The requirements of this statement are required to be adopted no later than the year ending June 30, 2025, with earlier application encouraged. Management has not yet determined the impact of this statement on the financial statements.

Note 11. COVID-19 Pandemic and Relief Funding

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. The COVID-19 pandemic disrupted the health care industry. Public trust in health care facilities initially diminished patients' desire to seek care and elective surgeries were put on hold. On March 27, 2020, the CARES Act was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic.

The Organization's accounting policies for the recognition of these stimulus monies are as follows:

CARES Act funds: The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) invested $100 billion into the Public Health and Social services Emergency Fund for health care providers in April 2020. All facilities and providers that received Medicare fee-for-service (FFS) reimbursement in 2019 were eligible for the distribution. During both of the years ended June 30, 2024 and 2023, the Organization received approximately $0, from the Department of Health and Human Services (HHS) Provider Relief Fund.

These funds are subject to certain terms and conditions, which primarily include the requirement for the Organization to demonstrate that it has incurred lost revenues or additional expenses specifically related to COVID-19. To the extent the funds received exceed lost revenues and COVID-19 expenses, they are required to be repaid to HHS. The Organization has recognized revenue totaling approximately $0 and $129,000 in the accompanying statements of revenue, expenses and changes in net position for the years ended June 30, 2024 and 2023, respectively, which represents the estimated amount of lost revenues and COVID-19 related expenses incurred by the Organization during the fiscal years ended June 30, 2024 and 2023.

Morrison Community Hospital District

Combining Statement of Net Position
June 30, 2024

	Morrison Community Hospital District	Morrison Community Hospital Foundation	Eliminations	Combined
Assets				
Current assets:				
Cash and cash equivalents	$ 24,606,026	$ 87,840	$ -	$ 24,693,866
Investments	6,104,800	-	-	6,104,800
Receivables:				
Patient, net	14,146,681	-	-	14,146,681
Property taxes receivable	394,753	-	-	394,753
Succeeding year property taxes receivable	464,844	-	-	464,844
Other	97,561	28,878	28,878	97,561
Inventories	741,262	-	-	741,262
Prepaid expenses	370,973	-	-	370,973
Total current assets	46,926,900	116,718	28,878	47,014,740
Assets limited as to use:				
Board designated for capital improvements and debt redemption	930,325	-	-	930,325
Under bond indentures held by trustee	1,011,194	-	-	1,011,194
	1,941,519	-	-	1,941,519
Capital assets:				
Depreciable, net	31,804,313	-	-	31,804,313
Nondepreciable	1,518,483	-	-	1,518,483
	33,322,796	-	-	33,322,796
Total assets	$ 82,191,215	$ 116,718	$ 28,878	$ 82,279,055

	Morrison Community Hospital District	Morrison Community Hospital Foundation	Eliminations	Combined
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities:				
Current maturities of long-term debt	$ 843,136	$ -	$ -	$ 843,136
Accounts payable	1,847,087	2,500	28,878	1,820,709
Accrued expenses:				
Salaries and wages	865,963	-	-	865,963
Compensated absences	830,956	-	-	830,956
Payroll taxes and other	506,228	-	-	506,228
Estimated settlement due to third-party payors	555,865	-	-	555,865
Total current liabilities	5,449,235	2,500	28,878	5,422,857
Long-term debt, less current maturities	22,215,772	-	-	22,215,772
Total liabilities	27,665,007	2,500	28,878	27,638,629
Deferred inflows of resources, revenue for succeeding year property taxes	464,844	-	-	464,844
Net position:				
Net investment in capital assets	10,264,282	-	-	10,264,282
Unrestricted	43,797,082	114,218	-	43,911,300
Total net position	54,061,364	114,218	-	54,175,582
Total liabilities, deferred inflows of resources and net position	$ 82,191,215	$ 116,718	$ 28,878	$ 82,279,055

Morrison Community Hospital District

Combining Statement of Net Position
June 30, 2023

	Morrison Community Hospital District	Morrison Community Hospital Foundation	Eliminations	Combined
Assets				
Current assets:				
Cash and cash equivalents	$ 21,746,571	$ 76,962	$ -	$ 21,823,533
Receivables:				
Patient, net	9,037,479	-	-	9,037,479
Property taxes receivable	402,560	-	-	402,560
Succeeding year property taxes receivable	516,327	-	-	516,327
Other	308,969	20,620	20,620	308,969
Inventories	728,110	-	-	728,110
Prepaid expenses	332,184	-	-	332,184
Estimated settlement due from third-party payors	144,661	-	-	144,661
Total current assets	33,216,861	97,582	20,620	33,293,823
Assets limited as to use:				
Board designated for capital improvements and debt redemption	529,034	-	-	529,034
Under bond indentures held by trustee	975,000	-	-	975,000
	1,504,034	-	-	1,504,034
Capital assets:				
Depreciable, net	29,529,969	-	-	29,529,969
Nondepreciable	3,382,916	-	-	3,382,916
	32,912,885	-	-	32,912,885
Total assets	$ 67,633,780	$ 97,582	$ 20,620	$ 67,710,742

	Morrison Community Hospital District	Morrison Community Hospital Foundation	Eliminations	Combined
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities:				
Current maturities of long-term debt	$ 844,224	$ -	$ -	$ 844,224
Accounts payable	1,428,926	-	20,620	1,408,306
Accrued expenses:				
Salaries and wages	665,791	-	-	665,791
Compensated absences	774,717	-	-	774,717
Payroll taxes and other	506,764	-	-	506,764
Total current liabilities	4,220,422	-	20,620	4,199,802
Long-term debt, less current maturities	22,952,086	-	-	22,952,086
Total liabilities	27,172,508	-	20,620	27,151,888
Deferred inflows of resources, revenue for succeeding year property taxes	516,327	-	-	516,327
Net position:				
Net investment in capital assets	9,116,719	-	-	9,116,719
Unrestricted	30,828,226	97,582	-	30,925,808
Total net position	39,944,945	97,582	-	40,042,527
Total liabilities, deferred inflows of resources and net position	$ 67,633,780	$ 97,582	$ 20,620	$ 67,710,742

Morrison Community Hospital District

Combining Statement of Revenue, Expenses and Changes in Net Position
Year Ended June 30, 2024

	Morrison Community Hospital District	Morrison Community Hospital Foundation	Eliminations	Combined
Operating revenue:				
Net patient service revenue	$ 56,361,268	$ -	$ -	$ 56,361,268
Other operating revenue	324,597	119,951	-	444,548
Total operating revenue	56,685,865	119,951	-	56,805,816
Operating expenses:				
Salaries and wages	18,901,590	-	-	18,901,590
Employee benefits	5,987,931	-	-	5,987,931
Supplies and other	15,638,040	100,998	-	15,739,038
Depreciation	3,208,910	-	-	3,208,910
Insurance	459,359	-	-	459,359
Total operating expenses	44,195,830	100,998	-	44,296,828
Income from operations	12,490,035	18,953	-	12,508,988
Nonoperating revenue (expense):				
Provider relief fund revenue	-	-	-	-
County tax revenue	1,034,229	-	-	1,034,229
State replacement tax revenue	194,466	-	-	194,466
Contributions and other, net	61,000	(2,609)	-	58,391
Loss on disposal of capital asset	(51,439)	-	-	(51,439)
Investment income	1,017,164	292	-	1,017,456
Interest	(629,036)	-	-	(629,036)
Total nonoperating revenue (expenses), net	1,626,384	(2,317)	-	1,624,067
Change in net position	14,116,419	16,636	-	14,133,055
Net position:				
Beginning	39,944,945	97,582	-	40,042,527
Ending	$ 54,061,364	$ 114,218	$ -	$ 54,175,582

Morrison Community Hospital District

Combining Statement of Revenue, Expenses and Changes in Net Position
Year Ended June 30, 2023

	Morrison Community Hospital District	Morrison Community Hospital Foundation	Eliminations	Combined
Operating revenue:				
Net patient service revenue	$ 53,371,065	$ -	$ -	$ 53,371,065
Other operating revenue	314,654	150,285	-	464,939
Total operating revenue	53,685,719	150,285	-	53,836,004
Operating expenses:				
Salaries and wages	17,578,518	-	-	17,578,518
Employee benefits	5,275,291	-	-	5,275,291
Supplies and other	15,373,653	201,996	-	15,575,649
Depreciation	2,768,614	-	-	2,768,614
Insurance	375,427	-	-	375,427
Total operating expenses	41,371,503	201,996	-	41,573,499
Income (loss) from operations	12,314,216	(51,711)	-	12,262,505
Nonoperating revenue (expense):				
Provider relief fund revenue	129,244	-	-	129,244
County tax revenue	1,032,738	-	-	1,032,738
State replacement tax revenue	295,239	-	-	295,239
Contributions and other, net	152,262	(3,527)	-	148,735
Loss on disposal of capital asset	(43,523)	-	-	(43,523)
Investment income	7,891	316	-	8,207
Interest	(638,617)	-	-	(638,617)
Total nonoperating revenue (expenses), net	935,234	(3,211)	-	932,023
Change in net position	13,249,450	(54,922)	-	13,194,528
Net position:				
Beginning	26,695,495	152,504	-	26,847,999
Ending	$ 39,944,945	$ 97,582	$ -	$ 40,042,527

Morrison Community Hospital District

Patient Service Revenue
Years Ended June 30, 2024 and 2023
(Hospital Only)

	2024	2023
Routine services	**$ 3,051,764**	$ 2,233,238
Operating and recovery rooms	**35,793,755**	36,577,455
Emergency services	**5,039,089**	3,405,874
Laboratory and blood bank	**7,903,445**	7,238,112
Electro cardiology	**391,019**	367,166
Radiology	**12,473,153**	10,429,737
Pharmacy	**7,670,712**	7,046,646
Anesthesiology	**4,752,696**	5,203,446
Respiratory therapy	**303,521**	213,636
Physical therapy	**2,023,213**	1,758,101
Speech therapy	**3,587**	6,422
Occupational therapy	**985,093**	501,232
Ambulance	**807,174**	708,736
Clinics	**9,079,521**	8,233,715
Wound care	**216,974**	145,788
	90,494,716	84,069,304
Less charity care	**169,353**	9,744
Total patient service revenue	**$ 90,325,363**	$ 84,059,560
Total patient service revenue:		
Inpatient revenue	**$ 3,427,915**	$ 3,235,070
Outpatient revenue	**87,066,801**	80,834,234
	90,494,716	84,069,304
Less charity care	**169,353**	9,744
Total patient service revenue	**90,325,363**	84,059,560
Contractual adjustments:		
Medicare	**10,519,788**	10,380,527
Medicaid	**6,302,054**	5,669,419
Other	**15,393,684**	12,523,549
Total contractual adjustments	**32,215,526**	28,573,495
Net patient service revenue, before provision for bad debts	**58,109,837**	55,486,065
Provision for bad debts	**1,748,569**	2,115,000
Net patient service revenue	**$ 56,361,268**	$ 53,371,065

Morrison Community Hospital District

Operating Expenses
Years Ended June 30, 2024 and 2023
(Hospital Only)

	2024		
	Total	Salaries and Wages	Supplies and Other Expenses
Nursing administration	$ 216,171	$ 216,171	$ -
Routine services	2,650,464	1,738,383	912,081
Operating and recovery rooms	5,716,060	1,496,403	4,219,657
Emergency services	3,600,185	841,550	2,758,635
Laboratory and blood bank	1,915,149	488,906	1,426,243
Radiology	1,324,001	819,686	504,315
Pharmacy	1,500,423	264,308	1,236,115
Anesthesiology	939,665	817,074	122,591
Neurology	17,370	17,370	-
Respiratory therapy	129,146	67,551	61,595
Physical therapy	408,015	391,318	16,697
Speech therapy	1,875	-	1,875
Occupational therapy	154,375	153,453	922
Ambulance	210,266	143,152	67,114
Clinics	9,127,203	7,708,239	1,418,964
Wound care	81,008	77,397	3,611
PAR	1,003	-	1,003
Social services	84,056	82,333	1,723
Medical records	622,385	486,154	136,231
Dietary	418,344	320,012	98,332
Plant operation and maintenance	838,679	186,618	652,061
Housekeeping	255,310	215,154	40,156
Laundry	495,825	-	495,825
Purchasing	99,115	105,495	(6,380)
Administrative services	3,480,705	2,058,346	1,422,359
Central sterilization	214,965	175,473	39,492
Electro cardiology	37,867	31,044	6,823
	34,539,630	$ 18,901,590	$ 15,638,040
Depreciation	3,208,910		
Insurance	459,359		
Employee benefits	5,987,931		
	$ 44,195,830		

2023		
Total	Salaries and Wages	Supplies and Other Expenses
$ 193,303	$ 193,045	$ 258
2,588,220	1,587,195	1,001,025
6,138,742	1,398,791	4,739,951
3,134,782	818,138	2,316,644
2,024,887	496,911	1,527,976
1,324,325	711,344	612,981
1,509,247	205,082	1,304,165
838,788	772,884	65,904
11,410	11,410	-
178,057	64,718	113,339
338,532	306,108	32,424
4,000	-	4,000
156,079	155,398	681
192,161	120,832	71,329
8,933,531	7,437,120	1,496,411
72,536	71,051	1,485
787	-	787
62,405	60,636	1,769
633,987	430,366	203,621
361,850	269,042	92,808
657,218	175,344	481,874
231,068	199,359	31,709
67,854	-	67,854
69,229	95,093	(25,864)
3,019,058	1,835,231	1,183,827
176,190	138,567	37,623
33,925	24,853	9,072
32,952,171	$ 17,578,518	$ 15,373,653
2,768,614		
375,427		
5,275,291		
$ 41,371,503		