

Mason District Hospital

Financial Report
September 30, 2025

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Independent Auditor's Report

RSM US LLP

Board of Directors
Mason District Hospital

Report on Audit of the Financial Statements***Opinions***

We have audited the financial statements of the business-type activities of Mason District Hospital (the Organization) as of and for the year ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Organization'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 business-type activities of the Organization as of September 30, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States (Government Auditing Standards). 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Pension and OPEB related schedules, as listed in the table of contents, to 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The combining financial statements and other schedules, listed in the table of contents as supplementary information—statements of revenue and expense 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 financial statements. The information, except for that portion marked unaudited, has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The information marked unaudited has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it. In our opinion, except for that portion marked unaudited, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2026 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Organization's internal control over financial reporting and compliance.

RSM US LLP

Davenport, Iowa
February 25, 2026

Mason District Hospital

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2025

Management's discussion and analysis of Mason District Hospital's (Hospital) financial performance provides an overall review of the Hospital's activities for the fiscal years ended September 30, 2025, 2024 and 2023. The intent of this discussion is to provide an overview of the Hospital's performance for the years and should be read in conjunction with the Hospital's financial statements and notes thereto.

Mason District Hospital operates a 25-bed Critical Access Hospital and rural health centers located in Havana, Mason City and Manito, Illinois. Mason District Hospital serves the citizens of the Havana area and residents of Mason and southern Fulton counties.

The Hospital's financial statements also include the Mason District Hospital Foundation (Foundation). The Foundation is considered to be a blended component unit of the Hospital.

Financial Highlights

The assets and deferred outflows of resources of the Organization exceeded their liabilities and deferred inflows of resources as of September 30, 2025, 2024 and 2023 by approximately \$39,590,000, \$38,695,000 and \$33,176,000 (net position), which represents an increase of 2.3%, 16.6% and 9.2% for the years ended September 30, 2025, 2024 and 2023, respectively.

The Organization's total assets increased by approximately \$891,000 or 1.9% from September 30, 2024 to September 30, 2025, increased by approximately \$2,961,000 or 6.9% from September 30, 2023 to September 30, 2024 and decreased by approximately \$2,093,000 or 4.6% from September 30, 2022 to September 30, 2023.

Deferred outflows related to pension, which relates to requirements of Government Accounting Standards Board (GASB) Statement Nos. 68 and 71 decreased approximately \$1,727,000. Deferred outflows related to other postemployment benefits, which relates to requirements of GASB Statement No. 75, decreased approximately \$121,000. Deferred outflows related to bond refunding decreased approximately \$16,000.

The Organization's total liabilities decreased by approximately \$2,098,000 or 15.9% from September 30, 2024 to September 30, 2025, decreased by approximately \$4,023,000 or 23.4% from September 30, 2023 to September 30, 2024 and increased by approximately \$7,955,000 or 86.0% from September 30, 2022 to September 30, 2023.

The Organization's deferred inflows of resources increased by approximately \$230,000 or 30.1% from September 30, 2024 to September 30, 2025, decreased by approximately \$277,000 or 26.6% from September 30, 2023 to September 30, 2024 and decreased by approximately \$6,787,000 or 86.7% from September 30, 2022 to September 30, 2023.

Overview of Financial Statements

The audited financial statements include: Statements of Net Position, Statements of Revenue, Expenses and Changes in Net Position and Statements of Cash Flows plus the Notes to Financial Statements.

Our financial position is measured in terms of resources (assets) we own, obligations (liabilities) we owe, deferred inflows of resources and deferred outflows of resources at a given date. This information is reported in the Statements of Net Position, which reflects the Organization's assets in relation to its debts to bondholders, suppliers, employees and other creditors. The excess of our assets and deferred outflows of resources over our liabilities and deferred inflows of resources is reported as net position.

Mason District Hospital

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2025

Information regarding the results from operations during the year is reported in the Statement of Revenue, Expenses and Changes in Net Position. This statement shows how much our net position increased or decreased during the year as a result of our operations, nonoperating activities and other changes.

The Statement of Cash Flows discloses the flow of cash resources into and out of the Organization during the year. It identifies all cash received during the year from operating activities, contributions and other sources, and how we applied those funds (for example, payment of expenses, repayment of debt, purchases of new property and equipment, additions and deletions to the investment accounts and transfers to related entities).

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

Condensed Statements of Revenue, Expenses and Changes in Net Position

A summary version of the Organization's Statements of Revenue, Expenses and Changes in Net Position for the years ended September 30, 2025, 2024 and 2023 follows:

	Years Ended September 30		
	2025	2024	2023
	(Dollars in Thousands)		
Net patient service revenue	\$ 35,807	\$ 33,413	\$ 32,324
Other revenue	1,533	1,462	1,268
Total operating revenue	37,340	34,875	33,592
Nonoperating revenue	2,255	3,063	2,235
Total revenue	39,595	37,938	35,827
Operating expenses:			
Salaries and wages	16,526	15,992	14,911
Employee benefits	6,750	3,042	5,195
Supplies and other	8,217	6,676	6,789
Professional fees	4,126	3,600	3,326
Depreciation and amortization	2,905	2,887	2,556
Interest	175	222	244
Total operating expenses	38,699	32,419	33,021
Increase in net position	\$ 896	\$ 5,519	\$ 2,806

Operations

Year Ended September 30, 2025: Net patient revenues increased by approximately 7.2% from the prior year. Total revenue increased by approximately 4.4% from fiscal years 2024 to 2025. Other operating revenue increased by approximately 4.9% from fiscal years 2024 to 2025. Operating expenses increased approximately 19.4% from fiscal year 2024.

Mason District Hospital

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2025

Year Ended September 30, 2024: Net patient revenues increased by approximately 3.4% from the prior year. Total revenue increased by approximately 5.9% from fiscal years 2023 to 2024. Other operating revenue increased by approximately 15.3% from fiscal years 2023 to 2024. Operating expenses decreased approximately 2.0% from fiscal year 2023.

Condensed Statements of Net Position

Condensed versions of the Organization's Statements of Net Position as of September 30, 2025, 2024 and 2023 follow:

	September 30		
	2025	2024	2023
	(Dollars in Thousands)		
Assets			
Current assets	\$ 33,727	\$ 32,292	\$ 28,040
Assets limited as to use, noncurrent	1,207	1,223	1,123
Capital assets	9,501	9,886	10,415
Right-of-use assets, net	157	240	321
SBITA assets, net	1,699	1,796	2,581
Other assets	543	506	502
Total assets	46,834	45,943	42,982
Deferred outflows of resources	4,836	6,700	8,442
	\$ 51,670	\$ 52,643	\$ 51,424
Liabilities			
Current liabilities	\$ 6,034	\$ 5,807	\$ 5,110
Long-term debt and other long-term liabilities	5,052	7,377	12,097
Total liabilities	11,086	13,184	17,207
Deferred inflows of resources	994	764	1,041
Net Position			
Invested in capital and right-of-use assets, net of related debt	7,460	6,930	7,051
Restricted, expendable	844	821	711
Restricted, under bond indenture	867	998	998
Unrestricted	30,419	29,946	24,416
Total net position	39,590	38,695	33,176
	\$ 51,670	\$ 52,643	\$ 51,424

September 30, 2025: Total net position increased by approximately 2.3% for the year, primarily as a result of nonoperating activity and nonoperating revenue.

Mason District Hospital

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2025

September 30, 2024: Total net position increased by approximately 16.6% for the year, primarily as a result of nonoperating activity and nonoperating revenue.

Condensed Statements of Cash Flows

Condensed versions of the Organization's Statements of Cash Flows for the years ended September 30, 2025, 2024 and 2023 follow:

	Years Ended September 30		
	2025	2024	2023
	(Dollars in Thousands)		
Cash provided by operating activities	\$ 845	\$ 2,982	\$ 2,517
Cash provided by noncapital financing activities	1,245	1,518	1,430
Cash used in capital and related financing activities	(2,297)	(1,880)	(3,735)
Cash provided by investing activities	820	492	101
Net increase in cash	613	3,112	313
Cash and cash equivalents:			
Beginning	20,593	17,481	17,168
Ending	<u>\$ 21,206</u>	<u>\$ 20,593</u>	<u>\$ 17,481</u>

Year Ended September 30, 2025: Liquidity increased from the prior year as a result of improved nonoperating activity.

Year Ended September 30, 2024: Liquidity increased from the prior year as a result of improved nonoperating activity.

Mason District Hospital

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2025

Capital and Right-of-use Assets

September 30, 2025: Total capital assets decreased in current year as a result of purchases less than depreciation and amortization expense in the current year.

September 30, 2024: Total capital assets decreased in current year as a result of purchases less than depreciation and amortization expense in the current year.

	September 30		
	2025	2024	2023
	(Dollars in Thousands)		
Capital assets not being depreciated:			
Land	\$ 164	\$ 164	\$ 164
Construction in progress	6	6	97
Capital assets net of depreciation:			
Land improvements	98	86	100
Buildings and improvements	6,385	6,453	6,922
Fixed equipment	(7)	110	187
Movable equipment	2,424	2,546	2,589
Ambulance vehicles and equipment	431	521	356
Total capital assets, net	\$ 9,501	\$ 9,886	\$ 10,415
Right-to-use assets, net of amortization:			
Buildings under lease	\$ 69	\$ 102	\$ 135
Equipment under lease	88	138	186
SBITAs	1,699	1,796	2,581
Total right-to-use assets, net	\$ 1,856	\$ 2,036	\$ 2,902

Additional information on the Hospital's capital and right-of-use assets can be found in Note 5 to the financial statements.

Long-Term Debt and Other Long-Term Liabilities

September 30, 2025: Long-term debt consists of Series 2017 Refunding revenue bond issues, various notes payable, lease and SBITA liabilities described in more detail in the notes to the financial statements. As of September 30, 2025, the Hospital had \$595,000 in bonds outstanding versus \$2,270,000 as of September 30, 2024. The decrease is attributable to the scheduled bond principal payments. The Hospital had approximately \$1,301,000 in notes payable as of September 30, 2025 versus approximately \$1,512,000 in notes payable as of September 30, 2024. The change is attributable to scheduled principal payments.

September 30, 2024: Long-term debt consists of Series 2017 Refunding revenue bond issues, various notes payable, lease and SBITA liabilities described in more detail in the notes to the financial statements. As of September 30, 2024, the Hospital had \$2,270,000 in bonds outstanding versus \$1,925,000 as of September 30, 2023. The decrease is attributable to the scheduled bond principal payments. The Hospital had approximately \$1,512,000 in notes payable as of September 30, 2024 versus approximately \$1,338,000 in notes payable as of September 30, 2023. The change is attributable to an additional note payable being added in the year ended September 30, 2024.

Mason District Hospital

Management's Discussion and Analysis (Unaudited) Year Ended September 30, 2025

Additional information about the Hospital's long-term debt and other long-term liabilities can be found in Note 6 and 7 to the financial statements.

Economic Factors

Year Ended September 30, 2025: The Hospital experienced a decrease of 39% in acute inpatient days and a decrease of 33% in swing bed volumes. Outpatient volumes increased 12% for the year. It is anticipated that volume will continue to remain consistent in fiscal year 2026. Management continues to review cost savings and offering additional services to the community.

Year Ended September 30, 2024: The Hospital experienced a decrease of 3.89% in acute inpatient days and a decrease of 17.32% in swing bed volumes. Outpatient volumes increased 1.79% for the year. It is anticipated that volume will continue to remain consistent in fiscal year 2025. Management continues to review cost savings and offering additional services 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 Mason District Hospital Attn: Administration, 615 N. Promenade, Box 530, Havana, IL 62644-0530.

Mason District Hospital

**Statements of Net Position
September 30, 2025 and 2024**

	2025	2024
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents	\$ 20,245,718	\$ 19,503,869
Investments	5,159,248	4,821,196
Assets limited as to use	597,975	687,700
Receivables, net	6,762,516	6,347,842
Inventories	711,600	689,931
Prepaid expenses	249,573	241,329
Total current assets	33,726,630	32,291,867
Assets limited as to use, less portion required for current liabilities	1,207,271	1,222,709
Capital assets:		
Nondepreciable	170,047	170,047
Depreciable, net	9,331,239	9,715,931
Total capital assets, net	9,501,286	9,885,978
Right-of-use assets, net	156,342	240,003
SBITA right-of-use assets, net	1,699,162	1,796,101
Other assets	543,185	506,286
Total assets	46,833,876	45,942,944
Deferred outflows:		
Pension-related	4,624,796	6,351,709
Other postemployment benefits-related	210,798	331,512
Related to bond refunding	896	17,020
Total deferred outflows	4,836,490	6,700,241
	\$ 51,670,366	\$ 52,643,185

See notes to financial statements.

	2025	2024
Liabilities, Deferred Inflows and Net Position		
Current liabilities:		
Current maturities of long-term debt	\$ 834,124	\$ 916,817
Current maturities of SBITA liabilities	1,344,594	928,645
Current maturities of lease liabilities	92,740	98,934
Accounts payable, trade	1,100,986	919,480
Accrued expenses:		
Salaries, wages and payroll taxes	644,180	604,901
Earned time	1,211,077	1,126,868
Interest	7,448	14,277
Other	371,736	252,337
Estimated third-party payor settlements	427,404	944,386
Total current liabilities	6,034,289	5,806,645
Other postemployment benefits	847,456	1,277,780
Other long-term liabilities	109,546	136,034
Long-term debt, net of current maturities	1,062,133	1,890,345
SBITA liabilities, less current maturities	487,750	1,004,586
Lease liabilities, less current maturities	75,207	154,287
Net pension liability	2,469,339	2,914,453
Total liabilities	11,085,720	13,184,130
Deferred inflows:		
Revenue for succeeding year property taxes	494,890	494,890
Pension-related	1	127,309
Other postemployment benefits-related	499,546	142,216
Total deferred inflows	994,437	764,415
Net position:		
Invested in capital and right-of-use assets, net of related debt	7,460,242	6,928,468
Restricted net position:		
Expendable	844,362	821,477
For debt service	866,918	998,437
Unrestricted	30,418,687	29,946,258
Total net position	39,590,209	38,694,640
	\$ 51,670,366	\$ 52,643,185

Mason District Hospital

Statements of Revenue, Expenses and Changes in Net Position Years Ended September 30, 2025 and 2024

	2025	2024
Operating revenue:		
Net patient service revenue	\$ 35,807,192	\$ 33,412,506
Other revenue	1,533,433	1,462,270
Total operating revenue	37,340,625	34,874,776
Operating expenses:		
Salaries and wages	16,525,655	15,992,185
Employee benefits:		
Pension-related	2,191,593	(874,993)
All others	4,559,807	3,916,648
Supplies and other	8,217,002	6,676,468
Professional fees	4,125,826	3,600,069
Depreciation and amortization	2,905,034	2,886,977
Interest	175,475	221,824
Total operating expenses	38,700,392	32,419,178
Operating (loss) income	(1,359,767)	2,455,598
Nonoperating revenue:		
Tax revenue	720,416	805,908
Contributions and bequests, noncapital	453,430	444,209
Grant revenue	75,596	273,678
Investment income	992,240	1,539,210
Loss on sale of assets	13,654	-
Total nonoperating revenue	2,255,336	3,063,005
Increase in net position	895,569	5,518,603
Net position:		
Beginning	38,694,640	33,176,037
Ending	\$ 39,590,209	\$ 38,694,640

See notes to financial statements.

Mason District Hospital

Statements of Cash Flows Years Ended September 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Receipts from patients and third-party payors	\$ 34,878,896	\$ 34,192,096
Payments to suppliers	(13,404,518)	(12,091,482)
Payments to employees	(21,816,431)	(20,530,495)
Other receipts	1,186,868	459,601
Net cash provided by operating activities	844,815	2,029,720
Cash flows from noncapital financing activities:		
Tax collections	716,337	800,151
Contributions and bequests	453,430	444,209
Grant proceeds, noncapital	75,596	273,678
Net cash provided by noncapital financing activities	1,245,363	1,518,038
Cash flows from capital and related financing activities:		
Principal paid on:		
Bonds	(675,000)	(655,000)
Long-term debt, excluding the bonds	(235,905)	(200,593)
Interest paid on:		
Bonds	(27,841)	(48,143)
Long-term debt, excluding the bonds	(69,981)	(75,847)
Proceeds from issuance of new debt	-	400,000
Acquisition of capital assets	(1,288,068)	(1,299,985)
Net cash used in capital and related financing activities	(2,296,795)	(1,879,568)
Cash flows from investing activities:		
Investment income	992,238	1,539,209
Recruitment advances, net	(171,820)	(95,884)
Net cash provided by investing activities	820,418	1,443,325
Net increase in cash and cash equivalents	613,801	3,111,515
Cash and cash equivalents:		
Beginning, including cash and cash equivalents limited as to use of 2024—\$1,088,932; 2023—\$1,086,090	20,592,801	17,481,286
Ending, including cash and cash equivalents limited as to use of 2025—\$960,884; 2024—\$1,088,932	\$ 21,206,602	\$ 20,592,801

(Continued)

Mason District Hospital

Statements of Cash Flows (Continued)
Years Ended September 30, 2025 and 2024

	2025	2024
Reconciliation of operating income to net cash provided by operating activities:		
Operating (loss) income	\$ (1,359,767)	\$ 2,455,598
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,888,912	2,881,603
Amortization of bond premium	16,122	5,374
Loss on sale of equipment	13,654	-
Forgiveness of recruitment advances	118,801	88,700
Interest expense considered capital financing activity	175,475	221,824
Net unrealized (gains) on investments	(360,938)	(954,640)
(Increase) decrease in:		
Receivables	(410,595)	(312,497)
Inventories	(21,669)	(82,233)
Prepaid expenses	(8,244)	(40,089)
Deferred outflows of resources	1,863,751	1,741,703
Increase (decrease) in:		
Accounts payable, accrued expenses and other long-term liabilities	397,906	(338,431)
Deferred revenue	-	(55,110)
Other postemployment benefits liability	(430,324)	15,516
Deferred inflows of resources	230,022	(221,105)
Net pension liability	(445,114)	(3,364,783)
Estimated third-party payor settlements	(516,982)	1,096,325
SBITAs	(1,197,235)	(990,219)
Leases	(108,960)	(117,816)
Net cash provided by operating activities	\$ 844,815	\$ 2,029,720

See notes to financial statements.

Mason District Hospital

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Nature of business:

Reporting entity: The Mason District Hospital (Hospital) is an acute care district hospital with 25 licensed beds which also provides related ancillary and outpatient services, swing bed facilities and home health care services. The Hospital is located in Havana, Illinois, and serves Havana and surrounding areas.

Blended component unit: The financial statements include the accounts of its blended component unit, Mason District Hospital Foundation (Foundation). The Hospital has authorized the Foundation, which is governed by a separate Board of Directors appointed by the Hospital's Board of Directors, to provide financial and promotional support to the Hospital and has assigned to the Foundation the right to receive, invest and disburse all unrestricted and certain donor-restricted contributions, gifts and bequests resulting from these activities. The Foundation's bylaws provide that funds raised, except for the funds required for the operation of the Foundation, be distributed to, or be held for the purpose of benefitting, the Hospital. The Foundation's bylaws also provide that upon dissolution of the Foundation, all assets of the Foundation shall be distributed to the Hospital, provided that the Hospital qualifies at the time of distribution as exempt or as a local government. No separate financial statements have been issued during the year for the Foundation.

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

Certain amounts in the prior year financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on previously reported net position or changes in net position.

Mason District Hospital

Notes to Financial Statements

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

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

Condensed Statement of Net Position September 30, 2025

	Hospital	Foundation	Total (Memorandum Only)
Assets and Deferred Outflows			
Current assets	\$ 28,467,369	\$ 5,259,261	\$ 33,726,630
Assets limited as to use, noncurrent	1,207,271	-	1,207,271
Capital assets, net	9,501,286	-	9,501,286
Right-to-use assets, net	156,342	-	156,342
SBITA right-of-use assets, net	1,699,162	-	1,699,162
Other assets	543,185	-	543,185
Total assets	41,574,615	5,259,261	46,833,876
Deferred outflows	4,836,490	-	4,836,490
	\$ 46,411,105	\$ 5,259,261	\$ 51,670,366
Liabilities, Deferred Inflows and Net Position			
Liabilities:			
Current liabilities	\$ 6,034,289	\$ -	\$ 6,034,289
Long-term debt, less current maturities	1,062,133	-	1,062,133
Long-term SBITA, net of current maturities	487,750	-	487,750
Long-term leases, net of current maturities	75,207	-	75,207
Other liabilities	3,426,341	-	3,426,341
Total liabilities	11,085,720	-	11,085,720
Deferred inflows	994,437	-	994,437
Net position:			
Net investment in capital and right-to-use assets	7,460,242	-	7,460,242
Restricted, expendable	844,362	-	844,362
Restricted, for debt service	866,918	-	866,918
Unrestricted	25,159,426	5,259,261	30,418,687
Total net position	34,330,948	5,259,261	39,590,209
	\$ 46,411,105	\$ 5,259,261	\$ 51,670,366

Mason District Hospital

Notes to Financial Statements

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

Condensed Statement of Net Position
September 30, 2024

	Hospital	Foundation	Total (Memorandum Only)
Assets and Deferred Outflows			
Current assets	\$ 27,381,619	\$ 4,910,248	\$ 32,291,867
Assets limited as to use, noncurrent	1,222,709	-	1,222,709
Capital assets, net	9,885,978	-	9,885,978
Right-to-use assets, net	240,003	-	240,003
SBITA right-of-use assets, net	1,796,101	-	1,796,101
Other assets	506,286	-	506,286
Total assets	41,032,696	4,910,248	45,942,944
Deferred outflows	6,700,241	-	6,700,241
	\$ 47,732,937	\$ 4,910,248	\$ 52,643,185
Liabilities, Deferred Inflows and Net Position			
Liabilities:			
Current liabilities	\$ 5,806,645	\$ -	\$ 5,806,645
Long-term debt, less current maturities	1,890,345	-	1,890,345
Long-term SBITA, net of current maturities	1,004,586	-	1,004,586
Long-term leases, net of current maturities	154,287	-	154,287
Other liabilities	4,328,267	-	4,328,267
Total liabilities	13,184,130	-	13,184,130
Deferred inflows	764,415	-	764,415
Net position:			
Net investment in capital and right-to-use assets	6,928,468	-	6,928,468
Restricted, expendable	821,477	-	821,477
Restricted, for debt service	998,437	-	998,437
Unrestricted	25,036,010	4,910,248	29,946,258
Total net position	33,784,392	4,910,248	38,694,640
	\$ 47,732,937	\$ 4,910,248	\$ 52,643,185

Mason District Hospital

Notes to Financial Statements

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

Condensed Statement of Revenues, Expenses and Changes in Net Position Year Ended September 30, 2025

	Hospital	Foundation	Total (Memorandum Only)
Total operating revenue	\$ 37,321,545	\$ 19,080	\$ 37,340,625
Operating expenses, before depreciation and amortization	35,762,161	33,197	35,795,358
Depreciation and amortization	2,905,034	-	2,905,034
Total operating expenses	38,667,195	33,197	38,700,392
Operating loss	(1,345,650)	(14,117)	(1,359,767)
Nonoperating revenue	1,892,206	363,130	2,255,336
Increase in net position	546,556	349,013	895,569
Net position:			
Beginning	33,784,392	4,910,248	38,694,640
Ending	<u>\$ 34,330,948</u>	<u>\$ 5,259,261</u>	<u>\$ 39,590,209</u>

Condensed Statement of Revenues, Expenses and Changes in Net Position Year Ended September 30, 2024

	Hospital	Foundation	Total (Memorandum Only)
Total operating revenue	\$ 34,858,873	\$ 15,903	\$ 34,874,776
Operating expenses, before depreciation and amortization	29,529,299	2,902	29,532,201
Depreciation and amortization	2,886,977	-	2,886,977
Total operating expenses	32,416,276	2,902	32,419,178
Operating income	2,442,597	13,001	2,455,598
Nonoperating revenue	2,194,372	868,633	3,063,005
Increase in net position	4,636,969	881,634	5,518,603
Net position:			
Beginning	29,147,423	4,028,614	33,176,037
Ending	<u>\$ 33,784,392</u>	<u>\$ 4,910,248</u>	<u>\$ 38,694,640</u>

Mason District Hospital

Notes to Financial Statements

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

Condensed Statement of Cash Flows Year Ended September 30, 2025

	Hospital	Foundation	Total (Memorandum Only)
Operating activities	\$ 858,932	\$ (14,117)	\$ 844,815
Noncapital financing activities	1,221,218	24,145	1,245,363
Capital and related financing activities	(2,296,795)	-	(2,296,795)
Investing activities	819,485	933	820,418
Net increase in cash and cash equivalents	602,840	10,961	613,801
Cash and cash equivalents:			
Beginning	20,503,749	89,052	20,592,801
Ending	<u>\$ 21,106,589</u>	<u>\$ 100,013</u>	<u>\$ 21,206,602</u>

Condensed Statement of Cash Flows Year Ended September 30, 2024

	Hospital	Foundation	Total (Memorandum Only)
Operating activities	\$ 2,016,719	\$ 13,001	\$ 2,029,720
Noncapital financing activities	1,491,555	26,483	1,518,038
Capital and related financing activities	(1,879,568)	-	(1,879,568)
Investing activities	1,442,629	696	1,443,325
Net increase in cash and cash equivalents	3,071,335	40,180	3,111,515
Cash and cash equivalents:			
Beginning	17,432,414	48,872	17,481,286
Ending	<u>\$ 20,503,749</u>	<u>\$ 89,052</u>	<u>\$ 20,592,801</u>

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, deferred outflows of resources, liabilities and deferred inflows of resources 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 units are also prepared in accordance with the GASB Cod., as they are established for the direct benefit of the Organization. The financial statements of the Organization have been prepared on the accrual basis of accounting.

Mason District Hospital

Notes to Financial Statements

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

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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: For purposes of reporting cash flows, the Organization considers investments with original maturities of less than three months to be cash equivalents.

Receivables, net: Receivables, net consist of patient accounts receivable, where a third-party payor is responsible for paying the amount and 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 settlement receivables or payables.

Inventories: Inventories, consisting of materials and supplies used in patient service departments throughout the Hospital, are stated at cost (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.

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

Capital assets: Capital assets are carried at cost. It is the Hospital's policy to include amortization on assets acquired under capital leases with depreciation on owned assets. Interest cost incurred before the end of a construction period is recognized as an expense. Depreciation is computed by the straight-line method over the estimated useful lives as follows:

	Years
Land improvements	5-15
Buildings and improvements	15-40
Fixed equipment	5-20
Moveable equipment	5-15
Ambulance vehicles and equipment	3-5

Mason District Hospital

Notes to Financial Statements

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

Leases: A lease asset is determined at inception when the control of the right-of-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-of-use assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Leases, in which the Organization is the lessee, are included as right to use assets, net of respective 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, over the term of the leases and are re-measured whenever there is a change or modification of the lease terms. For leases recorded, the discount rates are based upon rate stated in the lease or the incremental borrowing rate and vary based on inception date and terms of the contract.

Subscription-Based Information Technology Arrangements: Subscription-Based Information Technology Arrangements (SBITA) are defined as contracts that conveys 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.

Physician and employee advances: Physician and employee advances, which are included in other assets on the accompanying statements of net position, are primarily related to the recruitment and retention of physicians and employees to meet the community's needs. The advances are being forgiven over a period of one to six years, provided that the physicians and employees have continued satisfactory service.

Restricted funds: Donor-restricted funds are used to differentiate resources, the use of which is restricted by the donor, from resources on which the donor places no restriction or which arise as a result of the operation of the Hospital for its stated purposes.

Resources restricted by donors for specific operating purposes are reported in other operating revenue to the extent expended within the period.

Resources restricted by donors for plant replacement and expansion are added to the unrestricted funds to the extent expended within the period.

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) which 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, contributions paid by the employer after the measurement date of the net pension liability but before the end of the employer's reporting period, unrecognized items not yet charged to expense related to the other postemployment benefit (OPEB) liability and the difference between the reacquisition price and net carrying amount of the old debt in the advance refunding of the Series 2006 Bonds.

Mason District Hospital

Notes to Financial Statements

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

Compensated absences: Earned time off benefits are earned by employees of the Hospital based on time of service. The Hospital accrues earned time off benefits as an expense and liability. The Hospital currently includes sick leave pay with earned time off benefits. The net change in pension liability was \$94,000 increase and \$28,000 decrease for the years ended September 30, 2025 and 2024, respectively.

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 revenues from three sources: property taxes, deferred inflows related to net pension liability and deferred inflows related to the OPEB liability. These amounts are deferred and recognized as inflows of resources (revenue) in the year they become available or are intended to be used.

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

Charity care: The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amounts of charges forgone were approximately \$44,000 and \$27,000 for the years ended September 30, 2025 and 2024, respectively. The estimated costs of the charges forgone, based upon an overall cost-to-charge ratio calculation for the years ended September 30, 2025 and 2024, were approximately \$22,000 and \$14,000, respectively.

Treatment of contributions, bequests and investment income: Contributions received, bequests and investment income are presented as nonoperating revenue. Externally restricted assets which are included in assets limited as to use may only be utilized in accordance with the purposes established by the source of such assets. A contribution from the Foundation to the Hospital is made in the period in which the funds are expended by the Hospital for the purpose intended by the Foundation.

Grant revenue: The Hospital accounts for grants and recognizes the revenue upon the fulfillment of the restriction detailed in the grant documents. Grants may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific noncapital purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported as other changes in net position.

Property taxes: Property taxes receivable, which are included in receivables, net, represent the 2023 levy and an estimate of the 2024 levy applicable to the fiscal year ended September 30, 2025. 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 and September and are collected by the county collector, who in turn remits to the Hospital its respective share. Property taxes receivable from the 2024 tax levy are deferred inflows of resources on September 30, 2025, since the period for which the taxes are levied and budgeted is for fiscal year September 30, 2025.

Mason District Hospital

Notes to Financial Statements

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

Operating revenue/expense: The Hospital distinguishes operating revenue and expense 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 benefits, supplies, professional fees, depreciation and amortization, and interest. All revenue and expenses not meeting these criteria are considered nonoperating.

Net position: Net position classifications are defined as follows:

Invested in capital and right-of-use assets, net of related debt: This component of net position consists of capital assets, including any restricted capital and right-of-use assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted: This component of net position consists of constraints placed on net position through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

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

The Hospital first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Income tax matters: The Hospital is organized as a political subdivision under Illinois Hospital District statutes and is exempt from federal income taxes. The Foundation is an Illinois nonprofit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC).

Subsequent events: The Organization has considered subsequent events through February 25, 2026, the date the financial statements were available to be issued, in preparing the financial statements and notes thereto.

Note 2. Contractual Arrangement with Third-Party Agencies and Net Patient Service Revenue

Approximately 55% and 58% of the Hospital's net patient service revenue for the years ended September 30, 2025 and 2024, respectively, was earned under agreements with Medicare and Medicaid. 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 payors follows:

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

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

Mason District Hospital

Notes to Financial Statements

Note 2. Contractual Arrangement with Third-Party Agencies and Net Patient Service Revenue (Continued)

Medicaid: Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed based upon prospectively determined rates. The prospectively determined rates are not subject to retroactive adjustment.

On July 7, 2020, the governor of Illinois signed legislation to extend the Medicaid Hospital tax assessment program. The updated legislation increased funding and assisted the Medicaid program to improve access to health care services. The hospital tax assessment program, which was effective July 1, 2018, will be effective through 2026.

Under the state of Illinois Medicaid Hospital Assessment Program, a hospital receives additional Medicaid reimbursement from the state and pays a related assessment. The Hospital's additional reimbursement for the years ended September 30, 2025 and 2024, was received and has been recorded as net patient service revenue in the accompanying financial statements. 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 \$200 and \$19,000 for the years ended September 30, 2025 and 2024, respectively.

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

Blue Cross: Inpatient services rendered to Blue Cross subscribers are reimbursed based upon a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate, generally charges, with the final settlement determined after submission of the annual cost report by the Hospital and the audit by Blue Cross.

Other: 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.

A summary of net patient service revenue is as follows:

	2025	2024
Gross patient service revenue	\$ 75,164,101	\$ 69,215,176
Discounts, allowances and estimated contractual adjustments under third-party reimbursement programs:		
Medicare	(15,887,464)	(14,809,268)
Medicaid/Illinois Public Aid	(7,040,511)	(6,522,701)
Other	(14,120,223)	(12,126,193)
Provision for doubtful accounts	(2,308,711)	(2,344,508)
	(39,356,909)	(35,802,670)
Net patient service revenue	\$ 35,807,192	\$ 33,412,506

Mason District Hospital

Notes to Financial Statements

Note 2. Contractual Arrangement with Third-Party Agencies and Net Patient Service Revenue (Continued)

Contractual adjustment expense for the years ended September 30, 2025 and 2024, includes the effect of a change in the estimate of the liability due to third-party payors. The effect of this change in estimate is a reduction in contractual adjustment expense of approximately \$235,000 and \$167,000 for the years ended September 30, 2025 and 2024, respectively.

Note 3. Cash, Cash Equivalents and Investments

As of September 30, 2025 and 2024, the Organization's cash, cash equivalents and investments are classified in the accompanying statements of net position as follows:

	2025	2024
Hospital:		
Cash and cash equivalents	\$ 20,145,705	\$ 19,414,817
Assets limited as to use:		
Cash	960,884	1,088,932
Investments	844,362	821,477
Foundation:		
Cash	100,013	89,052
Investments	5,159,248	4,821,196
	<u>\$ 27,210,212</u>	<u>\$ 26,235,474</u>

The Organization's assets limited as to use as of September 30, 2025 and 2024, consist of the following:

	2025	2024
Assets restricted by bond ordinance, debt service reserve fund	\$ 866,918	\$ 998,437
Assets restricted by donor for specific purposes	777,024	762,180
Assets of the William E. McFarland Business Office Trust	67,338	59,297
Assets designated by the Board of Directors for capital improvements	68,966	65,495
Assets designated for capital investment	25,000	25,000
Total assets limited as to use	<u>1,805,246</u>	<u>1,910,409</u>
Less amounts included in current assets to be used for the payment of current liabilities	597,975	687,700
Noncurrent portion	<u>\$ 1,207,271</u>	<u>\$ 1,222,709</u>

Authorized investments: State statutes authorize the Hospital to make deposits and investments in interest bearing depository accounts in federally insured and/or state chartered banks and savings and loan associations, or other financial institutions as designated by ordinances, and to invest available funds in direct obligations of, or obligations guaranteed by, the U.S. Treasury or agencies of the United States, money market mutual funds whose portfolios consist of government securities, and the Illinois Funds Money Market Funds. In accordance with the Hospital's investment policy, the Hospital strives to generate growth of the portfolio and generate income through interest, dividends and capital appreciation while maintaining prudent asset class diversification and prudent diversification within selected asset classes. The Hospital strives to obtain growth of asset value at a rate of 7% greater than inflation, as measured by the Consumer Price Index (CPI).

Mason District Hospital

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

The Foundation's investment policy allows for investing of available funds in: depository accounts in federally insured banks and savings and loan associations; direct obligations of, or obligations guaranteed by, the U.S. Treasury or agencies of the United States; money market mutual funds whose portfolios consist of government securities; and equity securities, provided they do not result in a concentration as specified in the Foundation's investment policy. The Foundation strives to obtain growth of asset value at a rate of 7% greater than inflation, as measured by the CPI.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Fair value: The Hospital and Foundation use 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 corporate equities, preferred stock and mutual funds are reported at the last reported sales price on the day of valuation. Investments in corporate obligations, U.S. government securities, municipal bonds and certificates of deposit are based on quoted market prices that are not active.

The Hospital and Foundation have the following recurring fair value measurements as of September 30, 2025 and 2024:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mason District Hospital				
		2025		
Corporate equities	\$ 353,049	\$ 353,049	\$ -	\$ -
Preferred stock	9,542	9,542	-	-
Corporate obligations	249,957	-	249,957	-
Mutual funds	206,143	206,143	-	-
	818,691	\$ 568,734	\$ 249,957	\$ -
Cash equivalents	25,671			
	<u>\$ 844,362</u>			
		2024		
Corporate equities	\$ 378,755	\$ 378,755	\$ -	\$ -
Preferred stock	9,704	9,704	-	-
Corporate obligations	249,813	-	249,813	-
Mutual funds	160,440	160,440	-	-
Certificates of deposit held by other banks	12,646	-	12,646	-
	811,358	\$ 548,899	\$ 262,459	\$ -
Cash equivalents	10,119			
	<u>\$ 821,477</u>			

Mason District Hospital

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mason District Hospital Foundation				
		2025		
Corporate equities	\$ 3,213,844	\$ 3,213,844	\$ -	\$ -
U.S. government securities	329,117	-	329,117	-
Municipal bonds	39,986	-	39,986	-
Preferred stock	125,884	125,884	-	-
Corporate obligations	500,854	-	500,854	-
Mutual funds	619,549	619,549	-	-
Negotiable certificate of deposit	47,352	-	47,352	-
	4,876,586	\$ 3,959,277	\$ 917,309	\$ -
Cash equivalents	282,662			
	<u>\$ 5,159,248</u>			
		2024		
Corporate equities	\$ 2,971,706	\$ 2,971,706	\$ -	\$ -
U.S. government securities	309,356	-	309,356	-
Municipal bonds	39,743	-	39,743	-
Preferred stock	157,947	157,947	-	-
Corporate obligations	505,165	-	505,165	-
Mutual funds	581,362	581,362	-	-
Negotiable certificate of deposit	47,203	-	47,203	-
	4,612,482	\$ 3,711,015	\$ 901,467	\$ -
Cash equivalents	208,714			
	<u>\$ 4,821,196</u>			

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

Information about the sensitivity of the fair values of the Organization's investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Organization's investments by maturity:

Mason District Hospital

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Corporate equities	\$ 353,049	N/A	N/A	N/A	N/A
Preferred stock	9,542	\$ 9,542	\$ -	\$ -	\$ -
Corporate obligations	249,957	-	-	219,876	30,081
Mutual funds	206,143	N/A	N/A	N/A	N/A
	818,691	\$ 9,542	\$ -	\$ 219,876	\$ 30,081
Cash equivalents	25,671				
	<u>\$ 844,362</u>				

Mason District Hospital

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

Mason District Hospital Foundation

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Corporate equities	\$ 3,213,844	N/A	N/A	N/A	N/A
U.S. government securities	329,117	\$ -	\$ 178,946	\$ 150,171	\$ -
Municipal bonds	39,986	-	39,986	-	-
Preferred stock	125,884	102,266	23,618	-	-
Corporate obligations	500,854	-	271,560	97,973	131,321
Mutual funds	619,549	N/A	N/A	N/A	N/A
Negotiable certificate of deposit	47,352	-	47,352	-	-
	4,876,586	\$ 102,266	\$ 561,462	\$ 248,144	\$ 131,321
Cash equivalents	282,662				
	<u>\$ 5,159,248</u>				

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

As of September 30, 2025, the Hospital's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor's Service
Corporate obligations:		
Bank of America 4.2% 8/15/37 Medium Term Note	A-	A1
JP Morgan Chase & Co 3% 10/31/32 Medium Term Notes Multi Step Up Coupon	A-	A2
AT&T INC. 5.35% 11/1/66	BBB	BAA2
Wells Fargo 4.375% 3/15/26	BB+	BAA2
Mutual funds:		
Ishares Russel SM Mid CP IDX Instl	Not Rated	Not Rated
Blackrock Multi Asset Income Port A	Not Rated	Not Rated
Fidelity International Index Fund	Not Rated	Not Rated
PIMCO Income Class A	Not Rated	Not Rated

Mason District Hospital

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

As of September 30, 2025, the Foundation's investments were rated as follows:

Investment Type	Standard & Poor's	Moody's Investor's Service
Corporate obligations:		
MYLAN N V SENIOR NOTE	BB+	Baa3
DUKE ENERGY CORP NEW SENIOR NOTE	BBB	Baa2
RTX CORP	BBB+	Baa1
BANK AMER CORP	A-	A1
BORGWARNER INC	BBB	Baa1
T-MOBILE USA INC	BBB	Baa2
CVS HEALTH CORP SENIOR NOTE	BBB	Baa3
CITIGROUP INC	BBB+	A3
ARES CAP CORP	BBB	Baa2
NASDAQ INC	BBB+	Baa1
ROPER TECHNOLOGIES INC	BBB+	Baa2
CHENIERE ENERGY INC	BBB-	Baa2
SPRINT CAP CORP NOTE	BBB-	Baa2
VERISK ANALYTICS INC	BBB	Baa1
CAPITAL ONE FINL CORP	BBB	Baa1
DIGITAL ALTY TR LP	BBB+	Baa2
WELLS FARGO & CO MEDIUM TERM SENIOR NOTES	BBB+	A1
WELLS FARGO & CO MEDIUM TERM SENIOR NOTES	BBB+	A1
M & T BK CORP	BBB+	Baa1
ENBRIDGE INC	BBB+	Baa2
EQUINIX INC	BBB+	Baa2
NEXTERA ENERGY CAP HLDGS INC	BBB+	Baa1
SYSCO CORP	BBB	Baa1
DOLLAR GEN CORP NEW	BBB	Baa3
EXELON CORP	BBB+	Baa2
GOLDMAN SACHS GROUP INC	BBB+	A2
LENNAR CORP	BBB	Baa2
BROADCOM INC	A-	A3
HF SINCLAIR CORP	BBB-	Baa3
MORGAN STANLEY	A-	A1
CHENIERE ENERGY PARTNERS L P	BBB	Baa2
CITIGROUP INC	BBB+	A3
TRANSCANADA TRUST NOTE VARIABLE RATE	BBB-	Ba1
COMCAST CORP SR 4.25% 1/15/33	BBB	BAA2
GE AEROSPACE 3.7% 9/15/32 MEDIUM TERM NOTES	A-	A3
JP MORGAN CHASE & CO 4% 10/31/32 MEDIUM TERM NOTES MULTI STEP UP COUPON	A-	A3
GOLDMAN SACHS GROUP 5.25% 6/15/33	A-	A3
LOEWS CORP 6% 2/1/35	BBB+	A2
WELLS FARGO & CO 5.5% DUE 8/1/35	A-	A2
GE AEROSPACE 6.15% 8/7/37 MEDIUM TERM NOTE SERIES A	A-	A3
AT&T INC. 5.35% 9/1/40	A+	A1
PEPSICO INC 3.6% DUE 8/13/42	BBB	A3
GE AEROSPACE 4.5% 9/15/25 MEDIUM TERM NOTE	BBB	Not Rated
TARGET CORP 6.75% 1/1/28 YTM 7.385%	A-	A2
GE AEROSPACE 3.6% 10/15/30 MEDIUM TERM NOTE	A	A2
GOLDMAN SACHS GRP INC 4.3% 11/15/32 MEDIUM TERM NOTES	A-	A3
GOLDMAN SACHS GROUP 5.25% 6/15/33	A-	A3
LOEWS CORP 6% 2/1/35	BBB+	A2
WELLS FARGO & CO 5.5% DUE 8/1/35	BBB+	A2
PRINCIPAL FINANCIAL 6.05% 10/15/36 GROUP SENIOR NOTE YTM 7.92%	BBB	BAA2
GE AEROSPACE 6.15% 8/7/37 MEDIUM TERM NOTE SERIES A	BBB+	BAA2
LINCOLN NATIONAL CORP 6.3% 10/9/37 IND SENIOR NOTE YTM 8.644%	A	A3
TARGET CORP BONDS 6.5% 10/15/37	A	A3
CONOCOPHILLIPS BONDS 5.9% 5/15/38	AAA	AAA
WAL-MART STORES INC. 5% 10/25/40 SENIOR NOTES	A+	A1
INTEL CORP 4.25% DUE 12/15/42	A-	BAA1
MICROSOFT CORP 3.5% 11/15/42	A	A2
PEPSICO INC 3.6% DUE 8/13/42	BBB	A3
LOEWS CORP SR 4.125% DUE 5/15/43 CALLABLE 2/15/23 @ 100.000	AA	AA2
BELLSOUTH TELECOM 5.85% 11/15/45 DEBENTURES	BBB+	A1

(Continued)

Mason District Hospital

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

Investment Type	Standard & Poor's	Moody's Investor's Service
U.S. government securities:		
UNITED STATES TREASURY NOTE MATURES 2/15/2026	Aa1	AA+
UNITED STATES TREAS NTS MATURES 1/31/2028	Aa1	AA+
UNITED STS TREAS NTS MATURES 3/31/2028	Aa1	AA+
UNITED STATES TREAS NTS MATURES 11/30/2028	Aa1	AA+
UNITED STATES TREAS NTS MATURES 9/30/2029	Aa1	AA+
UNITED STATES TREAS NTS MATURES 1/31/2030	Aa1	AA+
UNITED STS TREAS NTS MATURES 8/15/2030	Aa1	AA+
UNITED STATES TREAS NTS MATURES 1/31/2031	Aa1	AA+
UNITED STATES TREAS NTS MATURES 7/31/2031	Aa1	AA+
UNITED STATES TREAS NTS MATURES 11/15/2031	Aa1	AA+
UNITED STATES TREAS NTS MATURES 5/15/2032	Aa1	AA+
UNITED STATES TREAS NTS MATURES 2/15/2033	Aa1	AA+
UNITED STATES TREAS NTS MATURES 2/15/2035	Aa1	AA+
Negotiable certificates of deposit:		
FIRST CITIZENS BANK & TRUST RALEIGH 3.1% DUE 11/19/24 CERTIFICATE OF DEPOSIT	Not Rated	Not Rated
MORGAN STANLEY BK N A CD 3.85% 8/21/2028 CERT OF DEPOSIT	Not Rated	Not Rated
Mutual funds:		
AMERICAN BALANCED FUND F2	Not Rated	Not Rated
ISHARES RUSSELL SM MID CP IDX INSTL	Not Rated	Not Rated
BLACKROCK MULTI ASSET INCOME PORT A	Not Rated	Not Rated
FIDELITY INTERNATIONAL INDEX FUND	Not Rated	Not Rated
FRANKLIN INCOME CLASS A1	Not Rated	Not Rated
FRANKLIN UTILITIES CLASS A1	Not Rated	Not Rated
PIMCO INCOME CLASS A	Not Rated	Not Rated
ISHARES RUSSELL 1000 VALUE FUND	Not Rated	Not Rated
ISHARES TRUST BARCLAYS SHORT TREASURY BOND FD	Not Rated	Not Rated
Preferred stock:		
AT&T INC 5% CALLABLE 12/12/24 @25	BB+	Ba1
PUBLIC STORAGE 4.7% PFD PERPETUAL SER CALLABLE 11/15/24	BBB	BAA2
AT&T INC 5.35% GLB NTS 66	BB+	N/A
CMS ENERGY 5.875% PFD JR SUB MTY 10/15/78 CALL 10/15/23 @25	BBB-	BAA3
BANK AMER CORP 5% PFD PERP MTY CALLABLE 9/17/24 @25	BAA1	BAA1
JP MORGAN SER DD PFD FIXED 5.75% CALLABLE 12/1/23	BBB+	A3
PUBLIC STORAGE 3.875% CALLABLE 10/6/2025	BBB+	A3
PUBLIC STORAGE PFD SHS F 5.15%	BBB+	A3
Municipal bonds:		
Albertville ALA BRD of ED TS 2014C	AA	Not rated

Concentration of credit risk: The Organization's investment policy seeks diversification to reduce overall portfolio risk while generating growth of asset value at 7% greater than inflation, as measured by the CPI. The Organization's policy further restricts investments in cash and cash equivalents, fixed income securities and equity securities as follows:

- Cash and cash equivalents must consist of securities of (or backed by the full faith and credit of) the U.S. government or agencies of the U.S. government, or commercial paper which is classified Prime-1 by Moody's or A-1 by Standard & Poor's.
- Money market funds must meet the above criteria.

Mason District Hospital

Notes to Financial Statements

Note 3. Cash, Cash Equivalents and Investments (Continued)

- Domestic or international fixed income securities must be rated A or better by recognized and reputable rating services (Investment Grade securities). However, with the exception of direct obligations of the U.S. government and its agencies, maximum ownership of any one issue shall not exceed 15% of the fixed income portfolio at cost.
- Common and preferred stock must be publicly traded, but no equity security shall represent more than 5% of the market value of the outstanding equity securities issued by a corporation, and the cost at the time of purchase of any equity securities of any corporation shall not exceed 5% of the total market value of the respective assets managed by any individual manager.

The Organization's policy specifically prohibits investments in private placed securities, restricted securities, margin purchases, commodities or futures contracts, hedge funds or limited partnership interest in hedge funds, options, tax-free bonds or tax-free bond funds, and derivative instruments. As of September 30, 2025, the Organization has no investments in these investment types.

The Organization's investment policy further specifies the following asset allocation guidelines:

	Minimum	Maximum	Target
Asset category:			
Cash and equivalents	- %	10%	4%
Fixed income	40	70	46
Equities	20	50	50

Investments in any one issuer that represent greater than 5% of the Organization's investment are as follows:

	Investment Type	Fair Value
Issuer:		
U.S. Treasury	U.S. government securities	\$ 329,117

Custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. It is the Organization's policy to require that time deposits in excess of Federal Deposit Insurance Corporation insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default.

As of September 30, 2025, \$19,046 of the Hospital's bank balance of deposits of \$20,084,947 with financial institutions was exposed to custodial credit risk.

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the fund will not be able to recover the value or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the Hospital's name and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the Hospital's name.

All of the Hospital's investments, excluding mutual funds, are classified as insured or registered or securities held by the entity or its agent in the entity's name. Because the Hospital's investments in mutual funds do not meet the definition of a security in accordance with GASB Statement No. 3, *Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements*, they are exempt from such classification.

Mason District Hospital

Notes to Financial Statements

Note 4. Composition of Receivables

The Hospital's receivables consist of the following as of September 30, 2025 and 2024:

	2025	2024
Patient accounts	\$ 14,303,271	\$ 11,126,223
Less:		
Estimated allowance for contractual adjustments	(5,289,839)	(3,295,490)
Estimated allowance for doubtful accounts	(2,834,326)	(2,062,941)
	6,179,106	5,767,792
Property taxes	4,796	4,796
Succeeding year property tax receivable	550,000	550,000
Other receivables	28,614	25,254
	<u>\$ 6,762,516</u>	<u>\$ 6,347,842</u>

Note 5. Capital Assets

Capital assets activity as of and for the years ended September 30, 2025 and 2024, is as follows:

	September 30, 2024	Additions	Transfers and Disposals	September 30, 2025
Capital assets not being depreciated:				
Land	\$ 163,928	\$ -	\$ -	\$ 163,928
Construction in progress	6,119	-	-	6,119
Total capital assets not being depreciated	170,047	-	-	170,047
Capital assets being depreciated:				
Land improvements	694,751	25,537	-	720,288
Buildings and improvements	19,951,729	619,104	-	20,570,833
Fixed equipment	3,907,604	-	-	3,907,604
Movable equipment	13,921,679	643,427	(33,712)	14,531,394
Ambulance vehicles and equipment	1,611,515	-	-	1,611,515
Total capital assets being depreciated	40,087,278	1,288,068	(33,712)	41,341,634
Less accumulated depreciation for:				
Land improvements	608,290	12,377	-	620,667
Buildings and improvements	13,498,540	687,764	-	14,186,304
Fixed equipment	3,798,071	116,703	-	3,914,774
Movable equipment	11,375,731	765,774	(33,712)	12,107,793
Ambulance vehicles and equipment	1,090,715	90,142	-	1,180,857
Total accumulated depreciation	30,371,347	1,672,760	(33,712)	32,010,395
Total capital assets being depreciated, net	9,715,931	(384,692)	-	9,331,239
Capital assets, net	<u>\$ 9,885,978</u>	<u>\$ (384,692)</u>	<u>\$ -</u>	<u>\$ 9,501,286</u>
Right-to-use assets:				
Buildings under lease	\$ 201,699	\$ -	\$ -	\$ 201,699
Equipment under lease	345,433	14,765	-	360,198
SBITA arrangements	3,632,412	1,020,787	-	4,653,199
Total	4,179,544	1,035,552	-	5,215,096
Less accumulated amortization for:				
Buildings under lease	99,687	33,229	-	132,916
Equipment under lease	207,442	65,197	-	272,639
SBITA arrangements	1,836,311	1,117,726	-	2,954,037
Total	2,143,440	1,216,152	-	3,359,592
Right-to-use assets, net	<u>\$ 2,036,104</u>	<u>\$ (180,600)</u>	<u>\$ -</u>	<u>\$ 1,855,504</u>

Mason District Hospital

Notes to Financial Statements

Note 5. Capital Assets (Continued)

	September 30, 2023	Additions	Transfers and Disposals	September 30, 2024
Capital assets not being depreciated:				
Land	\$ 163,928	\$ -	\$ -	\$ 163,928
Construction in progress	96,997	6,119	(96,997)	6,119
Total capital assets not being depreciated	260,925	6,119	(96,997)	170,047
Capital assets being depreciated:				
Land improvements	694,751	-	-	694,751
Buildings and improvements	19,672,121	279,608	-	19,951,729
Fixed equipment	3,907,604	-	-	3,907,604
Movable equipment	13,043,831	780,851	96,997	13,921,679
Ambulance vehicles and equipment	1,378,108	233,407	-	1,611,515
Total capital assets being depreciated	38,696,415	1,293,866	96,997	40,087,278
Less accumulated depreciation for:				
Land improvements	594,929	13,361	-	608,290
Buildings and improvements	12,749,648	748,892	-	13,498,540
Fixed equipment	3,720,574	77,497	-	3,798,071
Movable equipment	10,454,890	920,841	-	11,375,731
Ambulance vehicles and equipment	1,022,076	68,639	-	1,090,715
Total accumulated depreciation	28,542,117	1,829,230	-	30,371,347
Total capital assets being depreciated, net	10,154,298	(535,364)	96,997	9,715,931
Capital assets, net	\$ 10,415,223	\$ (529,245)	\$ -	\$ 9,885,978
Right-to-use assets:				
Buildings under lease	\$ 201,699	\$ -	\$ -	\$ 201,699
Equipment under lease	319,608	25,825	-	345,433
SBITA arrangements	3,472,230	160,182	-	3,632,412
Total	3,993,537	186,007	-	4,179,544
Less accumulated amortization for:				
Buildings under lease	66,458	33,229	-	99,687
Equipment under lease	133,453	73,989	-	207,442
SBITA arrangements	891,157	945,154	-	1,836,311
Total	1,091,068	1,052,372	-	2,143,440
Right-to-use assets, net	\$ 2,902,469	\$ (866,365)	\$ -	\$ 2,036,104

Mason District Hospital

Notes to Financial Statements

Note 6. Notes Payable, Long-Term Debt and Pledged Assets

The Hospital's bonds and notes outstanding are direct borrowings or private placement obligations. Long-term debt consists of the following as of September 30, 2025 and 2024:

	2025	2024
Revenue bonds, Series 2017 (A)	\$ 595,000	\$ 1,270,000
Note payable (B)	531,132	606,937
Note payable (C)	-	18,288
Note payable (D)	52,891	68,139
Note payable (E)	378,173	463,652
Note payable (F)	339,061	380,146
	1,896,257	2,807,162
Less current maturities	834,124	916,817
	<u>\$ 1,062,133</u>	<u>\$ 1,890,345</u>

- (A) Hospital Revenue Bonds, Series 2017, original amount \$4,440,000 were privately placed by the Hospital in November 2017 to refund the Series 2006 Bonds. This refunding defeased a portion of the Series 2006 Bonds by placing \$4,230,000 of the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the Series 2006 Bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the Hospital's financial statements. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the Series 2006 Bonds of \$49,386. This difference, reported on the statements of net position as a deferred outflow of resources, is being amortized over the life of the bonds.

The Series 2017 Bonds are payable through December 2025, with interest due at an annual rate of 3.0%. The bond agreement provides for the establishment of debt service reserve funds and provides for other restrictions. The Hospital's revenue bonds, which were privately placed, contain provisions that, in an event of default, outstanding amounts become immediately due if the Hospital is unable to make payment.

- (B) Note payable represents a direct borrowing, payable in monthly installments of \$8,490 through July 2031, and is collateralized by specific equipment. The interest rate was initially fixed at 2.60% until July 2021. After that date, the rate became variable and is now set at 2.65% below the farm-commercial equipment prime rate.
- (C) Note payable is direct borrowing and due in monthly installments of \$2,634, including 2.50% interest through April 2025, collateralized by specific equipment.
- (D) Note payable is direct borrowing and due in monthly installments of \$1,492, including 5.00% interest through November 2028, collateralized by specific equipment.
- (E) Note payable is direct borrowing and due in monthly installments of \$8,539, including 5.50% interest through September 2029, collateralized by specific equipment.
- (F) Note payable is direct borrowing and due in monthly installments of \$5,843, including 6.00% interest through May 2031, collateralized by specific equipment.

Mason District Hospital

Notes to Financial Statements

Note 6. Notes Payable, Long-Term Debt and Pledged Assets (Continued)

Notes payable from direct borrowings contain provisions that, in an event of default, the Hospital may incur late charge fees and the lender may cancel the agreement and require the Hospital to pay the unpaid balance, including accrued interest and return the equipment.

The Hospital has pledged future net revenue to repay the Series 2017 Revenue Bonds. Proceeds from the bonds were used to renovate and expand facilities of the Hospital. The bonds are payable from net revenues. Annual principal and interest payments on the bonds are expected to require less than 5% of annual net revenue. As of September 30, 2025, the total principal and interest remaining to be paid on the bonds is \$597,975. Principal and interest paid for the current year on the Series 2017 Bonds and total net operating revenue of the Hospital were \$702,841 and \$37,340,625, respectively.

Long-term debt as of and for the years ended September 30, 2025 and 2024, is as follows:

	September 30, 2024	Borrowings	Payments	September 30, 2025	Due Within One Year
2017 Refunding Bonds	\$ 1,270,000	\$ -	\$ (675,000)	\$ 595,000	\$ 595,000
Notes payable	1,537,162	-	(235,905)	1,301,257	239,124
	<u>\$ 2,807,162</u>	<u>\$ -</u>	<u>\$ (910,905)</u>	<u>\$ 1,896,257</u>	<u>\$ 834,124</u>

	September 30, 2023	Borrowings	Payments	September 30, 2024	Due Within One Year
2017 Refunding Bonds	\$ 1,925,000	\$ -	\$ (655,000)	\$ 1,270,000	\$ 675,000
Notes payable	1,337,755	400,000	(200,593)	1,537,162	241,817
	<u>\$ 3,262,755</u>	<u>\$ 400,000</u>	<u>\$ (855,593)</u>	<u>\$ 2,807,162</u>	<u>\$ 916,817</u>

Debt service requirements on the bonds, notes payable and total debt service requirements are as follows:

	Bonds	Notes Payable	Interest	Total
Years ending September 30:				
2026	\$ 595,000	\$ 239,124	\$ 53,251	\$ 887,375
2027	-	249,871	42,504	292,375
2028	-	261,065	31,310	292,375
2029	-	257,719	19,732	277,451
2030	-	161,902	10,099	172,001
2031	-	131,576	2,496	134,072
	<u>\$ 595,000</u>	<u>\$ 1,301,257</u>	<u>\$ 159,392</u>	<u>\$ 2,055,649</u>

Mason District Hospital

Notes to Financial Statements

Note 7. Subscription Based Information Technology Arrangements (SBITA) and Leases

SBITA liabilities: In connection with the adoption of GASB 96, the Organization recognized a SBITA liability and a right-of-use asset for agreements in which Organization has the right to use another party's information technology software, alone or in combination with tangible capital assets for a period of one year or greater. Current rates are 4%.

SBITA activity for the years ended September 30, 2025 and 2024, consisted of the following:

	September 30, 2024	Additions	Reductions	September 30, 2025	Amounts Due Within One Year
SBITA liabilities	\$ 1,933,231	\$ 1,020,787	\$ (1,121,674)	\$ 1,832,344	\$ 1,344,594

	September 30, 2023	Additions	Reductions	September 30, 2024	Amounts Due Within One Year
SBITA liabilities	\$ 2,671,104	\$ 160,182	\$ (898,055)	\$ 1,933,231	\$ 928,645

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

Years ending September 30:	Principal	Interest	Total
2026	\$ 1,344,594	\$ 41,845	\$ 1,386,439
2027	330,840	9,498	340,338
2028	156,910	870	157,780
	<u>\$ 1,832,344</u>	<u>\$ 52,213</u>	<u>\$ 1,884,557</u>

Lease liabilities: In connection with the adoption of GASB 67, the Organization recorded a lease obligation and right-of-use asset for agreements in which Mason District Hospital has the right to determine the nature and manner of an underlying asset's use for a period of one year or greater.

Lease activity for the year ended September 30, 2025 and 2024 consisted of the following:

	September 30, 2024	Additions	Reductions	September 30, 2025	Amounts Due Within One Year
Lease liabilities	\$ 253,221	\$ 14,765	\$ (100,039)	\$ 167,947	\$ 92,740

	September 30, 2023	Additions	Reductions	September 30, 2025	Amounts Due Within One Year
Lease liabilities	\$ 332,774	\$ 25,825	\$ (105,378)	\$ 253,221	\$ 98,934

Mason District Hospital

Notes to Financial Statements

Note 7. Subscription Based Information Technology Arrangements (SBITA) and Leases (Continued)

Future minimum lease (GASB 87) payments are as follows:

	Principal	Interest	Total
Years ending September 30:			
2026	\$ 92,740	\$ 4,447	\$ 97,187
2027	40,564	1,834	42,398
2028	17,486	996	18,482
2029	10,687	397	11,084
2030	5,555	95	5,650
Thereafter	915	-	915
	<u>\$ 167,947</u>	<u>\$ 7,769</u>	<u>\$ 175,716</u>

Note 8. Pension and Retirement Plan Commitments

Illinois Municipal Retirement Fund (IMRF):

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 IMRF, the administrator of an agent multiemployer 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 eight 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.

Mason District Hospital

Notes to Financial Statements

Note 8. Pension and Retirement Plan Commitments (Continued)

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 ten years of service, divided by 96.

Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount; or
- 1/2 of the increase in the CPI of the original pension amount.

Employees covered by benefit terms: As of December 31, 2024, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	165
Inactive plan members entitled to but not yet receiving benefits	229
Active plan members	233
	627

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 years 2025 and 2024 was 6.46% and 6.81%, respectively. For the fiscal years ended September 30, 2025 and 2024, the Hospital contributed \$1,037,102 and \$1,078,708, respectively, 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: In accordance with 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*, the Hospital is required to record the liability for defined benefit pensions 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, 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 as of December 31. As a result, the net pension liability on the Hospital's statement of net position as of September 30, 2025, is equal to the Hospital's net pension liability as of December 31, 2024. In addition, contributions which occurred between the measurement date of December 31 and the Hospital's year-end of September 30 are reported on the Hospital's statement of net position as deferred outflows.

Mason District Hospital

Notes to Financial Statements

Note 8. Pension and Retirement Plan Commitments (Continued)

The Hospital reported a liability of approximately \$2,469,000 and \$2,914,000 for its net pension liability as of September 30, 2025 and 2024, respectively. The Hospital's net pension liability was measured as of December 31, 2024 and 2023, and the total pension liability was determined by an actuarial valuation as of those dates.

Actuarial assumptions: The following are the methods and assumptions used to determine total pension liability at December 31, 2024 and 2023:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was five year smoothed, 20% corridor.
- The Price Inflation Rate was assumed to be 2.25%.
- Salary increases were expected to be 2.75% 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 2020 valuation according to an experience study from years 2017 to 2019.
- The IMRF-specific rates for mortality (for nondisabled retirees) were developed from 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.

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.

Mason District Hospital

Notes to Financial Statements

Note 8. Pension and Retirement Plan Commitments (Continued)

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	34%	4.35%
International equity	18	5.40%
Fixed income	25	5.20%
Real estate	11	6.40%
Alternative investments	11	4.85%-6.25%
Cash equivalents	1	3.60%
	<u>100%</u>	

Single discount rate: A single discount rate of 7.25% 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 purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 4.08% and the resulting single discount rate is 7.25%.

Mason District Hospital

Notes to Financial Statements

Note 8. Pension and Retirement Plan Commitments (Continued)

Changes in the net pension liability:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset) Liability (A) - (B)
Balances, December 31, 2023	\$ 63,136,663	\$ 60,222,210	\$ 2,914,453
Changes for the year:			
Service cost	1,212,094	-	1,212,094
Interest on the total pension liability	4,511,256	-	4,511,256
Differences between expected and actual experience of the total pension liability	1,387,891	-	1,387,891
Contributions—employer	-	1,032,283	(1,032,283)
Contributions—employees	-	648,333	(648,333)
Net investment income	-	5,789,640	(5,789,640)
Benefit payments, including refunds of employee contributions	(3,036,992)	(3,036,992)	-
Other (net transfer)	-	86,099	(86,099)
Net changes	4,074,249	4,519,363	(445,114)
Balances, December 31, 2024	\$ 67,210,912	\$ 64,741,573	\$ 2,469,339

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:

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ 10,605,991	\$ 2,469,339	\$ (3,991,442)

Mason District Hospital

Notes to Financial Statements

Note 8. Pension and Retirement Plan Commitments (Continued)

Pension expense, deferred outflows of resources and deferred inflows of resources related to pension: For the years ended September 30, 2025 and 2024, the Hospital recognized pension expense of \$1,037,102 and \$1,078,708, respectively, which was impacted by the recognition of deferred outflows, deferred inflows and changes in the net pension liability after the measurement date but prior to September 30, 2025 and 2024. At September 30, 2025 and 2024, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	September 30, 2025		September 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts related to pensions:				
Deferred amounts to be recognized in pension expense in future periods:				
Differences between expected and actual experience	\$ 2,429,716	\$ 1	\$ 2,598,231	\$ 13,202
Changes of assumptions	1,396	-	2,132	114,107
Net difference between projected and actual earnings on pension plan investments	1,423,690	-	2,984,427	-
Total deferred amounts to be recognized in pension expense in future periods	3,854,802	1	5,584,790	127,309
Pension contributions made subsequent to the measurement date	769,994	-	766,919	-
Total deferred amounts related to pensions	\$ 4,624,796	\$ 1	\$ 6,351,709	\$ 127,309

Employer contributions subsequent to the measurement date of December 31, 2024, of \$769,994, which are reported as deferred outflows of resources related to pension as of September 30, 2025, will be recognized as a reduction of the net pension liability in the Hospital's fiscal year ending September 30, 2025.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense in future periods over the average remaining service life of all employees of 4.41 years or five years as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Years ending September 30:		
2026	\$ 980,017	\$ 1
2027	980,017	-
2028	980,017	-
2029	980,017	-
2030	(65,266)	-
	\$ 3,854,802	\$ 1

Mason District Hospital

Notes to Financial Statements

Note 9. 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.

Health plan self-insurance: The Hospital self-insures for health care coverage provided to employees. The health care plan is administered by CoreSource. The Hospital maintains a special bank account, for the administrator, which is to be used exclusively for the payment of claims of all Hospital employees and a monthly administration fee. Claims are accrued as incurred. For the years ended September 30, 2025 and 2024, the expenses related to the medical and dental claims and administration fees, as provided by the plan, totaled approximately \$3,109,000 and \$2,530,000, respectively. The Hospital has recorded a current liability, which is included in other accrued expenses, for the claims payable.

Changes in the balances of claims liabilities for the years ended September 30, 2025 and 2024, are as follows:

	2025	2024
Claims payable, beginning	\$ 251,729	\$ 401,729
Incurred claims	3,108,630	2,530,079
Claim payments	2,988,630	2,680,079
Claims payable, ending	<u>\$ 371,729</u>	<u>\$ 251,729</u>

Malpractice insurance: The Hospital participates in the Illinois Provider Trust (IPT), an organization sponsored by the Illinois Hospital and Health Systems Association (IHHA) to provide professional liability coverage to Illinois hospitals which are members of the Illinois Hospital Association (IHA). The IPT is a multi-hospital self-insurance trust formed pursuant to the provisions of the Illinois Religious and Charitable Risk Pooling Act. Member hospitals and affiliates make contributions to IPT which provides mutual insurance protection for all members of the trust. The Hospital could be required to make additional retroactive contributions based on actuarial calculations of trust loss experience. The provision for insurance is based on the Hospital's experience, and future premiums can be adjusted for favorable or unfavorable retrospective experience. Claims-made coverage is currently arranged through January 1, 2025. Coverage for claims made subsequent to January 1, 2025, is dependent upon the Hospital's ability to obtain claims-made insurance in the future.

During the years ended September 30, 2025 and 2024, the Hospital used an actuary to calculate an estimate of incurred but not reported (IBNR) claims at year-end. These accruals are included in other accrued expenses and other long-term liabilities on the statements of net position. For the years ended September 30, 2025 and 2024, the Hospital incurred expenses for malpractice coverage of approximately \$264,000 and \$275,000, respectively.

Changes in the balances of malpractice claims liabilities for the years ended September 30, 2025 and 2024, are approximately as follows:

	2025	2024
Malpractice accrual, beginning	\$ 110,000	\$ 110,000
Incurred claims	264,368	275,684
Claim payments	264,368	275,684
Malpractice accrual, ending	<u>\$ 110,000</u>	<u>\$ 110,000</u>

Mason District Hospital

Notes to Financial Statements

Note 9. Risk Management, Insurance and Contingent Liabilities (Continued)

Workers' compensation insurance: Workers' compensation coverage is obtained through a multi-employer self-insurance trust. Beginning December 1, 2009, workers' compensation coverage was obtained through Illinois Compensation Trust (ICT). Prior to December 1, 2009, workers' compensation was obtained through the Illinois County Risk Management Trust. ICT is an organization sponsored by the IHA to provide worker's compensation coverage to Illinois hospitals which are members of IHA. The ICT is a multi-hospital self-insurance trust formed pursuant to the provisions of the Illinois Religious and Charitable Risk Pooling Act. Member hospitals make contributions to ICT which provides mutual insurance protection for all members of the trust. According to the Trust Agreement, a refund may be made to the participating hospitals if the trust's loss experience is better than anticipated. During the years ended September 30, 2025 and 2024, the Organization received no refunds. If the trust's loss experience is worse than anticipated, the member hospitals may be required to make additional contributions. Management has evaluated the potential retroactive assessment and deemed no liability is necessary as of September 30, 2025 and 2024. For the years ended September 30, 2025 and 2024, the Organization incurred expenses for workers' compensation coverage of approximately \$137,000 and \$74,000, respectively, which primarily consists of insurance premiums.

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 regulation 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 such regulatory reviews 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. During fiscal year 2007, the RAC's 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 may be subject to such an audit at some time in the future. The final impact, if any, of this program cannot be quantified at this time.

Note 10. Deferred Compensation Plan

The Hospital offers its employees a deferred compensation plan created in accordance with the provisions of IRC Section 457. The plan available to all Hospital employees permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Effective January 1, 1999, the plan was amended to comply with IRC Section 457(g) which allowed for the plan to hold its assets in trust. Under these new requirements the Hospital no longer owns or controls the amount deferred by employees, and therefore, the liability and corresponding investment are not reflected in the financial statements.

Mason District Hospital

Notes to Financial Statements

Note 11. Other Postemployment Benefits (OPEB)

Plan description: The Organization sponsors a single-employer, postretirement medical plan, the retiree health benefit program that provides post-termination medical insurance coverage for the participant and the participant's family through age 65. The employees eligible under this policy are all employees who terminate employment at or after age 55 with at least eight years of service. Prior to the participants' age 65, the coverage shall be insured coverage providing a level of benefits reasonably comparable to the standard medical coverage the Organization provides to all full-time employees. The plan coverage terminates upon the participant reaching Medicare eligibility (age 65). The Organization pays for all or a portion of active employees' coverage. The amount depends on whether single or family coverage is elected. Upon retirement, the retired participant continuing their coverage pays the premium including any increase in single premium after retirement. The required contribution is based on projected pay-as-you-go financing requirements. The Organization contributed \$48,000 and \$146,000 to the plan during the years ended September 30, 2025 and 2024, respectively.

Funding policy: The current funding policy of the Organization is to pay health claims as they occur. This arrangement does not qualify as OPEB plan assets under GASB for current GASB reporting.

Employees covered by benefit terms: At September 30, 2025, the following employees were covered by the benefit terms:

Current retirees, beneficiaries and dependents	7
Current active members	220
	<u>227</u>

Total OPEB liability: In accordance with GASB Statement No. 75, *Accounting for Financial Reporting for Postemployment Benefits other Than Pensions*, the Organization is required to record the liability for the OPEB plan (total OPEB liability). The Organization's September 30, 2025, total OPEB liability of \$847,456 was measured as of September 30, 2025, and was determined by an actuarial valuation as of that date. The Organization's September 30, 2024, total OPEB liability of \$1,277,780 was measured as of September 30, 2023, and was determined by an actuarial valuation as of that date which was rolled forward to September 30, 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:

Inflation	2.30%
Salary increases	3.00%
Discount rate	3.81% (effective October 1, 2024)
Health care cost trend rates	4.40% for medical benefits for the 2025 fiscal year and increasing 0.50% to an ultimate rate of 5% for 2026

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

Mortality rates were based on the Pub-2010 generational table scaled using MP-21 and applied on a gender-specific basis. It is assumed that 50% 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 eligible retirees who elect to continue health coverage at retirement. It is assumed that 20% of all employees and their dependents who are eligible will participate in the retiree medical plan.

Mason District Hospital

Notes to Financial Statements

Note 11. Other Postemployment Benefits (OPEB) (Continued)

Changes in the total OPEB liability:

	2025	2024
OPEB liability, beginning	\$ 1,277,780	\$ 1,235,776
Changes for the year:		
Service cost	29,438	28,632
Interest on total OPEB liability	52,457	50,222
Effect of economic/demographic gains or losses	(288,757)	-
Effect of assumption changes or inputs	(173,686)	(6,357)
Benefit payments	(49,776)	(30,493)
Net changes	(430,324)	42,004
OPEB liability, ending	\$ 847,456	\$ 1,277,780

Effect of assumption changes and inputs reflect a change in the discount rate from 4.09% as of September 30, 2024, to 3.81% as of September 30, 2025.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the approximate total OPEB liability of the Organization, as well as what the Organization's approximate total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81) or 1-percentage-point higher (4.81) than the current discount rate:

	1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
Total OPEB liability	\$ 907,793	\$ 847,456	\$ 792,360

Sensitivity of the total OPEB liability to changes in the health care cost trend rates: The following presents the approximate total OPEB liability of the Organization, as well as what the Organization's approximate total OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower (3.40% increasing to 4.00%) or 1-percentage-point higher (5.4% increasing to 6.00%) than the current health care cost trend rates:

	1% Decrease	Health Care Cost Trend Rates (4.40% Increasing to 5.00%)	1% Increase
Total OPEB liability	\$ 785,965	\$ 847,456	\$ 915,994

Mason District Hospital

Notes to Financial Statements

Note 11. Other Postemployment Benefits (OPEB) (Continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB: For the years ended September 30, 2025 and 2024, the Organization recognized OPEB expense of approximately \$48,000 and \$146,000, respectively. At September 30, 2025, the Organization reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 345,923
Effect of assumption changes or inputs	210,798	153,623
Total	<u>\$ 210,798</u>	<u>\$ 499,546</u>

Amounts reported as the deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Inflows and Outflows of Resources
Years ending September 30:	
2026	\$ 2,610
2027	(34,497)
2028	(71,544)
2029	(70,813)
2030	(69,937)
2031	(44,567)
	<u>\$ (288,748)</u>

Note 12. New and Pending Accounting Guidance

In December 2023, GASB issued Statement No. 102, Certain Risk Disclosures. This Statement provides guidance on the disclosure of essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The standard disclosure should include the specific concentration or constraint and the related events associated with them that could cause a substantial impact should it occur, and the actions taken to mitigate said risk. This standard becomes effective for the fiscal year that begins after June 15, 2024. The adoption of this standard did not have a material impact on the financial statements.

In April 2024, GASB issued Statement No. 103, Financial Reporting Model Improvements. This Statement provides guidance on improving key components of the financial reporting model to enhance its effectiveness in providing essential information for decision making and assessing accountability and application issues. This standard becomes effective for the fiscal year that begins after June 15, 2025. The Organization is currently evaluating the impact of this Statement on its financial statements.

In September 2024, GASB issued Statement No. 104, Disclosure of Certain Capital Assets. This Statement provides guidance on providing users of the financial statement essential information about certain types of capital assets and capital assets held for sale. This standard becomes effective for the fiscal year that begins after June 15, 2025. The Organization is currently evaluating the impact of this Statement on its financial statements.

Mason District Hospital

Required Supplementary Information (Unaudited)

Illinois Municipal Retirement Fund

Schedule of Changes in the Net Pension (Asset) Liability and Related Ratios

	December 31		
	2024	2023	2022
Total pension liability:			
Service cost	\$ 1,212,094	\$ 1,175,950	\$ 1,079,573
Interest on the total pension liability	4,511,256	4,265,752	3,881,474
Differences between expected and actual experience of the total pension liability	1,387,891	927,634	3,048,116
Changes of assumptions	-	2,868	-
Benefit payments, including refunds of employee contributions	(3,036,992)	(2,971,055)	(2,542,873)
Net change in total pension liability	4,074,249	3,401,149	5,466,290
Total pension liability—beginning	63,136,663	59,735,514	54,269,224
Total pension liability—ending (A)	<u>\$ 67,210,912</u>	<u>\$ 63,136,663</u>	<u>\$ 59,735,514</u>
Plan fiduciary net position:			
Contributions—employer	\$ 1,032,283	\$ 801,264	\$ 982,726
Contributions—employees	648,333	618,378	624,697
Net investment income (loss)	5,789,640	5,804,946	(7,363,522)
Benefit payments, including refunds of employee contributions	(3,036,992)	(2,971,055)	(2,542,873)
Other (net transfer)	86,099	2,512,399	366,368
Net change in plan fiduciary net position	4,519,363	6,765,932	(7,932,604)
Plan fiduciary net position—beginning	60,222,210	53,456,278	61,388,882
Plan fiduciary net position—ending (B)	<u>\$ 64,741,573</u>	<u>\$ 60,222,210</u>	<u>\$ 53,456,278</u>
Net pension (asset) liability—ending (A) - (B)	\$ 2,469,339	\$ 2,914,453	\$ 6,279,236
Plan fiduciary net position as a percentage of the total pension liability	96.33 %	95.38 %	89.49 %
Covered employee payroll	\$ 15,158,320	\$ 13,500,881	\$ 13,263,420
Net pension liability (asset) as a percentage of covered employee payroll	16.29 %	21.59 %	47.34 %

December 31						
2021	2020	2019	2018	2017	2016	2015
\$ 1,146,269	\$ 1,177,526	\$ 1,149,673	\$ 1,034,441	\$ 1,010,990	\$ 1,017,607	\$ 1,010,677
3,700,644	3,486,237	3,327,395	3,140,944	3,016,651	2,847,494	2,688,091
95,476	1,127,083	(347,396)	(2,118)	453,592	(148,592)	(204,872)
-	(614,143)	-	1,460,625	(1,295,776)	(54,558)	52,653
(2,286,784)	(2,120,690)	(1,784,654)	(1,566,670)	(1,513,215)	(1,394,587)	(1,353,319)
2,655,605	3,056,013	2,345,018	4,067,222	1,672,242	2,267,364	2,193,230
51,613,619	48,557,606	46,212,588	42,145,366	40,473,124	38,205,760	36,012,530
\$ 54,269,224	\$ 51,613,619	\$ 48,557,606	\$ 46,212,588	\$ 42,145,366	\$ 40,473,124	\$ 38,205,760
\$ 1,073,902	\$ 1,062,619	\$ 879,513	\$ 1,047,334	\$ 1,020,992	\$ 1,009,684	\$ 1,090,814
563,248	564,214	524,114	505,145	478,090	452,357	421,146
8,746,607	6,464,599	7,255,103	(1,990,959)	6,178,465	2,327,829	168,327
(2,286,784)	(2,120,690)	(1,784,654)	(1,566,670)	(1,513,215)	(1,394,587)	(1,353,319)
9,294	399,105	(306,034)	555,217	(557,811)	204,299	(324,583)
8,106,267	6,369,847	6,568,042	(1,449,933)	5,606,521	2,599,582	2,385
53,282,615	46,912,768	40,344,726	41,794,659	36,188,138	33,588,556	33,586,171
\$ 61,388,882	\$ 53,282,615	\$ 46,912,768	\$ 40,344,726	\$ 41,794,659	\$ 36,188,138	\$ 33,588,556
\$ (7,119,658)	\$ (1,668,996)	\$ 1,644,838	\$ 5,867,862	\$ 350,707	\$ 4,284,986	\$ 4,617,204
113.12 %	103.23 %	96.61 %	87.30 %	99.17 %	89.41 %	87.91 %
\$ 12,389,384	\$ 12,143,998	\$ 11,618,402	\$ 11,225,440	\$ 10,623,682	\$ 9,764,837	\$ 9,348,485
57.47 %	(13.74)%	14.16 %	52.27 %	3.30 %	43.88 %	49.39 %

Mason District Hospital

Required Supplementary Information (Unaudited)
Illinois Municipal Retirement Fund
Schedule of Employer Contributions

Calendar Year Ended December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2024	\$ 1,032,282	\$ 1,032,283	\$ (1)	\$ 15,158,320	6.81%
2023	795,202	801,264	(6,062)	13,500,881	0.06
2022	974,861	982,726	(7,865)	13,263,420	7.41
2021	1,061,770	1,073,902	(12,132)	12,143,998	8.67
2020	1,056,528	1,062,619	(6,091)	12,143,998	8.75
2019	879,513	879,513	-	11,618,402	7.57
2018	1,047,334	1,047,334	-	11,225,440	9.33
2017	1,020,936	1,020,992	(56)	10,623,682	9.61
2016	1,009,684	1,009,684	-	9,764,837	10.34
2015	934,848	1,090,814	(155,966)	9,348,485	11.67

Mason District Hospital

Required Supplementary Information (Unaudited)

Illinois Municipal Retirement Fund

Notes to Required Supplementary Information

Summary of Actuarial Methods and Assumptions used in the Calculation of the 2024 Contribution Rate*

Valuation Date:

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 2024 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age = normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	10 year rolling 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 nondisabled 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, 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, Retiree, 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, 2022, actuarial valuation; note two year lag between valuation and rate setting.

Mason District Hospital

Required Supplementary Information (Unaudited)

Schedule of Changes in the Organization's Total OPEB Liability and Related Ratios

	September 30	
	2025	2024
Total OPEB Liability:		
Service cost	\$ 29,438	\$ 28,632
Interest on the total OPEB liability	52,457	50,222
Changes of economic/demographic gains or losses	(288,757)	-
Changes of assumptions changes or other inputs	(173,686)	(6,357)
Benefit payments	(49,776)	(30,493)
Net change in total pension liability	(430,324)	42,004
Total OPEB liability—beginning	1,277,780	1,235,776
Total OPEB liability—ending	\$ 847,456	\$ 1,277,780
Covered employee payroll	\$ 12,666,327	\$ 12,064,106
Total OPEB liability as a percentage of covered employee payroll	6.69%	10.59%

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	3.64%
2019	4.18
2020	2.66
2021	2.21
2022	2.26
2023	4.02
2024	4.09
2025	3.81

September 30				
2023	2022	2021	2020	2019
\$ 43,187	\$ 42,610	\$ 20,856	\$ 15,492	\$ 17,933
28,035	27,034	19,349	26,257	18,945
(175,342)	-	(38,345)	-	68,561
172,036	(4,556)	507,081	76,807	26,695
(58,561)	(38,405)	(31,300)	(18,046)	(25,905)
9,355	26,683	477,641	100,510	106,229
1,226,421	1,199,738	722,097	621,587	515,358
\$ 1,235,776	\$ 1,226,421	\$ 1,199,738	\$ 722,097	\$ 621,587
\$ 12,037,437	\$ 8,087,841	\$ 8,771,748	\$ 8,139,651	\$ 8,380,254
10.27%	15.16%	13.68%	8.87%	7.42%

Mason District Hospital

Patient and Financial Statistics (Unaudited)

Years Ended September 30, 2025 and 2024

	2025	2024
Routine service rates per day:		
Private	\$ 2,694	\$ 2,566
Semiprivate	2,549	2,428
Swing bed—semiprivate	1,926	1,834
Swing bed—private	1,993	1,898
Patient days:		
Medical and surgical	329	544
Swing bed	241	358
Total patient days	570	902
Hospital admissions	142	164
Average length of stay (days)	4.0	5.5
Average patients per day	1.6	2.5
Inpatient revenue:		
Per admission	\$ 23,018	\$ 29,395
Per patient day	\$ 5,734	\$ 5,344
Outpatient:		
Visits	26,648	23,829
Revenue per visit	\$ 2,572	\$ 2,579
Home health:		
Visits	9,214	8,441
Revenue per visit	\$ 370	\$ 352

Mason District Hospital

Combining Statement of Net Position September 30, 2025

	Mason District Hospital	Mason District Hospital Foundation	Eliminations	Combined
Assets and Deferred Outflows				
Current assets:				
Cash and cash equivalents	\$ 20,145,705	\$ 100,013	\$ -	\$ 20,245,718
Investments	-	-	5,159,248	5,159,248
Assets limited as to use	597,975	5,159,248	(5,159,248)	597,975
Receivables, net	6,762,516	-	-	6,762,516
Inventories	711,600	-	-	711,600
Prepaid expenses	249,573	-	-	249,573
Total current assets	28,467,369	5,259,261	-	33,726,630
Assets limited as to use, less portion required for current liabilities	1,207,271	-	-	1,207,271
Capital assets:				
Nondepreciable	170,047	-	-	170,047
Depreciable, net	9,331,239	-	-	9,331,239
Total capital assets	9,501,286	-	-	9,501,286
Right-of-use assets, net	156,342	-	-	156,342
SBITA right-of-use assets, net	1,699,162	-	-	1,699,162
Other assets	543,185	-	-	543,185
Total assets	41,574,615	5,259,261	-	46,833,876
Deferred outflows:				
Pension-related	4,624,796	-	-	4,624,796
Other postemployment benefits-related	210,798	-	-	210,798
Related to bond refunding	896	-	-	896
Total deferred outflows	4,836,490	-	-	4,836,490
	\$ 46,411,105	\$ 5,259,261	\$ -	\$ 51,670,366

	Mason District Hospital	Mason District Hospital Foundation	Eliminations	Combined
Liabilities, Deferred Inflows and Net Position				
Current liabilities:				
Current maturities of long-term debt	\$ 834,124	\$ -	\$ -	\$ 834,124
Current maturities SBITA liabilities	1,344,594	-	-	1,344,594
Current maturities lease liabilities	92,740	-	-	92,740
Accounts payable, trade	1,100,986	-	-	1,100,986
Accrued expenses:				
Salaries, wages and payroll taxes	644,180	-	-	644,180
Earned time	1,211,077	-	-	1,211,077
Interest	7,448	-	-	7,448
Other	371,736	-	-	371,736
Estimated third-party payor settlements	427,404	-	-	427,404
Total current liabilities	6,034,289	-	-	6,034,289
Other postemployment benefits	847,456	-	-	847,456
Other long-term liabilities	109,546	-	-	109,546
Long-term debt, net of current maturities	1,062,133	-	-	1,062,133
Long-term SBITA, net of current maturities	487,750	-	-	487,750
Long-term leases, net of current maturities	75,207	-	-	75,207
Net pension liability	2,469,339	-	-	2,469,339
Total liabilities	11,085,720	-	-	11,085,720
Deferred inflows:				
Revenue for succeeding year property taxes	494,890	-	-	494,890
Pension-related	1	-	-	1
Other postemployment benefits-related	499,546	-	-	499,546
Total deferred inflows	994,437	-	-	994,437
Net position:				
Invested in capital and right-of-use assets, net of related debt	7,460,242	-	-	7,460,242
Restricted net position:				
Expendable	844,362	-	-	844,362
For debt service	866,918	-	-	866,918
Unrestricted	25,159,426	5,259,261	-	30,418,687
Total net position	34,330,948	5,259,261	-	39,590,209
	\$ 46,411,105	\$ 5,259,261	\$ -	\$ 51,670,366

Mason District Hospital

Combining Statement of Net Position September 30, 2024

	Mason District Hospital	Mason District Hospital Foundation	Eliminations	Combined
Assets and Deferred Outflows				
Current assets:				
Cash and cash equivalents	\$ 19,414,817	\$ 89,052	\$ -	\$ 19,503,869
Investments	-	-	4,821,196	4,821,196
Assets limited as to use	687,700	4,821,196	(4,821,196)	687,700
Receivables, net	6,347,842	-	-	6,347,842
Inventories	689,931	-	-	689,931
Prepaid expenses	241,329	-	-	241,329
Total current assets	27,381,619	4,910,248	-	32,291,867
Assets limited as to use, less portion required for current liabilities	1,222,709	-	-	1,222,709
Capital assets:				
Nondepreciable	170,047	-	-	170,047
Depreciable, net	9,715,931	-	-	9,715,931
Total capital assets	9,885,978	-	-	9,885,978
Right-of-use assets, net	240,003	-	-	240,003
SBITA right-of-use assets, net	1,796,101	-	-	1,796,101
Other assets	506,286	-	-	506,286
Total assets	41,032,696	4,910,248	-	45,942,944
Deferred outflows:				
Pension-related	6,351,709	-	-	6,351,709
Other postemployment benefits-related	331,512	-	-	331,512
Related to bond refunding	17,020	-	-	17,020
Total deferred outflows	6,700,241	-	-	6,700,241
	\$ 47,732,937	\$ 4,910,248	\$ -	\$ 52,643,185

	Mason District Hospital	Mason District Hospital Foundation	Eliminations	Combined
Liabilities, Deferred Inflows and Net Position				
Current liabilities:				
Current maturities of long-term debt	\$ 916,817	\$ -	\$ -	\$ 916,817
Current maturities SBITA liabilities	928,645	-	-	928,645
Current maturities lease liabilities	98,934	-	-	98,934
Accounts payable, trade	919,480	-	-	919,480
Accrued expenses:				
Salaries, wages and payroll taxes	604,901	-	-	604,901
Earned time	1,126,868	-	-	1,126,868
Interest	14,277	-	-	14,277
Other	252,337	-	-	252,337
Estimated third-party payor settlements	944,386	-	-	944,386
Total current liabilities	5,806,645	-	-	5,806,645
Other postemployment benefits	1,277,780	-	-	1,277,780
Other long-term liabilities	136,034	-	-	136,034
Long-term debt, net of current maturities	1,890,345	-	-	1,890,345
Long-term SBITA, net of current maturities	1,004,586	-	-	1,004,586
Long-term leases, net of current maturities	154,287	-	-	154,287
Net pension liability	2,914,453	-	-	2,914,453
Total liabilities	13,184,130	-	-	13,184,130
Deferred inflows:				
Revenue for succeeding year property taxes	494,890	-	-	494,890
Pension-related	127,309	-	-	127,309
Other postemployment benefits-related	142,216	-	-	142,216
Total deferred inflows	764,415	-	-	764,415
Net position:				
Invested in capital and right-of-use assets, net of related debt	6,928,468	-	-	6,928,468
Restricted net position:				
Expendable	821,477	-	-	821,477
For debt service	998,437	-	-	998,437
Unrestricted	25,036,010	4,910,248	-	29,946,258
Total net position	33,784,392	4,910,248	-	38,694,640
	\$ 47,732,937	\$ 4,910,248	\$ -	\$ 52,643,185

Mason District Hospital

Combining Statement of Revenue, Expenses and Changes in Net Position Year Ended September 30, 2025

	Mason District Hospital	Mason District Hospital Foundation	Eliminations	Combined
Operating revenue:				
Net patient service revenue	\$ 35,807,192	\$ -	\$ -	\$ 35,807,192
Other revenue	1,514,353	19,080	-	1,533,433
Total operating revenue	37,321,545	19,080	-	37,340,625
Operating expenses:				
Salaries and wages	16,525,655	-	-	16,525,655
Employee benefits:				
Pension-related	2,191,593	-	-	2,191,593
All others	4,559,807	-	-	4,559,807
Supplies and other	8,183,805	33,197	-	8,217,002
Professional fees	4,125,826	-	-	4,125,826
Depreciation and amortization	2,905,034	-	-	2,905,034
Interest	175,475	-	-	175,475
Total operating expenses	38,667,195	33,197	-	38,700,392
Operating loss	(1,345,650)	(14,117)	-	(1,359,767)
Nonoperating revenue:				
Tax revenue	720,416	-	-	720,416
Contributions and bequests, noncapital	429,285	24,145	-	453,430
Grant revenue	75,596	-	-	75,596
Investment income	653,255	338,985	-	992,240
Loss on sale of assets	13,654	-	-	13,654
Total nonoperating revenue	1,892,206	363,130	-	2,255,336
Increase in net position	546,556	349,013	-	895,569
Net position:				
Beginning	33,784,392	4,910,248	-	38,694,640
Ending	\$ 34,330,948	\$ 5,259,261	\$ -	\$ 39,590,209

Mason District Hospital

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

	Mason District Hospital	Mason District Hospital Foundation	Eliminations	Combined
Operating revenue:				
Net patient service revenue	\$ 33,412,506	\$ -	\$ -	\$ 33,412,506
Other revenue	1,446,367	15,903	-	1,462,270
Total operating revenue	34,858,873	15,903	-	34,874,776
Operating expenses:				
Salaries and wages	15,992,185	-	-	15,992,185
Employee benefits:				
Pension-related	(874,993)	-	-	(874,993)
All others	3,916,648	-	-	3,916,648
Supplies and other	6,673,566	2,902	-	6,676,468
Professional fees	3,600,069	-	-	3,600,069
Depreciation and amortization	2,886,977	-	-	2,886,977
Interest	221,824	-	-	221,824
Total operating expenses	32,416,276	2,902	-	32,419,178
Operating income	2,442,597	13,001	-	2,455,598
Nonoperating revenue:				
Tax revenue	805,908	-	-	805,908
Contributions and bequests, noncapital	417,726	26,483	-	444,209
Grant revenue	273,678	-	-	273,678
Investment income	697,060	842,150	-	1,539,210
Total nonoperating revenue	2,194,372	868,633	-	3,063,005
Increase in net position	4,636,969	881,634	-	5,518,603
Net position:				
Beginning	29,147,423	4,028,614	-	33,176,037
Ending	\$ 33,784,392	\$ 4,910,248	\$ -	\$ 38,694,640

Mason District Hospital

**Statements of Revenue and Expenses Information
(Hospital Only)**

Years Ended September 30, 2025 and 2024

	2025		
	Inpatient	Outpatient	Total
Gross Patient Services Revenue, Summary by Department			
Routine care services:			
Medical and surgical	\$ 1,101,488	\$ 2,598,440	\$ 3,699,928
Swing beds	485,352	-	485,352
Home health	-	3,413,716	3,413,716
	<u>1,586,840</u>	<u>6,012,156</u>	<u>7,598,996</u>
Other nursing services:			
Operating room	58,526	2,813,462	2,871,988
Medical and surgical supplies	37,452	353,809	391,261
Emergency room	9,251	6,647,455	6,656,706
Cardiopulmonary	255,474	1,127,705	1,383,179
Intravenous therapy	50,878	842,223	893,101
	<u>411,581</u>	<u>11,784,654</u>	<u>12,196,235</u>
Other professional services:			
Laboratory	278,203	13,022,511	13,300,714
Sleep laboratory	-	108,055	108,055
Cardiac rehabilitation	-	324,888	324,888
Radiology	237,427	18,740,961	18,978,388
Pharmacy	84,744	1,570,214	1,654,958
Anesthesiology	51,368	1,600,192	1,651,560
Physical therapy	300,722	4,468,024	4,768,746
Ambulance	-	3,776,293	3,776,293
Occupational therapy	280,274	1,007,102	1,287,376
Senior health	-	1,482,961	1,482,961
Havana Medical Associates	-	7,561,689	7,561,689
Speech therapy	37,366	480,288	517,654
	<u>1,270,104</u>	<u>54,143,178</u>	<u>55,413,282</u>
	<u>\$ 3,268,525</u>	<u>\$ 71,939,988</u>	<u>75,208,513</u>
Less charity care			<u>44,412</u>
Gross patient services revenue			<u>\$ 75,164,101</u>

2024		
Inpatient	Outpatient	Total
\$ 1,862,798	\$ 2,707,400	\$ 4,570,198
658,406	-	658,406
-	2,975,096	2,975,096
2,521,204	5,682,496	8,203,700
30,482	2,814,435	2,844,917
51,202	318,667	369,869
13,767	6,563,878	6,577,645
375,899	1,026,215	1,402,114
56,808	708,105	764,913
528,158	11,431,300	11,959,458
524,457	11,391,709	11,916,166
-	154,568	154,568
-	471,315	471,315
283,514	15,033,241	15,316,755
224,781	1,053,778	1,278,559
33,827	1,627,615	1,661,442
369,934	3,970,722	4,340,656
-	3,107,222	3,107,222
321,296	1,494,748	1,816,044
-	1,270,545	1,270,545
-	7,178,390	7,178,390
13,560	554,099	567,659
1,771,369	47,307,952	49,079,321
\$ 4,820,731	\$ 64,421,748	69,242,479
		27,303
		\$ 69,215,176

Mason District Hospital

Statements of Revenue and Expenses Information (Hospital Only)

Years Ended September 30, 2025 and 2024

	2025	2024
Net Patient Service Revenue		
Gross patient service revenue	<u>\$ 75,164,101</u>	<u>\$ 69,215,176</u>
Contractual adjustments:		
Medicare and Medicaid:		
Medicare	15,887,464	14,809,268
Medicaid/Illinois Public Aid	<u>7,040,511</u>	<u>6,522,701</u>
	<u>22,927,975</u>	<u>21,331,969</u>
All others:		
Preferred provider organization discounts	11,837,396	10,278,720
Administrative allowances and discounts	2,251,443	1,817,068
Employee allowances	<u>31,384</u>	<u>30,405</u>
	<u>37,048,198</u>	<u>33,458,162</u>
Provision for doubtful accounts	<u>2,308,711</u>	<u>2,344,508</u>
Net patient service revenue	<u><u>\$ 35,807,192</u></u>	<u><u>\$ 33,412,506</u></u>
Other Revenue		
340B Pharmacy revenue	\$ 979,764	\$ 765,659
Mason County ambulance contract	282,000	486,605
Cafeteria sales	195,466	164,361
Medical record fees	3,987	2,556
Building rent	10,077	9,924
Miscellaneous	<u>43,059</u>	<u>17,262</u>
Total other revenue	<u><u>\$ 1,514,353</u></u>	<u><u>\$ 1,446,367</u></u>

Mason District Hospital

Statements of Revenue and Expenses Information (Hospital Only)

Years Ended September 30, 2025 and 2024

	2025			
	Salaries and Wages	Employee Benefits, Supplies and Other	Professional Fees	Total
Operating Expenses, Summary by Department				
Nursing administration	\$ 177,302	\$ 42,646	\$ -	\$ 219,948
Medical and surgical	1,179,742	479,309	661,341	2,320,392
Operating room	324,330	359,106	-	683,436
Emergency room	565,431	158,254	1,760,486	2,484,171
Cardiopulmonary	263,932	88,865	15,140	367,937
Intravenous therapy	-	35,979	-	35,979
Central supply	-	90,159	-	90,159
Laboratory	907,913	1,097,047	48,000	2,052,960
Cardiac rehabilitation	189,642	25,013	-	214,655
Radiology	692,419	1,468,191	-	2,160,610
Pharmacy	346,343	401,281	-	747,624
Anesthesiology	-	19,577	308,245	327,822
Physical therapy	778,614	209,606	-	988,220
Occupational therapy	273,482	57,978	-	331,460
Speech therapy	132,876	18,224	-	151,100
Home health	1,216,567	277,890	-	1,494,457
Ambulance	1,449,551	384,436	-	1,833,987
Medical offices	-	53,259	-	53,259
Havana Medical Associates	3,604,461	1,353,912	1,332,614	6,290,987
Manito Medical Associates	755,045	801,187	-	1,556,232
Medical records	101,589	137,708	-	239,297
Infection control	211,222	27,168	-	238,390
Dietary	351,984	352,309	-	704,293
Plant operations and maintenance	442,237	528,781	-	971,018
Housekeeping	445,699	135,642	-	581,341
Laundry	42,328	26,993	-	69,321
Administration	817,158	1,566,735	-	2,383,893
Business office and data processing	467,903	313,922	-	781,825
Purchasing	148,737	16,499	-	165,236
Insurance	-	145,874	-	145,874
Employee health benefits	-	3,108,630	-	3,108,630
Outpatient registration	478,082	158,649	-	636,731
Sleep therapy	99,665	27,160	-	126,825
Diabetic education	61,401	9,030	-	70,431
Pension related	-	2,191,593	-	2,191,593
Other	-	(1,233,407)	-	(1,233,407)
	<u>\$ 16,525,655</u>	<u>\$ 14,935,205</u>	<u>\$ 4,125,826</u>	<u>35,586,686</u>
Depreciation and amortization				2,905,034
Interest				175,475
				<u>\$ 38,667,195</u>

2024

Salaries and Wages	Employee Benefits, Supplies and Other	Professional Fees	Total
\$ 199,769	\$ 54,025	\$ -	\$ 253,794
1,098,470	498,527	431,183	2,028,180
262,685	264,479	-	527,164
586,837	159,842	1,607,424	2,354,103
252,812	70,635	18,242	341,689
-	15,548	-	15,548
-	96,662	-	96,662
864,061	976,233	52,000	1,892,294
173,313	27,752	-	201,065
681,884	728,667	-	1,410,551
506,185	265,816	-	772,001
-	10,304	354,695	364,999
701,642	316,053	-	1,017,695
314,247	53,087	-	367,334
107,186	15,041	-	122,227
1,135,595	267,983	-	1,403,578
1,440,318	335,852	-	1,776,170
-	69,341	-	69,341
3,395,152	1,206,966	1,136,479	5,738,597
713,773	599,996	46	1,313,815
182,429	62,718	-	245,147
201,912	28,820	-	230,732
312,397	436,580	-	748,977
411,722	447,050	-	858,772
387,779	138,900	-	526,679
39,751	26,409	-	66,160
873,273	1,277,833	-	2,151,106
428,388	248,079	-	676,467
129,147	15,778	-	144,925
-	156,237	-	156,237
-	2,530,199	-	2,530,199
416,866	174,978	-	591,844
99,547	28,626	-	128,173
75,045	11,743	-	86,788
-	(874,993)	-	(874,993)
-	(1,026,545)	-	(1,026,545)

\$ 15,992,185	\$ 9,715,221	\$ 3,600,069	29,307,475
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2,886,977

221,824

\$ 32,416,276

Mason District Hospital

Alternate Revenue Refunding Bonds

Debt Service Requirements

September 30, 2025

	Principal Due December 1	Interest Due June 1 and December 1	Annual Debt Service Requirements	Principal Balance
Years ending September 30:				
2026	\$ 595,000	\$ 8,925	\$ 603,925	\$ -
	\$ 595,000	\$ 8,925	\$ 603,925	\$ -

Mason District Hospital

Schedule of Insurance Coverage (Unaudited)
September 30, 2025

	Amount of Coverage	Expiration	Insurer
Nature of Coverage			
Blanket Earnings and Business Interruption	\$ 28,166,059	11/27/26	Chubb
Building and Personal Property, Fire and Extended Coverage	\$ 53,158,268	11/27/26	Chubb
Earthquake and Flood	\$ 5,000,000	11/27/26	Chubb
Accounts Receivable	\$ 500,000	11/27/26	Chubb
Professional Liability (each occurrence)	\$ 5,000,000	01/01/27	Illinois Provider Trust
Aggregate	\$ 4,000,000	01/01/27	
Data Processing	\$ 500,000	02/15/26	Chubb
Employee Dishonesty (per event)	\$ 60,000	02/15/26	Chubb
Money and Securities (per loss)	\$ 25,000	02/15/26	Chubb
Directors and Officers Liability	\$ 1,000,000	02/15/26	Chubb
Vehicles Liability:			
Bodily Injury and Property Damage	\$ 2,000,000	11/27/26	Markel
Uninsured Motorist	\$ 70,000	11/27/26	Markel
Uninsured Motorist Per Person	\$ 70,000	11/27/26	Markel
Physical Damage	Cash value	11/27/26	Markel
General Liability:			
Comprehensive General Liability	\$ 5,000,000	01/01/27	Illinois Provider Trust
Specific Contractual Liability	\$ 4,000,000	01/01/27	Illinois Provider Trust
Workers' Compensation	Statutory	12/01/26	Illinois Compensation Trust
Cyber Liability	\$ 3,000,000	01/01/27	Cowbell

Mason District Hospital

Hospital Officials
September 30, 2025

Administrative Staff

Dana Adcock
Leann Bonnett
Michael Markley
Kelli Canevit

Chief Executive Officer
Chief Financial Officer
President of Medical Staff
Chief Nursing Officer

Board of Directors

Daniel Houghton
Randy Fornoff
Marty Balbinot
Denis Bryant

Chairman
Vice Chairman
Treasurer
Secretary

Bill Blessman
Linda Leach
Daniel Gunter
Carol Himmel
Alan Tucker