Schuyler County Hospital District

Rushville, Illinois

Financial Statements and Supplementary Information

Years Ended February 28, 2025 and February 29, 2024

WIPFLI

Schuyler County Hospital District

Years Ended February 28, 2025 and 2024

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WIPFLI

Independent Auditor's Report

Board of Directors
Schuyler County Hospital District
Rushville, Illinois

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Schuyler County Hospital District (the "Hospital"), which comprise the statement of financial position as of February 28, 2025, and the related statements of revenues, expenses, and change in net position, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of February 28, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (''GAAP'').

Basis for Opinion

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 of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but 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 Hospital's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for a reasonable period of time.

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

Other Matter

The financial statements of the Hospital for the year ended February 29, 2024, were audited by another auditor, whose report dated September 16, 2024, expressed an unmodified opinion on those financial statements.

Supplementary Information

Required Supplementary Information

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

GAAP requires information related to the pension program and other post employment benefits, as listed in the table of contents, 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 GASB 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2025, on our consideration of the Hospital'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 Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP
Eau Claire, Wisconsin
August 28, 2025

Schuyler County Hospital District
Statements of Net Position

February 28 and February 29,	2025	2024
Assets and Deferred Outflow of Resources		
Current assets:		
Cash and cash equivalents	$ 6,546,714	$ 8,565,504
Short-term investments	20,146,715	11,706,338
Patient accounts receivable - Net	3,348,945	4,732,259
Property taxes receivable	910,335	879,329
Inventories	690,746	896,295
Prepaid expenses and other	428,515	237,764
Total current assets	32,071,970	27,017,489
Assets limited as to use:		
Internally designated	9,244,617	7,512,142
Restricted by donor for endowment or other restricted purpose	483,253	473,619
Total assets limited as to use	9,727,870	7,985,761
Capital assets:		
Nondepreciable capital assets	408,368	408,368
Depreciable capital assets - Net	6,882,154	7,659,907
Capital assets - net	7,290,522	8,068,275
Other assets:		
Subscription-based information technology assets	3,142,535	3,420,982
Long-term investments	2,030,661	1,780,291
Other assets	93,976	5,100
Total other assets	5,267,172	5,206,373
Total assets	54,357,534	48,277,898
Deferred outflows of resources:		
Pension related	1,571,940	2,996,572
Other postemployment benefits related	82,308	84,106
Total deferred outflows of resources	1,654,248	3,080,678
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 56,011,782	$ 51,358,576

Schuyler County Hospital District
Statements of Net Position (Continued)

February 28 and February 29,	2025	2024
Liabilities, Deferred Inflows of Resources, and Net Position		
Current liabilities:		
Current portion of subscription liabilities	$ 269,691	$ 255,360
Accounts payable	865,781	941,420
Accrued salaries, wages, and other	1,357,948	755,458
Amounts payable to third-party reimbursement programs	370,582	555,207
Total current liabilities	2,864,002	2,507,445
Long-term liabilities:		
Net pension liability	896,571	1,494,890
Other postemployment benefits	768,467	1,031,111
Subscription liabilities - Less current portion	2,709,442	2,938,995
Total long-term liabilities	4,374,480	5,464,996
Total liabilities	7,238,482	7,972,441
Deferred inflows of resources:		
Revenue for succeeding year property taxes	138,703	124,409
Pension related	426,951	427,670
Other postemployment benefits	519,386	427,098
Total deferred inflows of resources	1,085,040	979,177
Net position:		
Net investment in capital assets	7,453,924	8,294,902
Restricted - Expendable for specific purpose	483,253	473,619
Unrestricted	39,751,083	33,638,437
Total net position	47,688,260	42,406,958
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 56,011,782	$ 51,358,576

See accompanying notes to financial statements.

Schuyler County Hospital District
Statements of Revenues, Expenses, and Changes in Net Position

Years Ended February 28 and February 29,	2025	2024
Revenue:		
Net patient service revenue	$ 31,817,554	$ 26,893,982
Other operating revenue	827,731	1,602,370
Total operating revenue	32,645,285	28,496,352
Operating expenses:		
Salaries and wages	9,592,257	9,326,156
Employee benefits		
Pension related adjustment	1,873,443	(1,139,890)
All others	2,169,124	2,206,447
Purchased services and professional fees	7,564,207	7,805,197
Supplies and other	7,603,137	6,009,103
Depreciation and amortization	1,082,403	1,166,259
Total operating expenses	29,884,571	25,373,272
Income from operations	2,760,714	3,123,080
Nonoperating revenues (expenses):		
Property taxes	817,923	783,322
Investment income	1,577,811	386,752
Interest expense	(63,225)	(60,258)
Loss on disposal of capital assets	(109,065)	-
Noncapital grants and gifts	297,144	110,508
Total nonoperating revenues - Net	2,520,588	1,220,324
Revenue in excess of expenses before capital grants and gifts	5,281,302	4,343,404
Capital grants and gifts	-	58,885
Increase in net position	5,281,302	4,402,289
Net position at beginning	42,406,958	38,004,669
Net position at end	$ 47,688,260	$ 42,406,958

See accompanying notes to financial statements.

Schuyler County Hospital District
Statements of Cash Flows

Years Ended February 28 and February 29,	2025	2024
Cash flows from operating activities:		
Receipts from and on behalf of patients and others	$ 33,843,974	$ 28,475,729
Payments to employees	(12,375,298)	(11,974,200)
Payments to suppliers and contractors	(15,317,061)	(15,713,212)
Net cash provided by operating activities	6,151,615	788,317
Cash flows from noncapital financing activities:		
Property taxes supporting operations	801,211	744,202
Noncapital grants and gifts	297,144	110,508
Net cash provided by noncapital financing activities	1,098,355	854,710
Cash flows from capital and related financing activities:		
Capital grants and gifts	-	58,885
Purchase of capital assets	(135,268)	(223,241)
Interest paid	(63,225)	(60,258)
Amounts paid for subscription liabilities	(215,222)	(470,733)
Net cash used in capital and related financing activities	(413,715)	(695,347)
Cash flows from investing activities:		
Interest and dividend income	1,402,253	476,651
Decrease in investments and assets limited as to use	(10,257,298)	(18,333,962)
Net cash used in investing activities	(8,855,045)	(17,857,311)
Net decrease in cash and cash equivalents	(2,018,790)	(16,909,631)
Cash and cash equivalents - Beginning of year	8,565,504	25,475,135
Cash and cash equivalents - End of year	$ 6,546,714	$ 8,565,504

Schuyler County Hospital District
Statements of Cash Flows (Continued)

Years Ended February 28 and February 29,	2025	2024
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	$ 2,760,714	$ 3,123,080
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation and amortization	1,082,403	1,166,259
Changes in operating assets and liabilities:		
Patient accounts receivable	1,383,314	(1,071,450)
Inventories, prepaid expenses, and other assets	(74,078)	(1,871,048)
Amounts payable to third-party reimbursement programs	(184,625)	1,129,057
Accounts payable and accrued expenses	526,851	(48,595)
Deferred outflows of resources	1,426,430	447,370
Deferred inflows of resources	91,569	140,837
Net pension liability	(598,319)	(1,786,093)
Other post employment benefits obligation	(262,644)	(441,100)
Total adjustments	3,390,901	(2,334,763)
Net cash provided by operating activities	$ 6,151,615	$ 788,317

See accompanying notes to financial statements.

Schuyler County Hospital District
Notes to the Financial Statements

Note 1: Summary of Significant Accounting Policies

Entity

Schuyler County Hospital District (the “Hospital”), was established in accordance with the provisions of the Illinois Hospital District Law and is located in Rushville, Illinois. The Hospital primarily earns revenue by providing inpatient, outpatient, and emergency services in the Schyler County area. It also operates three clinics, with locations in Beardstown, Astoria, and Rushville, Illinois and has a foundation to accept charitable contributions on its behalf. The Hospital does business as Sarah D. Culbertson Memorial Hospital.

The financial statements of the Hospital include the accounts of its blended component unit, Culbertson Memorial Hospital Foundation (the "Foundation"). The Foundation is a legally separate organization for which the Hospital has determined should be presented as a blended component unit. While the Foundation does appoint its own Board of Directors, it has a specific financial benefit to the Hospital and the resources held by the Foundation are primarily raised for the benefit of the Hospital or for the Hospital's purpose in the communities it serves. All significant intercompany transactions and balances have been eliminated in the preparation of the accompanying financial statements.

Method of Accounting

The financial statements of the Hospital have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Hospital uses enterprise fund accounting. Revenue and expenses are recognized on the accrual basis using the economic resources measurement focus.

Use of Estimates in Preparation of Financial Statements

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

The Hospital considers critical accounting estimates to be those that require more significant judgments and include the valuation of patient accounts receivable, including contractual adjustments and allowance for uncollectible accounts, estimated third-party payor settlements, and the actuarially determined estimated net pension and other post retirement employment benefit liabilities.

Note 1: Summary of Significant Accounting Policies (Continued)

Cash Equivalents

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

Patient Accounts Receivable and Credit Policy

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Inventories

Inventories of supplies are stated at the lower of cost, determined on the first-in, first-out (FIFO) method, or net realizable value.

Investments, Assets Limited as to Use, and Investment Income

Investments are recorded at fair value in the accompanying statements of net position.

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

Restricted funds are used to differentiate funds that are limited by the donor to specific uses from funds on which the donor places no restriction or which arise as a result of the operation of the Hospital for its stated purposes. Resources set aside for Board-designated purposes are not considered to be restricted.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation

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

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

Impairment of Long-Lived Assets

Capital assets are reviewed for impairment when events or changes in circumstances suggest that the service utility of the capital asset might have significantly and unexpectedly declined. Capital assets are considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The determination of the impairment loss is dependent on the event or circumstance in which the impairment occurred. Impairment losses, if any, are reported in the accompanying statements of revenues, expenses, and changes in net position. During 2025 and 2024, the Hospital determined that no evaluations of recoverability were necessary.

Subscription Based Information Technology Arrangements

The Hospital is a party to multiple noncancelable subscription based information technology arrangements (SBITAs). If the contract provides the Hospital the right to use the present service capacity and the right to direct the use of the identified asset, it is considered to be or contain a SBITA. Subscription-based assets and liabilities are recognized at the agreement commencement date based on the present value of the future payments over the expected contract term. The SBITA asset is also adjusted for any prepayments made and capitalizable initial implementation costs as incurred.

The SBITA liability is initially and subsequently recognized based on the present value of its future payments. Variable payments are included in the present value when the underlying rate or index is fixed and predictable for the life of the lease. Variable costs that depend on an unpredictable index are accounted for as expenses as they are incurred. Increases (decreases) to variable payments due to subsequent changes in an index or rate are recorded as an adjustment to expense in the period in which they are incurred.

The discount rate used is the implicit rate in the SBITA contract, if it is readily determinable, or the Hospital's

Note 1: Summary of Significant Accounting Policies (Continued)

Subscription Based Information Technology Arrangements (Continued)

incremental borrowing rate.

For all underlying classes of assets, the Hospital does not recognize SBITA assets and liabilities for short-term agreements that have a contract term of 12 months or less at contract commencement. Contracts containing termination clauses in which either party may terminate without cause and the notice period is less than 12 months are deemed short-term agreements with costs included in expense.

Deferred Outflows/Inflows of Resources

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

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

Net Pension Asset/Liability

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

Note 1: Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefit Obligations

For purposes of measuring the net other postemployment benefit obligation ("OPEB") or liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and to OPEB expense, information about the plan's net position and additions to/deductions from the plan's net position has been determined on the same basis as they are reported by the plan. For this purpose, OPEB payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, when applicable.

Compensated Absences

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

Net Position

Net position of the Hospital is classified in the following four components:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by any outstanding balances of borrowings used to finance the purchase or construction of those assets. There were no outstanding borrowings related to the purchase or construction of capital assets at February 28, 2025 and February 29, 2024.

- Restricted expendable net position is noncapital assets that must be used for a particular purpose as specified by creditors, grantors, or donors external to the Hospital, reduced by the outstanding balances of any related borrowings and accrued liabilities.

- Restricted nonexpendable net position is noncapital assets that only the investment earnings can be used for a particular purpose as specified by creditors, grantors, or donors external to the Hospital. These funds must be maintained at a minimum amount specified by the original donor or grantor to the Hospital. The Hospital had no restricted nonexpedable assets at February 28, 2025 or February 29, 2024.

- Unrestricted net position is remaining net assets that do not meet the definition of net investment in capital assets, restricted nonexpendable, or restricted expendable.

Note 1: Summary of Significant Accounting Policies (Continued)

Operating Revenues and Expenses

The Hospital's statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues include the exchange transactions associated with providing healthcare services other than noncapital grants and contributions. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs. Nonoperating revenues and expenses are those transactions not considered directly linked to providing healthcare services.

Net Patient Service Revenue

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. Certain third-party payor reimbursement agreements are subject to audit and retrospective adjustments. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

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

Charity Care

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

Grants and Contributions

The Hospital receives grants as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or are restricted to a specific operating purpose are reported as nonoperating revenues (expenses).

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

The Hospital recognizes property tax revenue when levied by Schuyler County, Illinois, on its behalf for operating purposes. Property taxes are recognized as assets in the period an enforceable legal claim to the assets arises and are recognized as revenue in the period for which the taxes are levied. Property taxes are collected by Schuyler County, Illinois, the taxing authority, and remitted to the Hospital when received, which is primarily in August through November of each year.

Property taxes are certified in December and attached as an enforceable lien on related property as of the preceding January 1st. The current taxes receivable represents the calendar year 2024 levy and an estimate of the 2025 levy applicable to the fiscal year ended February 28, 2025. Property taxes receivable from the 2025 levy are recognized as deferred inflows of resources on February 28, 2025, since the period for which the taxes are levied and budgeted for is for the upcoming fiscal year ended February 28, 2026.

Advertising Costs

Advertising costs are expensed as incurred.

Unemployment Compensation

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

Income Taxes

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

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

Subsequent Events

Subsequent events have been evaluated through _____August 28, 2025, which is the date the financial statements were available to be issued.

Note 2: Reimbursement Arrangements With Third-Party Payors

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

Hospital Services

Medicare - The Medicare program has designated the Hospital as a critical access hospital ("CAH") for Medicare reimbursement purposes. Under this designation, inpatient, swing-bed, and outpatient hospital services rendered to Medicare program beneficiaries are paid based on a cost-reimbursement methodology, with the exception of certain laboratory and mammography services. Certain professional services provided by physicians and other clinicians are reimbursed based on prospectively determined fee schedules.

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

Others - 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.

Rural Health Clinic Services

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

Medicaid - Certain clinic services rendered to Illinois Public Aid beneficiaries are paid at prospectively determined rates that are updated annually.

Hospital Medicaid Assessment Programs

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

In accordance with 305 ILCS 5/SA-12.4, enacted in 2012, the Illinois Department of Healthcare and Family Services started making Hospital Access Improvement Payments in state fiscal year 2014 after federal approval was achieved. The program is commonly referred to as the Enhanced Hospital Assessment.

In accordance with Public Act 98-651 (SB 741), enacted on June 16, 2014, the State of Illinois authorized the creation of the Managed Care Organization Hospital Access Program, commonly known as MCO-HAP. Under this program, a portion of the funds that are currently paid to hospitals under the Hospital Assessment Program will

Note 2: Reimbursement Arrangements With Third-Party Payors (Continued)

be paid to Medicaid managed care organizations ("MCOs") as increased capitation rates. The MCOs may then use the increased capitation rates only to make payments to hospitals in a manner that replicates the payment of the hospital access payments under the Hospital Assessment Program.

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

In accordance with Public Act 99-516 (HB4678), enacted in 2016, the State of Illinois authorized the extension of the Affordable Care Act Expansion Payments for adults enrolled in MCOs. Under 305 ILCS 5/5A- 12.5, the supplemental payments were for newly eligible Medicaid beneficiaries under the ACA. With the shift to managed care, the ACA Access Payments are now extended to ACA adults in MCOs.

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

Under federal legislation known as the One Big Beautiful Bill ("OBBB"), which was signed into law on July 4, 2025, significant changes will be implemented started January 1, 2026 to the federal spending on Medicaid and the Affordable Care Act. The assessment and supplemental payment programs are currently being discussed by state of Illinois legislation due to the changes in federal financial support of the ACA expansion.

Accounting for Contractual Arrangements

The Hospital is reimbursed for cost-reimbursable items at tentative rates, with final settlements determined after audit of the related annual cost reports by the Medicare fiscal intermediary. Estimated provisions to approximate the final expected settlements after review by the intermediary are included in the accompanying financial statements. The Hospital’s cost reports have been reviewed by the Medicare fiscal intermediary through February 28, 2023.

Note 3: Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The state law allows collateralization of deposits in excess of federal depository insurance. The Hospital's deposit policy for custodial credit risk is to obtain a pledge of collateral or a letter of credit for deposits susbtantailly in excess of federal depository insurance.

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

The Hospital's deposit bank depository, certificates of deposit, and money market funds balances were fully collateralized by a pledging financial institution's trust department or agent in other than the Hospital's name, as well as a letter of credit, at February 28, 2025, and February 29, 2024.

The composition of the Foundation's deposit accounts and investments is determined by the Foundation's Board of Directors, which is not subject to restrictions imposed by state law.

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

Fair Value: The Hospital uses the fair value heirarchy established by GAAP based on the vauation 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.

Management of the Hospital is unaware of any issues related to its account balances in financial institutions that were not fully collateralized by a pledging financial institution's trust department or agent in other than the Hospital's name at February 28, 2025 and 2024.

Note 3: Deposits and Investments (Continued)

Investments

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

Summary of Carrying Values and Classifications of Deposits and Investments

The carrying value of deposits and investments of the Hospital shown below are included in the statements of net position at February 28, 2025, and February 29, 2024, as follows:

	2025	2024
Deposits and investments:		
Cash and cash equivalents	$ 6,548,970	$ 8,565,504
Money market funds	631,865	6,208,283
Fixed income funds - Mututal funds	481,852	1,127,472
Certificates of deposit (maturing within one year)	28,808,611	12,356,344
Certificates of deposit (maturing within two to five years)	1,960,662	1,780,291
Total deposits and investment balances	$ 38,431,960	$ 30,037,894
Included in the following statements of net position captions:		
Cash and cash equivalents	$ 6,546,714	$ 8,565,504
Short-term investments	20,146,715	11,706,338
Assets limited as to use	9,727,870	7,985,761
Long-term investments	2,030,661	1,780,291
Totals	$ 38,451,960	$ 30,037,894

Note 3: Deposits and Investments (Continued)

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

Investment income: Investment income, including investment return on assets limited as to use or restricted, for the years ended February 28, 2025 and February 29, 2024, is summarized as follows:

	2025	2024
Interest and dividend income	$ 1,402,253	$ 476,651
Net unrealized gain (loss) on restricted funds	175,558	(89,899)
Total investment income - Net	$ 1,577,811	$ 386,752

Note 4: Fair Value Measurements

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

- Money market funds are measured using $1 as net asset value ("NAV"). Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Hospital are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. The mutual funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

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

The following table sets forth by level, within the fair value hierarchy, the Hospital's assets measured at fair value on a recurring basis as of February 28, 2025, and February 29, 2024:

	Fair Value Measurements Using			Total Assets at
2025	**Level 1**	**Level 2**	**Level 3**	**Fair Value**
Money market funds	$ -	$ 6,208,283	$ -	$ 6,208,283
Fixed income funds - Mututal funds	481,852	-	-	481,852
Totals	$ 481,852	$ 6,208,283	$ -	$ 6,690,135
2024				
Money market funds	$ -	$ 6,208,283	$ -	$ 6,208,283
Fixed income funds - Mututal funds	1,127,472	-	-	1,127,472
Totals	$ 1,127,472	$ 6,208,283	$ -	$ 7,335,755

Assets included in the fair value measurements table include all money market and mutual funds as included in the detail of the investments of the Hospital as described in Note 3.

Note 5: Patient Accounts Receivable - Net

Patient accounts receivable - net consisted of the following at February 28 and February 29:

	2025	2024
Gross patient accounts receivable	$ 10,801,058	$ 13,709,900
Less:		
Contractual adjustments	5,335,875	7,661,404
Allowance for uncollectible accounts	2,116,238	1,316,237
Patient accounts receivable - Net	$ 3,348,945	$ 4,732,259

Note 6: Net Patient Service Revenue

The following table sets forth the detail of net patient service revenue for the years ended February 28 and February 29:

	2025	2024
Gross patient service revenue:		
Hospital and clinic	$ 62,057,735	$ 55,242,262
Less:		
Contractual allowances	28,715,521	27,049,143
Provision for bad debts	1,524,660	1,299,137
Net patient service revenue	$ 31,817,554	$ 26,893,982

Note 7: Charity Care

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

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

Note 7: Charity Care (Continued)

Patients who meet certain criteria for charity care, generally based on federal poverty guidelines, are provided care based on criteria defined in the Hospital's charity care policy. The Hospital maintains records to identify and monitor the level of charity care it provides. The amount of charges foregone for services and supplies furnished under the Hospital's charity care policy aggregated $38,941 and $14,829 for the years ended February 28, 2025 and 2024, respectively.

Note 8: Capital Assets

Capital asset balances and activity for the year ended February 28, 2025, were as follows:

	Balance February 29, 2024	Increases	Decreases and Transfers	Balance February 28, 2025
Nondepreciable capital assets:				
Land	$ 408,368	$ -	$ -	$ 408,368
Total nondepreciable capital assets	408,368	-	-	408,368
Depreciable capital assets:				
Land improvements	1,078,269	-	(200,838)	877,431
Building and fixtures	11,282,537	-	(78,866)	11,203,671
Equipment	12,781,151	135,268	(76,977)	12,839,442
Total depreciable capital assets	25,141,957	135,268	(356,681)	24,920,544
Accumulated depreciation:				
Land improvements	1,011,753	8,989	(213,995)	806,747
Buildings and fixtures	5,364,864	462,462	5,815	5,833,141
Equipment	11,105,433	332,505	(39,436)	11,398,502
Total accumulated depreciation	17,482,050	803,956	(247,616)	18,038,390
Depreciable capital assets - Net	7,659,907	(668,688)	(109,065)	6,882,154
Capital assets - Net	$ 8,068,275	$ (668,688)	$ (109,065)	$ 7,290,522

Note 8: Capital Assets (Continued)

Capital asset balances and activity for the year ended February 29, 2024, were as follows:

	Balance February 28, 2023	Increases	Decreases and Transfers	Balance February 29, 2024
Nondepreciable capital assets:				
Land	$ 408,368	$ -	$ -	$ 408,368
Total nondepreciable capital assets	408,368	-	-	408,368
Depreciable capital assets:				
Land Improvements	1,078,269	-	-	1,078,269
Buildings and Leasehold improvements	11,282,537	-	-	11,282,537
Equipment	12,557,910	223,241	-	12,781,151
Total depreciable capital assets	24,918,716	223,241	-	25,141,957
Accumulated depreciation:				
Land Improvements	970,510	41,243	-	1,011,753
Buildings and Leasehold improvements	4,863,388	501,476	-	5,364,864
Equipment	10,725,999	379,434	-	11,105,433
Total accumulated depreciation	16,559,897	922,153	-	17,482,050
Depreciable capital assets - Net	8,358,819	(698,912)	-	7,659,907
Capital assets - Net	$ 8,767,187	$ (698,912)	$ -	$ 8,068,275

Note 9: Subscription-Based Information Technology Arrangements

The Hospital has entered into various noncancelable SBITA agreements with third parties. The agreements mature in varying amounts through December 2033. The related subscription liabilities have been discounted at an estimated rate ranging between 1.56% to 5.00% at February 28, 2025. Below is a schedule of the estimated required payments, excluding any additional implementation payments which will be made through the maturity of the arrangement. Any future extensions will be determined and negotiated between the Hospital and the third parties in the future and due to the terms of the agreement are not included in the calculated subscription asset or liability at February 28, 2025.

2026	$	412,128
2027		410,649
2028		374,913
2029		393,660
2030		393,660
Therafter		1,781,720
Total payments		3,766,730
Less - Interest		(787,597)
Total	$	2,979,133

Note 10: Employee Retirement Plan

Illinois Municipal Retirement Fund

Plan Description

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

Note 10: Employee Retirement Plan (Continued)

Benefits Provided

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

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

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with 10 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3 percent of the final rate of earnings for the first 15 years of service credit, plus 2 percent for each year of service credit after 15 years to maximum of 75 percent of their final rate of earnings. The final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of 3 percent of the original pension amount or one-half of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2024 and 2023, the following employees were covered by the benefit terms:

	2024	2023
Retirees and beneficiaries currently receiving benefits	157	155
Inactive plan members entitled to but not yet receiving benefits	192	173
Active plan members	154	151
Totals	503	479

Note 10: Employee Retirement Plan (Continued)

Plan Measurement Date

As a participant of IMRF, the plan's measurement date is as of December 31, 2024 and 2023.

Contributions

As set by statute, RP members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The annual contribution rate for calendar years 2025 and 2024 was 5.93 percent and 5.89 percent, respectively. For the plan years ended February 28, 2025, and February 29, 2024, $557,979 and $505,462, respectively, was contributed to the plan between the Hospital and the City. There are also contributions for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

At February 28, 2025, and February 29, 2024, the Hospital reported a liability of $896,571 and $1,494,890, respectively, for its proportionate share of the net pension liability. The net pension asset was measured as of December 31, 2024 and 2023, respectively, and the total pension assets used to calculate the net pension asset was determined by actuarial valuations as of December 31, 2024 and 2023, respectively.

For the years ended February 28, 2025, and February 29, 2024, the Hospital recognized total pension (benefit) expense, including actuarial changes, of $1,873,443 and $(1,139,890), respectively. At February 28, 2025, and February 29, 2024, respectively, the Hospital reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 335,806	$ 410,580
Net difference between projected and actual earnings on pension plan investments	1,038,186	-
Changes in assumptions	-	16,371
Hospital's contributions made subsequent to the measurement date	197,948	-
Totals	$ 1,571,940	$ 426,951

Note 10: Employee Retirement Plan (Continued)

2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 645,982	$ 15,831
Net difference between projected and actual earnings on pension plan investments	2,253,566	360,231
Changes in assumptions	-	51,608
Hospital's contributions made subsequent to the measurement date	97,024	-
Totals	$ 2,996,572	$ 427,670

At February 28, 2025, the Hospital reported $197,948 as deferred outflows of resources related to pension contributions made subsequent to the measurement date that will be recognized as either an increase in the net pension asset or a reduction of the net pension liability in the year ended February 28, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources at February 28, 2025, related to pensions, will be recognized in pension expense as follows:

2026	$ 565,099
2027	1,198,046
2028	(563,693)
2029	(252,411)
Total	$ 947,041

Actuarial Assumptions

The total pension liability in the December 31, 2024 and 2023, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

The actuarial cost method used was Aggregate Entry Age Normal.

The asset valuation method used was Market Value of Assets.

The inflation rate was assumed to be 2.75 and 2.25 percent at December 31, 2024 and 2023, respectively.

The price inflation rate was assumed to be 2.75 and 2.25 percent at December 31, 2024 and 2023, respectively.

Salary increases were expected to be 2.75 to 13.75 percent, including inflation, in both 2024 and 2023.

The investment rate of return was assumed to be 7.25 percent in both 2024 and 2023.

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 of the period 2017-2019.

Note 10: Employee Retirement Plan (Continued)

Other factors utilized by the plan's actuaries' included the following reference materials: For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) morality tables were used, and future mortality improvements projected using scale MP-2020 were used. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) mortaility tables were used, and future mortality improvements using scale MP-2020 were used. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) mortality tables were used, and future mortality improvements projected using scale MP-2020 were used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables for 2024 and 2023, respectively:

2024

	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.50 %	4.35 %
International equity	18.00 %	5.40 %
Fixed income	24.50 %	5.20 %
Real estate	10.50 %	6.40 %
Alternatives	12.50 %	5.55 %
Cash equivalents	1.00 %	3.60 %

2023

	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	35.00 %	5.00 %
International equity	18.00 %	6.35 %
Fixed income	25.00 %	4.75 %
Real estate	10.00 %	6.30 %
Alternatives	11.00 %	7.55 %
Cash equivalents	1.00 %	3.80 %

Note 10: Employee Retirement Plan (Continued)

Single Discount Rate

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

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

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

Changes in the net pension obligation:

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A)-(B)
Balances at December 31, 2023	$ 44,858,268	$ 43,363,378	$ 1,494,890
Changes for the year:			
Service cost	759,400	-	759,400
Interest on the total pension asset/liability	3,189,985	-	3,189,985
Difference between expected and actual experience of the total pension asset/liability	(627,262)	-	(627,262)
Contributions - Employer	-	557,979	(557,979)
Contributions - Employees	-	406,765	(406,765)
Net investment income	-	4,289,681	(4,289,681)
Benefit payments, including refunds of employee contributions	(2,476,345)	(2,476,345)	-
Other (net transfer)	-	(1,333,983)	1,333,983
Net changes	845,778	1,444,097	(598,319)
Balances at December 31, 2024	$ 45,704,046	$ 44,807,475	$ 896,571

Note 10: Employee Retirement Plan (Continued)

Single Discount Rate (Continued)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A)-(B)
Balances at December 31, 2022	$ 42,814,593	$ 39,533,610	$ 3,280,983
Changes for the year:			
Service cost	669,322	-	669,322
Interest on the total pension asset/liability	3,040,161	-	3,040,161
Difference between expected and actual experience of the total pension asset/liability	801,590	-	801,590
Changes of assumptions	(43,665)	-	(43,665)
Contributions - Employer	-	505,462	(505,462)
Contributions - Employees	-	415,093	(415,093)
Net investment income	-	4,377,624	(4,377,624)
Benefit payments, including refunds of employee contributions	(2,423,733)	(2,423,733)	-
Other (net transfer)	-	955,322	(955,322)
Net changes	2,043,675	3,829,768	(1,786,093)
Balances at December 31, 2023	$ 44,858,268	$ 43,363,378	$ 1,494,890

Sensitivity of the Hospital's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The Hospital's proportionate share of the net pension liability (asset) has been calculated using a discount rate of 7.25% in both 2024 and 2023. The following presents the Hospital's proportionate share of the net pension liability (asset) calculated using a discount rate of 1% higher and lower than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Hospital's proportionate share of the net pension liability (asset) (2024)	$ 5,851,403	$ 896,571	$ (3,017,795)
Hospital's proportionate share of the net pension liability (asset) (2023)	$ 6,746,464	$ 1,494,890	$ (2,052,958)

Note 10: Employee Retirement Plan (Continued)

Pension Plan Fiduciary Net Position

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

Note 11: Other Postemployment Benefits

Plan Description:

The Hospital administers an OPEB, a single-employer post retirement medical plan. The OPEB plan provides post-termination medical insurance coverage to the participant (employee) and their family. The employees eligible under this program are all employees of the Hospital who terminate employment as follows:

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

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

Funding Policy:

For retirees who terminated employment prior to January 1, 2023, the Hospital shall pay 40% of the premiums for coverage under this plan for the participant and the participant's spouse depending upon the ages of both of the covered individuals under the particpant reaches Medicare eligibilty age. For retirees who termined employment after December 31, 2022, the Hospital pays a percentage of medical insurance premiums based on past service completed, paying 10% if 10 years of service completed, 20% if 20 years of service completed, and 30% if 30 or more years of service completed. The required contribution is based on projected "pay-as-you-go" premium payment requirements. For the years ended February 28, 2025, and February 29, 2024, the Hospital contributed $82,308 and $68,570 to the OPEB plan, respectively.

Note 11: Other Postemployment Benefits (Continued)

Employees Covered by the OPEB Plan:

As of February 28, 2025 and February 29, 2024, the following numbers of employees were covered by the terms of the OPEB benefit plan:

	2025	2024
Current retirees, beneficiaries and dependents	5	5
Current active members	105	109
Totals	110	114

Total OPEB Liability:

The Hospital's total OPEB liability as reported in the accompanying statements of net position at February 28, 2025, and February 29, 2024, was measured as of February 29, 2024 and February 28, 2023, respectively. The prior year end measurement date information is projected and rolled forward by the actuaries to the next year end date as the Hospital generally measures the plan with use of an actuary if there are no other major changes on a bi-annual basis. The total OPEB liability in the actuarial valuations were determined using the following actuarial assumptions and other inputs which were applied to all periods included in the plan's measurement, unless otherwise specified:

- Salary increases were assumed to be 3.50 percent in both 2025 and 2024.
- The discount rates used were assumed to be 3.50 percent in 2025 and 3.75 percent in 2024.
- The healthcare cost trend rates were assumed to be 4.50 percent in 2025 and beyond, and 4.90 percent in 2024.

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

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

Note 11: Other Postemployment Benefits (Continued)

Sensitivity of the Hospital's OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The Hospital's OPEB liability has been calculated using a discount rate of 3.50 percent in both 2024 and 2023, as well as a healthcare costs trend rate of 4.50 percent in 2025 and 4.90 percent in 2024. The following presents the Hospital's estimated OPEB liability calculated using a discount rate or change in healthcare costs trend rate of 1% higher and lower than the current rate.

	1% Decrease	Current Rates	1% Increase
Hospital's OPEB Liability calculated using current discount rates (2025)	$ 814,694	$ 768,467	$ 725,012
Hospital's OPEB Liability calculated using current discount rates (2024)	$ 1,100,356	$ 1,031,111	$ 966,374
Hospital's OPEB Liability calculated using current healthcare cost trend rates (2025)	$ 711,349	$ 768,467	$ 834,331
Hospital's OPEB Liability calculated using current healthcare cost trend rates (2024)	$ 926,253	$ 1,031,111	$ 1,142,055

Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB:

For the years ended February 28, 2025, and February 29, 2024, the Hospital recognized OPEB (benefit) expense of approximately ($72,000) and $43,000, respectively. As of February 28, 2025, and February 29, 2024, the Hospital reported deferred outflows and inflows of resources related to the OPEB plan from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual actuarial experience	$ 358,584	$ -
Changes in assumptions	160,802	-
Contributions subsequent to the measurement date	-	82,308
Balances February 28, 2025	$ 519,386	$ 82,308
Differences between expected and actual actuarial experience	$ 224,954	$ -
Changes in assumptions	202,144	1,112
Contributions subsequent to the measurement date	-	82,994
Balances February 29, 2024	$ 427,098	$ 84,106

Note 11: Other Postemployment Benefits (Continued)

At February 28, 2025, the Hospital reported $82,994 as deferred outflows of resources related to OPEB plan contributions made subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ended February 28, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources at February 28, 2025, related to the OPEB plan, will be recognized in related OPEB expense (benefit) as follows:

2026	$ (158,787)
2027	(124,071)
2028	(91,717)
2029	(90,420)
2030	(54,391)
Total	$ (519,386)

Note 12: Liability Insurance

Malpractice Insurance

The Hospital has professional liability insurance for claims incurred during a policy year regardless of when claims are reported ("occurrence coverage"). The liability insurance policy is renewable annually and has been renewed by the insurance carrier for the Hospital of the annual period extending through February 28, 2025. The professional liability insurance policy is renewable annually and has been renewed by the insurance carrier for the annual period extending to March 1, 2026.

Worker's Compensation

The Hospital was a participant in the Illinois Compensation Trust ("ICT") through December 31, 2010, an organization sponsored by the Illinois Hospital Association ("IHA") to provide workers' compensation coverage to Illinois hospitals that 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. If, however, the trust's loss experience is worse than anticipated, the hospitals may be required to make additional contributions. The Hospital has not been required to make additional material contributions to ICT the current year or in any of the three preceding years. The Hospital does have some open claims with the ICT workers' compensation trust, but has received no notice of additional contributions required so no reserve has been set up in the accompanying financial statements.

Note 12: Liability Insurance (Continued)

Subsequent to December 31, 2010, the Hospital purchases workers' compensation insurance under general commercial occurrence based coverage, and premiums are expensed when incurred.

Note 13: Concentration of Credit Risk

Patient Accounts Receivable

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

The mix of receivables from patients and third-party payors was as follows at February 28, 2025, and February 29, 2024:

	2025	2024
Medicare	29 %	40 %
Medicaid	15 %	24 %
Other third-party payors	23 %	30 %
Patients	33 %	6 %
Totals	100 %	100 %

Collective Bargaining Arrangements

As of February 28, 2025, approximately 7% of the Hospital's nonmanagement nursing employees are covered by a collective bargaining agreement. The current contract expires on February 28, 2027.

Note 14: Laws and Regulations

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include but are not necessarily limited to matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and billing regulations. Government activity with respect to investigations and allegations concerning possible violations of such regulations by healthcare provider has increased. Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties, as well as significant repayment for patient services previously billed. While no significant regulatory inquiries have been made to the Hospital, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

CMS uses recovery audit contractors ("RAC") as part of its efforts to ensure accurate payments under the Medicare program. RACs search for potential inaccurate Medicare payments that might have been made to healthcare providers that were not detected through existing CMS program integrity efforts. Once a RAC identifies a claim it believes is inaccurate, it makes a deduction from or addition to the provider's Medicare reimbursement in an amount equal to the overpayment or underpayment. The Hospital may either accept or appeal the RAC's findings. As of February 28, 2025, the Hospital had not been notified by the RAC of any potential reimbursement adjustments.

Note 15: Foundation Activity

As discussed in Note 1, the Foundation is a component unit of the Hospital and its financial information has been blended with Hospital data in the accompanying financial statements. A summary of the Foundation's net assets and activity as of and for the years then ended February 28, 2025, and February 29, 2024, is as follows:

	2025	2024
Assets		
Cash and cash equivalents	$ 644,352	$ 362,428
Investments	1,065,974	1,209,037
Capital assets - Net	90,315	84,284
Total assets	$ 1,800,641	$ 1,655,749
Net assets	$ 1,800,641	$ 1,655,749
Operating revenues - Contributions and fund-raising	$ 297,149	$ 179,311
Operating expenses (including contributions to the Hospital)	(393,708)	(264,243)
Investment income (loss)	241,451	(54,531)
Change in net assets	144,892	(139,463)
Net assets at beginning	1,655,749	1,795,212
Net assets at end	$ 1,800,641	$ 1,655,749

Note 16: Reclassifications

Certain reclassifications have been made to the 2024 financial statements to conform with the classifications used in 2025.

Required Supplementary Information

Schuyler County Hospital District

Required Supplementary Information

Schedules of Employer's Proportionate Share of the Net Pension (Asset) Liability and Employer Contributions - Illinois Municipal Retirement Fund

Schedules of Changes in Net Pension (Asset) Liability and Related Ratios
Last Ten Years

Years Ended February 28 (or February 29),	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:										
Service cost	$ 759,400	$ 669,322	$ 750,970	$ 719,308	$ 735,559	$ 753,309	$ 766,405	$ 800,800	$ 799,041	$ 817,644
Interest on the total pension liability	3,189,985	3,040,161	2,936,676	2,855,375	2,786,029	2,683,784	2,496,141	2,428,313	2,322,187	2,211,453
Benefit changes	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(627,262)	801,590	177,057	(54,132)	230,318	80,092	1,267,658	344,252	(291,998)	(243,099)
Assumption changes	-	(43,665)	(1)	-	(442,771)	-	1,079,812	(1,017,269)	(41,139)	38,978
Benefit payments and refunds	(2,476,345)	(2,423,733)	(2,361,001)	(2,468,976)	(2,220,064)	(1,975,997)	(1,759,282)	(1,509,753)	(1,320,836)	(1,274,942)
Net change in total pension liability	845,778	2,043,676	1,503,701	1,051,575	1,089,071	1,541,189	3,850,734	1,046,343	1,467,255	1,550,034
Total pension liability at beginning	44,858,269	42,814,593	41,310,892	40,259,317	39,170,246	37,629,057	33,778,323	32,731,980	31,264,725	29,714,691
Total pension liability at end (a)	$ 45,704,047	$ 44,858,269	$ 42,814,593	$ 41,310,892	$ 40,259,317	$ 39,170,246	$ 37,629,057	$ 33,778,323	$ 32,731,980	$ 31,264,725
Plan fiduciary net position:										
Employer contributions	$ 557,979	$ 505,462	$ 599,560	$ 721,436	$ 736,595	$ 559,528	$ 736,244	$ 736,020	$ 759,769	$ 696,111
Employee contributions	406,765	415,093	370,676	407,833	353,314	370,575	366,697	360,401	353,718	344,249
Pension plan net investment income (loss)	4,289,681	4,377,624	(6,212,991)	7,179,843	5,441,052	6,155,659	(1,871,536)	5,147,738	1,941,071	142,708
Benefit payments and refunds	(2,476,345)	(2,423,733)	(2,361,001)	(2,468,976)	(2,220,064)	(1,975,997)	(1,759,282)	(1,509,753)	(1,320,836)	(1,274,942)
Other	(1,333,983)	955,322	(537,405)	(23,313)	(2,147)	(6,384)	1,000,968	(583,094)	(106,456)	(372,842)
Net change in plan fiduciary net position	1,444,097	3,829,768	(8,141,161)	5,816,823	4,308,750	5,103,381	(1,526,909)	4,151,312	1,627,266	(464,716)
Plan fiduciary net position at beginning	43,363,378	39,533,610	47,674,771	41,857,948	37,549,198	32,445,817	33,972,726	29,821,414	28,194,148	28,658,864
Plan fiduciary net position at end (b)	$ 44,807,475	$ 43,363,378	$ 39,533,610	$ 47,674,771	$ 41,857,948	$ 37,549,198	$ 32,445,817	$ 33,972,726	$ 29,821,414	$ 28,194,148
Net pension liability/(asset) - Ending (a) - (b)	$ 896,571	$ 1,494,890	$ 3,280,983	$ (6,363,880)	$ (1,598,632)	$ 1,621,048	$ 5,183,240	$ (194,403)	$ 2,910,566	$ 3,070,577
Plan fiduciary net position as a percentage of total pension asset/liability	98.04%	96.67%	92.34%	115.40%	103.97%	95.86%	86.23%	100.58%	91.11%	90.18%
Covered valuation payroll	$ 9,409,430	$ 8,577,158	$ 8,168,392	$ 7,936,588	$ 7,819,467	$ 7,760,447	$ 8,121,994	$ 8,008,920	$ 7,856,966	$ 7,429,148
Net pension (asset) liability as a percentage of covered valuation payroll	9.53%	17.43%	40.17%	-80.18%	-20.44%	20.89%	63.82%	-2.43%	37.04%	41.33%

See Independent Auditor's Report.

Schuyler County Hospital District

Schedules of Employer's Proportionate Share of the Net Pension Liability and Employer Contributions - Illinois Municipal Retirement Fund (Continued)

Schedules of Hospital's Contributions
Illinois Municipal Retirement Fund
Last Ten Fiscal Years

Plan Years Ended December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution for the plan year	$ 45,704,046	$ 44,858,268	$42,814,593	$41,310,891	$40,259,316	$39,170,245	$37,629,057	$33,778,323	$32,731,980	$31,264,725
Contribution in relation to the contractually required contribution	44,807,475	43,363,378	39,533,610	47,674,771	41,857,948	37,549,198	32,445,817	33,972,726	29,321,414	28,194,148
Contributions deficiency (excess)	$ 896,571	$ 1,494,890	$ 3,280,983	$(6,363,880)	$(1,598,632)	$ 1,621,047	$ 5,183,240	$ (194,403)	$ 3,410,566	$ 3,070,577
Hospital's covered-employee payroll	$ 9,409,430	$ 8,577,158	$ 8,168,392	$ 7,936,588	$ 7,819,467	$ 7,760,447	$ 8,121,994	$ 8,008,920	$ 7,856,966	$ 7,429,148
Contributions as a percentage of covered-employee payroll	9.53%	17.43%	40.17%	-80.18%	-20.44%	20.89%	63.82%	-2.43%	43.41%	41.33%

See Independent Auditor's Report.

Schuyler County Hospital District
Required Supplementary Information
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:

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

Other Information:

There were no benefit changes during the year.

*Based on valuation assumptions used in the December 31 , 2024, actuarial valuation; note two-year lag between valuation and rate setting.

See Independent Auditor's Report.

Schuyler County Hospital District

Required Supplementary Information

Schedules of Changes in Other Postemployment Benefit Plans and Related Ratios

Schedules of Changes in OPEB Liability

Last Ten Years

Years Ended February 28 (or February 29),	2025	2024	2023	2022	2021	2020	2019
Total OPEB liability:							
Service cost	$ 47,150	$ 45,556	$ 50,000	$ 51,927	$ 70,795	$ 71,975	$ 68,539
Interest cost	38,619	28,160	29,500	34,206	85,118	79,940	80,337
Effect of plan changes	-	-	-	-	(144,475)	-	-
Effect of economic/demographic changes	(231,851)	(355,119)	-	-	(191,782)	-	-
Effect of assumption or input changes	(19,741)	(87,213)	(11,823)	(16,292)	(198,813)	(44,836)	8,360
Benefit payments	(96,821)	(72,484)	(67,677)	(104,487)	(147,788)	(143,190)	(135,085)
Net change in OPEB liability	(262,644)	(441,099)	-	(34,646)	(526,945)	(36,111)	22,151
Total OPEB liability at beginning	1,031,111	1,472,210	1,472,210	1,506,856	2,033,801	2,069,911	2,047,760
Total OPEB liability at end	$ 768,467	$ 1,031,111	$ 1,472,210	$ 1,472,210	$ 1,506,856	$ 2,033,801	$ 2,069,911
Discount rates used in each year	3.50%	3.92%	3.86%	4.19%	2.27%	2.44%	2.44%

Note: GASB Statement No. 75 requires 10 years of information related to OPEB plans to be reported in the tables above. Until a full 10-year trend is completed, the Hospital will present information for those years with available information.

See Independent Auditor's Report.

Compliance

WIPFLI

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

Board of Directors
Schuyler County Hospital District
Rushville, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Schuyler County Hospital District, (the "Hospital") as of and for the year ended February 28, 2025, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements, and have issued our report thereon dated August 28, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control, such that there is reasonable possibility that a material misstatement of the Hospital's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, schedule of findings and responses item 2025.001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Schuyler County Hospital District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Hospital's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Hospital's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Wipfli LLP

Wipfli LLP
Eau Claire, Wisconsin
August 28, 2025

Schuyler County Hospital District
Schedule of Findings and Responses
Year Ended February 29, 2025

Finding 2025.001 – Financial Accounting and Reporting

Condition – As your auditors, we were requested to draft the financial statements and accompanying notes as the Hospital does not have an internal control system designed to provide for the preparation of the financial statements being audited. Because the Hospital relies on Wipfli LLP to provide the necessary understanding of current accounting and disclosure principles in the preparation of the financial statements and notes, and relies on a post preparation review of the draft financial statements and notes, a significant deficiency exists in the Hospital's internal controls.

Criteria – *Government Auditing Standards* consider the inability to report financial data reliably in accordance with accounting principles generally accepted in the United States of America (GAAP) to be an internal control deficiency.

Effect – As a result of not having an individual trained in the preparation of GAAP-basis financial statements and not producing these statements on a routine basis throughout the year, the Hospital is not able to report financial data reliably in accordance with GAAP.

Recommendation – We recommend that the Hospital continue its focus on ensuring that general ledger accounts and proper accounting procedures are completed throughout the year, similar to its focus in prior years, as well as potentially incorporate some of the year-end audit entries into the year-end financial statements if information is available, as well as evaluate whether resources are available to prepare a financial statement in accordance with GAAP.

Management's Response – The Hospital does not currently have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes.