Morrison Community Hospital District

Financial Report
June 30, 2025

Contents

Independent Auditor's Report

Board of Directors
Morrison Community Hospital District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of Morrison Community Hospital District (the Organization), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Organization, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Organization's basic financial statements. The combining financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2025 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Morrison Community Hospital District's internal control over financial reporting and compliance.

RSM US LLP

Davenport, Iowa
December 5, 2025

Introduction

This section of the annual audited financial report represents management's discussion and analysis of Morrison Community Hospital District for the fiscal year ended June 30, 2025. The intent of this discussion is to provide an overview of the Morrison Community Hospital District's performance and should be read in conjunction with the Morrison Community Hospital District's financial statements and notes thereto.

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

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

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

Overview of Financial Statements

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

The statement of net position provides information about the nature and amounts of the Organization's assets, liabilities, deferred inflows of resources and net position. The statement of net position as of June 30, 2025 indicates total assets of $101,898,398, total liabilities of $36,884,901, total deferred inflows of resources of $490,816 and net position of $64,522,681.

The statement of revenue, expenses and changes in net position provides information on the Organization's revenue and expenses. These statements indicate total operating revenue of $60,410,299 and total operating expenses of $51,588,902 during fiscal year 2025. The operating income was $8,821,397 in 2025 compared to an operating income of $12,508,988 in 2024.

The statement of cash flows provides information about the Organization's cash from operating, noncapital financing, capital and related financing and investing activities. As reported in these statements, cash and cash equivalents decreased from $26,635,385 as of June 30, 2024 to $21,564,386 as of June 30, 2025.

There are 10 notes to the financial statements. There are also several supplementary schedules that provide the reader detail about the source of the Organization's revenue and expenses. The reader is encouraged to examine these notes and schedules for additional information.

Financial Highlights

- The Organization's total assets increased by $19,619,343 or 23.8% from June 30, 2024 to June 30, 2025 and increased by $14,568,313 or 21.5% from June 30, 2023 to June 30, 2024.

- The Organization's assets exceeded liabilities by $65,013,497 as of June 30, 2025.

- During the year ended June 30, 2025, the Organization's total operating revenue increased approximately 6.35% to $60,410,299, while the operating expenses increased approximately 16.46% to $51,588,902. The increase in operating revenue and expense was a result of the addition of new surgical services.

- The Organization made capital investments totaling $17,348,085 during the year ended June 30, 2025 by upgrading EMR systems and continuing a capital expansion project. The source of funding for these items was derived primarily from cash from operations and long-term lease liabilities related to subscription based information technology agreements (SBITA). Capital investments totaling $3,702,237 were made during the year ended June 30, 2024.

Condensed Statements of Revenue, Expenses and Changes in Net Position

A summary version of the statements of revenue, expenses and changes in net position for the years ended June 30, 2025 and 2024, follows:

	Years Ended June 30	
	2025	2024
Net patient service revenue	$ 58,845,928	$ 56,361,268
Other operating revenue	1,564,371	444,548
Total operating revenue	60,410,299	56,805,816
Nonoperating revenue, net	1,525,702	1,624,067
Total revenue	61,936,001	58,429,883
Operating expenses:		
Salaries, wages and employee benefits	29,629,003	24,889,521
Supplies and other	16,793,613	15,739,038
Depreciation	4,175,754	3,208,910
Insurance	990,532	459,359
Total operating expenses	51,588,902	44,296,828
Change in net position	10,347,099	14,133,055
Net position:		
Beginning	54,175,582	40,042,527
Ending	$ 64,522,681	$ 54,175,582

Operations

Year ended June 30, 2025: For fiscal year 2025, overall patient volumes were above budget throughout most of the facility, again attributed to the continued growth of existing services and the addition of new primary and specialty services which has had a positive impact on surgical and ancillary volumes. With overall volumes being above budget for the year, operating expenses were also above budget.

Condensed Statements of Net Position

Condensed versions of the statements of net position as of June 30, 2025 and 2024, are as follows:

	June 30	
	2025	2024
Assets		
Current assets	$ 53,024,704	$ 47,014,740
Assets limited as to use	2,409,189	1,941,519
Capital assets, net	46,464,505	33,322,796
Total assets	$ 101,898,398	$ 82,279,055
Liabilities, Deferred Inflows of Resources and Net Position		
Liabilities:		
Current liabilities	$ 9,109,213	$ 5,422,857
Long-term liabilities	27,775,688	22,215,772
Total liabilities	36,884,901	27,638,629
Deferred inflows of resources	490,816	464,844
Net position:		
Net investment in capital assets	16,383,423	10,264,282
Unrestricted	48,139,258	43,911,300
Total net position	64,522,681	54,175,582
	$ 101,898,398	$ 82,279,055

June 30, 2025: Total assets increased by $19,619,343. Net patient receivables increased by $10,225,906. Third-party payor settlements related to the Medicare cost report decreased from a $555,865 liability at June 30, 2024 to a $420,441 receivable at June 30, 2025. Total liabilities increased by $9,246,272, primarily due to the new EMR system. Net position increased by $10,347,099 in 2025 compared to an increase of $14,133,055 in the prior year.

Condensed Statements of Cash Flows

Condensed versions of the statements of cash flows for the years ended June 30, 2025, 2024 and 2023, are as follows:

	Years Ended June 30	
	2025	2024
Cash provided by operating activities	$ 1,397,019	$ 12,086,076
Cash provided by noncapital financing activities	1,118,923	1,294,893
Cash used in capital and related financing activities	(7,960,980)	(4,985,807)
Cash (used in) provided by investing activities	374,039	(5,087,344)
Net (decrease) increase in cash	(5,070,999)	3,307,818
Cash and cash equivalents:		
Beginning	26,635,385	23,327,567
Ending	$ 21,564,386	$ 26,635,385

Year ended June 30, 2025: Total cash and cash equivalents decreased by $5,070,999 due to a decrease in cash used in capital and related financing activities resulting from the cash paid for the clinic expansion project.

Capital Assets

Capital assets as of June 30, 2025 and 2024 consist of the following:

	June 30	
	2025	2024
Capital assets not being depreciated:		
Land	$ 1,028,396	$ 501,675
Construction in progress	4,468,072	1,016,808
Capital assets net of depreciation:		
Land improvements	2,165,625	2,021,972
Building and improvements	23,350,035	23,897,922
Buildings under lease	28,691	78,028
Equipment	6,215,568	4,990,909
Equipment under lease	779,072	815,482
SBITA lease	8,429,046	-
Total capital assets, net	$ 46,464,505	$ 33,322,796

June 30, 2025: Construction in progress increased by $3,451,264 due to the start of the clinic expansion project. There was an overall $13,141,709 increase in capital assets, net of depreciation, primarily due to the completion of previous expansion and capital projects.

Long-Term Debt

June 30, 2025: The Organization had $30,081,476 of outstanding debt as of June 30, 2025 compared to $23,058,908 outstanding as of June 30, 2024. The decrease of debt is primarily due to principal payments made on outstanding debt throughout the year.

Economic Factors

Year ended June 30, 2025: As in previous years, the Organization continues to see the positive impact of Critical Access Hospital status. The Organization has added and continues to add many primary and specialty providers and continues to see a positive impact on revenue with the addition of the services provided to the community and surrounding area. With the importance of continued establishment and expansion of primary care and specialty services, the Organization is focused on the current capital clinic expansion project and future plans to continue expanding on needed care to the community.

Financial Information Contact

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

Morrison Community Hospital District

Statement of Net Position
June 30, 2025

Assets

Current assets:	
Cash and cash equivalents	$ 19,155,197
Investments	7,109,881
Receivables:	
Patient, net	24,372,587
Property taxes receivable	385,827
Succeeding year property taxes receivable	490,816
Other	105,076
Inventories	666,166
Prepaid expenses	318,713
Estimated settlement due from third-party payors	420,441
Total current assets	53,024,704
Assets limited as to use:	
Board designated for capital improvements and debt redemption	1,353,129
Under bond indentures held by trustee	1,056,060
	2,409,189
Capital assets:	
Depreciable, net	40,968,037
Nondepreciable	5,496,468
	46,464,505
Total assets	$ 101,898,398

See notes to basic financial statements.

Liabilities, Deferred Inflows of Resources and Net Position	
Current liabilities:	
Current maturities of long-term debt	$ 2,305,788
Accounts payable	3,169,517
Accrued expenses:	
Salaries and wages	1,115,472
Compensated absences	2,002,637
Payroll taxes and other	515,799
Estimated settlement due to third-party payors	-
Total current liabilities	9,109,213
Long-term debt, less current maturities	27,775,688
Total liabilities	36,884,901
Deferred inflows of resources, revenue for succeeding year property taxes	490,816
Commitments and contingencies (Notes 8 and 10)	
Net position:	
Net investment in capital assets	16,383,423
Unrestricted	48,139,258
Total net position	64,522,681
Total liabilities, deferred inflows of resources and net position	$ 101,898,398

Morrison Community Hospital District

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

Operating revenue:	
Net patient service revenue	$ 58,845,928
Other operating revenue	1,564,371
Total operating revenue	60,410,299
Operating expenses:	
Salaries and wages	23,350,678
Employee benefits	6,278,325
Supplies and other	16,793,613
Depreciation	4,175,754
Insurance	990,532
Total operating expenses	51,588,902
Income from operations	8,821,397
Nonoperating revenue (expense):	
County tax revenue	981,049
State replacement tax revenue	128,948
Contributions and other, net	-
Loss on disposal of capital asset	(3,556)
Investment income	1,379,120
Interest	(959,859)
Total nonoperating revenue, net	1,525,702
Change in net position	10,347,099
Net position:	
Beginning	54,175,582
Ending	$ 64,522,681

See notes to basic financial statements.

Morrison Community Hospital District

Statement of Cash Flows
Year Ended June 30, 2025

Cash flows from operating activities:	
Cash received from patients and third-party payors	$ 47,643,716
Payments to employees	(28,198,269)
Payments to suppliers and others	(19,605,284)
Other receipts and payments, net	1,556,856
Net cash provided by operating activities	1,397,019
Cash flows from noncapital financing activities:	
Tax revenue	1,118,923
Contributions	-
Net cash provided by noncapital financing activities	1,118,923
Cash flows from capital and related financing activities:	
Purchase of capital assets	(6,521,695)
Proceeds from sale of capital assets	4,000
Principal payments on long-term debt	(483,453)
Interest paid on debt	(959,832)
Net cash used in capital and related financing activities	(7,960,980)
Cash flows from investing activities:	
Investment proceeds	1,379,120
Purchases of investments	(700,000)
Interest on investments	(305,081)
Net cash provided by investing activities	374,039
Net (decrease) in cash and cash equivalents	(5,070,999)
Cash and cash equivalents:	
Beginning, including assets limited as to use $1,941,519	26,635,385
Ending, including assets limited as to use $2,409,189	$ 21,564,386
Reconciliation of operating income to net cash provided by operating activities:	
Income from operations	$ 8,821,397
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	4,175,754
Provision for uncollectible accounts	2,183,573
Changes in assets and liabilities:	
Receivables	(12,416,994)
Inventories	75,096
Prepaid expenses	52,260
Accounts payable and accrued expenses	802,344
Lease and SBITA payments	(1,320,105)
Estimated third-party payor settlements	(976,306)
Net cash provided by operating activities	$ 1,397,019

(Continued)

Morrison Community Hospital District

Statement of Cash Flows (Continued)
Year Ended June 30, 2025

Noncash capital and related financing activities:	
SBITA and lease obligations incurred for acquisition of equipment	$ 8,826,126
Right to use lease asset disposals	$ -
Right to use lease liability termination	$ -
Increase in accounts payable for purchase of capital assets	$ 1,977,198

See notes to basic financial statements.

Note 1. Nature of Business and Significant Accounting Policies

Financial reporting entity and nature of operations:

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

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

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

Condensed Statement of Net Position
June 30, 2025

	Hospital	Foundation	Eliminations	Total (Memorandum Only)
Assets				
Current assets	$ 52,214,127	$ 813,412	$ 2,835	$ 53,024,704
Assets limited as to use	2,409,189	-	-	2,409,189
Capital assets, net	46,464,505	-	-	46,464,505
Total assets	$ 101,087,821	$ 813,412	$ 2,835	$ 101,898,398
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities:				
Current liabilities	$ 9,111,987	$ 61	$ 2,835	$ 9,109,213
Long-term debt, less current maturities	27,775,688	-	-	27,775,688
Total liabilities	36,887,675	61	2,835	36,884,901
Deferred inflows of resources	490,816	-	-	490,816
Net position:				
Net investment in capital assets	16,383,423	-	-	16,383,423
Unrestricted	47,325,907	813,351	-	48,139,258
Total net position	63,709,330	813,351	-	64,522,681
	$ 101,087,821	$ 813,412	$ 2,835	$ 101,898,398

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

Condensed Statement of Revenue, Expenses and Changes in Net Position
Year Ended June 30, 2025

	Hospital	Foundation	Eliminations	Total (Memorandum Only)
Total operating revenue	$ 59,004,792	$ 1,405,507	$ -	$ 60,410,299
Operating expenses, before depreciation	47,364,840	711,186	662,878	47,413,148
Depreciation	4,175,754	-	-	4,175,754
Total operating expenses	51,540,594	711,186	662,878	51,588,902
Income from operations	7,464,198	694,321	(662,878)	8,821,397
Nonoperating revenue (expenses), net	2,183,768	4,812	662,878	1,525,702
Change in net position	9,647,966	699,133	-	10,347,099
Net position:				
Beginning	54,061,364	114,218	-	54,175,582
Ending	$ 63,709,330	$ 813,351	$ -	$ 64,522,681

Condensed Statement of Cash Flows
Year Ended June 30, 2025

	Hospital	Foundation	Eliminations	Total (Memorandum Only)
Operating activities	$ 679,094	$ 717,925	$ -	$ 1,397,019
Capital and related financing activities	(7,960,980)	-	-	(7,960,980)
Noncapital financing activities	1,118,923	-	-	1,118,923
Investing activities	1,073,386	(699,347)	-	374,039
Net (decrease) increase in cash and cash equivalents	(5,089,577)	18,578	-	(5,070,999)
Cash and cash equivalents:				
Beginning, including assets limited as to use 2024 $1,941,519	26,547,545	87,840	-	26,635,385
Ending, including assets limited as to use 2025 $2,409,189	$ 21,457,968	$ 106,418	$ -	$ 21,564,386

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

Significant accounting policies:

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

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

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

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

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

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

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

The Hospital’s allowance for doubtful accounts for self-pay patients was 58% of self-pay accounts receivable at June 30, 2025. In addition, the Hospital’s self-pay write off was approximately $2,098,000 for fiscal year 2025. The Hospital has not changed its charity care or uninsured discount policies during fiscal year 2025.

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

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

Property taxes: Property taxes are recognized as a receivable at the time they are levied. Property taxes receivable as of June 30, 2025, represent the uncollected portion of the 2024 levy. Property taxes are certified in December and attached as an enforceable lien on the property as of the preceding January 1. These taxes become due and collectible in June, August, September and November and are collected by the county collector, who in turn remits to the Hospital its respective share. The succeeding year property tax receivable represents an estimate of the 2025 levy, applicable to the fiscal year ended June 30, 2025. Property taxes that are not available for current year operations are shown as deferred inflows of resources on the accompanying statement of net position.

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

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

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

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

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

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

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

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

Assets limited as to use: The Organization's assets limited as to use include assets set aside by the Board of Directors for future capital improvements over which the board retains control and may, at its discretion, subsequently use for other purposes, amounts held by trustee under bond indenture and donor-restricted assets, which are to be used for their respective donor-imposed restriction. The assets limited as to use consist of certificates of deposit and cash totaling $2,409,189 as of June 30, 2025. The certificates of deposit are recorded at cost, which management believes approximates fair value.

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

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

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

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

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

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

Charity care: The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The Hospital maintains records to identify and monitor the level of charity care it provides. Charity care for the years ended June 30, 2025 was $202,698.

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

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

Net position: Net position classifications are defined as follows:

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

Restricted: This component of net position consists of constraints placed on net position through external constraints imposed by creditors (such as through debt agreements), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation, including amounts deposited as required by debt agreements. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Hospital's policy to first apply restricted resources and then unrestricted resources to the expense. There was no restricted net position as of June 30, 2025.

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

Subsequent events: The Organization has evaluated subsequent events through December 5, 2025, the date the financial statements were available to be issued.

Note 2. Net Patient Service Revenue

Approximately 69% of the Hospital's net patient service revenue for the year ended June 30, 2025, was earned under agreements with Medicare, Medicaid and Blue Cross. These agreements provide for reimbursement to the Hospital at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party reimbursement programs follows:

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

The Hospital's Medicare cost reports have been finalized by the Medicare fiscal intermediary through the year ended June 30, 2023.

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

On March 12, 2018, the Governor of Illinois signed legislation to implement a redesigned Medicaid Hospital Tax Assessment Program (the Program). Among other changes, the redesigned program bases payments on updated patient utilization data, shifts funding from fixed payments to dynamic live rates, and recognizes and incentivizes the shift from inpatient to outpatient services. The redesigned program was approved by the Centers for Medicare and Medicaid Services (CMS) in June 2018. The redesigned program was effective July 1, 2018 and originally expired on June 30, 2020. The hospital tax assessment program has been renewed and extended through December 31, 2026.

Note 2. Net Patient Service Revenue (Continued)

Under the Program, a hospital receives additional Medicaid reimbursement from the state and pays a related assessment. The Hospital's additional reimbursement for the year ended June 30, 2025, was received and has been recorded in the accompanying financial statements. Total reimbursement revenue recognized by the Hospital related to this Program amounted to approximately $1,000 for the year ended June 30, 2025, and is recorded as a reduction of contractual adjustment expense. As a governmental hospital, the Hospital did not incur any assessments related to this Program.

In January 2015, the State of Illinois approved a new supplemental payment to hospitals for services provided to newly eligible Medicaid beneficiaries under the Affordable Care Act (ACA). The new supplemental payment was retroactive to March 1, 2014. Total reimbursement revenue recognized by the Hospital related to this program was approximately $300 for the year ended June 30, 2025.

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

In January 2023, the State of Illinois approved a new program to distribute Hospital Pandemic Recovery Stabilization Payments to hospitals prior to April 1, 2023. The allocation of the pool was based on the hospital directed payment classes and directed payments issued during calendar year 2022. Total payments recognized by the Hospital related to this program were approximately $185,000 for the year ended June 30, 2025.

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

A summary of net patient service revenue for the year ended June 30, 2025, is as follows:

Gross patient service revenue	$ 96,035,857
Less discounts, allowances and estimated contractual adjustments under third-party reimbursement programs	(35,006,356)
Less provision for bad debts	(2,183,573)
Net patient service revenue	$ 58,845,928

Contractual adjustment expense for the year ended June 30, 2025, includes the effect of a change in estimate of third-party payor settlements. The effect of this change in estimate is a decrease in contractual adjustment expense of approximately $136,000 for the year ended June 30, 2025.

Note 3. Deposits and Assets Limited as to Use

As of June 30, 2025, the Hospital had investments in five and two certificates of deposits, respectively.

Credit risk: State statutes authorize the Hospital to make deposits and investments in interest-bearing depository accounts in federally insured and/or state chartered banks and savings and loan associations, or other financial institutions as designated by ordinances, and to invest available funds in direct obligations of, or obligations guaranteed by, the U.S. Treasury or agencies of the United States, money market funds whose portfolios consist of government securities, and the Illinois Public Treasurers' Investment Pool. The Hospital's formal investment policy states that the Hospital is to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting daily cash flow demands of the Hospital and conforming to all state and local statutes governing the investment of public funds.

Custodial credit risk: Custodial credit risk is the risk that in event of a bank failure, the Hospital's deposits may not be returned to the Hospital. As of June 30, 2025, the combined bank balance of the Hospital's deposits in financial institutions totaled $28,932,714, of which $3,653,828 was uninsured but collateralized by securities held by the pledging financial institution.

The carrying values of deposits shown above as of June 30, 2025, are included in the statement of net position as follows:

Cash and cash equivalents	$ 19,155,197
Investments	7,109,881
Assets limited as to use:	
Cash and cash equivalents	2,409,189
	$ 28,674,267

Note 4. Composition of Patient Receivables

Patient receivables as of June 30, 2025, consist of the following:

Patients	$ 42,217,119
Less:	
Estimated allowance for third-party contractual adjustments	(12,595,715)
Estimated allowance for doubtful accounts	(5,248,817)
	$ 24,372,587

Note 5. Capital Assets

A summary of capital assets as of June 30, 2025, is as follows:

	June 30, 2024	Additions	Disposals	Transfers	June 30, 2025
Capital assets not being depreciated:					
Land	$ 501,675	$ 524,821	$ -	$ 1,900	$ 1,028,396
Construction in progress	1,016,808	7,042,271	(23,066)	(3,567,941)	4,468,072
Total capital assets not being depreciated	1,518,483	7,567,092	(23,066)	(3,566,041)	5,496,468
Capital assets being depreciated:					
Land improvements	2,837,609	388,305	-	-	3,225,914
Building and improvements	33,917,320	111,894	-	1,001,355	35,030,569
Building under lease	197,617	-	-	-	197,617
Equipment	11,115,697	1,996,924	(8,000)	506,376	13,610,997
Equipment under lease	2,315,560	346,204	(129,430)	-	2,532,334
SBITA lease	-	6,937,666	-	2,058,310	8,995,976
Total capital assets being depreciated	50,383,803	9,780,993	(137,430)	3,566,041	63,593,407
Less accumulated depreciation for:					
Land improvements	815,637	244,652	-	-	1,060,289
Building and improvements	10,019,398	1,661,136	-	-	11,680,534
Building under lease	119,589	49,337	-	-	168,926
Equipment	6,124,788	1,271,085	(444)	-	7,395,429
Equipment under lease	1,500,078	382,614	(129,430)	-	1,753,262
SBITA lease	-	566,930	-	-	566,930
Total accumulated depreciation	18,579,490	4,175,754	(129,874)	-	22,625,370
Total capital assets being depreciated, net	31,804,313	5,605,239	(7,556)	3,566,041	40,968,037
Capital assets, net	$ 33,322,796	$ 13,172,331	$ (30,622)	$ -	$ 46,464,505

Note 6. Long-Term Debt

Long-term debt activity as of and for the year ended June 30, 2025, is as follows:

	June 30, 2024	Borrowings	Terminations/ Payments	June 30, 2025	Due Within One Year
Notes from direct borrowings:					
Revenue bonds, Series 2019A (A)	$ 3,420,376	$ -	$ (69,708)	$ 3,350,668	$ 72,970
Revenue bonds, Series 2019B (B)	380,042	-	(7,745)	372,297	8,108
USDA loan (C)	18,420,000	-	(406,000)	18,014,000	418,000
Other debt:					
Leases right-of-use (D)	731,760	1,476,972	(585,779)	1,622,953	1,211,245
SBITA right-of-use (E)	106,730	7,349,154	(734,326)	6,721,558	595,465
	$ 23,058,908	$ 8,826,126	$ (1,803,558)	$ 30,081,476	$ 2,305,788

Note 6. Long-Term Debt (Continued)

(A) The Hospital issued $3,600,000 of Secured Rural America Bonds, Series 2019A, in September 2019. The bonds are due in monthly interest installments that increase each year after the origination date, beginning October 2019 through September 2049. The bonds have a variable interest rate obtained by subtracting 1.00% from initial fixed interest rate. At June 30, 2025, the rate was 6.00%. Monthly principal installments increase each month after the origination date, beginning October 2021 through September 2049. The bond obligation is secured by real estate and building facilities, newly constructed facilities and improvements to facilities, deposit accounts and secured guarantees of the Hospital. The Hospital is required to comply with certain restrictive covenants, including debt service and tangible net worth ratios. The proceeds were used to repay the note payables of the Hospital and to finance the Hospital facilities and improvements.

(B) The Hospital issued $400,000 of Secured Rural America Bonds, Series 2019B, in September 2019. The bonds are due in monthly interest installments that increase each year after the origination date, beginning October 2019 through September 2049. The bonds have a variable interest rate obtained by subtracting 1.00% from initial fixed interest rate. At June 30, 2025, the rate was 6.00%. Monthly principal installments increase each month after the origination date, beginning October 2021 through September 2049. The bond obligation is secured by real estate and building facilities, newly constructed facilities and improvements to facilities, deposit accounts and secured guarantees of the Hospital. The Hospital is required to comply with certain restrictive covenants, including debt service and tangible net worth ratios. The proceeds were used to repay the note payables of the Hospital and to finance the Hospital facilities and improvements.

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

The Hospital has pledged future net revenue, as defined in the bond indenture of trust dated September 11, 2019, as gross revenue less operation and maintenance expenses, to repay $3,600,000 of Hospital Revenue Bonds Series 2019A, $400,000 of Hospital Revenue Bonds Series 2019B and USDA loan. The bonds are payable solely from net revenue and are payable through 2049. The total principal and interest remaining to be paid on the bonds and USDA loan is $26,767,224 as of June 30, 2025. Principal and interest paid on the Hospital Revenue Bonds for fiscal years ended June 30, 2025 and net revenue (which consists of gross revenue less operation and maintenance expenses) were $266,037 and $15,653,596, respectively.

(D) Lease obligations, due in monthly installments ranging from $213 to $11,400, including interest, with various maturity dates through April 2028, secured by the leased equipment and buildings. For leases recorded, the interest rates are based upon the incremental borrowing rate and vary based on inception date and terms of the contract. Current rates range from 0.00% to 4.06%.

(E) SBITA obligations, due in monthly installments ranging from $135 to $88,600, including interest, with various maturity dates through February 2034. For SBITAs recorded, the interest rates are based upon the incremental borrowing rate and vary based on inception date and terms of the contract. Current rates are 4.06%.

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

Note 6. Long-Term Debt (Continued)

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

The Hospital's debt agreements do not contain any subjective acceleration clauses and the Hospital had no unused lines of credit as of June 30, 2025.

The aggregate principal and interest maturities of long-term debt, excluding lease and SBITA obligations, as of June 30, 2025, are approximately as follows:

	Principal	Interest
Years ending June 30:		
2026	$ 499,078	$ 565,942
2027	508,226	552,551
2028	524,587	539,141
2029	534,170	525,277
2030	550,988	511,046
2031-2035	2,979,693	2,336,302
Thereafter	16,140,223	-
	$ 21,736,965	$ 5,030,259

The future minimum rental commitments payable as of June 30, 2025 on lease obligations are as follows:

	Principal	Interest
Years ending June 30:		
2026	$ 1,211,245	$ 22,192
2027	205,693	12,119
2028	57,175	7,224
2029	38,327	5,326
2030	38,816	3,772
Thereafter	71,697	2,696
	$ 1,622,953	$ 53,329

The future minimum commitments payable as of June 30, 2025 on SBITA obligations are as follows:

	Principal	Interest
Years ending June 30:		
2026	$ 595,465	$ 262,201
2027	627,658	237,204
2028	643,359	211,803
2029	708,466	184,420
2030	741,940	154,964
Thereafter	3,404,670	273,280
	$ 6,721,558	$ 1,323,872

Note 7. Retirement Plans

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

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

Effective August 1, 2009, the Hospital implemented a qualified deferred compensation plan for employees. The plan is administered under Section 457(b) of the Internal Revenue Code. The Hospital matched 3% of employees' contributions, which totaled approximately $360,000 for the year ended June 30, 2025. Matching contributions are subject to a five-year vesting requirement.

Note 8. Insurance and Contingent Liabilities

Worker's compensation: The Hospital maintains commercial insurance covering worker's compensation incidents on an occurrence basis, with a loss limit of $1,000,000 per incident and a policy limit of $1,000,000. The Hospital incurred related expenses of approximately $120,000 for the year ended June 30, 2025.

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

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

The professional and general liability costs totaled approximately $991,000 for the year ended June 30, 2025.

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

Note 8. Insurance and Contingent Liabilities (Continued)

Liabilities are reported when it is probable that a loss will occur, and the amount of loss can be reasonably estimated. Liabilities are calculated considering recent claims, settlement trends, including frequency and amount of payouts and other economic and social factors and are included in accrued payroll taxes and other on the accompanying statement of net position. The following is a summary of estimated claims liability for the self-insured health plan for the year ended June 30, 2025:

Balance, beginning	$ 485,848
Claims expense	4,353,892
Claims paid	(4,340,350)
Balance, ending	$ 499,390

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

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

Note 9. Concentration of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of net receivables from third-party payors and patients as of June 30, 2025 was as follows:

Medicare	21%
Medicaid	23
Blue Cross	21
Other third-party payors	22
Patients	13
	100%

Note 10. New and Pending Pronouncements

In 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB No.101). This statement provides guidance updating the recognition and measurement guidance for compensated absences. The adoption of GASB No. 101 required the Hospital to recognize a liability for compensated absences that were previously not recognized. The Organization adopted this statement, which did not have a material impact on the Organization's financial statements for the year ended June 30, 2025.

In 2023, GASB issued Statement No. 102, *Certain Risk Disclosures.* This Statement provides guidance on the disclosure of essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The standard disclosure should include the specific concentration or constraint and the related events associated with them that could cause a substantial impact should it occur, and the actions taken to mitigate said risk. The Organization adopted this statement, which did not have a material impact on the Organization's financial statements for the year ended June 30, 2025.

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

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

Morrison Community Hospital District

Combining Statement of Net Position
June 30, 2025

	Morrison Community Hospital District	Morrison Community Hospital Foundation	Eliminations	Combined
Assets				
Current assets:				
Cash and cash equivalents	$ 19,048,779	$ 106,418	$ -	$ 19,155,197
Investments	6,405,722	704,159	-	7,109,881
Receivables:				
Patient, net	24,372,587	-	-	24,372,587
Property taxes receivable	385,827	-	-	385,827
Succeeding year property taxes receivable	490,816	-	-	490,816
Other	105,076	2,835	2,835	105,076
Estimated settlement due from third-party payors	420,441	-	-	420,441
Inventories	666,166	-	-	666,166
Prepaid expenses	318,713	-	-	318,713
Total current assets	52,214,127	813,412	2,835	53,024,704
Assets limited as to use:				
Board designated for capital improvements and debt redemption	1,353,129	-	-	1,353,129
Under bond indentures held by trustee	1,056,060	-	-	1,056,060
	2,409,189	-	-	2,409,189
Capital assets:				
Depreciable, net	40,968,037	-	-	40,968,037
Nondepreciable	5,496,468	-	-	5,496,468
	46,464,505	-	-	46,464,505
Total assets	$ 101,087,821	$ 813,412	$ 2,835	$ 101,898,398

	Morrison Community Hospital District	Morrison Community Hospital Foundation	Eliminations	Combined
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities:				
Current maturities of long-term debt	$ 2,305,788	$ -	$ -	$ 2,305,788
Accounts payable	3,172,291	61	2,835	3,169,517
Accrued expenses:				
Salaries and wages	1,115,472	-	-	1,115,472
Compensated absences	2,002,637	-	-	2,002,637
Payroll taxes and other	515,799	-	-	515,799
Total current liabilities	9,111,987	61	2,835	9,109,213
Long-term debt, less current maturities	27,775,688	-	-	27,775,688
Total liabilities	36,887,675	61	2,835	36,884,901
Deferred inflows of resources, revenue for succeeding year property taxes	490,816	-	-	490,816
Net position:				
Net investment in capital assets	16,383,423	-	-	16,383,423
Unrestricted	47,325,907	813,351	-	48,139,258
Total net position	63,709,330	813,351	-	64,522,681
Total liabilities, deferred inflows of resources and net position	$ 101,087,821	$ 813,412	$ 2,835	$ 101,898,398

Morrison Community Hospital District

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

	Morrison Community Hospital District	Morrison Community Hospital Foundation	Eliminations	Combined
Operating revenue:				
Net patient service revenue	$ 58,845,928	$ -	$ -	$ 58,845,928
Other operating revenue	158,864	1,405,507	-	1,564,371
Total operating revenue	59,004,792	1,405,507	-	60,410,299
Operating expenses:				
Salaries and wages	23,350,678	-	-	23,350,678
Employee benefits	6,278,325	-	-	6,278,325
Supplies and other	16,745,305	711,186	662,878	16,793,613
Depreciation	4,175,754	-	-	4,175,754
Insurance	990,532	-	-	990,532
Total operating expenses	51,540,594	711,186	662,878	51,588,902
Income from operations	7,464,198	694,321	(662,878)	8,821,397
Nonoperating revenue (expense):				
County tax revenue	981,049	-	-	981,049
State replacement tax revenue	128,948	-	-	128,948
Contributions and other, net	662,878	-	662,878	-
Loss on disposal of capital asset	(3,556)	-	-	(3,556)
Investment income	1,374,308	4,812	-	1,379,120
Interest	(959,859)	-	-	(959,859)
Total nonoperating revenue (expenses), net	2,183,768	4,812	662,878	1,525,702
Change in net position	9,647,966	699,133	-	10,347,099
Net position:				
Beginning	54,061,364	114,218	-	54,175,582
Ending	$ 63,709,330	$ 813,351	$ -	$ 64,522,681

Morrison Community Hospital District

Patient Service Revenue
Year Ended June 30, 2025
(Hospital Only)

Routine services	$ 4,244,015
Operating and recovery rooms	35,535,383
Emergency services	5,525,434
Laboratory and blood bank	8,811,047
Electro cardiology	444,746
Radiology	13,850,605
Pharmacy	7,350,871
Anesthesiology	4,994,282
Respiratory therapy	248,609
Physical therapy	2,274,459
Speech therapy	5,076
Occupational therapy	1,321,203
Ambulance	730,602
Clinics	10,789,253
Wound care	112,970
	96,238,555
Less charity care	202,698
Total patient service revenue	$ 96,035,857
Total patient service revenue:	
Inpatient revenue	$ 5,136,570
Outpatient revenue	91,101,985
includes charity csre	96,238,555
Less charity care	202,698
Total patient service revenue	96,035,857
Contractual adjustments:	
Medicare	12,857,221
Medicaid	5,629,414
Other	16,519,721
Total contractual adjustments	35,006,356
Net patient service revenue, before provision for bad debts	61,029,501
Provision for bad debts	2,183,573
Net patient service revenue	$ 58,845,928

Morrison Community Hospital District

Operating Expenses
Year Ended June 30, 2025
(Hospital Only)

	Total	Salaries and Wages	Supplies and Other Expenses
Nursing administration	$ 1,233,874	$ 1,233,874	$ -
Routine services	3,039,369	1,973,140	1,066,229
Operating and recovery rooms	6,563,871	2,132,408	4,431,463
Emergency services	3,807,609	901,585	2,906,024
Laboratory and blood bank	1,961,183	651,749	1,309,434
Radiology	1,405,709	854,888	550,821
Pharmacy	1,405,496	265,985	1,139,511
Anesthesiology	1,300,336	1,065,960	234,376
Neurology	13,299	13,299	-
Respiratory therapy	138,865	92,256	46,609
Physical therapy	463,170	442,170	21,000
Speech therapy	2,875	-	2,875
Occupational therapy	199,617	199,115	502
Ambulance	210,197	151,675	58,522
Clinics	11,184,096	9,527,710	1,656,386
Wound care	178,938	89,627	89,311
PAR	601	-	601
Social services	95,335	91,492	3,843
Medical records	665,851	472,408	193,443
Dietary	439,899	320,752	119,147
Plant operation and maintenance	878,801	203,267	675,534
Housekeeping	275,898	231,405	44,493
Laundry	84,715	-	84,715
Purchasing	36,476	88,663	(52,187)
Administrative services	4,121,510	2,155,957	1,965,553
Central sterilization	351,512	157,105	194,407
Electro cardiology	36,881	34,188	2,693
	40,095,983	$ 23,350,678	$ 16,745,305
Depreciation	4,175,754		
Insurance	990,532		
Employee benefits	6,278,325		
	$ 51,540,594		