Financial Statements
September 30, 2025

Cascade Medical Center Hospital District d/b/a Cascade Medical Center

Cascade Medical Center Hospital District

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Independent Auditor's Report

To the Board of Trustees
Cascade Medical Center Hospital District
d/b/a Cascade Medical Center
Cascade, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of the Cascade Medical Center Hospital District d/b/a Cascade Medical Center (the Medical Center), and its discretely-presented component unit as of and for the year then ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Medical Center'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 and its discretely presented component unit of the Medical Center as of September 30, 2025, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Medical Center 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Medical Center'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 Medical Center'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, which raise substantial doubt about the Medical Center's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the management's discussion and analysis that the accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that, the schedule of employer's share of net pension liability/(asset) and employer contributions, identified 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 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 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2026, on our consideration of the Medical Center'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 Medical Center'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 Medical Center's internal control over financial reporting and compliance.

Ende Bailly LLP

Oklahoma City, Oklahoma
April 22, 2026

Assets and Deferred Outflows of Resources	
Current Assets	
Cash and cash equivalents	$ 1,258,422
Cash equivalents in external investment pool	3,968,119
Receivables	
Patient, net of estimated uncollectibles of $267,162	733,485
REH receivable	1,035,093
Estimated third-party payor settlements	430,798
Taxes	1,177,515
Prepaid subscription IT assets	685,633
Supplies and prepaid expenses	221,526
Total current assets	9,510,591
Capital Assets	
Capital assets not being depreciated	157,370
Capital assets being depreciated, net	1,461,376
Total capital assets	1,618,746
Total assets	11,129,337
Deferred Outflows of Resources-Retirement Pension Plan	630,849
Total assets and deferred outflows of resources	$ 11,760,186

Liabilities, Deferred Inflows of Resources and Net Position	
Current Liabilities	
Accounts payable	$ 208,297
Accrued expenses	
Salaries and wages	368,560
Compensated absences	56,331
Deferred revenue	3,200
Total current liabilities	636,388
Net Pension Obligations	2,114,922
Total liabilities	2,751,310
Deferred Inflows of Resources	
Retirement pension plan	1,089,481
Property taxes	1,123,959
	2,213,440
Net Position	
Investment in capital assets	1,618,746
Unrestricted	5,176,690
Total net position	6,795,436
Total liabilities, deferred inflows of resources, and net position	$ 11,760,186

Cascade Medical Center Hospital District

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended September 30, 2025

Operating Revenues	
Net patient service revenue, net of provision for bad debts of $621,843	$ 5,838,060
REH facility payment	2,463,222
Other revenue	37,590
Total operating revenues	8,338,872
Operating Expenses	
Salaries and wages	4,658,754
Defined benefit pension plan benefits	302,116
Employee benefits other than pension plan benefits	863,716
Professional fees and purchased services	1,016,556
Supplies	519,899
Insurance	96,953
Utilities	98,018
Depreciation and amortization	303,025
Repairs and maintenance	57,047
Other	302,062
Total operating expenses	8,218,146
Operating Income	120,726
Nonoperating Revenues (Expenses)	
Property taxes	1,163,766
Grants and contributions	119,268
Interest income	188,500
Net nonoperating revenues	1,471,534
Revenues in Excess of Expenses Before Capital Contributions	1,592,260
Capital Contributions and Grants	306,863
Change in Net Position	1,899,123
Net Position, Beginning of Year	4,896,313
Net Position, End of Year	$ 6,795,436

Operating Activities	
Receipts from and on behalf of patients	$ 7,313,001
Payments to and on behalf of employees	(6,018,004)
Payments to suppliers, contractors and others	(2,811,396)
Other receipts and payments, net	41,505
Net Cash used for Operating Activities	(1,474,894)
Noncapital Financing Activities	
Property taxes	1,145,093
Contributions	122,468
Net Cash from Noncapital Financing Activities	1,267,561
Capital and Capital Related Financing Activities	
Contributions and grants for capital	306,863
Purchase of capital assets	(116,250)
Net Cash used for Capital and Capital Related Financing Activities	190,613
Investing Activities	
Interest received	188,500
Net Cash from Investing Activities	188,500
Net Change in Cash and Cash Equivalents	171,780
Cash and Cash Equivalents, Beginning of Year	5,054,761
Cash and Cash Equivalents, End of Year	$ 5,226,541
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position	
Cash and cash equivalents in current assets	$ 1,258,422
Cash equivalents in external investment pool	3,968,119
Total cash and cash equivalents	$ 5,226,541

Operating Activities	
Operating Income	$ 120,726
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation and amortization	303,025
Provision for bad debts	621,843
GASB 68 actuarial pension expense	(227,538)
Changes in assets and liabilities	
Receivables	
Patient	(446,077)
REH Payments	(1,035,093)
Third-party payor settlements	(128,954)
Other	3,915
Prepaid IT subscription	(685,633)
Supplies and prepaid expenses	44,790
Accounts payable	(80,018)
Accrued compensation and related liabilities	34,120
Net Cash used for Operating Activities	$ (1,474,894)

Cascade Medical Center Foundation, Inc.

Statement Financial Position – Discretely Presented Component Unit

Year Ended December 31, 2025

Assets		
Cash and cash equivalents	$	57,251
Investments		764,247
Total assets	$	821,498
Net Assets		
Without donor restrictions	$	821,498
Total net assets	$	821,498

Cascade Medical Center Foundation, Inc.

Statement of Activities – Discretely Presented Component Unit

Year Ended December 31, 2025

Revenues	
Contributions	$ 132,639
Investment return	94,997
Total revenues	227,636
Expenses	
Program services	322,687
Management and general	8,578
Fundraising	4,136
Total expenses	335,401
Change in net assets	(107,765)
Net assets beginning of year	929,263
Net assets end of year	$ 821,498

Note 1 - Organization and Significant Accounting Policies

The financial statements of Cascade Medical Center Hospital District (the Medical Center) have been prepared in accordance with generally accepted accounting principles in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the District are described below.

Reporting Entity

The Medical Center operates a licensed 10-bed facility and rural health clinic located in Cascade, Idaho. Effective January 11, 2025, the Medical Center transitioned from designation as a Critical Access Hospital (CAH) to a Rural Emergency Hospital (REH), allowing it to enhance emergency service delivery and qualify for REH-specific Medicare reimbursement provisions.

The Medical Center is organized and operates under the laws of the State of Idaho applicable to municipal corporations. Governance is provided by a seven-member Board of Trustees, consisting of residents of the Cascade Medical Center Hospital District, who are elected or appointed to staggered six-year terms. The Medical Center is not a component unit of Valley County, Idaho.

The Medical Center primarily earns revenues by providing outpatient and emergency care services to patients in Valley County, Idaho. The Medical Center also operates a rural health clinic in the same geographic area. Under the REH provider designation, the Medical Center is prohibited from providing inpatient services. The Medical Center also receives a monthly REH facility payment as determined annually by the Centers for Medicare and Medicaid Services (CMS). The REH payment after sequestration was $285,626 per month through December 2025 and $295,052 beginning January 2026.

For financial reporting purposes, the Medical Center has included all funds, organizations, agencies, boards, commissions, and authorities. The Hospital has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Medical Center are such that the exclusion would cause the Medical Center's financial situation to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Hospital to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Medical Center.

Discretely Presented Component Unit

The Cascade Medical Center Foundation, Inc. (the Foundation) was established for health care purposes and to advance and assist in the development, growth, and operation of the Medical Center. Funds raised are distributed to the Medical Center primarily to assist with purchases of property and equipment. The Foundation provided contributions to the Medical Center of $322,687 which were used to purchase equipment for use by the Medical Center. The Foundation has been determined to be a component unit and is presented as a discretely presented component unit in the Medical Center's financial statements.

Measurement Focus and Basis of Accounting

Measurement focus refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned, and expenses are recorded when the liability is incurred.

Basis of Presentation

The statement of net position displays the Medical Center's assets and liabilities with the difference reported as net position. Net position is presented in the following components:

Investment in capital assets consists of net capital assets and subscription IT assets, reduced by the outstanding balances of any related debt obligations, subscription IT liabilities, construction or improvement of those assets or the related debt obligations.

Restricted net position:

Restricted - expendable net position– Expendable net position results when constraints placed on net position use are either externally imposed or imposed through enabling legislation.

Restricted - nonexpendable net position– Nonexpendable net position is subject to externally imposed stipulations which require them to be maintained permanently by the Medical Center. The Medical Center had no restricted nonexpendable net position at September 30, 2025.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Hospital's policy is to first apply the expense toward the most restrictive resources and then toward unrestricted resources.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding internally designated or restricted cash and investments. For purposes of the statement of cash flows, the Medical Center considers all cash and investments with an original maturity of three months or less as cash and cash equivalents.

Local Government Investment Pool

The Joint Powers Investment Pool was established as a cooperative endeavor to enable public entities of the State of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool (LGIP) is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank. LGIP includes $421,531 which is set aside by the Board of Trustees for an operating reserve fund, over which the Board retains control and may at its discretion subsequently use for other purposes. In addition, the entity considers short-term, highly liquid investments, such as the Idaho Local Government Investment Pool (LGIP), that are both readily convertible to cash and so near their maturity that any changes in interest rates would cause only immaterial risk of change in value, as cash equivalents.

An annual audit of Joint Powers Investment Pool is conducted by the State Legislative Auditors Office or an Independent accounting firm. The Legislative Auditor of the State of Idaho has full access to the records of the Pool.

Patient Receivables

Patient receivables are uncollateralized patient and third-party payor obligations. Patient receivables, excluding amounts due from third-party payors, are turned over to a collection agency if the receivables remain unpaid after the Medical Center's collection procedures. The Medical Center does not charge interest on unpaid patient receivables. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management's estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision.

Property Tax Receivables

The Medical Center receives funds from property taxes obtained through a levy on assessed property valuations. Under Idaho law, all property taxes become due and payable in the year following that in which they are levied. Property taxes attach as liens on properties on January 1 and are levied in September of each year. Tax notices are sent to taxpayers during November, with tax payments scheduled to be collected on or before December 20th. Taxpayers may pay all or one half of their tax liability on or before December 20th. If one half of the amount is paid, they must pay the remaining balance by the following June 20th. The Medical Center uses a September 30th fiscal year end. Although the succeeding year property tax receivable has been recorded, the related revenue is considered a deferred inflow of resources the related revenue will not be recognized as revenue until the year for which it is levied.

Supplies

Supplies are stated at the lower of cost (first-in, first-out) or market price and are expensed when used.

Capital Assets

Property and equipment acquisitions in excess of $5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. The estimated useful lives of capital assets are as follows:

Land improvements	5 - 15 years
Buildings, improvements and fixed equipment	3 - 40 years
Major movable equipment	3 - 12 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net position and are reported below nonoperating activities. 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 net position.

Subscription IT Assets

Subscription IT assets are recognized at the subscription commencement date and represent the Medical Center's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets not placed in service are considered prepaid subscription IT assets. Once the subscription IT assets are placed in service they are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method.

Impairment of Long-Lived Assets

The Medical Center considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying values of assets are appropriate. No impairment was identified for the year ended September 30, 2025.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and other postemployment benefits expense and contributions from the employer after the measurement date but before the end of the employer's reporting period related to the pension and other postemployment benefit plans. The Medical Center's deferred outflows of resources are recognized as a component of compensation expense in the following year related to employer contributions, compensation expense over five years for the difference in projected and actual earnings, or over the expected remaining service life of the plan.

Compensated Absences

The Medical Center's employees earn vacation leave benefits based on varying rates depending on years of service. Employees may accumulate vacation leave up to a specified maximum. Compensated absence liabilities are computed using regular pay in effect at the statement of net position date plus an additional amount for compensation – related payments such as social security and Medicare taxes computed using rates in effect at that date.

Pension

For purposes of measuring the net pension asset/liability, deferred outflows of resources, and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

Deferred inflows of resources represent an increase in net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. Unavailable revenue from property taxes will be recognized as revenue in the year they become available. Deferred inflows related to pension and OPEB plans as a result of various estimate differences that will be recognized as expenses in future years are reported in the statement of net position

Operating Revenues and Expenses

The Medical Center's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses of the Medical Center result from exchange transactions associated with providing health care services - the Medical Center's principal activity, and the costs of providing those services, including depreciation and amortization, and excluding interest cost. All other revenues and expenses are reported as nonoperating.

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care

The Medical Center provides health care services to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Since the Medical Center does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was approximately $112,000 for the year ended September 30, 2025, calculated by multiplying the ratio of cost to gross charges for the Medical Center by the gross uncompensated charges associated with providing charity care to its patients.

Grants and Contributions

The Medical Center may receive grants as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are 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 that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

Implementation of GASB Statement No. 101

As of October 1, 2024, the Medical Center adopted GASB Statement No. 101, Compensated Absences. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. There was not a significant effect on the Medical Center's financial statements as a result of the implementation of this standard.

Note 2 - Net Patient Service Revenue

The Medical Center has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare: The Medical Center was licensed as a Critical Access Hospital (CAH) until January 11, 2025 when the Medical Center transitioned to REH status. The Medical Center was reimbursed for most acute care services under a cost-based reimbursement methodology, with final settlement determined after submission of annual cost reports by the Medical Center and are subject to audits thereof by the Medicare administrative contractor (MAC). Due to the transition to REH status, substantially all services rendered to Medicare beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. The Medical Center's Medicare cost reports have been audited by the MAC through the year ended September 30, 2023. Clinical services are paid fee schedules.

Medicaid: Outpatient services related to Medicaid beneficiaries are paid based on the lower of customary charges, allowable cost as determined through the Hospital's Medicaid cost report, or rates as established by the Medicaid program. The Medical Center is reimbursed at a tentative rate with final settlement determined by the program based on the Medical Center's final Medicaid cost report. The Medical Center's most recent final Medicaid settlement was for the year ended September 30, 2022.

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

Concentration of gross revenues by major payor accounted for the following percentages of the Hospital's patient service revenues for the years ended September 30, 2025:

Medicare	37%
Commercial and other third-party payors	45%
Medicaid	12%
Self Pay	6%
	100%

Laws and regulations governing Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient service revenue for the year ended September 30, 2025 increased approximately $321,000 due to removal of allowances previously estimated that are no longer necessary as a result of final settlements, adjustments to amounts previously estimated and years that are no longer likely subject to audits, reviews and investigations.

Note 3 - Deposits, External Investment Pool and Investments

The carrying amounts of deposits and external investment pool as of September 30, 2025 is as follows:

Carrying amount	
Cash and deposits	$ 1,258,422
Idaho Local Government Investment Pool	3,968,119
	$ 5,226,541

Deposits and investments are reported in the following statement of net position captions:

Cash and cash equivalents	$ 1,258,422
Cash equivalents in external investment pool	3,968,119
Total	$ 5,226,541

Deposits – Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank or investment company failure, the Medical Center's deposits may not be returned to it. State statute requires that any deposits in excess of federal depository or other insured amounts be collateralized by U.S. Government securities in the name of the Medical Center.

As of September 30, 2025, $965,053 of the Medical Center's bank balances of $1,231,722 were exposed to custodial credit risk as follows:

Insured by Federal Deposit Insurance Corporation	$ 266,669
Uninsured and uncollateralized	965,053
Total	$ 1,231,722

External Investment Pool and Investments

The Medical voluntarily invests funds in the Local Government Investment Pool (LGIP), administered by the Idaho State Treasurer. Collateral for funds invested in the LGIP are held by the state and not in the Medical Center's name. The investments in LGIP are reported at fair value and available for immediate use by the Medical Center. At September 30, 2025, the LGIP was not rated by an independent rating agency. The Medical Center's investments at September 30, 2025 and related maturities were as follows:

	LGIP	Duration
Investment in government pool reported at fair value	$ 3,968,119	68 days

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 Medical Center does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Medical Center is authorized by statute to invest funds in obligations of the United States and certain U.S. government agency securities; commercial paper; local government investment pools; certain money market funds; written repurchase agreements collateralized by certain authorized securities.

Concentration of Credit Risk

The Medical Center will limit credit risk, the risk of loss due to the failure of the security issuer or backer, by diversifying in the investment portfolio so that potential losses on individual securities will be minimized. The Medical Center does not have a formally adopted investment policy for managing concentration of credit risk.

Investment Income

Investment income, primarily interest income, for the year ended September 30, 2025 was $188,500.

Fair Value Measurements Foundation

The Foundation reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances. The Foundation did not have any Level 3 investments in the year ended December 31, 2025.

		Fair Value Measurements At Report Date Using		
Investment	Total	Level 1	Level 2	Level 3
Exchange - traded funds	$ 136,819	$ 136,819	$ -	$ -
ETF	139,889	$ 139,889		
Fixed income	22,770	22,770	-	-
Mutual funds	429,874	429,874	-	-
	729,352	$ 729,352	$ -	$ -
Cash and cash equivalents	34,895			
	$ 764,247			

Note 4 - Capital Assets

Capital assets additions, retirements, transfers and balances for the year ended September 30, 2025, are as follows:

	Balance September 30, 2024	Additions	Transfers and Retirements	Balance September 30, 2025
Capital assets not being depreciated				
Land	$ 125,000	$ -	$ -	$ 125,000
Construction in process	-	32,370	-	32,370
Total capital assets not being depreciated	$ 125,000	$ 32,370	$ -	$ 157,370
Capital assets being depreciated				
Land improvements	$ 207,124	$ 11,241	$ (27,929)	$ 190,436
Buildings, improvements and fixed equipment	2,985,195	21,057	(17,525)	2,988,727
Major movable equipment	2,188,359	51,582	(1,199,394)	1,040,547
Software	23,252	-	-	23,252
Total capital assets being depreciated	5,403,930	$ 83,880	$ (1,244,848)	4,242,962
Less accumulated depreciation for				
Land improvements	125,250	$ 22,871	$ (26,885)	121,236
Buildings, improvements and fixed equipment	1,886,462	146,887	(12,662)	2,020,687
Major movable equipment	1,695,790	5,598	-	1,701,388
Software	15,907	127,669	(1,205,301)	(1,061,725)
Total accumulated depreciation	3,723,409	$ 303,025	$ (1,244,848)	2,781,586
Net capital assets being depreciated	$ 1,680,521			$ 1,461,376
Total capital assets	$ 1,805,521			$ 1,618,746

Construction in progress consisted of computer hardware not yet placed in service funded internally and a wall in oxygen project funded with a grant and internally. Both projects are expected to be completed in the first quarter of the year ended September 2026.

Note 5 - Long - Term Obligations Compensated Absences

	Balance September 30, 2024	Additions	Reductions	Balance September 30, 2025	Due Within One Year
Compensated Absences*	$ 94,095	$ -	$ 37,764	$ 56,331	$ 56,331

* The roll-forward schedule only reports the net change in compensated absences liability

Note 6 - Pension Plan

Plan Description

The Medical Center contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits to eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation and earnings from investments. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate. As of September 30, 2025, the employee rate was 7.18% for general employees and the employer rate was 11.96% for general employees. The Medical Center's contributions were $538,054 for the year ended September 30, 2025.

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

At September 30, 2025, the Medical Center reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Medical Center's proportion of the net pension liability was based on the Medical Center's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2025, the Medical Center's proportion was 0.0008745987 which was a decrease from the prior year proportion of 0.0008992328.

For the year ended September 30, 2025, the Medical Center recognized pension expense of $529,527. At September 30, 2025, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 398,544	$ -
Changes in assumptions or other inputs	-	371,903
Net difference between projected and actual earnings on pension plan investments	-	543,675
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions - 2022	57,101	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions - 2023	-	69,838
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions - 2024	-	104,065
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions - 2025	58,340	-
Medical Center contributions subsequent to the measurement date	116,864	-
Total	$ 630,849	$ 1,089,481

The Medical Center reported $116,864 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2026.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2024, the beginning of the measurement period ended June 30, 2025, is 4.4 years.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (offset) as follows:

Years Ended September 30:	
2026	$ 342,733
2027	(399,624)
2028	(323,648)
2029	(194,957)

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases including inflation	3.15%
Investment rate of return - net of investment fees	6.55%
Cost of Living (COLA) Adjustment	1.00%

Contributing Members, Service Retirement Members, and Beneficiaries

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service, and beneficiaries. The rates were adopted for the valuation dated July 1, 2025, and the following tables were adjusted to determine mortality:

General Employees and All Beneficiaries - Males Pub-2010 General Tables, increased 11%.
General Employees and All Beneficiaries - Females Pub-2010 General Tables, increased 21%.
Disabled Members - Males Pub-2010 Disabled Tables, increased 38%.
Disabled Members - Females Pub-2010 Disabled Tables, increased 36%.

An experience study was performed for the period 2015 through 2020 for the PERSI Base Plan, which reviewed all economic and demographic assumptions including mortality. The Total Pension Liability as of June 30, 2025, is based on the results of an actuarial valuation date of July 1, 2025.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

The capital market assumptions are:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap	22.00%	4.75%
Small/Mid Cap	10.00%	4.95%
International Equity	11.00%	4.75%
Emerging Markets Equity	11.00%	4.95%
Domestic Fixed	20.00%	2.25%
TIPS	10.00%	2.05%
Real Estate	8.00%	3.75%
Private Equity	8.00%	6.00%

Discount Rate

The discount rate used to measure the total pension liability was 6.55%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for administrative expense.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.55% as well as what the employer's asset/liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (5.55%)	Current Discount Rate (6.55%)	1% Increase (7.55%)
Employer's proportionate share of the net pension liability (asset)	$ 5,088,513	$ 2,114,922	$ (314,369)

Pension Plan Fiduciary Net Position

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

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Payables to the Pension Plan

At September 30, 2025, the Medical Cener had $25,693 in payables to the defined benefit pension plan for legally required employer contributions and for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

Note 7 - Concentrations of Credit Risk

The Medical Center grants credit without collateral to its patients most of which are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at September 30, 2025 are as follows:

Medicare	13%
Commercial and other third-party payors	53%
Medicaid	4%
Self Pay	30%
	100%

Note 8 - Commitments

During the current year, the Medical Center entered into subscription IT contract for the use of software. The Medical Center is required to make annual principal and interest payments of $47,679 through April 2029. Implementation was completed in October 2025.

Note 9 - Contingencies

Risk Management

The Medical Center is exposed to various risks of loss from torts; theft of, damage, of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health claims. Settled claims have not exceeded this commercial coverage in any of the two preceding years.

Malpractice Insurance

The Medical Center has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $1 million per claim and an annual aggregate limit of $5 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured. The Medical Center had no accrued malpractice losses or receivables for expected insurance recoveries as of September 30, 2025.

Litigation, Claims, and Disputes

The Medical Center is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of the Medical Center.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity with respect to investigations and allegations concerning possible violations by health care providers of regulations could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services.

Note 10 - Subsequent Events

The Hospital has evaluated subsequent events through April 22, 2026, the date which the financial statements were available to be issued.

Required Supplementary Information
September 30, 2025

Cascade Medical Center Hospital District

Cascade Medical Center Hospital District
Schedule of Employer's Share of Net Pension Liability (Asset)
September 30, 2025

	As of measurment date June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's portion of the net pension liability	0.000874599	0.000899233	0.0009444	0.000863295	0.000816135	0.000680000	0.000690000	0.000620000	0.000680000	0.000640000
Employer's proportionate share of the net pension liability (asset)	2,114,922	$ 3,363,711	$ 3,888,660	$ 3,400,310	$ (64,457)	$ 1,586,750	$ 798,886	$ 916,650	$ 1,072,218	$ 1,300,370
Employer's covered payroll	4,502,478	4,451,257	4,021,149	3,389,762	3,033,348	2,423,061	2,367,007	2,107,531	1,912,023	1,856,225
Employer's proportional share of the net pension liability as a percentage of its covered payroll	46.97%	75.57%	96.71%	100.31%	-2.12%	65.49%	33.75%	43.49%	56.08%	70.05%
Plan fiduciary net position as a percentage of the total pension liability	87.46%	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%

Cascade Medical Center Hospital District
Schedule of Employer Contributions
September 30, 2025

	As of measurment date September 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 577,572	$ 584,906	$ 423,665	$ 398,237	$ 323,760	$ 266,792	$ 264,022	$ 240,772	$ 229,304	$ 190,248
Contributions in relation to the statutorily required contribution	531,953	506,458	473,898	385,271	356,247	269,795	301,700	171,271	246,784	215,686
Contribution (deficiency) excess	(45,619)	(78,448)	50,233	(12,966)	32,487	3,003	37,678	(69,501)	17,480	25,438
Employer's covered payroll	4,829,197	4,451,257	4,021,149	3,252,597	2,942,874	2,198,959	2,230,368	1,953,243	2,048,087	1,912,023
Contributions as a percentage of covered payroll	11.02%	11.83%	11.79%	11.85%	12.11%	12.27%	13.53%	8.77%	12.05%	11.28%

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*

To the Board of Directors
Cascade Medical Center Hospital District
Cascade, ID

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 Cascade Medical Center District(the Medical Center) and its discretely presented component unit which comprise the statement of net position as of September 30, 2025, and the related statement of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements, and have issued our report thereon dated April 22, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Medical Center's internal control over financial reporting (internal control) to determine the 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 Medical Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Medical Center'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 a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a 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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2025-001 that we consider to be a material weakness.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Medical Center'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 determination of financial statement amounts. 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 did not disclose any instance of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Entity's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Medical Center's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Medical Center'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Oklahoma City, Ok
April 22, 2026

2025-001 Material Weakness in Financial Statement Preparation and Reconciliation of Accounts

Criteria:

Management should have an internal control system in place designed to provide for the preparation of the financial statements being audited. It includes the ability to prepare the footnote disclosures required by the *Governmental Accounting Standards Board (GASB)*. This also includes posting of adjustments necessary to close the year and accurately reflect the activity of the Hospital throughout the year.

Condition:

Material Weakness

An internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor. As auditors, we were requested to prepare the financial statements including footnote disclosures.

Patient service receivable balances recorded in the general ledger did not agree to the amounts recorded in the patient accounts receivable detail.

Amounts due - to - from third party settlements were not accurately reflected in the general ledger. We proposed an adjustment to record amounts estimated for third party settlements.

Property tax receivables did not properly reflect the deferred inflows; when the assessment is certified the receivable and deferred inflow should be recognized.

Donations and contributions for capital items are required to be reported separately from donations used for operations.

The Medical Center did not have procedures in place for the implementation of GASB 96, Subscription Based Information Technology Arrangements (SBITA), an accounting standard issued by GASB that governs the accounting treatment for Subscription Based Information Technology Arrangements. The standard required the Hospital to evaluate and record right to use assets and liabilities on its statement of net position. We proposed an adjustment to the statement of net position associated with the SBITA asset and liability amounts and created associated roll forward and future minimum lease payment schedules.

Cause:

The size of the Medical Center and the limited number of accounting personnel makes it difficult to implement this level of internal control.

Effect:

Management relied on the auditing firm to report financial data in accordance with generally accepted accounting principles. The auditor proposed certain adjusting entries and prepared the footnotes and reported financial data in accordance with generally accepted accounting principles.

Recommendation:

Management and those charged with governance should assess the benefit of implementing an internal control system that includes the preparation of the financial statements and related footnotes in relation to the cost or other considerations.

Management should implement a process to ensure the general ledger is complete and has all transactions recorded for the fiscal year as well as a process for the identification of transactions that could materially misstate the financial statements.

Management should develop processes to insure that patient accounts receivable balances and estimates for third party settlements are properly recorded.

Management should develop a process to create roll forward schedules and properly adjust all right to use lease and SBITA asset and liability amounts.

Views of Responsible Officials:

Going forward, the Medical Center will follow a written policy and reconciliation to account for Accounts Receivable, reviewing and reconciling third party settlement information and properly recording SBITAs to document the right-to-use assets and liabilities and associated roll forward schedules. This will ensure the statement of net position is properly stated.