Cascade Medical Center Hospital District
doing business as
Cascade Medical Center

Basic Financial Statements and
Independent Auditors' Reports

September 30, 2024 and 2023

DZA
ACCOUNTANTS | ADVISORS

Cascade Medical Center
doing business as Cascade Medical Center
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Cascade Medical Center Hospital District
doing business as Cascade Medical Center
Cascade, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of Cascade Medical Center Hospital District doing business as Cascade Medical Center (the District) and its discretely-presented component unit as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 District's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Management has not presented the management's discussion and analysis that 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, 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 the District's Share of Net Pension Liability Public Employee Retirement System of Idaho Base Plan and Schedule of the District's Contributions Public Employee Retirement System of Idaho Base Plan 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2025, on our consideration of the District'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 the 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 District'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 District's internal control over financial reporting and compliance.

DZA PLLC

Spokane Valley, Washington
February 18, 2025

Cascade Medical Center Hospital District
doing business as Cascade Medical Center
Statements of Net Position
September 30, 2024 and 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2024	2023
Current assets		
Cash and cash equivalents	**$ 5,054,761**	$ 5,831,511
Receivables:		
Patient accounts, net	**909,251**	1,256,217
Taxes	**34,883**	27,641
Estimated third-party payor settlements	**301,844**	339,015
Other	**3,915**	80,705
Prepaid expenses	**66,032**	37,545
Inventories	**200,284**	196,082
Total current assets	**6,570,970**	7,768,716
Noncurrent assets		
Depreciable capital assets, net	**1,680,521**	1,742,320
Nondepreciable capital assets	**125,000**	350,487
Total current assets	**1,805,521**	2,092,807
Total assets	**8,376,491**	9,861,523
Deferred outflows of resources		
Pension plan	**623,676**	1,748,274
Total assets and deferred outflows of resources	**$ 9,000,167**	$ 11,609,797

See accompanying notes to basic financial statements.

Cascade Medical Center Hospital District
doing business as Cascade Medical Center
Statements of Net Position (Continued)
September 30, 2024 and 2023

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**2024**	**2023**
Current liabilities		
Accounts payable	**$ 288,315**	$ 205,481
Accrued compensation and related liabilities	**390,771**	389,403
Total current liabilities	**679,086**	594,884
Noncurrent liabilities		
Net pension liability	**3,363,711**	3,888,660
Total liabilities	**4,042,797**	4,483,544
Deferred inflows of resources		
Pension plan	**61,057**	-
Total liabilities and deferred inflows of resources	**4,103,854**	4,483,544
Net position		
Net investment in capital assets	**1,805,521**	2,092,807
Unrestricted	**3,090,792**	5,033,446
Total net position	**4,896,313**	7,126,253
Total liabilities, deferred inflows of resources, and net position	**$ 9,000,167**	$ 11,609,797

See accompanying notes to basic financial statements.

Cascade Medical Center Hospital District
doing business as Cascade Medical Center
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended September 30, 2024 and 2023

	2024	2023
Operating revenues		
Patient service revenue	**$ 5,445,996**	$ 6,965,798
Other	**116,374**	72,676
Total operating revenues	**5,562,370**	7,038,474
Operating expenses		
Salaries and wages	**4,626,758**	4,228,778
Defined benefit pension plan benefits	**1,171,952**	1,006,273
Employee benefits other than defined benefit pension plan benefits	**839,850**	754,859
Professional fees	**1,005,616**	949,146
Supplies	**548,751**	495,362
Utilities	**97,630**	100,610
Insurance	**78,562**	48,035
Repairs and maintenance	**45,372**	27,976
Depreciation	**330,914**	298,741
Other	**335,615**	237,590
Total operating expenses	**9,081,020**	8,147,370
Operating loss	**(3,518,650)**	(1,108,896)
Nonoperating revenues (expenses)		
Taxation	**1,066,362**	997,053
CARES Act Provider Relief Fund	**-**	278,585
Grants and contributions	**215,945**	148,433
Interest income	**249,942**	185,619
Loss on disposal of assets	**(243,539)**	-
Total nonoperating revenues, net	**1,288,710**	1,609,690
Change in net position	**(2,229,940)**	500,794
Net position, beginning of year	**7,126,253**	6,625,459
Net position, end of year	**$ 4,896,313**	$ 7,126,253

See accompanying notes to basic financial statements.

Cascade Medical Center Hospital District
doing business as Cascade Medical Center
Statements of Cash Flows
Years Ended September 30, 2024 and 2023

		2024		2023
Increase (Decrease) in Cash and Cash Equivalents				
Cash flows from operating activities				
Receipts from and on behalf of patients	**$**	**5,830,133**	$	6,937,101
Other receipts		**193,164**		6,353
Payments to and on behalf of employees		**(5,976,486)**		(5,428,643)
Payments to suppliers and contractors		**(2,061,401)**		(2,157,429)
Net cash from operating activities		**(2,014,590)**		(642,618)
Cash flows from noncapital financing activities				
Contributions		**215,945**		148,433
CARES Act Provider Relief Fund		**-**		255,181
Taxation		**1,059,120**		990,351
Net cash from noncapital financing activities		**1,275,065**		1,393,965
Cash flows from capital and related financing activities				
Purchase of capital assets		**(287,167)**		(302,178)
Cash flows from investing activities, investment income		**249,942**		185,619
Net change in cash and cash equivalents		**(776,750)**		634,788
Cash and cash equivalents, beginning of year		**5,831,511**		5,196,723
Cash and cash equivalents, end of year	**$**	**5,054,761**	$	5,831,511

See accompanying notes to basic financial statements.

Cascade Medical Center Hospital District
doing business as Cascade Medical Center
Statements of Cash Flows (Continued)
Years Ended September 30, 2024 and 2023

		2024		2023
Reconciliation of Operating Loss to Net Cash From Operating Activities				
Operating loss	**$**	**(3,518,650)**	$	(1,108,896)
Adjustments to reconcile operating loss to net cash from operating activities				
Depreciation		**330,914**		298,741
Provision for bad debts		**382,919**		409,959
(Increase) decrease in:				
Receivables:				
Patient accounts, net		**(35,953)**		(37,341)
Estimated third-party payor settlements		**37,171**		(183,860)
Other		**76,790**		(66,323)
Prepaid expenses		**(28,487)**		(37,545)
Inventories		**(4,202)**		(44,445)
Deferred outflows of resources, pension plan		**1,124,598**		81,137
Increase (decrease) in:				
Accounts payable		**82,834**		(216,720)
Accrued compensation and related liabilities		**1,368**		6,957
Estimated third-party payor settlements		**-**		(217,455)
Net pension liability		**(524,949)**		488,350
Deferred inflows of resources, pension plan		**61,057**		(15,177)
Net cash from operating activities	**$**	**(2,014,590)**	$	(642,618)

See accompanying notes to basic financial statements.

Cascade Medical Center Foundation, Inc.
Statements of Financial Position – Discretely Presented Component Unit
Years Ended December 31, 2024 and 2023

	2024	2023
Assets		
Cash	**$ 135,013**	$ 186,447
Investments	**794,250**	710,932
Total assets	**$ 929,263**	$ 897,379
Net assets		
Without donor restrictions	**$ 929,263**	$ 897,379
Total net assets	**$ 929,263**	$ 897,379

See accompanying notes to basic financial statements.

Cascade Medical Center Foundation, Inc.
Statements of Activities – Discretely Presented Component Unit
Years Ended December 31, 2024 and 2023

	2024	2023
Revenues		
Contributions	**$ 94,272**	$ 85,847
Investment return	**83,318**	70,038
Total revenues	**177,590**	155,885
Expenses		
Program services	**135,747**	36,238
Management and general	**8,427**	8,172
Fundraising	**1,532**	3,388
Total expenses	**145,706**	47,798
Change in net assets	**31,884**	108,087
Net assets without donor restrictions, beginning of year	**897,379**	789,292
Net assets without donor restrictions, end of year	**$ 929,263**	$ 897,379

See accompanying notes to basic financial statements.

1. Reporting Entity, Component Unit, and Summary of Significant Accounting Policies:

a. Reporting Entity

The Cascade Medical Center Hospital District doing business as Cascade Medical Center (the District) owns and operates an eight-bed acute care hospital and rural health clinic in Cascade, Idaho. The District operates under the laws of the state of Idaho for Idaho municipal corporations. As organized, the District is exempt from payment of federal income tax. The Board of Trustees consists of seven residents of the District elected or appointed to six-year terms. The District is not a component unit of Valley County, Idaho.

The District provides healthcare services to patients in Valley County, Idaho. The services provided include acute care hospital, emergency room, clinic, and related ancillary procedures (laboratory, radiology, etc.) associated with these services.

b. Component Unit

As required by accounting principles generally accepted in the United States of America, the financial statements present the District — the primary government — and its component unit. The component unit discussed below is discretely presented in the District reporting entity because of the significance of its operations or financial relationships with the District.

Cascade Medical Center Foundation, Inc. – The Cascade Medical Center Foundation, Inc. (the Foundation) is a separate nonprofit corporation with a fiscal year end of December 31. The Foundation was organized to solicit and accept charitable contributions in support of the District. The Foundation provided contributions to the District of $135,747 and $36,238 during the years ended September 30, 2024 and 2023, respectively. The contributions were used to purchase equipment for use by the District.

Financial statement presentation – The financial statements of the Foundation are presented on the accrual basis of accounting. The Foundation reports information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions.

Functional expenses – The Foundation's expenses are directly assigned to functional categories. Program expenses consist primarily of support provided to the District. Management and general and fundraising expenses consist primarily of purchased services, supplies, and other miscellaneous expenses.

Liquidity and availability of resources – The Foundation's primary objective is to direct fundraising and manage gifts in support of healthcare excellence for the District. The Foundation has financial assets available within one year of the statements of financial position of $929,263 and $897,379 at December 31, 2024 and 2023, respectively.

Net assets with donor restrictions and net assets without donor restrictions – Net assets with donor restrictions are those whose use by the Foundation has been restricted by donors to a specific time period or purpose. Donor restricted contributions received during the reporting year for which the restrictions have been met during the same year are reported as net assets without donor restrictions.

1. **Reporting Entity, Component Unit, and Summary of Significant Accounting Policies (continued):**

   c. **Summary of Significant Accounting Policies**

   Use of 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, liabilities, deferred inflows of resources, and deferred outflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

   Enterprise fund accounting – The District's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to proprietary funds of governments. The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

   Cash and cash equivalents – Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

   Taxes receivable – Taxes estimated to be collectible are recorded as revenue in the year of the levy by the District. No allowance for uncollectible taxes receivable is considered necessary at the statements of net position dates.

   Inventories – Inventories are stated at cost on the first-in, first-out method. Inventories consist of pharmaceutical, medical-surgical, and other supplies used in the operation of the District.

   Investments – Investments in debt and equity securities are reported at fair value. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in revenue when earned.

   Capital assets – The District capitalizes assets with costs exceeding $5,000 and with a useful life of at least two years; lesser amounts are expensed. Capital assets are reported at historical cost or their estimated fair value at the date of donation. Expenditures for maintenance and repairs are charged to operations as incurred; betterments and major renewals are capitalized. When such assets are disposed of, the related costs and accumulated depreciation or amortization are removed from the accounts, and the resulting gain or loss is classified in nonoperating revenues or expenses.

   Depreciation and amortization have been computed on the straight-line method over the following estimated useful service lives of capital assets:

Land improvements	5 to 15 years
Buildings, improvements, and fixed equipment	3 to 40 years
Major movable equipment	3 to 12 years
Software	3 to 7 years

   Accrued absences – The District's employees earn paid time off at varying rates depending on years of service. The District's policy is to permit employees to accumulate paid time off up to a maximum of 240 hours. All paid time off is accrued when earned.

1. **Reporting Entity, Component Unit, and Summary of Significant Accounting Policies (continued):**

   c. Summary of Significant Accounting Policies (continued)

   Pensions – For purposes of measuring the net pension liability 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 the 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.

   Net position – Net position of the District is classified into three components. *Net investment in capital assets* consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District. *Unrestricted net position* is remaining net position that does not meet the definition of *net investment in capital assets* or *restricted*. The District did not have any restricted net position at September 30, 2024 or 2023.

   Operating revenues and expenses – The District's statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions, including grants for specific operating activities associated with providing healthcare services, the District's principal activity. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs.

   Restricted resources – When the District has both restricted and unrestricted resources available to finance a particular program, it is the District's policy to use restricted resources before unrestricted resources.

   Grants and contributions – Occasionally, the District receives grants from the state of Idaho and others, 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 restricted to capital acquisitions are reported after nonoperating revenues and expenses. Grants that are for specific projects, or purposes related to the District's operating activities, are reported as operating revenue. Grants that are used to subsidize operating deficits are reported as nonoperating revenue. Contributions, except for capital contributions, are reported as nonoperating revenue.

1. **Reporting Entity, Component Unit, and Summary of Significant Accounting Policies (continued):**

   c. **Summary of Significant Accounting Policies (continued)**

   Subsequent events – The District has evaluated subsequent events through February 18, 2025, the date on which the financial statements were available to be issued.

   Effective January 11, 2025, the District transitioned from a Critical Access Hospital (CAH) to a Rural Emergency Hospital (REH) to enhance emergency services and qualify for REH-specific Medicare reimbursements. This change will impact service offerings and reimbursement structures. Under this model, the District can provide only outpatient services. Services provided will include emergency room services, the related ancillary services (laboratory, radiology), and observation services. As an REH, the Hospital also will receive the REH stipend payments of approximately $280,000 per month.

   Commitments – In September 2024, the District entered into a five-year contract to implement new accounting software with Multiview Corporation with total subscription payments totaling approximately $240,000. Annual payments are due on the anniversary of the software being placed into service in the amount of approximately $47,700.

   In September 2024, the District entered into an agreement with OCHIN for the implementation of a new electronic medical records system, Epic. Implementation fees of the system total approximately $1.1 million, and annual fees of approximately $417,000 will be paid each year that the software is used.

2. **Bank Deposits and Investments:**

   The District voluntarily invests funds in the Local Government Investment Pool (the Pool), administered by the Idaho State Treasurer (the State Treasurer). Collateral for the funds invested in the Pool are held by the state of Idaho, not in the District's name. The funds invested in the Pool are available for immediate use by the District. The Pool is not externally rated.
   At September 30, 2024 and 2023, the District had $4,463,209 and $5,109,196, respectively, invested in the Pool.

   Idaho Code, Title 67, Chapter 12, provides authorization for investment of pooled funds in the following general types:

   1. Certain revenue bonds, general obligation bonds, local improvement district bonds, and registered warrants of state and local governmental entities.
   2. Time deposit accounts, tax anticipation, and interest-bearing notes.
   3. Bonds, treasury bills, interest-bearing notes, or other similar obligations of the United States Government and the Farm Credit System.
   4. Repurchase agreements.

2. Bank Deposits and Investments (continued):

Investments in the Pool are reported at fair value based on the net asset value per share. The Pool's investment strategy is to invest in a diversified portfolio of investment securities with a maximum maturity of five years. The investment portfolio is managed with the intention of obtaining a market average rate of return. The primary objectives of investment activities in order of priority are safety, liquidity, and yield. Investments generally may be redeemed with no waiting period with proper notice to the State Treasurer.

State statutes limit the investment in bonds, debentures, or notes of any corporation to be rated "A" or higher by nationally recognized statistical rating organizations.

The Foundation, as a nonprofit corporation, is not subject to Idaho Code. The Foundation had investments in mutual funds and exchange-traded funds.

Custodial credit risk – This is the risk that, in the event of a depository institution failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of September 30, 2024 and 2023, the District had uninsured and uncollateralized deposit balances of $327, 295 and $442,443, respectively.

Concentration of credit risk – The inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification (investments acquired from a single issuer). The District does not have a policy limiting the amount it may invest in any one issuer or multiple issuers.

Interest rate risk – The possibility that an interest rate change could adversely affect an investment's fair value. The District does not have a policy specifically managing its exposure to fair value losses arising from changing interest rates.

Fair value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

The Foundation classified its investments as of December 31, 2024 and 2023, based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

2. Bank Deposits and Investments (continued):

The three levels of the fair value hierarchy are defined as follows:

- **Level 1** – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- **Level 2** – Quoted prices in markets traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
- **Level 3** – Valuations for assets and liabilities derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities. The Foundation did not have any Level 3 investments in the years ended December 31, 2024 and 2023.

The following table discloses, by level within the fair value hierarchy, the Foundation's investments measured and reported at fair value on a recurring basis as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Investments				
Exchange-traded funds	**$** 251,934	$ -	$ -	**$ 251,934**
Mutual funds	503,307	-	-	**503,307**
Total investments by fair value level	**$** 755,241	$ -	$ -	**$ 755,241**
Investments not subject to fair value measurement - cash, money market bank deposits				**$ 39,009**
Total investments				**$ 794,250**

2. Bank Deposits and Investments (continued):

The following table discloses, by level within the fair value hierarchy, the Foundation's investments measured and reported at fair value on a recurring basis as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Investments				
Exchange-traded funds	**$** 214,400	$ -	$ -	**$ 214,400**
Mutual funds	458,667	-	-	**458,667**
Real estate investment trust	-	15,327	-	**15,327**
Total investments by fair value level	**$** 673,067	$ 15,327	-	**$ 688,394**
Investments not subject to fair value measurement - cash, money market bank deposits				**$ 22,538**
Total investments				**$ 710,932**

3. Patient Accounts Receivable:

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectability of patient accounts receivable, the District analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the District records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The District's allowance for uncollectible accounts has not changed significantly from the prior year. The District does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

3. Patient Accounts Receivable (continued):

Patient accounts receivable reported as current assets by the District consisted of these amounts:

		2024		2023
Receivables from patients and their insurance carriers	**$**	**858,327**	$	1,087,813
Receivables from Medicare		**243,775**		470,671
Receivables from Medicaid		**31,005**		55,733
Total patient accounts receivable		**1,133,107**		1,614,217
Less allowance for uncollectible accounts		**223,856**		358,000
Patient accounts receivable, net	**$**	**909,251**	$	1,256,217

4. Capital Assets:

Capital asset activity and balances were as follows:

	Balance September 30, 2023	Additions	Retirements	Transfers	Balance September 30, 2024
Capital assets not being depreciated					
Land	$ 125,000	$ -	$ -	$ -	$ **125,000**
Construction in progress	225,487	103,313	(243,540)	(85,260)	**-**
Total capital assets not being depreciated	350,487	103,313	(243,540)	(85,260)	**125,000**
Capital assets being depreciated					
Land improvements	131,602	-	-	75,522	**207,124**
Buildings, improvements, and fixed equipment	2,974,289	-	-	10,906	**2,985,195**
Major movable equipment	1,188,045	183,855	-	816,459	**2,188,359**
Software	840,879	-	-	(817,627)	**23,252**
Total capital assets being depreciated	5,134,815	183,855	-	85,260	**5,403,930**
Less accumulated depreciation for					
Land improvements	103,685	21,565	-	-	**125,250**
Buildings, improvements, and fixed equipment	1,716,595	169,867	-	-	**1,886,462**
Major movable equipment	746,584	131,579	-	817,627	**1,695,790**
Software	825,631	7,903	-	(817,627)	**15,907**
Total accumulated depreciation	3,392,495	330,914	-	-	**3,723,409**
Total capital assets being depreciated, net	1,742,320	(147,059)	-	85,260	**1,680,521**
Capital assets, net	$ 2,092,807	$ (43,746)	$ (243,540)	$ -	$ **1,805,521**

	Balance September 30, 2022	Additions	Retirements	Transfers	Balance September 30, 2023
Capital assets not being depreciated					
Land	$ 125,000	$ -	$ -	$ -	$ **125,000**
Construction in progress	222,487	3,000	-	-	**225,487**
Total capital assets not being depreciated	347,487	3,000	-	-	**350,487**
Capital assets being depreciated					
Land improvements	118,735	12,867	-	-	**131,602**
Buildings, improvements, and fixed equipment	2,782,314	191,975	-	-	**2,974,289**
Major movable equipment	1,185,612	105,946	(103,513)	-	**1,188,045**
Software	829,559	11,320	-	-	**840,879**
Total capital assets being depreciated	4,916,220	322,108	(103,513)	-	**5,134,815**
Less accumulated depreciation for					
Land improvements	97,253	6,432	-	-	**103,685**
Buildings, improvements, and fixed equipment	1,552,966	163,629	-	-	**1,716,595**
Major movable equipment	708,034	119,133	(80,583)	-	**746,584**
Software	816,084	9,547	-	-	**825,631**
Total accumulated depreciation	3,174,337	298,741	(80,583)	-	**3,392,495**
Total capital assets being depreciated, net	1,741,883	23,367	(22,930)	-	**1,742,320**
Capital assets, net	$ 2,089,370	$ 26,367	$ (22,930)	$ -	$ **2,092,807**

Loss on Disposal of Asset

During the year ended September 30, 2024, the District disposed of its construction in progress due to obsolescence, resulting in a loss of $243,539, which is recorded under non-operating expenses in the financial statements.

5. Net Patient Service Revenue:

The District recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the District recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the District's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the District records a significant provision for bad debts related to uninsured patients in the period the services are provided. The District has not changed its charity care or uninsured discount policies during fiscal years 2024 or 2023. Patient service revenue, net of contractual adjustments and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

		2024		2023
Patient service revenue (net of contractual adjustments and discounts):				
Medicare	**$**	**2,377,064**	$	3,299,665
Medicaid		**583,421**		1,101,104
Other third-party payors		**2,521,548**		2,698,222
Patients		**512,452**		476,875
		5,994,485		7,575,866
Less:				
Charity care		**165,570**		200,109
Provision for bad debts		**382,919**		409,959
Net patient service revenue	**$**	**5,445,996**	$	6,965,798

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

- *Medicare* – The District has been designated a critical access hospital and rural health clinic by Medicare. The District is paid on a cost reimbursable method for substantially all services provided to Medicare beneficiaries. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare administrative contractor. Physician services are reimbursed on fee schedules.

- *Medicaid* – Reimbursement for most inpatient and outpatient services rendered to Medicaid program beneficiaries is reimbursed on a cost basis as defined by the state of Idaho subject to certain limitations. Rural health clinic visits are reimbursed at prospectively determined rates. Nonrural health clinic visits are reimbursed based on fee schedules. The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. Physician services are reimbursed on fee schedules.

5. Net Patient Service Revenue (continued):

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

Laws and regulations governing the Medicare and Medicaid 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. Net patient service revenue decreased by approximately $5,000 and increased by approximately $258,000 in 2024 and 2023, respectively, due to differences between original estimates and final settlements or revised estimates.

The District provides charity care to patients who are financially unable to pay for the healthcare services they receive. The District's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the District does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended September 30, 2024 and 2023, were approximately $191,000 and $206,000, respectively. The District did not receive any gifts or grants to subsidize charity services during 2024 or 2023.

6. CARES Act Provider Relief Fund:

In 2020 through 2023, the District received $2,092,400 of funding from the CARES Act Provider Relief Fund. These funds are required to be used to reimburse the District for healthcare-related expenses or lost revenues that are attributable to coronavirus. The District has recorded these funds as unearned grant revenue until eligible expenses or lost revenues are recognized. During the year ended September 30, 2023, the District recognized $278,585 of grant revenue from these funds. There were no funds recognized in the year ended September 30, 2024.

7. Property Taxes:

The District receives funds from property taxes obtained through a property tax levy. The District's tax levies are comprised of the following:

2024

	Levy Amount	Levy Rate	Assessed Value
M&O	$ 793,298	0.000330940	$ 2,397,101,901
Special Reserve	200,000	0.000083434	2,397,101,901

2023

	Levy Amount	Levy Rate	Assessed Value
M&O	$ 844,144	0.000386513	$ 2,183,920,327
Special Reserve	100,000	0.000045789	2,183,920,327

Valley County acts as an agent to collect property taxes levied in the County for all taxing authorities. Under Idaho law, all property taxes become due and payable in the year following that in which they are levied. Property taxes are levied as of October 1 on property values assessed on the same date. Tax levy notices are issued in November and payments are due on December 20 and June 20. The billings are considered past due one day after the respective payment dates, at which time penalties and interest are assessed. If the payments are three years overdue, a tax deed is issued in January. Tax deed hearings are held and, if the owner does not redeem the property, the County takes possession.

Property taxes are recorded as receivables when levied. Since state law allows for sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

8. Defined Benefit Pension Plan:

The District reports a liability, deferred outflows of resources, deferred inflows of resources, and expense as a result of its requirement to contribute to the Public Employee Retirement System of Idaho Base Plan (Base Plan).

Plan description – The District contributes to the Base Plan, which is a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employee Retirement System of Idaho (PERSI) 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 the Base Plan. That report may be obtained on the PERSI website at www.persi.idaho.gov.

8. Defined Benefit Pension Plan (continued):

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 and not members of the Base Plan except by reason of having served on the Board.

Employee membership data related to the PERSI Base Plan was as follows:

	2024	2023
Active system members	78,354	76,668
Inactive system members entitled to but not yet receiving benefits	16,546	16,106
Inactive system members or beneficiaries currently receiving benefits	56,084	54,680
	150,984	147,454

Benefits provided – The Base Plan provides retirement, disability, and death benefits of 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 (five 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 percent 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 percent minimum cost of living increase per year provided the Consumer Price Index increases 1 percent 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 percent, whichever is less; however, any amount above the 1 percent minimum is subject to review by the Idaho Legislature.

Member and employer contributions – Member and employer contributions paid to the Base Plan 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 annually covered payroll) if current rates are actuarially determined to be inadequate or in excess to accumulate sufficient assets to pay benefits when due. Valuations are based on actuarial assumptions, the benefit formulas, and employee groups of the Base Plan.

The contribution rates for employees are set by statute at 60 percent of the employer rate. As of September 30, 2024 and 2023, it was 6.71 percent and 7.16 percent, respectively. The employer contribution rate is set by the PERSI Board and was 11.18 percent and 11.94 percent of covered compensation for the years ended September 30, 2024 and 2023, respectively. The District's employer contributions were $506,468 and $473,898 for the years ended September 30, 2024 and 2023, respectively.

8. Defined Benefit Pension Plan (continued):

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At September 30, 2024 and 2023, the District reported a liability of $3,363,711 and $3,888,660, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024 and 2023, the District's proportion was 0.000899233 and 0.000974438 percent, respectively.

For the year ended September 30, 2024, the District recognized a pension expense of $1,171,952. In addition, at September 30, 2024, the District 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	$ 535,534	$ -
Changes in assumptions or other inputs	133,253	-
Net difference between projected and actual earnings on plan investments	-	61,057
Changes in proportion and differences between contributions and proportionate share of contributions	(190,787)	-
District contributions subsequent to the measurement date	145,676	-
Total	**$ 623,676**	**$ 61,057**

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

Years Ending September 30,	
2025	$ 122,658
2026	583,812
2027	(151,515)
2028	(138,012)
Total	**$ 416,943**

8. Defined Benefit Pension Plan (continued):

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (continued) – For the year ended September 30, 2023, the District recognized pension expense of $1,006,273. In addition, at September 30, 2023, the District 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	$ 666,546	$ -
Changes in assumptions or other inputs	385,059	-
Net difference between projected and actual earnings on plan investments	365,008	-
Changes in proportion and differences between contributions and proportionate share of contributions	219,487	-
District contributions subsequent to the measurement date	112,174	-
Total	**$ 1,748,274**	**$ -**

Actuarial assumptions – Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of normal payroll costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the present actuarial value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earning 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, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return	6.35%, net of investment expenses
Cost-of-living adjustments	1.00%

Several different sets of mortality rates are used in the valuation for contributing members and retired members.

The total pension liability as of June 30, 2024, is based on the results of an actuarial valuation date of June 30, 2024.

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.

8. Defined Benefit Pension Plan (continued):

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Cash	0.00%	0.00%
Large Cap	18.00%	4.50%
Small/Mid Cap	11.00%	4.70%
International equity	15.00%	4.50%
Emerging markets equity	10.00%	4.90%
Domestic fixed	20.00%	-0.25%
TIPS	10.00%	-0.30%
Real estate	8.00%	3.75%
Private equity	8.00%	6.00%

Discount rate – The discount rate to measure the total pension liability was 6.35 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. 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 pension plan administrative expense.

8. Defined Benefit Pension Plan (continued):

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.35 percent) or one percentage point higher (7.35 percent) than the current rate:

	Discount Rate		District's Proportionate Share of Net Pension Liability (Asset)
1% decrease	5.35%	$	6,392,099
Current discount rate	6.35%		3,363,711
1% increase	7.35%	$	890,290

Pension plan fiduciary net position – Detailed information about the Base Plan's fiduciary net position is available in the separately issued PERSI financial report.

9. Risk Management and Contingencies:

Medical malpractice claims – The District obtains medical malpractice insurance through Travelers Casualty & Surety Company (Surety Bond). Surety Bond offers the District a professional and general liability policy on a "claims made" basis with primary limits of $1,000,000 per claim and an annual aggregate limit of $5,000,000. The policy has no deductible. The renewal date of the policy is September 1, 2025.

No liability has been accrued for future coverage of acts, if any, occurring in this or prior years. Also, it is possible that claims may exceed coverage available in any given year.

Risk management – The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and medical malpractice. The District carries commercial insurance for these risks of loss. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three years.

Industry regulations – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditations, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations. While no regulatory inquiries have been made, 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.

10. Concentration of Credit Risk:

Patient accounts receivable – The District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party agreements. The majority of these patients are geographically concentrated in and around Valley County.

The mix of patient receivables was as follows:

	2024	2023
Medicare	**25 %**	**27** %
Medicaid	**4**	**6**
Other third-party payors	**35**	**38**
Patients	**36**	**29**
	100 %	100 %

Physicians – The District is dependent on local physicians in its service area to provide admissions and utilize hospital services on an outpatient basis. A decrease in the number of physicians providing these services or changes in their utilization patterns may have an adverse effect on the District's operation.

REQUIRED SUPPLEMENTARY INFORMATION

Cascade Medical Center Hospital District
doing business as Cascade Medical Center
Schedule of the District's Share of Net Pension Liability
Public Employee Retirement System of Idaho Base Plan
Last 10 Years*

September 30,	District's Portion of the Net Pension Asset/Liability	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-employee Payroll	District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered-employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability
2016	0.06%	$ 1,300,370	$ 1,856,225	70.05%	87.26%
2017	0.07%	1,072,218	1,912,023	56.08%	90.68%
2018	0.06%	916,650	2,107,531	43.49%	91.69%
2019	0.07%	798,886	2,367,007	33.75%	93.79%
2020	0.07%	1,586,750	2,423,061	65.49%	88.22%
2021	0.08%	(64,457)	3,033,348	-2.12%	100.36%
2022	0.09%	3,400,310	3,389,762	100.31%	83.09%
2023	0.10%	3,888,660	4,021,149	96.71%	83.83%
2024	0.09%	3,363,711	4,451,257	75.57%	85.54%

*GASB Statement No. 68 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of September 30, 2024 (measurement date).

See accompanying independent auditors' report.

Cascade Medical Center Hospital District
doing business as Cascade Medical Center
Schedule of the District's Contributions
Public Employee Retirement System of Idaho Base Plan
Last 10 Years*

September 30,	Actuarially Determined Contribution	Actual Contribution	Contribution (Deficiency) Excess	District's Covered-employee Payroll	Contributions as a Percentage of Covered-employee Payroll
2016	$ 190,248	$ 215,686	$ 25,438	$ 1,912,023	11.28%
2017	229,304	246,784	17,480	2,048,087	12.05%
2018	240,772	171,271	(69,501)	1,953,243	8.77%
2019	264,022	301,700	37,678	2,230,368	13.53%
2020	266,792	269,795	3,003	2,198,959	12.27%
2021	323,760	356,247	32,487	2,942,874	12.11%
2022	398,237	385,271	(12,966)	3,252,597	11.85%
2023	423,655	473,898	50,243	4,021,149	11.79%
2024	584,906	506,468	(78,438)	4,451,257	11.38%

*GASB Statement No. 68 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of September 30, 2024.

See accompanying independent auditors' report

ACCOUNTANTS | ADVISORS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Cascade Medical Center Hospital District
doing business as Cascade Medical Center
Cascade, Idaho

We have audited, in accordance with the 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 the business-type activities and fiduciary activities of Cascade Medical Center Hospital District doing business as Cascade Medical Center (the District) as of and for the year ended September 30, 2024, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated February 18, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001, 2024-002, and 2024-003 that we consider to be material weaknesses.

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Report on Compliance and Other Matters

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

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District'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.

DZA PLLC

Spokane Valley, Washington
February 18, 2025

Cascade Medical Center Hospital District
doing business as Cascade Medical Center
Schedule of Audit Findings and Responses
Year Ended September 30, 2024

2024-001	**Auditor-Detected Adjusting Journal Entries**
Criteria	[ ] Compliance Finding [ ] Significant Deficiency [X] Material Weakness There should not be any significant or material adjusting journal entries made during the audit process.
Condition	During the audit process, numerous adjusting journal entries were both prepared by management and proposed by the audit team to achieve accurate account balances. Significant adjustments were made to correct balances related to accrued payroll, accounts payable, salaries and wages, patient revenue, capital assets, and depreciation expense.
Context	This finding appears to be a systemic problem.
Cause	Although performed regularly by management, reconciliations and review are not being executed with as much precision as necessary to identify necessary adjustments in a timely manner.
Effect	Financial reports depended on by management, the Board of Trustees, and external financial statement users may not present an accurate image of the Manor's financial position.
Recommendation	All balance-sheet accounts should be reconciled and adjusted as necessary each month.
Views of responsible officials and planned corrective actions	Significant progress was made in fiscal year 2024 and all balance sheet accounts are reconciled at the end of each month. Remaining issues will be resolved with the transition to the Multiview (Epic) system in fiscal year 2025 during quarters 3 and 4. We will work to implement adequate reconciliation for year end close processes.

2024-002	**Manual Journal Entry Review**
Criteria	[ ] Compliance Finding [ ] Significant Deficiency [X] Material Weakness Local governmental entities are required to maintain internal controls over financial accounting and reporting systems to ensure public funds are properly safeguarded. Review of manual journal entries reduces the risk of errors and the risk that a single employee could conduct inappropriate or illegal activities, conceal such activities, and not be discovered.
Condition	The review process for manual journal entries is not adequately designed and does not operate effectively enough to prevent, detect, and correct potential misstatements. Many of the manual journal entries posted during the year were not reviewed by someone other than the individual who prepared and posted the journal entries.
Context	This finding appears to be a systemic problem.
Cause	There was no consistently followed process during the year to ensure each manual journal entry was properly reviewed by someone other than the person preparing and posting the entry.
Effect	There is an increased risk of fraudulent or erroneous journal entries being posted to the general ledger and not being detected by the District's internal controls.
Recommendation	All manual journal entries posted to the general ledger should be regularly and thoroughly reviewed by an individual with the training and sufficient knowledge to detect mistakes. Journal entries should not be reviewed by the same individual who posted them. We recommend the Chief Financial Officer and accounting clerk print and review a report monthly showing all manual journal entries posted during the month, verifying all entries were properly reviewed in accordance with the District's policies. We further recommend providing additional training and explanation to each individual involved with the manual journal entry process to strengthen understanding of what is being reviewed.
Views of responsible officials and planned corrective actions	This finding will be resolved with the transition to Multiview in fiscal year 2025 during quarter 3 and 4.

2024-003	**Medicaid Settlement Estimates**
Criteria	[ ] Compliance Finding [ ] Significant Deficiency [X] Material Weakness Medicaid letters should be tracked and retained and the Medicaid receivable and payable account balances should be updated when settlements are received.
Condition	During our review of the District's third-party payor settlements, we noted Management did not retain the tentative or final settlement letters, and the appropriate accounts were not updated when the settlements were received.
Context	This finding appears to be an isolated problem.
Cause	Medicaid settlement letters are not being consistently tracked.
Effect	Third-party settlement receivables and payables were not properly recorded.
Recommendation	Management should track all Medicaid letters received and ensure the third-party general ledger account is updated accurately.
Views of responsible officials and planned corrective actions	A new process will be developed in fiscal year 2025 to resolve this finding.

Cascade Medical Center Hospital District
doing business as Cascade Medical Center
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2024

Prior Year Finding	Description	Current Status
2023-001	Internal Controls Over Financial Reporting and Account Reconciliations	Resolved
2023-002	Manual Journal Entry Review	Repeated
2023-003	Allowance for Doubtful Accounts and Contractual Adjustments	Resolved
2023-004	Medicaid Settlement Estimates	Repeated