ELMORE MEDICAL CENTER
HOSPITAL DISTRICT

Report on Audited
Basic
Financial Statements
and
Additional Information

For the Year Ended September 30, 2024

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Bailey & Company Chtd.
Certified Public Accountants

Weston Flamm, CPA
Cassie Zattiero, CPA

812-B 12th Ave. South
P.O. Box 876
Nampa, ID 83653-0876
208 466-2493
FAX 208 467-2000
www.BaileyCPAs.com

Independent Auditor's Report

To the Board of Trustees
Elmore Medical Center Hospital District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the fund information of Elmore Medical Center Hospital District (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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the fund information of Elmore Medical Center Hospital District, as of September 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditor's 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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.

Management has omitted 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 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 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 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.

Bailey & Co.

Nampa, Idaho
January 30, 2025

Elmore Medical Center Hospital District
Statement of Net Position
September 30, 2024

	Governmental Activities
Assets	
Cash and Cash Equivalents	$ 46,955
Intergovernmental Receivable, Net	31,176
Property Taxes Receivable, Net	1,571,672
Prepaid Items	647,335
Capital Assets:	
Land	768,932
Construction in Progress	156,740
Buildings and Improvements, Net	6,648,494
Equipment and Furniture, Net	1,279,076
Intangibles, Net	0
Total Assets	11,150,380
Deferred Outflows	0
Liabilities	
Accounts Payable	889
Deferred Inflows	
Unavailable Property Taxes	1,534,371
Net Position	
Net Investment in Capital Assets	8,853,242
Restricted - Enabling Legislation	761,878
Total Net Position	$ 9,615,120

The accompanying notes are an integral part of the financial statements.

Elmore Medical Center Hospital District
Statement of Activities
For the Year Ended September 30, 2024

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position - Governmental Activities
Primary Government:					
Governmental Activities:					
Hospital Support	$ 690,318	$ 0	$ 0	$ 0	$ (690,318)
District Operations/Maintenance	9,287	0	0	0	(9,287)
Total Governmental Activities	$ 699,605	$ 0	$ 0	$ 0	(699,605)
General Revenues and Special Items:					
Property Taxes					1,260,819
Penalties, Interest, and Liens					5,893
Agricultural/Personal Property Replacement					48,296
Revenue Sharing - Sales Tax					115,839
Wind and Solar Energy Fees					178,217
Circuit Breaker Apportionment					198,325
Disposal of Capital Assets					(203)
Interest Earnings					75
Total General Revenues and Special Items					1,807,261
Change in Net Position					1,107,656
Net Position, Beginning					8,507,464
Net Position, Ending					$ 9,615,120

The accompanying notes are an integral part of the financial statements.

Elmore Medical Center Hospital District
Balance Sheet -
Governmental Funds
September 30, 2024

	General Fund
Assets	
Cash and Cash Equivalents	$ 46,955
Intergovernmental Receivable, Net	31,176
Property Taxes Receivable, Net	1,571,672
Prepaid Items	647,335
Total Assets	2,297,138
Deferred Outflows	0
Total Assets and Deferred Outflows	$ 2,297,138
Liabilities	
Accounts Payable	$ 889
Deferred Inflows	
Unavailable Property Taxes	1,567,806
Fund Balances	
Nonspendable	647,335
Restricted	81,108
Total Fund Balances	728,443
Total Liabilities, Deferred Inflows, and Fund Balances	$ 2,297,138

The accompanying notes are an integral part of the financial statements.

Elmore Medical Center Hospital District
Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
September 30, 2024

Total Fund Balances - Governmental Funds		$ 728,443
Amounts reported for governmental activities in the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of assets consist of:		
Land	$ 768,932	
Construction in Progress	156,740	
Buildings and Improvements, Net of $9,674,864 Accumulated Depreciation	6,648,494	
Equipment and Furniture, Net of $2,712,001 Accumulated Depreciation	1,279,076	
Intangibles, Net of $57,830 Accumulated Depreciation	0	
		8,853,242
On the modified accrual basis, property taxes not collected within sixty days of year-end are not considered available soon enough to pay for current period expenditures and, therefore, are considered deferred inflows in the fund financial statements. Conversely, only revenues that are intended to finance a future period are considered deferred in the government-wide financial statements.		33,435
Total Net Position - Governmental Activities		$ 9,615,120

The accompanying notes are an integral
part of the financial statements.

Elmore Medical Center Hospital District
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Governmental Funds
For the Year Ended September 30, 2024

	General Fund
Revenues	
Property Taxes	$ 1,262,158
Penalties, Interest, and Liens	5,893
Agricultural/Personal Property Replacement	48,296
Revenue Sharing - Sales Tax	115,839
Wind and Solar Energy Fees	178,217
Circuit Breaker Apportionment	198,325
Interest Earnings	75
Total Revenues	1,808,803
Expenditures	
Current:	
Contract Purchases	1,628,084
Insurance	100
Legal Notices	125
Legal and Professional Fees	8,760
PO Box Rental	178
Cell Phone	124
Capital Outlay	30,719
Total Expenditures	1,668,090
Net Change in Fund Balances	140,713
Fund Balances - Beginning	587,730
Fund Balances - Ending	$ 728,443

The accompanying notes are an integral
part of the financial statements.

Elmore Medical Center Hospital District
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of the Governmental
Funds to the Statement of Activities
For the Year Ended September 30, 2024

Total Net Change in Fund Balances - Governmental Funds		$ 140,713
Amounts reported for governmental activities in the statement of activities are different because of the following:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense until fully depreciated or disposed. In the current period these amounts are:		
Capital Outlay	$ 1,624,134	
Capital Asset Disposals	(203)	
Depreciation Expense	(655,649)	
Net		968,282
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred inflows. They are, however, recorded as revenues in the statement of activities.		(1,339)
Change in Net Position of Governmental Activities		$ 1,107,656

The accompanying notes are an integral
part of the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Elmore Medical Center Hospital District (the District) is organized as a political subdivision of the State of Idaho and was established to acquire, construct, improve, maintain and provide facilities and services for the necessary care and treatment of persons requiring medical services. This is accomplished by levying property taxes and using such taxes for the acquisition, construction, improvement, and maintenance of public hospitals or medical clinics within the District.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.
- Indirect expenses are expenses of the general government related to the administration and support of the District's programs, such as personnel and accounting (but not interest on long-term debt), and are allocated to programs based on their percentage of total primary government expenses. Interest expenses are allocated to the programs that manage the capital assets financed with long-term debt.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds. The District has one major governmental fund, the General fund. This is the District's only fund, so it accounts for all financial resources of the District.

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, sales tax, and other state aid. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Sales tax and other state aid is recognized in the fiscal year in which the taxes are considered collected by another governmental agency.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under leases are reported as other financing sources.

Fund Balance Reporting in Governmental Funds

Different measurement focuses and bases of accounting are used in the government-wide statements and in the governmental fund financial statements.

The District uses the following fund balance categories in the governmental fund balance sheet:

- *Unassigned.* Balances available for any purpose.
- *Nonspendable.* Balances, for example, in permanent funds, prepaid expenditures, and inventories that are permanently precluded from conversion to cash. The District's balance in this category is entirely made up of prepaid expenditures.
- *Restricted.* Balances constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions.

The remaining fund balance classifications (committed and assigned) were not applicable. However, if there had been committed funds, these amounts would have been decided by the Board of Trustees, the District's highest level of decision making authority, through passage of a board motion. The Board of Trustees would also have the authority to assign fund balance or authorize another official to do so.

Restricted amounts are to be spent on general operations of the District and the acquisition, construction, improvement, and maintenance of public hospitals or medical clinics within the District. A sinking fund levy may be assessed for the purpose of accumulating monies with which to add new buildings or necessary equipment. As of September 30, 2024, all sinking fund monies had been used towards this restricted purpose.

When program expenses are incurred and there are both restricted and unrestricted resources available to finance the program, it is the District's intent to use restricted resources first, then unrestricted resources as they are needed.

There is also no formal policy regarding the order of use of committed, assigned, or unassigned fund balances. However, it is the District's intent that when an expenditure is incurred for the purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

Cash Equivalents

All cash and investments with an original maturity date of less than three months are considered to be cash and cash equivalents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Tax Calendar

The District's property taxes are levied on or before the third Monday in September and billed by Elmore County to taxpayers in November. The taxes are due in two installments. One half of the property taxes are due on December 20. The remainder is due the following June 20. Real property taxes not paid constitute a lien on the property when entered on the real property assessment role as delinquent on the first day of January of the succeeding year.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed assets would be reported at estimated fair value at the time received. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are shown below:

	Capitalization Policy	Depreciation Method	Estimated Useful Life
Land	$5,000	N/A	N/A
Buildings and Improvements	$5,000	Straight-Line	15 - 50 Years
Equipment and Furniture	$5,000	Straight-Line	5 - 15 Years
Intangibles	$5,000	Straight-Line	5 - 15 Years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

Accounts Payable

Accounts payable represent debts that will be paid in the next billing cycle. Accounts payable are generally not over 60 days past due.

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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Deposits

As of September 30, 2024, the carrying amount of the District's deposits was $46,955 and the respective bank balances totaled the same amount.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. As of September 30, 2024, all of the District's deposits were covered by the federal depository insurance or by collateral held by the District's agent or pledging financial institution's trust department or

2. CASH AND INVESTMENTS (continued)

agent in the name of the District, and thus were not exposed to custodial credit risk. The District does not have a formal policy limiting its exposure to custodial credit risk.

Investments

As of September 30, 2024, the District held no investments. However, the District follows Idaho Statute that outlines qualifying investment options as follows:

> Idaho Code 39-1346B authorizes the District to invest idle funds in investments that carry an A rating or better by a commonly known rating service and that are authorized by the legislature for the state treasurer pursuant to sections 67-1210 and 67-1210A, Idaho Code, which include obligations issued or guaranteed by the United States Treasury, the State of Idaho, local Idaho municipalities and taxing districts, the Farm Credit System, or Idaho public corporations, as well as time deposit accounts and repurchase agreements.

Custodial Credit Risk – Investments

Custodial credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The District does not have a formal policy limiting its custodial credit risk for investments.

Interest Rate Risk

The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

At year-end, the cash and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and Cash equivalents	$ 46,955

3. RISK MANAGEMENT

The District is exposed to a number of risks of loss including, but not limited to, professional liabilities, i.e. errors and omissions. Insurance has been purchased to transfer the risk of loss.

4. PROPERTY TAXES

The District receives tax revenue from Elmore County. The County is responsible for property valuation and collection of tax levies. The taxes that have not been remitted to the District by the County as of September 30, 2024, are considered a receivable by the District. Taxes not collected within 60 days after September 30, 2024, are not considered available for use by the District and are recorded as deferred inflows in the fund financial statements. The levy for the current year is intended to finance operations in the next year, so the current levy is also a deferred inflow in the government-wide statements.

5. CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended September 30, 2024, was as follows:

	09/30/2023	Reclass-ification/ Restate	Additions	Disposals	09/30/2024
Nondepreciable Assets:					
Land	$ 768,932	$ 0	$ 0	$ 0	$ 768,932
Construction in Progress	3,247,399	(3,247,399)	156,740	0	156,740
Total Nondepreciable Assets	4,016,331	(3,247,399)	156,740	0	925,672
Capital Assets Being Depreciated:					
Buildings and Improvements	12,686,411	3,247,399	674,869	(285,321)	16,323,358
Equipment and Furniture	3,226,722	0	792,525	(28,170)	3,991,077
Intangibles	57,830	0	0	0	57,830
Total Depreciable Assets	15,970,963	3,247,399	1,467,394	(313,491)	20,372,265
Less: Accumulated Depreciation					
Buildings and Improvements	9,561,292	0	398,690	(285,118)	9,674,864
Equipment and Furniture	2,483,212	0	256,959	(28,170)	2,712,001
Intangibles	57,830	0	0	0	57,830
Total Accumulated Depreciation	12,102,334	0	655,649	(313,288)	12,444,695
Capital Assets – Net	$ 7,884,960	$ 0	$ 968,485	$ (203)	$ 8,853,242

Depreciation expense was charged to the functions of the District as follows:

Governmental Activities:	
Hospital Support	$ 655,649

6. AGREEMENTS WITH ST. LUKE'S

In February 2016, the District entered into a Healthcare Services Agreement and Lease-Option Agreement with St. Luke's Regional Medical Center, Ltd. (SLRMC). Part of the consideration provided for in the Lease-Option Agreement is SLRMC will provide healthcare services to the residents of and visitors to Elmore County. The District reviews and may approve funding requests from SLRMC in order for SLRMC to provide those services, including (but not limited to) acquisition, construction, improvement, and maintenance of property. However, the District retains ownership of capital assets until such time as the option to purchase District property has been exercised by SLRMC. The Healthcare Services Agreement shall remain in effect until terminated either by agreement of the parties or due to certain defaults. Funding requests for fiscal year 2024 totaled $1,800,000. However, SLRMC had not spent $647,141 of this by year-end. This amount has been reported as part of prepaid items in the financial statements.

The Lease-Option Agreement is for the lease of District property to SLRMC for an initial term of 25 years commencing on February 5, 2016. SLRMC will have the option to extend the lease for additional ten-year terms. If the Healthcare Services Agreement is terminated, it will cause this lease to terminate as well. Rent consists of all costs, fees, and assessments reasonably required to care for, manage, and protect the leased property. A Statement of Rents is to be provided to the District by November 1 of each year

6. AGREEMENTS WITH ST. LUKE'S (continued)

that itemizes the cost incurred by SLRMC in the prior fiscal year. The Statement of Rents for 2024 reported rent of $1,997,265. Because no actual exchange of funds for the rent is taking place and this would cause the District's actual expenditures to exceed appropriations, the rent revenue and corresponding expenditure are not recorded in the District's financial statements.

The option portion of the Lease-Option agreement gives SLRMC the right to acquire the District's capital assets, excluding land. The purchase price is set at $15,000,000; plus the cost of equipment, furniture, fixtures, or improvements purchased by the District and leased to SLRMC after February 5, 2016 but prior to the exercise of the option by SLRMC; less acquisition credits (the total amount the option property has depreciated, amounts reflected as rent in the Statement of Rents, capital improvement costs incurred by SLRMC; and set-asides by SLRMC for capital improvements). The option may be exercised by SLRMC in a written notice, provided the acquisition credits equal or exceed the value of the option property and is not in violation of Idaho law.

REQUIRED SUPPLEMENTARY INFORMATION

Elmore Medical Center Hospital District
Budgetary Comparison Schedule (GAAP Basis)
General Fund
For the Year Ended September 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues				
Property Taxes	$ 1,445,018	$ 1,445,018	$ 1,262,158	$ (182,860)
Penalties, Interest, and Liens	6,000	6,000	5,893	(107)
Agricultural/Personal Property Replacement	50,000	50,000	48,296	(1,704)
Revenue Sharing - Sales Tax	90,000	90,000	115,839	25,839
Wind and Solar Energy Fees	130,000	130,000	178,217	48,217
Circuit Breaker Apportionment	20,000	20,000	198,325	178,325
Interest Earnings	0	0	75	75
Total Revenues	1,741,018	1,741,018	1,808,803	67,785
Expenditures				
Current:				
Contract Purchases	1,304,000	1,806,000	1,628,084	177,916
Insurance	100	100	100	0
Legal Notices	500	500	125	375
Legal and Professional Fees	12,000	12,000	8,760	3,240
PO Box Rental	225	225	178	47
Cell Phone	200	200	124	76
Capital Outlay	30,000	30,000	30,719	(719)
Total Expenditures	1,347,025	1,849,025	1,668,090	180,935
Net Change in Fund Balances	393,993	(108,007)	140,713	248,720
Fund Balances - Beginning	0	0	587,730	587,730
Fund Balances - Ending	$ 393,993	$ (108,007)	$ 728,443	$ 836,450

1. BUDGETS AND BUDGETARY ACCOUNTING

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

A. Prior to September 1, the Board of Trustees prepare a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

B. Public hearings are conducted at Elmore Medical Center to obtain taxpayer comments.

C. Prior to October 1, the budget is legally enacted through passage of a Board motion.

D. The District is authorized to transfer budgeted amounts between departments within any fund; however, no revision can be made to increase the overall tax supported funds except when federal or state grants are approved. The District, however, must follow the same budgetary procedures as they followed when the original budget was approved.

E. Formal budgetary integration is employed as a management control device during the year for the General fund.

INTERNAL CONTROL AND COMPLIANCE REPORT

Bailey & Company Chtd.
Certified Public Accountants

Weston Flamm, CPA
Cassie Zattiero, CPA

812-B 12th Ave. South
P.O. Box 876
Nampa, ID 83653-0876
208 466-2493
FAX 208 467-2000
www.BaileyCPAs.com

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 Trustees
Elmore Medical Center Hospital District

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 governmental activities and the fund information of Elmore Medical Center Hospital District (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 and have issued our report thereon dated January 30, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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.*

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.

Bailey & Co.

Nampa, Idaho
January 30, 2025