NORTH CUSTER HOSPITAL DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED SEPTEMBER 30, 2024 AND 2023



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NORTH CUSTER HOSPITAL DISTRICT
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
North Custer Hospital District
Challis, Idaho

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of North Custer Hospital District (the District), which comprise the statement of net position as of September 30, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Custer Hospital District as of September 30, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 North Custer Hospital 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about North Custer Hospital District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of North Custer Hospital 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 North Custer Hospital 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 omitted the management's discussion and analysis that the accounting principles generally accepted in the United States of America requires 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 the missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the combining schedules of net position and revenues, expenses, and changes in net position and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the basic schedule of expenditures of federal awards and the combining schedules of net position and revenues, expenses, and changes in net position and statistical information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2025, on our consideration of North Custer Hospital 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 North Custer Hospital 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 North Custer Hospital District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
February 13, 2025

NORTH CUSTER HOSPITAL DISTRICT
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 3,080,192	2,910,893
Cash Equivalents in External Investment Pool	731,410	483,943
Receivables:		
Patient, Net of Estimated Uncollectibles of $17,000 and $20,000, Respectively	322,965	182,632
Property Taxes	124,324	120,158
Other	18,422	27,317
Supplies	7,003	5,936
Prepaid Expenses	19,319	22,509
Total Current Assets	4,303,635	3,753,388
NONCURRENT INVESTMENTS		
Investments in Cooperatives	250,956	240,302
Investments in Affiliates	80,726	80,726
Total Noncurrent Cash Equivalents and Investments	331,682	321,028
CAPITAL ASSETS		
Capital Assets Being Depreciated, Net	2,248,205	2,282,459
Construction in Progress	-	6,205
Total Capital Assets	2,248,205	2,288,664
OTHER ASSETS		
Right-of-Use Leased Asset	19,725	-
Total Assets	$ 6,903,247	$ 6,363,080
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	$ 58,696	$ 53,734
Accrued Expenses	118,209	87,469
Retainage Payable	-	
Unearned Grant Revenue	208,333	-
Current Portion of Lease Liability	3,686	-
Total Current Liabilities	388,924	141,203
LONG-TERM LIABILITIES		
Long-Term Lease Liability	16,125	-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	123,111	119,352
NET POSITION		
Investment in Capital Assets	2,284,055	2,288,664
Unrestricted	4,091,032	3,813,861
Total Net Position	6,375,087	6,102,525
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 6,903,247	$ 6,363,080

See accompanying Notes to Financial Statements.

NORTH CUSTER HOSPITAL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
OPERATING REVENUE		
Net Patient Service Revenue, Net of Provision for Bad Debt of $18,200 in 2024 and $33,200 in 2023	$ 1,907,894	$ 1,980,640
Federal Grants - Community Health Centers Program	1,012,200	1,012,200
Other Grants and Contributions	1,100	2,075
Other Revenue	369,540	368,878
Total Operating Revenues	3,290,734	3,363,793
OPERATING EXPENSES		
Salaries and Wages	1,955,878	1,853,737
Employee Benefits	349,309	316,868
Recruitment Fees	15,378	45,654
Employee Education and Training	21,225	13,437
Professional Services	243,042	186,237
Supplies	180,195	167,868
Depreciation	274,933	181,981
Amortization	1,449	-
Insurance	28,424	23,746
Lab Fees	10,201	10,353
Repairs and Maintenance	38,000	23,430
Small Equipment	-	6,615
Utilities	32,111	33,480
Technology Contract	109,543	150,505
Other	65,916	112,093
Total Operating Expenses	3,325,604	3,126,004
OPERATING INCOME (LOSS)	(34,870)	237,789
NONOPERATING REVENUE		
Interest Income	70,630	35,208
Donations	1,000	1,500
Property Tax Income	108,576	113,649
Income from Investments in Cooperatives	12,256	11,374
Noncapital Contributions	47,609	18,648
Provider Relief Funds	-	23,344
American Rescue Plan Financial Assistance	-	468,308
American Rescue Plan Capital Funds	-	358,855
Other Taxes	67,361	57,745
Total Nonoperating Revenue	307,432	1,088,631
CHANGE IN NET POSITION	272,562	1,326,420
Net Position - Beginning of Year	6,102,525	4,776,105
NET POSITION - END OF YEAR	$ 6,375,087	$ 6,102,525

See accompanying Notes to Financial Statements.

NORTH CUSTER HOSPITAL DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from and on Behalf of Patients	$ 2,779,761	$ 2,979,107
Payments to Suppliers and Contractors	(736,815)	(792,237)
Payments to Employees	(2,274,447)	(2,158,599)
Other Receipts and Payments, Net	379,535	404,165
Net Cash Provided by Operating Activities	148,034	432,436
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from County Tax Revenue	108,169	113,519
Receipts from Other Tax Revenue	67,361	57,745
Donations	48,609	20,148
Supplemental HHS Financial Assistance Received	-	827,163
Receipts from State Grant	208,333	-
Net Cash Provided by Noncapital Financing Activities	432,472	1,018,575
CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(225,000)	(787,504)
Purchase of Construction in Progress	(9,474)	(6,205)
Payment on Leased Asset	(1,498)	-
Net Cash Used by Capital and Capital Related Financing Activities	(235,972)	(793,709)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	70,630	35,208
Cash Received from Investment in Cooperatives	1,602	1,512
Net Cash Provided by Investing Activities	72,232	36,720
NET CHANGE IN CASH AND CASH EQUIVALENTS	416,766	694,022
Cash and Cash Equivalents - Beginning of Year	3,394,836	2,700,814
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,811,602	$ 3,394,836
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and Cash Equivalents	$ 3,080,192	$ 2,910,893
Cash Equivalents in External Investment Pool	731,410	483,943
Total	$ 3,811,602	$ 3,394,836

See accompanying Notes to Financial Statements.

NORTH CUSTER HOSPITAL DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (34,870)	$ 237,789
Adjustments to Reconcile Operting Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	274,933	181,981
Provision for Bad Debts	36,746	36,959
Noncash Lease Expense	1,584	-
Changes in Assets and Liabilities:		
Receivables	(177,079)	(50,692)
Other Receivables	8,895	33,212
Prepaid Expenses	2,123	16,492
Accounts Payable	4,962	(35,311)
Accrued Expenses	30,740	12,006
Net Cash Provided by Operating Activities	$ 148,034	$ 432,436
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Equipment Acquired Under Leases	$ 21,073	$ -

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The financial statements of the District consist of two funds: North Custer Hospital District (NCHD) and the Challis Area Health Center (CAHC). NCHD accounts for the activities of the District as well as the Ambulance Service, and Challis Area Health Center accounts solely for the activities of the federally qualified health center located in Challis, Idaho.

For financial reporting purposes, the District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that the exclusion would cause the District's financial situation to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District does not have a component unit which meets the GASB criteria.

Members of the District's board of trustees are elected to office by the residents of the District. As organized, the District is exempt from payment of federal and state income taxes. The District is empowered to levy taxes to sustain its operations.

Income Taxes

The CAHC is a charitable organization under the state of Idaho tax regulations and under 501(c)(3) of the Internal Revenue Code and is exempt from state or local income taxes. The CAHC is required to file a Return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service (IRS) annually. In addition, the CAHC is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The CAHC has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS.

The CAHC believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The CAHC would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

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

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

Basis of Presentation

The statement of net position displays the District's assets, liabilities and deferred inflows, with the difference reported as net position. The net position reported in the following categories/components:

Investment in Capital Assets – Investment in capital assets consists of capital assets, net of accumulated depreciation.

Restricted Net Position:

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

Restricted Nonexpendable Net Position – is subject to externally imposed stipulations which require them to be maintained permanently by the District.

Unrestricted Net Position – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified. Board-designated net position consists of amounts designated by the board of trustees for operating reserves. Total board-designated funds were $412,531 as of September 30, 2024 and 2023.

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

Use of Estimates

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include deposits and highly liquid investments with an original maturity of three months or less, excluding internally designated or restricted cash and investments. For the purposes of the statements of cash flows, the District considers all cash and investments with maturity dates of less than three months as cash and cash equivalents.

Local Government Investment Pool

The Joint Powers Investment Pool was established as a cooperative endeavor to enable public entities of the state of Idaho to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Local Government Investment Pool (LGIP) is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank. LGIP includes $412,531 which is set aside by the board of trustees for an operating reserve fund, over which the board retains control and may at its discretion subsequently use for other purposes.

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

Patient Receivables

Patient receivables are uncollateralized patient and third-party payor obligations. Account balances with invoices dated over 90 days and account balances with no payment for 90 days are considered delinquent. No interest is charged on overdue accounts. Payments of patient receivables are allocated to specific claims identified on the remittance advice, or if unspecified, applied to the earliest unpaid claim.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes / Unavailable Revenue

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

Supplies

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

Noncurrent Investments

The District has invested in electric and telephone cooperative agreements as well as an affiliate health center limited liability company. Investments in cooperatives and affiliate are carried at cost with dividends recorded as income in the period received.

Investment Income

Interest, dividends, gains and losses, both realized and unrealized, on investments and deposits are included in nonoperating revenues when earned.

Capital Assets

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

Building Improvements	10 to 45 Years
Land Improvements	5 to 45 Years
Equipment	5 to 20 Years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net position and are excluded from revenues in excess of expenses. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Challis Area Health Center's full-time employees are allocated paid time off days at varying rates depending on years of service. Paid time off is allocated on an annual calendar year basis and is allocated on January 1 of each year. If unused, 60 hours can be carried over from one year to the next and is not paid out at the time of resignation or termination.

Deferred Inflows of Resources

Deferred inflows of resources represent an increase in net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The deferred inflows of resources reported in the financial statements for unavailable property taxes will be recognized as revenue in the year they become available.

The District received in advance a grant award for the purchase of an ambulance. The deferred inflows of resources reported in the financial statements will be recognized as revenue when the eligibility requirements of the grant are met.

Operating Revenues and Expenses

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

Net Patient Service Revenue

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

Sliding Discount Program

The Challis Area Health Center provides a discount to patients that qualify for its Sliding Discount Program based on income and household size. Since the Challis Area Health Center does not pursue collection of discounted charges, they are not reported as patient service revenue. Sliding discounts for the years ended September 30, 2024 and 2023 were $29,059 and $17,572, respectively.

Donor-Restricted Gifts

Current unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either expendable or nonexpendable restricted support if they are received with donor stipulations that limit the use of the donated assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions

The District receives grants as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after revenues in excess of expenses.

Federal Grants

Grant revenues are recognized as income at the time the grant funds are expended.

NOTE 2 NET PATIENT SERVICE REVENUE

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 – CAHC is licensed as a Federally Qualified Health Center (FQHC). CAHC is reimbursed for most clinical services at cost up to a per visit cap, with final settlement determined after submission of annual cost reports by CAHC subject to audits thereof by the Medicare intermediary. CAHC's Medicare cost reports have been audited by the Medicare program through the year ended September 30, 2023. Ambulance services are reimbursed based on a fee schedule. The fee schedule is base rate plus patient miles.

Medicaid – Outpatient services provided to Medicaid program beneficiaries are reimbursed under cost reimbursement methodologies. CAHC is reimbursed at cost up to a per visit cap. Ambulance services are reimbursed based on a fee schedule. The fee schedule is base rate plus patient miles.

Other – The District has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the District under these agreements includes discounts from established charges.

NOTE 2 NET PATIENT SERVICE REVENUE (CONTINUED)

Concentration of net revenues by major payor accounted for the following percentages of the District's patient service revenues for the years ended September 30:

	2024	2023
Medicaid	26 %	24 %
Medicare	30	31
Insurance and Other Commercial Payors	32	21
Self Pay and Other	12	24
Total	100 %	100 %

Laws and regulations governing Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

NOTE 3 PROVIDER RELIEF FUNDS

Due to the Coronavirus pandemic, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers through the CARES Act Provider Relief Funds (PRF). During the year ended September 30, 2020 the District received $123,024, of which the entire amount is included as a refundable advance at fiscal year-end. During the year ended September 30, 2021, the District did not receive any additional funding, recognized $69,182 as revenue, and returned $53,842 to HHS as of fiscal year-end. During the year ended September 30, 2022 the District received an additional $62,655 and recognized $39,310 as revenue. The remaining unspent funds, $23,344, are included as a refundable advance at fiscal year-end 2022 and were recognized during fiscal year-end 2023.

NOTE 4 DEPOSITS AND EXTERNAL INVESTMENT POOL

The carrying amounts of deposits and external investment pool as of September 30, 2024 and 2023 are as follows:

	2024	2023
Carrying Amount:		
Cash and Deposits	$ 3,080,192	$ 2,910,893
Idaho Local Government Investment Pool	731,410	483,943
Total	$ 3,811,602	$ 3,394,836

NOTE 4 DEPOSITS AND EXTERNAL INVESTMENT POOL (CONTINUED)

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

	2024	2023
Cash and Cash Equivalents	$ 3,080,192	$ 2,910,893
Cash Equivalents in External Investment Pool	731,410	483,943
Total	$ 3,811,602	$ 3,394,836

Deposits - Custodial Credit Risk

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

The District's maintains cash balances with financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Additionally, deposits in banks at September 30, 2024 and 2023, were entirely covered by federal depository insurance or by collateral held by the District's custodial bank in the District's name.

The District's investments generally are reported at fair value, as discussed in Note 1. At September 30, 2024 and 2023, the LGIP was not rated by an independent rating agency. The District's investments at September 30, 2024 and 2023, and related maturities were as follows:

Year Ending September 30,	LPIG Amount
2024	$ 731,410
2023	$ 483,943

Investments are measured at fair value on a recurring basis. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value:

Level 1 – quoted prices in active markets for identical assets

Level 2 – significant other observable inputs

Level 3 – significant unobservable inputs

NOTE 4 DEPOSITS AND EXTERNAL INVESTMENT POOL (CONTINUED)

The Idaho Local Government Investment Pool is measured at the net asset value. The following table presents the unfunded commitments, redemption frequency, and the redemption notice period for the District's investments measured at NAV:

Local Government Investment Pool	Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
2024	$ 731,410	None	Daily	1 to 3 Days
2023	$ 483,943	None	Daily	1 to 3 Days

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely impact the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investment policy and State statutes limit investments in U.S. government agency securities to the highest rating issued by at least two nationally recognized statistical rating organizations (NRSROs). Corporate securities must not be rated below AA – or Aa3 by any NRSRO. Investments in money market funds are limited to those with the highest rating issued by NRSROs and with a constant share price. The Idaho Local Government Investment Pool does not have a rating. The Investment Pool invests as defined by the State Statute.

Concentration of Credit Risk

When investments are concentrated in one issuer, this concentration represents heightened risk of potential loss. No specific percentage identifies when concentration risk is present. The Governmental Accounting Standards Board has adopted a principal that governments should provide note disclosure when 5% of the total entities investments are concentrated in any one issuer. Investments in obligations specifically guaranteed by the U.S. government, mutual funds, and other pooled investments are exempt from disclosure. The District's investment policy has no limitations on the amount that can be invested in any one issuer. At September 30, 2024 and 2023, no one issuer represents 5% or more of total investments.

Investment and Interest Income

Investment income related to the investment in cooperatives for the years ended September 30, 2024 and 2023 was $12,256 and $11,374, respectively. Interest income earned from reserves held in savings and money market accounts for the years ended September 30, 2024 and 2023 was $70,630 and $35,208, respectively.

NOTE 5 CAPITAL ASSETS

Capital assets additions, retirements, transfers, and balances for the years ended September 30, 2024 and 2023, are as follows:

	Balance September 30, 2023	Additions	Retirements	Transfers	Balance September 30, 2024
Land Improvements	$ 202,501	$ -	$ -	$ -	$ 202,501
Buildings and Equipment	3,400,945	240,679	(28,734)	-	3,612,890
Construction in Progress	6,205	9,474		(15,679)	-
Total Capital Assets Being Depreciated	3,609,651	250,153	(28,734)	(15,679)	3,815,391
Less Accumulated Depreciation for:					
Land Improvements	114,039	-	-	-	114,039
Buildings and Equipment	1,206,948	274,933	(28,734)	-	1,453,147
Total Accumulated Depreciation	1,320,987	274,933	(28,734)	-	1,567,186
Capital Assets, Net	$ 2,288,664	$ (24,780)	$ -	$ (15,679)	$ 2,248,205

	Balance September 30, 2022	Additions	Retirements	Transfers	Balance September 30, 2023
Land Improvements	$ 202,501	$ -	$ -	$ -	$ 202,501
Buildings and Equipment	2,477,286	1,074,826	(151,167)	-	3,400,945
Construction in Progress	302,254	6,205	-	(302,254)	6,205
Total Capital Assets Being Depreciated	2,982,041	1,081,031	(151,167)	(302,254)	3,609,651
Less Accumulated Depreciation for:					
Land Improvements	95,923	18,116	-	-	114,039
Buildings and Equipment	1,194,250	163,865	(151,167)	-	1,206,948
Total Accumulated Depreciation	1,290,173	181,981	(151,167)	-	1,320,987
Capital Assets, Net	$ 1,691,868	$ 899,050	$ -	$ (302,254)	$ 2,288,664

Construction in progress as of September 30, 2024 relates to North Custer Hospital District's landscaping project. Completion is expected without significant investment in time or expense.

NOTE 6 PENSION PLAN

The District offers full-time CAHC employees (over 30+ hours per week) the option to participate in a Simple IRA and matches employee contributions up to 3% of gross salary. Total pension plan expense for the years ended September 30, 2024 and 2023 was $44,732, and $43,305, respectively.

NOTE 7 CONCENTRATION OF CREDIT RISK

The District grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at September 30, 2024 and 2023, was as follows:

	2024	2023
Insurance and Other Commercial Payors	45 %	36 %
Self Pay and Other	24	33
Medicare	15	18
Medicaid	16	13
Total	100 %	100 %

NOTE 8 CONTINGENCIES

Risk Management

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

Professional Liability

The Department of Health and Human Services, in accordance with Section 224(h) of the Public Health Services (PHS) Act, 42 U.S.C. 223(h), has deemed CAHC, its officers, directors, employees and certain contractors to be employees of the United States effective January 23, 2020, for the purposes of medical malpractice liability.

Therefore, the Organization is protected by the Federal Tort Claims Act (FTCA). CAHC carries wrap-coverage insurance for occurrences outside of FTCA coverage limitations. The District Ambulance Service Program has professional liability coverage through Idaho Counties Risk Management Program (ICRMP). The only remedy available to a plaintiff is to file a claim against the United States under the provisions of the Federal Tort Claims Act. Only acts and omissions occurring on and after June 23, 1996 are covered by the FTCA. Moreover, covered individuals are protected only for activities within the scope of their employment (or contract for services) with the health center and within the approved scope of project of the Section 330 grant. FTCA coverage is comparable to an “occurrence” malpractice policy and with no monetary coverage limits.

NOTE 8 CONTINGENCIES (CONTINUED)

Litigation, Claims, and Disputes

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

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

NOTE 9 LEASES

The District leases equipment under a long-term, non-cancelable lease agreement. The lease expires in August 2029 with a purchase option at fair market value.

Total future minimum lease payments under the lease agreement are as follows:

	Business-Type Activities		
Year Ending September 30,	Principal	Interest	Total
2025	$ 4,495	$ 783	$ 5,278
2026	4,495	614	5,109
2027	4,495	437	4,932
2028	4,495	253	4,748
2029	4,495	75	4,570
Total Minimum Lease Payments	$ 22,475	$ 2,162	$ 24,637

NORTH CUSTER HOSPITAL DISTRICT
COMBINING SCHEDULE OF NET POSITION
SEPTEMBER 30, 2024

	Challis Area Health Center	North Custer Hospital District	Total Combined
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	$ 2,977,740	$ 102,452	$ 3,080,192
Cash Equivalents in External Investment Pool	-	731,410	731,410
Receivables:			
Patient, Net of Estimated Uncollectibles of $17,000	273,881	49,084	322,965
Property Taxes	-	124,324	124,324
Other	18,187	235	18,422
Supplies	4,694	2,309	7,003
Prepaid Expenses	16,397	2,922	19,319
Total Current Assets	3,290,899	1,012,736	4,303,635
NONCURRENT INVESTMENTS			
Investment in Cooperatives	221,398	29,558	250,956
Investments in Affiliates	80,726	-	80,726
Total Noncurrent Cash Equivalents and Investments	302,124	29,558	331,682
CAPITAL ASSETS			
Capital Assets Being Depreciated, Net	1,389,618	858,587	2,248,205
OTHER ASSETS			
Right-of-Use Leased Asset	19,725	-	19,725
Total Assets	$ 5,002,366	$ 1,900,881	$ 6,903,247
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	$ 51,329	$ 7,367	$ 58,696
Accrued Expenses	111,805	6,404	118,209
Unearned Grant Revenue	-	208,333	208,333
Current Portion of Lease Liability	3,686	-	3,686
Total Current Liabilities	166,820	222,104	388,924
LONG-TERM LIABILITIES			
Long-Term Lease Liability	16,125	-	16,125
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	-	123,111	123,111
NET POSITION			
Investment in Capital Assets	1,425,468	858,587	- 2,284,055
Unrestricted	3,393,953	697,079	4,091,032
Total Net Position	4,819,421	1,555,666	6,375,087
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 5,002,366	$ 1,900,881	$ 6,903,247

NORTH CUSTER HOSPITAL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2024

	Challis Area Health Center	North Custer Hospital District	Total Combined
OPERATING REVENUE			
Net Patient Service Revenue, Net of Provision for Bad Debt of $18,200 in 2024	$ 1,763,531	$ 144,363	$ 1,907,894
Federal Grants - Community Health Centers Program	-	1,012,200	1,012,200
Other Grants and Contributions	-	1,100	1,100
Other Revenue	369,540	-	369,540
Total Operating Revenues	2,133,071	1,157,663	3,290,734
OPERATING EXPENSES			
Salaries and Wages	1,815,597	140,281	1,955,878
Employee Benefits	349,309	-	349,309
Recruitment Fees	15,378	-	15,378
Employee Education and Training	12,994	8,231	21,225
Professional Services	215,179	27,863	243,042
Supplies	141,990	38,205	180,195
Depreciation	131,298	143,635	274,933
Amortization	1,449	-	1,449
Insurance	11,506	16,918	28,424
Lab Fees	10,201	-	10,201
Repairs and Maintenance	27,445	10,555	38,000
Utilities	22,456	9,655	32,111
Technology Contract	109,543	-	109,543
Other	66,492	(576)	65,916
Total Operating Expenses	2,930,837	394,767	3,325,604
OPERATING INCOME (LOSS)	(797,766)	762,896	(34,870)
NONOPERATING REVENUE (LOSS)			
Interest Income	43,134	27,496	70,630
Donations	1,000	-	1,000
Property Tax Income	-	108,576	108,576
Income from Investments in Cooperatives	10,358	1,898	12,256
Noncapital Contributions	47,609	-	47,609
Other Taxes	-	67,361	67,361
Transfers	1,012,200	(1,012,200)	-
Total Nonoperating Revenue	1,114,301	(806,869)	307,432
CHANGE IN NET POSITION	316,535	(43,973)	272,562
Net Position - Beginning of Year	4,502,886	1,599,639	6,102,525
NET POSITION - END OF YEAR	$ 4,819,421	$ 1,555,666	$ 6,375,087

NORTH CUSTER HOSPITAL DISTRICT
STATISTICAL INFORMATION
SEPTEMBER 30, 2024 AND 2023

	2024	2023
Change in Net Assets to Expense Ratio	0.1 %	42.4 %
Working Capital to Monthly Expense Ratio	14.13	13.87
Long-Term Debt to Equity Ratio	N/A	N/A

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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
North Custer Hospital District
Challis, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the North Custer 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 February 13, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Custer Hospital 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Custer Hospital District's internal control. Accordingly, we do not express an opinion on the effectiveness of North Custer Hospital 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.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Custer Hospital 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
February 13, 2025

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
North Custer Hospital District
Challis, Idaho

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited North Custer Hospital District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of North Custer Hospital District's major federal programs for the year ended September 30, 2024. North Custer Hospital District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, North Custer Hospital District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative* Requirements*, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of North Custer Hospital District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of North Custer Hospital District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to North Custer Hospital District's federal programs.

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on North Custer Hospital District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about North Custer Hospital District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 North Custer Hospital District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of North Custer Hospital District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of North Custer Hospital District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

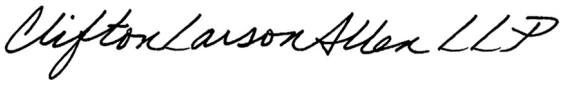
Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Bellevue, Washington
February 13, 2025

NORTH CUSTER HOSPITAL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2024

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed - Through to Subrecipients	Federal Expenditures
U.S. Department of Health and Human Services				
Direct Program:				
Health Center Program Cluster				
Health Center Program	93.224		$ -	$ 626,541
Grants for New and Expanded Services under the Health Center Program	93.527		-	385,659
Total Health Center Program Cluster			-	1,012,200
Total Federal Financial Assistance			$ -	$ 1,012,200

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NORTH CUSTER HOSPITAL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the North Custer Hospital District (the District) under programs of the federal government for the year ended September 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

NOTE 3 INDIRECT COST RATE

The District does not draw for indirect administrative expenses and has not elected to use the 10 percent de minimus cost rate.

NORTH CUSTER HOSPITAL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? _____ yes ____X____ no
   - Significant deficiency(ies) identified? _____ yes ____X____ none reported
3. Noncompliance material to financial statements noted? _____ yes ____X____ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? _____ yes ____X____ no
   - Significant deficiency(ies) identified? _____ yes ____X____ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(A)? _____ yes ____X____ no

Identification of Major Federal Programs

Federal Assistance Listing Numbers	**Name of Federal Program or Cluster**
93.224 and 93.527	Health Center Program Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? ____X____ yes _____ no

NORTH CUSTER HOSPITAL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards.*

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



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