Financial Statements
September 30, 2024

Power County Hospital District

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Trustees
Power County Hospital District
American Falls, Idaho

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Power County 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of September 30, 2024, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Management has omitted the management's discussion and analysis that the accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 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, grant agreements, and other matters. The purpose of that report is 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.

Eide Bailly LLP

Boise, Idaho
February 21, 2025

Assets	
Current Assets	
Cash and cash equivalents	$ 817,534
Receivables	
Patient and resident, net of estimated uncollectibles of $873,000	1,781,464
Estimated third-party payor settlements	2,205,459
Other	452,824
Ad valorem taxes	2,072,719
Supplies	226,155
Prepaid expenses	91,376
Total current assets	7,647,531
Noncurrent Cash Equivalents in External Investment Pool	
Available for future purposes	5,202,678
Total noncurrent cash equivalents in external investment pool	5,202,678
Capital Assets	
Capital assets not being depreciated	934,207
Capital assets being depreciated, net	12,971,110
Building and equipment right-of-use assets, net of accumulated amortization	261,506
Right-of-use subscription IT assets, net net of accumulated amortization	1,086,997
Total capital assets	15,253,820
Total assets	$ 28,104,029

Liabilities, Deferred Inflows of Resources, and Net Position	
Current Liabilities	
Current maturities of long-term debt	$ 330,000
Current maturities of building and equipment leases	127,145
Current maturities of subscription IT liabilities	238,408
Accounts payable	675,653
Accrued expenses	
Salaries and wages	208,990
Paid time-off	242,649
Payroll taxes and other	210,818
Interest	26,298
Total current liabilities	2,059,961
Long-Term Liabilities	
Long-term debt, less current maturities	12,440,724
Building and equipment leases, net of current maturities	216,713
Subscription IT liabilities, net of current maturities	775,962
Total long-term liabilities	13,433,399
Total liabilities	15,493,360
Deferred Inflows of Resources - Ad Valorem Taxes	2,053,757
Net Position	
Net investment in capital assets	1,124,868
Unrestricted	9,432,044
Total net position	10,556,912
Total liabilities, deferred inflows of resources, and net position	$ 28,104,029

Power County Hospital District

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended September 30, 2024

Operating Revenues	
Net patient and resident service revenue, net of provision for bad debts of $481,968	$ 9,647,593
Revenue from 340b pharmacy	1,414,380
Other revenue	153,397
Total operating revenues	11,215,370
Operating Expenses	
Salaries and wages	7,424,005
Employee benefits	1,424,826
Professional fees and purchased services	1,031,949
Supplies	1,502,491
Depreciation	1,243,699
Amortization	452,657
Insurance	122,964
Travel, dues, and education	133,617
Repairs and maintenance	169,450
Utilities	183,839
Rent	4,450
Other	62,253
Total operating expenses	13,756,200
Operating Loss	(2,540,830)
Nonoperating Revenues (Expenses)	
Ad valorem tax income	2,297,151
Interest expense	(492,598)
Interest income	329,352
Noncapital grants	42,412
Loss on disposal of capital asset	(64,083)
Net nonoperating revenues (expenses)	2,112,234
Expenses in Excess of Revenues before Capital Grants and Contributions	(428,596)
Capital Grants and Contributions	328,121
Change in Net Position	(100,475)
Net Position, Beginning of Year	10,657,387
Net Position, End of Year	$ 10,556,912

Operating Activities	
Receipts from and on behalf of patients and residents	$ 10,722,883
Payments to suppliers and contractors	(2,844,858)
Payments to and on behalf of employees	(8,639,629)
Other operating receipts and payments, net	153,397
Net Cash used for Operating Activities	(608,207)
Noncapital Financing Activities	
Noncapital grants and contributions	42,412
Ad valorem taxes received	2,295,533
Net Cash from Noncapital Financing Activities	2,337,945
Capital and Capital Related Financing Activities	
Capital grants and contributions	328,121
Principal payments on lease obligations	(119,340)
Principal payments on SBITAs	(303,826)
Principal payments on long-term debt	(315,000)
Interest paid	(550,945)
Purchase and construction of capital assets	(776,200)
Cash paid for subsciption IT assets	(28,680)
Net Cash used for Capital and Capital Related Financing Activities	(1,765,870)
Investing Activities	
Interest received	329,352
Net Cash from Investing Activities	329,352
Net Change in Cash and Cash Equivalents	293,220
Cash and Cash Equivalents, Beginning of Year	5,726,992
Cash and Cash Equivalents, End of Year	$ 6,020,212
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position	
Cash and cash equivalents in current assets	$ 817,534
Cash and cash equivalents in noncurrent assets	5,202,678
	$ 6,020,212

Reconciliation of Operating Loss to Net Cash used for Operating Activities	
Operating loss	$ (2,540,830)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation	1,243,699
Amortization	452,657
Provision for bad debts	481,968
Supplies	46,432
Changes in assets and liabilities	
Patient and resident receivables	(693,153)
Other receivables	(196,361)
Estimated third-party payor settlements	68,456
Prepaid expenses	(15,301)
Accounts payable	335,024
Accrued expenses	209,202
Net Cash used for Operating Activities	$ (608,207)
Supplemental Disclosure of Noncash Capital and Capital Related	
Lease liability for the acquisition of a right-to-use equipment asset	$ 6,038
Subscription liability for the acquisition of a right-to-use subscription asset	$ 121,693

Note 1 - Reporting Entity and Summary of Significant Accounting Policies

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

Reporting Entity

The District operates a 10-bed critical access hospital, a 21-bed extended care facility and rural health clinics in American Falls and Aberdeen, Idaho. During the year the District closed its Rural Health Clinic in Aberdeen, Idaho. The District is organized and exists as a political subdivision under the laws of the State of Idaho to provide health care services within the District, which includes all of Power County, Idaho. 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 issue debt and levy taxes to sustain its operations.

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.

Blended Component Unit

Power County Hospital District Foundation, Inc. (the Foundation) is operated primarily to procure and extend financial aid to the District. The articles of incorporation of the Foundation provide that the purpose is to receive and maintain gifts and bequests of money and property and to distribute money and property to the District. The Foundation is an Idaho non-profit corporation and has been recognized by the Internal Revenue Service as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Foundation is included as a blended component unit of the District. Financial statements of the Foundation can be obtained by contacting the Foundation's Board Members.

The financial statements include only the financial activity of the District and the Foundation, collectively referred to as the District.

Measurement Focus and Basis of Accounting

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

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

Basis of Presentation

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

Net investment in capital assets consists of net capital assets reduced by the outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or the related debt obligations and increased by balances of deferred outflows of resources related to those assets or debt obligations.

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.

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 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.

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 an original maturity of less than three months as cash and cash equivalents.

Patient and Resident Receivables

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

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

Ad Valorem Tax Receivable

The District receives funds from property taxes obtained through a mill levy on assessed property valuations for operations and debt payments. Under Idaho law, all property taxes become due and payable in the year following that in which they are levied. Property taxes attach as liens on properties on January 1, and are levied in September of each year. Tax notices are sent to taxpayers during November, with tax payments scheduled to be collected on or before December 20th. Taxpayers may pay all or one half of their tax liability on or before December 20th. If one half of the amount is paid, they must pay the remaining balance by the following June 20th. The District uses a September 30th fiscal year end. The District receives additional funds from other tax revenues including sales tax, exemption replacement funds, personal property replacement funds, and energy production fees. 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

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

Tenant Security Deposits

The District holds security deposits for the tenants of the extended care facility. These funds are included in cash and accounts payable. Tenant security deposits totaled $333 at September 30, 2024.

Local Government Investment Pool

The State of Idaho Local Government Investment Pool (LGIP) 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 LGIP is managed by the State of Idaho Treasurer's Office. The funds of the LGIP 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.

An annual audit of the LGIP is conducted by the State Legislative Auditors Office. The Legislative Auditor of the State of Idaho has full access to the records of the LGIP.

Interest Income

Interest on deposits is included in nonoperating revenues when earned.

Capital Assets

Capital asset acquisitions in excess of $5,000 with a useful life greater than one year are capitalized at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. The estimated useful lives of capital assets are as follows:

Land improvements	15 years
Buildings and improvements	5-40 years
Equipment	3-17 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.

Right-to-Use Leased Assets

Right-to-use leased assets are recognized at the lease commencement date and represent the District's right-to-use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period is 2 to 5 years.

Long-Term Obligations

Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are amortized over the life of the debt using the effective interest method. Amortization is included in interest expense.

Lease Liability

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the District.

Right-to-Use Subscription IT Assets

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the District's right-to-use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 6 years.

Subscription Liabilities

Subscription liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the District.

Compensated Absences

The District's employees earn paid time-off days at varying rates depending on years of service. Employees may accumulate paid time-off up to a specified maximum. Employees are paid accumulated paid time-off at the time of resignation or termination at the base rate. The estimated amount of paid time-off due upon termination is reported as a current liability.

Eligible full-time and part-time employees earn short-term sick leave to be used during a short-term illness. Employees may also earn long-term sick leave to be used during a short-term illness, long-term illness, or surgery. Sick leave can only be used to replace any hours an employee lost during a regularly scheduled work week due to illness. Short-term and long-term sick leave are not paid out upon termination. The first day of an employee absence due to illness is taken from short-term sick leave, with additional days taken from the long-term sick leave. If an employee is out of short-term sick leave, the first day of an absence is taken from paid time-off.

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 consist of unavailable ad valorem taxes. Ad valorem taxes will be recognized as revenue in the year they become available, and totaled $2,053,757 as of September 30, 2024.

Operating Revenues and Expenses

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

Net Patient and Resident 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, reimbursed costs, discounted charges, and per diem payments. Net patient and resident service revenue is reported at the estimated net realizable amounts from patients, residents, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care

The District provides health care services to patients who meet certain criteria under its financial hardship assistance policy without charge or at amounts less than established rates. Since the District does not pursue collection of these amounts, they are not reported as patient and resident service revenue. The estimated cost of providing these services was $83,000, for the year ended September 30, 2024, calculated by multiplying the ratio of cost to gross charges for the District by the gross uncompensated charges associated with providing charity care to its patients.

Revenue from 340b Pharmacy

The District is a qualified Section 340b entity of the Public Health Service Act. This federal designation allows the District to contract with local community pharmacies to provide care on the District's behalf to eligible patients. The District purchases pharmaceuticals for outpatient use and dispenses through contract pharmacies to eligible patients.

Grants and Contributions

The District may receive grants as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after revenues in excess of expenses. The District recorded a contribution receivable from the foundation of $310,000 from a charitable trust for the therapy building construction. The amount is recorded as an other receivable in the statement of net position.

Note 2 - Net Patient and Resident 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: The District is licensed as a Critical Access Hospital (CAH). The District is reimbursed for most acute care services under a cost reimbursement methodology with final settlement determined after submission of annual cost reports by the District and are subject to audits thereof by the Medicare Administrative Contractor (MAC). The District's Medicare cost reports have been audited by the MAC through the year ended September 30, 2023. Clinical services are paid based on a cost basis or fixed fee schedule.

Medicaid: Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services related to Medicaid beneficiaries are paid based on the lower of customary charges, allowable cost as determined through the District's Medicare cost report, or rates as established by the Medicaid program. The District is reimbursed at a tentative rate with final settlement determined by the program based on the District's final Medicaid cost report. The District's Medicaid cost reports have been settled by the Medicaid program through September 30, 2021.

Residents: The District is reimbursed for resident services at established billing rates which are determined on a cost-related basis subject to certain limitations as prescribed by the Department of Human Services regulations. These rates are subject to retroactive adjustment by field audit. The District also participates in the Medicare program for which payment for resident services is made on a prospectively determined per diem rate which varies based on a case-mix resident classification system.

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 prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates. Concentration of gross revenues by major payor accounted for the following percentages of the District's patient and resident service revenues for the year ended September 30, 2024:

Medicare	34%
Medicaid	29%
Blue Cross and commercial insurances	23%
Self pay	14%
	100%

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient service revenue for the year ended September 30, 2024 increased approximately $236,000 due to adjustments to amounts previously estimated.

Note 3 - Deposits, Investment Pool, and Interest Income

The carrying amounts of deposits and Local Government Investment Pool (LGIP) as of September 30, 2024 are as follows:

Carrying Amount	
Cash and deposits	$ 817,534
Local Government Investment Pool	5,202,678
Total	$ 6,020,212

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

Cash and cash equivalents	$ 817,534
Available for future purposes	5,202,678
Total	$ 6,020,212

Investments in government pools are reported at fair value.

	LGIP	Duration
	$ 5,202,678	84 days

Deposits - Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy restricting the amount of deposits and investments subject to custodial credit risk. The District had bank balances at September 30, 2024 as follows:

Insured by Federal Deposit Insurance Corporation	$ 382,548
Uncollateralized and uninsured	167,888
Total	$ 550,436
Carrying value	$ 817,534

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. At September 30, 2024, the District was not subject to interest rate risk as all investments are held in the LGIP.

Interest Income

Interest income on deposits and investments was $304,800 for the year ended September 30, 2024, and included in nonoperating income. An adjustment to the fair value of the LGIP portfolio was included in nonoperating income and increased interest income by $19,180.

Note 4 - Capital Assets

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

	Balance September 30, 2023	Additions	Transfers and Retirements	Balance September 30, 2024
Capital assets not being depreciated				
Land	$ 196,405	$ -	$ -	$ 196,405
Construction in progress	30,832	724,095	(17,125)	737,802
Total capital assets not being depreciated	227,237	724,095	(17,125)	934,207
Capital assets being depreciated				
Land improvements	20,057	-	(8,100)	11,957
Building and improvements	17,753,606	-	(134,055)	17,619,551
Equipment	1,245,690	16,627	(24,205)	1,238,112
Vehicles	34,138	11,160	-	45,298
Leasehold improvements	52,718	-	-	52,718
Major movable equipment	1,407,580	24,318	(112,575)	1,319,323
Total capital assets being depreciated	20,513,789	52,105	(278,935)	20,286,959
Less accumulated depreciation for:				
Land improvements	16,456	-	(4,500)	11,956
Building and improvements	4,317,635	1,036,560	(90,698)	5,263,497
Equipment	1,050,776	38,567	(24,205)	1,065,138
Vehicles	284	8,091	-	8,375
Leasehold improvements	7,447	4,393	-	11,840
Major movable equipment	911,531	156,088	(112,576)	955,043
Total accumulated depreciation	6,304,129	1,243,699	(231,979)	7,315,849
Net capital assets being depreciated	14,209,660			12,971,110

	Balance September 30, 2023	Additions	Transfers and Retirements	Balance September 30, 2024
Right-to-use leased assets				
Buildings	188,742	-	-	188,742
Equipment	497,091	6,037	(1,752)	501,376
Total right-to-use leased assets	685,833	6,037	(1,752)	690,118
Less accumulated amortization for:				
Buildings	76,776	38,388	-	115,164
Equipment	215,445	100,750	2,747	313,448
Total accumulated amortization	292,221	139,138	2,747	428,612
Net right-to-use leased assets	393,612			261,506
Right-to-use subscription IT assets				
Subscription IT assets	1,571,688	121,693	(16,985)	1,676,396
Less accumulated amortization for right-to-use subscription IT assets	275,882	313,518	-	589,399
Net right-to-use subscription IT assets	1,295,806			1,086,997
Total capital assets	$ 16,126,315			$ 15,253,820

Note 5 - Right-to-Use Building and Equipment Leases

The District has entered into lease agreements for buildings and equipment. The District is required to make principal and interest payments through August 2028. The lease agreements have interest rates between 3.25% and 8.16%, which were the incremental borrowing rates at the inception of the leases.

A summary of the changes in building and equipment liabilities during the year ended September 30, 2024 is as follows:

	Balance September 30, 2023	Additions	Retirements	Balance September 30, 2024	Due Within One Year
Building and equipment liabilities	$ 457,160	$ 6,038	$ 119,340	$ 343,858	$ 127,145

Remaining principal and interest payments on the leases are as follows:

September 30,	Principal	Interest
2025	$ 127,145	$ 15,465
2026	207,363	8,038
2027	6,778	541
2028	1,834	140
2029	738	16
	$ 343,858	$ 24,200

Note 6 - Right-to-Use Subscription IT Obligations

During the current year, the District recognized subscription IT contacts for the use of software. As of September 30, 2024 the value of the subscription liability was $1,014,370 and the subscription asset was $1,676,396 with amortization of $589,399, respectively. The District is required to make annual principal and interest payments of approximately $298,000 through January 2030. The subscriptions have interest rates between approximately 3.0% and 3.9%.

A summary of the changes in subscription IT liabilities during the year ended September 30, 2024 is as follows:

	Balance September 30, 2023	Additions	Retirements	Balance September 30, 2024	Due Within One Year
Subscription IT Liabilities	$ 1,241,170	$ 77,026	$ 303,826	$ 1,014,370	$ 238,408

Remaining principal and interest payments on subscriptions are as follows:

September 30,	Principal	Interest
2025	$ 238,408	$ 24,146
2026	243,317	21,785
2027	251,377	13,725
2028	233,297	6,116
2029	47,971	1,910
	$ 1,014,370	$ 67,682

Note 7 - Long-Term Liabilities

Changes in long-term liabilities for the year ended September 30, 2024 are as follows:

	Balance September 30, 2023	Additions	Payments/ Decreases	Balance September 30, 2024	Due Within One Year
Revenue bond payable to Zions Bank in semi-annual installments ranging from $295,000 to $785,000, and an effective interest rate of 3.45% through September 2047. The District has pledged tax revenue for satisfaction of the bond.	$ 12,340,000	$ -	$ (315,000)	$ 12,025,000	$ 330,000
Bond premium for revenue bond with Zions Bank	801,965	-	(56,241)	745,724	-
	$ 13,141,965	$ -	$ (371,241)	$ 12,770,724	$ 330,000

Revenue Bonds

The District has issued bonds and pledged future property tax revenues to pay debt service. Revenue bonds outstanding at September 30, 2024 are described in the schedule above. Proceeds from the bond financed the renovation and expansion of existing District facilities.

Scheduled debt service requirements for the District's bonds and long-term debt are as follows:

Years Ending September 30,	Bond Principal	Bond Interest
2025	$ 330,000	$ 425,997
2026	340,000	414,294
2027	355,000	402,237
2028	365,000	392,796
2029	380,000	383,088
2030-2034	2,130,000	1,702,669
2035-2039	2,590,000	1,289,405
2040-2044	3,260,000	696,776
2045-2047	2,275,000	137,636
Unamortized bond premium	745,724	-
Total	$ 12,770,724	$ 5,844,898

Note 8 - Retirement Plan

The District has a 457 deferred compensation plan. This defined contribution plan covers substantially all employees. Participation in the plan is optional and employee contributions can be made in amounts up to the maximum allowed by law. The plan provides for an elective, discretionary matching contribution by the District up to three percent of compensation. Costs of the plan are shared by the District and plan participants. The District paid administrative costs and contributions of $144,415.

Note 9 - Related Party Transactions

The District contracts with the administrator's spouse and a nephew to perform certain payroll services and maintenance services. The District paid the related parties a total of $9,450.

Note 10 - Concentrations of Credit Risk

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

Medicare	23%
Medicaid	16%
Blue Cross and commercial insurances	16%
Self pay	45%
	100%

Note 11 - 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.

Malpractice Insurance

The District has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $1,000,000 per claim and an annual aggregate limit of $5,000,000. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

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 with respect to investigations and allegations concerning possible violations by health care providers of regulations could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient and resident services.

Note 12 - Condensed Combining Information

The following summarizes combining information for the District and Foundation, which has been presented as a blended component unit.

Statement of net position as of September 30, 2024:

	District	Foundation	Elimination	Total
Assets				
Current assets	$ 7,647,531	$ 462,519	$ (462,519)	$ 7,647,531
Noncurrent cash equivalents in External Investment Pool	5,202,678	-	-	5,202,678
Capital assets, net	13,905,317	-	-	13,905,317
Building and equipment right-of-use assets, net	261,506	-	-	261,506
Right-of-use subscription IT assets	1,086,997	-	-	1,086,997
	$28,104,029	$ 462,519	$ (462,519)	$28,104,029
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities				
Current liabilities	$ 2,185,637	$ 336,843	$ (462,519)	$ 2,059,961
Long-term liabilities	13,433,399	-	-	13,433,399
Total liabilities	15,619,036	336,843	(462,519)	15,493,360
Deferred Inflows of Resources				
Ad valorem taxes	2,053,757	-	-	2,053,757
Net Position				
Net investment in capital assets	1,124,868	-	-	1,124,868
Unrestricted	9,306,368	125,676	-	9,432,044
Total net position	10,431,236	125,676	-	10,556,912
	$28,104,029	$ 462,519	$ (462,519)	$28,104,029

Operating results and changes in net position for the year ended September 30, 2024:

	Hospital	Foundation	Elimination	Total
Operating Revenues				
Net patient and resident service revenue	$ 9,647,593	$ -	$ -	$ 9,647,593
Revenue from 340b pharmacy	1,414,380	-	-	1,414,380
Other revenue	153,397	-	-	153,397
Total operating revenues	11,215,370	-	-	11,215,370
Operating Expenses				
Depreciation	1,243,699	-	-	1,243,699
Other operating expenses	12,490,759	342,842	(321,100)	12,512,501
Total operating expenses	13,734,458	342,842	(321,100)	13,756,200
Operating Income (Loss)	(2,519,088)	(342,842)	321,100	(2,540,830)
Nonoperating revenues	2,106,862	5,372	-	2,112,234
Revenues in excess of (less than) expenses	(412,226)	(337,470)	321,100	(428,596)
Capital and grant contributions	321,100	328,121	(321,100)	328,121
Change in Net Position	(91,126)	(9,349)	-	(100,475)
Net Position, Beginning of Year	10,522,362	135,025	-	10,657,387
Net Position, End of Year	$10,431,236	$ 125,676	$ -	$10,556,912

Cash flows for the year ended September 30, 2024:

	Hospital	Foundation	Total
Net Cash used for Operating Activities	$ (597,238)	$ (10,969)	$ (608,207)
Net Cash from Noncapital Financing Activities	2,337,945	-	2,337,945
Net Cash from (used for) Capital and Capital Related Financing Activities	(2,093,991)	328,121	(1,765,870)
Net Cash from Investing Activities	323,980	5,372	329,352
Net Change in Cash and Cash Equivalents	(29,304)	322,524	293,220
Cash and Cash Equivalents, Beginning of Year	5,591,967	135,025	5,726,992
Cash and Cash Equivalents, End of Year	$ 5,562,663	$ 457,549	$ 6,020,212

Supplementary Information
September 30, 2024

Power County Hospital District

Power County Hospital District
Schedule of Net Patient and Resident Service Revenue
Year Ended September 30, 2024

Patient and Resident Service Revenue	
Routine Services	
Extended care facility	$ 2,010,218
Swing bed	514,225
Medical surgery	130,690
Intensive care	38,870
Total routine services	2,694,003
Ancillary Services	
Laboratory	1,900,103
Emergency services	1,380,565
Clinic	1,177,238
Pharmacy	571,775
CT Scan	1,121,902
Behavioral health	58,828
Radiology	542,947
Physical therapy	551,803
Central service supplies	149,323
Other outpatient services	105,477
Observation beds	45,050
Electrocardiography	3,430
Occupational therapy	182,089
Physician revenue	519,014
Speech Therapy	130,233
Total ancillary services	8,439,777
Gross revenue	11,133,780
Charity Care	(73,205)
Total patient and resident service revenue	11,060,575
Contractual Adjustments	(931,014)
Provision for bad debts	(481,968)
Net Patient and Resident Service Revenue	$ 9,647,593

Operational	
Patient and Resident Service Revenue	
Routine services	$ 2,694,003
Ancillary services	8,439,777
Charity care	(73,205)
Contractual adjustments	(931,014)
Provision for bad debts	(481,968)
Net patient and resident service revenue	9,647,593
Revenue from 340b pharmacy	1,414,380
Other revenue	153,397
Total revenue	11,215,370
Expenses	
Salaries and benefits	8,848,831
Cost of drugs, food, supplies and other	3,663,670
Depreciation	1,243,699
Total expenses	13,756,200
Operating Loss	$ (2,540,830)
Statistical	
Hospital	
Number of beds at end of year	10
Available bed days	3,650
Acute patient days, excluding swing bed days	166
Percent of occupancy	4.5%
Swing bed patient days	376
Percent of occupancy - swing bed	10.3%
Combined percent of occupancy - acute and swing bed	14.8%
Discharges	46
Average acute length of stay (days)	3.6
Extended care facility	
Number of beds at end of year	21
Available bed days	7,665
Resident days	6,870
Percent of occupancy	89.6%
Financial	
Percentage of contractual adjustments to gross patient and resident service revenue	8.4%
Percentage of salaries and benefits to total expenses	64.3%
Number of days net revenue in net patient and resident receivables	67.4
Current ratio	3.7

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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
Power County Hospital District
American Falls, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Power County Hospital District (the District), which comprise the statement of net position as of September 30, 2024, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 21, 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 may exist that have not been identified.

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Report on Compliance and Other Matters

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

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Boise, Idaho
February 21, 2025