Weiser Valley Hospital District doing business as Weiser Memorial Hospital

Basic Financial Statements and Independent Auditors' Reports

June 30, 2024 and 2023

ACCOUNTANTS | ADVISORS

Weiser Valley Hospital District
doing business as Weiser Memorial Hospital
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ACCOUNTANTS | ADVISORS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Weiser Valley Hospital District
doing business as Weiser Memorial Hospital
Weiser, Idaho

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Weiser Valley Hospital District doing business as Weiser Memorial Hospital (the District) as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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, including omissions, 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 not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of the District's Share of Net Pension Liability – Public Employee Retirement System of Idaho Base Plan and Schedule of the District's Contributions – Public Employee Retirement System of Idaho Base Plan on pages 26 and 27 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters for the year ended June 30, 2024. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

DZA PLLC

Spokane Valley, Washington
January 23, 2025

Weiser Valley Hospital District
doing business as Weiser Memorial Hospital
Statements of Net Position
June 30, 2024 and 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2024	2023
Current assets		
Cash and cash equivalents	**$ 2,330,247**	$ 4,265,987
Cash and cash equivalents externally restricted	**-**	12,723
Receivables:		
Patient accounts, net	**5,391,702**	4,544,806
Taxes	**214,153**	194,138
Other	**174,478**	191,855
Estimated third-party payor settlements	**1,232,771**	2,288,621
Prepaid expenses	**41,559**	51,669
Inventories	**554,949**	610,836
Total current assets	**9,939,859**	12,160,635
Noncurrent assets		
Cash and cash equivalents externally restricted	**64,547**	36,738
Cash and cash equivalents internally designated for capital acquisitions	**151,778**	145,011
Depreciable capital assets, net	**9,046,536**	8,644,662
Nondepreciable capital assets	**555,362**	237,990
Total noncurrent assets	**9,818,223**	9,064,401
Total assets	**19,758,082**	21,225,036
Deferred outflows of resources		
Pension plan	**2,034,559**	3,969,727
Total assets and deferred outflows of resources	**$ 21,792,641**	$ 25,194,763

See accompanying notes to basic financial statements.

Weiser Valley Hospital District
doing business as Weiser Memorial Hospital
Statements of Net Position (Continued)
June 30, 2024 and 2023

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**2024**	2023
Current liabilities		
Accounts payable	**$ 518,886**	$ 507,732
Interest payable	**4,988**	6,184
Accrued compensation and related liabilities	**1,009,374**	878,722
Current maturities, lease and subscription-based software liabilities	**565,841**	377,362
Current maturities, long-term debt	**249,506**	246,929
Total current liabilities	**2,348,595**	2,016,929
Noncurrent liabilities		
Lease and subscription-based software liabilities, less current maturities	**1,520,861**	831,897
Long-term debt, less current maturities	**917,368**	1,166,875
Net pension liability	**8,575,267**	9,455,862
Total noncurrent liabilities	**11,013,496**	11,454,634
Total liabilities	**13,362,091**	13,471,563
Deferred inflows of resources		
Pension plan	**155,655**	**-**
Total liabilities and deferred inflows of resources	**13,517,746**	13,471,563
Net position		
Net investment in capital assets	**7,078,322**	7,164,589
Restricted	**64,547**	49,461
Unrestricted	**1,132,026**	4,509,150
Total net position	**8,274,895**	11,723,200
Total liabilities, deferred inflows of resources, and net position	**$ 21,792,641**	$ 25,194,763

See accompanying notes to basic financial statements.

Weiser Valley Hospital District
doing business as Weiser Memorial Hospital
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
Operating revenues		
Net patient service revenue	**$ 21,268,470**	$ 21,484,455
Other	**596,909**	308,996
Total operating revenues	**21,865,379**	21,793,451
Operating expenses		
Salaries and wages	**12,118,650**	10,877,625
Employee benefits	**4,099,973**	4,172,604
Professional fees	**4,263,386**	4,003,356
Supplies	**2,907,671**	2,058,850
Repairs and maintenance	**445,539**	400,529
Utilities	**175,557**	199,225
Insurance	**239,124**	192,803
Rent	**44,311**	335,229
Depreciation and amortization	**1,413,629**	1,224,376
Other	**792,897**	636,255
Total operating expenses	**26,500,737**	24,100,852
Operating loss	**(4,635,358)**	(2,307,401)
Nonoperating revenues (expenses)		
Taxation for maintenance and operations	**474,342**	458,266
Taxation for general obligation bond	**200,727**	197,549
Grants and contributions	**678,136**	645,129
COVID-19 grants	**-**	95,372
Interest expense	**(166,152)**	(123,913)
Loss on disposal of assets	**-**	(22,014)
Total nonoperating revenues, net	**1,187,053**	1,250,389
Change in net position	**(3,448,305)**	(1,057,012)
Net position, beginning of year	**11,723,200**	12,780,212
Net position, end of year	**$ 8,274,895**	$ 11,723,200

See accompanying notes to basic financial statements.

Weiser Valley Hospital District
doing business as Weiser Memorial Hospital
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Change in Cash and Cash Equivalents		
Cash flows from operating activities		
Receipts from and on behalf of patients	**$ 21,477,424**	$ 17,669,870
Other receipts	**614,286**	187,488
Payments to and on behalf of employees	**(14,877,743)**	(13,473,445)
Payments to suppliers and contractors	**(8,791,334)**	(7,732,576)
Net cash from operating activities	**(1,577,367)**	(3,348,663)
Cash flows from noncapital financing activities		
Noncapital grants and contributions	**678,136**	645,129
Proceeds from COVID-19 grants	**-**	95,372
Principal payments on long-term debt	**(168,000)**	(163,200)
Payments on Medicare accelerated payments	**-**	(1,655,902)
Interest paid	**(14,609)**	(22,273)
Taxation for maintenance and operations	**454,328**	443,297
Taxation for general obligation bond	**200,727**	197,549
Net cash from noncapital financing activities	**1,150,582**	(460,028)
Cash flows from capital and related financing activities		
Principal payments on long-term debt	**(78,930)**	(196,160)
Principal payments on lease and subscription-based software liabilities	**(573,092)**	(486,856)
Interest paid	**(152,739)**	(102,801)
Purchase of capital assets	**(682,341)**	(344,863)
Proceeds from capital grants	**-**	213,775
Proceeds from sale of capital assets	**-**	111,189
Net cash from capital and related financing activities	**(1,487,102)**	(805,716)
Net change in cash and cash equivalents	**(1,913,887)**	(4,614,407)
Cash and cash equivalents, beginning of year	**4,460,459**	9,074,866
Cash and cash equivalents, end of year	**$ 2,546,572**	$ 4,460,459

See accompanying notes to basic financial statements.

Weiser Valley Hospital District
doing business as Weiser Memorial Hospital
Statements of Cash Flows (Continued)
Years Ended June 30, 2024 and 2023

		2024		2023
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position				
Cash and cash equivalents	**$**	**2,330,247**	$	4,265,987
Cash and cash equivalents externally restricted, current		**-**		12,723
Cash and cash equivalents externally restricted, noncurrent		**64,547**		36,738
Cash and cash equivalents internally designated for capital acquisitions		**151,778**		145,011
Total cash and cash equivalents	**$**	**2,546,572**	$	4,460,459
Reconciliation of Operating Loss to Net Cash From Operating Activities				
Operating loss	**$**	**(4,635,358)**	$	(2,307,401)
Adjustments to reconcile operating loss to net cash from operating activities				
Depreciation and amortization		**1,413,629**		1,224,376
Provision for bad debts		**1,907,976**		1,419,098
(Increase) decrease in:				
Receivables:				
Patient accounts, net		**(2,754,872)**		(3,241,941)
Other		**17,377**		(121,508)
Estimated third-party payor settlements		**1,055,850**		(1,991,742)
Prepaid expenses		**10,110**		(14,470)
Inventories		**55,887**		46,477
Deferred outflows of resources, pension plan		**1,935,168**		43,722
Increase (decrease) in:				
Accounts payable		**11,154**		61,664
Accrued compensation and related liabilities		**130,652**		90,535
Net pension liability		**(880,595)**		1,478,134
Deferred inflows of resources, pension plan		**155,655**		(35,607)
Net cash from operating activities	**$**	**(1,577,367)**	$	(3,348,663)

See accompanying notes to basic financial statements.

Noncash Capital Financing Activities

During the year ended June 30, 2024, the District financed $460,638 of an MRI Container Building and $740,170 for MRI equipment through a lease agreement with Siemens Financial Services Incorporated and financed $134,500 for a Fuji Persona C-Arm equipment through a lease agreement with Medical Imaging Incorporated. The District also recorded an additional $61,842 of right-of-use assets and liability for subscription-based software.

During the year ended June 30, 2023, the District financed $123,166 of a Samsung Ultrasound through a lease agreement with De Lage Landen Public Finance LLC. The District also recorded an additional $722,263 of right-of-use assets and liability from the implementation of Governmental Accounting Standards Board Statement No. 96.

1. Description of Reporting Entity and Summary of Significant Accounting Policies:

a. Reporting Entity

The Weiser Valley Hospital District doing business as Weiser Memorial Hospital (the District) owns and operates a 19-bed acute care hospital and clinics in Weiser, Idaho. The District operates under the laws of the state of Idaho for Idaho municipal corporations. As organized, the District is exempt from payment of federal income tax. The Board of Trustees consists of seven residents of the District elected or appointed to six-year terms. The District is not a component unit of Washington County, Idaho.

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

The Weiser Memorial Hospital Foundation (the Foundation) is an Idaho nonprofit corporation and has been recognized by the Internal Revenue Service as exempt from federal income taxes under Internal Revenue Code 501(c)(3). The Foundation was formed in 1987 and reorganized and incorporated in 2000 to develop resources for the District. The Foundation is included as a blended component unit of the District. The financial statements include only the financial activity of the District and the Foundation, collectively referred to as the District. All intercompany transactions have been eliminated.

b. Summary of Significant Accounting Policies

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows of resources, and deferred outflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

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

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

1. Description of Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

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. Equipment capitalized under leases or subscription software agreements is amortized on the straight-line method over the shorter period of the agreement term or the estimated useful life of the equipment.

The estimated useful lives of capital assets are as follows:

Land improvements	10 to 15 years
Buildings, improvements, and fixed equipment	5 to 40 years
Major movable equipment	3 to 20 years
Leased right-of-use assets:	
Buildings	3 to 20 years
Equipment	3 to 5 years
Subscription assets	5 years

Compensated absences – The District's employees earn paid time off at varying rates depending on years of service. The District's policy is to permit employees to accumulate paid time off up to a maximum of 320 hours. All paid time off is accrued when earned.

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

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

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

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

1. Description of Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Grants and contributions – Occasionally, the District receives grants from the state of Idaho and others, as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses. Grants that are for specific projects, or purposes related to the District's operating activities, are reported as operating revenue. Grants that are used to subsidize operating deficits are reported as nonoperating revenue. Contributions, except for capital contributions, are reported as nonoperating revenue.

Subsequent events – The District has evaluated subsequent events through January 23, 2025, the date on which the financial statements were available to be issued.

2. Bank Deposits:

Custodial credit risk – This is the risk that, in the event of a depository institution failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2024 and 2023, the District had uninsured and uncollateralized deposit balances of $1,035,407 and $3,940,342, respectively.

3. Patient Accounts Receivable:

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

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

3. Patient Accounts Receivable (continued):

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

		2024		2023
Receivables from patients and their insurance carriers	**$**	**4,544,712**	$	4,708,126
Receivables from Medicare		**2,201,860**		1,418,809
Receivables from Medicaid		**438,058**		392,510
Total patient accounts receivable		**7,184,630**		6,519,445
Less allowance for uncollectible accounts		**1,792,928**		1,974,639
Patient accounts receivable, net	**$**	**5,391,702**	$	4,544,806

4. Restricted Cash and Cash Equivalents:

The composition of restricted cash is set forth in the following table:

		2024		2023
Current assets				
Held with the Idaho Hospital Association for the IHA Group Unemployment compensation program	**$**	**-**	$	12,723
Noncurrent assets				
Restricted for patient funding plans with Community Bank		**24,041**		-
Restricted by security agreement entered into for USDA loan		**40,506**		36,738
Total restricted cash	**$**	**64,547**	$	49,461

5. Capital Assets:

Capital asset activity and balances were as follows:

	Balance June 30, 2023	Additions	Retirements	Transfers	Balance June 30, 2024
Capital assets not being depreciated or amortized					
Land	$ 19,276	$ -	$ -	$ -	$ **19,276**
Construction in progress	218,714	385,886	-	(68,514)	**536,086**
Total capital assets not being depreciated or amortized	237,990	385,886	-	(68,514)	**555,362**
Capital assets being depreciated or amortized					
Land improvements	433,769	32,450	-	-	**466,219**
Buildings, improvements, and fixed equipment	9,986,477	105,965	(49,439)	2,031	**10,045,034**
Major movable equipment	5,970,496	225,085	-	445,826	**6,641,407**
Subscription assets	823,643	46,109	-	-	**869,752**
Lease right-of-use assets					
Buildings	395,029	464,583	-	-	**859,612**
Equipment	1,904,924	872,797	(669,745)	(379,343)	**1,728,633**
Total lease right-of-use assets	2,299,953	1,337,380	(669,745)	(379,343)	**2,588,245**
Total capital assets being depreciated or amortized	19,514,338	1,746,989	(719,184)	68,514	**20,610,657**
Less accumulated depreciation and amortization for					
Land improvements	(372,462)	(17,242)	-	-	**(389,704)**
Buildings, improvements, and fixed equipment	(3,724,526)	(494,737)	49,440	-	**(4,169,823)**
Major movable equipment	(4,798,957)	(350,904)	-	(382,425)	**(5,532,286)**
Subscription assets	(137,274)	(164,728)	-	-	**(302,002)**
Lease right-of-use assets					
Buildings	(155,712)	(93,338)	-	-	**(249,050)**
Equipment	(1,680,745)	(292,680)	669,744	382,425	**(921,256)**
Total lease right-of use assets	(1,836,457)	(386,018)	669,744	382,425	**(1,170,306)**
Total accumulated depreciation and amortization	(10,869,676)	(1,413,629)	719,184	-	**(11,564,121)**
Total capital assets being depreciated or amortized, net	8,644,662	333,360	-	68,514	**9,046,536**
Capital assets, net	$ 8,882,652	$ 719,246	$ -	$ -	**$ 9,601,898**

5. Capital Assets (continued):

Capital asset activity and balances were as follows:

	Balance June 30, 2022	Additions	Retirements	Transfers	Balance June 30, 2023
Capital assets not being depreciated					
Land	$ 19,276	$ -	$ -	$ -	**$ 19,276**
Construction in progress	3,749,025	87,388	-	(3,617,699)	**218,714**
Total capital assets not being depreciated	3,768,301	87,388	-	(3,617,699)	**237,990**
Capital assets being depreciated					
Land improvements	377,050	-	-	56,719	**433,769**
Buildings, improvements, and fixed equipment	6,420,703	77,877	-	3,487,897	**9,986,477**
Major movable equipment	5,905,895	78,218	(86,700)	73,083	**5,970,496**
Subscription assets	-	823,643	-	-	**823,643**
Lease right-of-use assets					
Buildings	395,029		-	-	**395,029**
Equipment	1,781,758	123,166	-	-	**1,904,924**
Total lease right-of-use assets	2,176,787	123,166	-	-	**2,299,953**
Total capital assets being depreciated	14,880,435	1,102,904	(86,700)	3,617,699	**19,514,338**
Less accumulated depreciation for					
Land improvements	(331,315)	(41,147)	-	-	**(372,462)**
Buildings, improvements, and fixed equipment	(3,296,135)	(428,391)	-	-	**(3,724,526)**
Major movable equipment	(4,511,236)	(241,218)	(46,503)	-	**(4,798,957)**
Subscription assets	-	(137,274)	-	-	**(137,274)**
Lease right-of-use assets					
Buildings	(73,210)	(82,502)	-	-	**(155,712)**
Equipment	(1,386,901)	(293,844)	-	-	**(1,680,745)**
Total lease right-of use assets	(1,460,111)	(376,346)	-	-	**(1,836,457)**
Total accumulated depreciation	(9,598,797)	(1,224,376)	(46,503)	-	**(10,869,676)**
Total capital assets being depreciated, net	5,281,638	(121,472)	(133,203)	3,617,699	**8,644,662**
Capital assets, net	$ 9,049,939	$ (34,084)	$ (133,203)	$ -	**$ 8,882,652**

Construction in progress at June 30, 2024, consisted primarily of the following:

- Behavioral Health Services building expected to be completed in February 2025 with no additional costs.
- Emergency Department and Surgery project is currently in the planning stage and the estimated completion costs and date are unknown.

6. Long-term Debt and Other Liabilities:

Schedules of changes in the District's long-term debt, subscription agreement, and lease liabilities are as follows:

	Balance June 30, 2023	Additions	Payments	Balance June 30, 2024	Amounts Due Within One Year
Long-term debt					
2017 general obligation hospital bonds	$ 905,000	$ -	$ (175,000)	$ 730,000	**$ 175,000**
Zion's Bank note - Family Medical Center	337,633	-	(41,653)	295,980	**43,154**
USDA note	171,171	-	(30,277)	140,894	**31,352**
Total long-term debt	1,413,804	-	(246,930)	1,166,874	**249,506**
Subscription liabilities					
Thrive EHR Software	599,835	61,842	(152,405)	509,272	**157,599**
Total subscription liabilities	599,835	61,842	(152,405)	509,272	**157,599**
Lease liabilities					
Canon Medical Systems USA, Inc.	240,520	-	(96,178)	144,342	**100,872**
Fuji C-Arm	-	134,500	(52,258)	82,242	**30,169**
Leen Family Trust	172,663	-	(52,953)	119,710	**55,663**
MRI Mobile	-	1,200,808	(123,589)	1,077,219	**145,644**
Samsung Ultrasound	101,052	-	(39,907)	61,145	**42,576**
Other lease liabilities	95,189	53,385	(55,802)	92,772	**33,318**
Total lease liabilities	609,424	1,388,693	(420,687)	1,577,430	**408,242**
Total long-term debt and other noncurrent liabilities	$ 2,623,063	$ 1,450,535	$ (820,022)	$ 3,253,576	**$ 815,347**

	Balance June 30, 2022	Additions	Payments	Balance June 30, 2023	Amounts Due Within One Year
Long-term debt					
2017 general obligation hospital bonds	$ 1,075,000	$ -	$ (170,000)	$ 905,000	**$ 175,000**
Zion's Bank note - refinance	119,863	-	(119,863)	-	**-**
Zion's Bank note - Family Medical Center	377,895	-	(40,262)	337,633	**30,276**
USDA note	200,406	-	(29,235)	171,171	**41,653**
Total long-term debt	1,773,164	-	(359,360)	1,413,804	**246,929**
Subscription liabilties					
Thrive EHR Software	-	722,263	(122,428)	599,835	**136,672**
Total subscription liabilites	-	722,263	(122,428)	599,835	136,672
Lease liabilities					
Canon Medical Systems USA, Inc.	332,221	-	(91,701)	240,520	**96,178**
Leen Family Trust	223,039	-	(50,376)	172,663	**52,953**
MRI Mobile	108,638	-	(108,638)	-	**-**
Samsung Ultrasound	-	123,166	(22,114)	101,052	**39,907**
Other lease liabilities	186,788	-	(91,599)	95,189	**51,652**
Total lease liabilities	850,686	123,166	(364,428)	609,424	**240,690**
Total long-term debt and other noncurrent liabilities	$ 2,623,850	$ 845,429	$ (846,216)	$ 2,623,063	**$ 624,291**

6. Long-term Debt and Other Liabilities (continued):

Long-term debt:

- General obligation hospital bonds dated November 29, 2017, in the original amount of $2,500,000, due in annual principal installments ranging from $175,000 to $190,000, plus semiannual interest at 5.6 percent through September 2027. The District issued the bonds for the purpose of financing and/or refinancing expenditures of the District for equipment, repairs, and other operating expenses of the District. The bonds are the general obligation of the District and are secured from the proceeds of ad valorem taxes to be levied without limitation as to rate or amount on all taxable property in the District, fully sufficient to pay the same as to principal and interest when due.

- Promissory note payable to Zion's First National Bank dated March 17, 2017, in the original amount of $220,000, was refinanced on March 28, 2020, in the amount of $160,745 due in monthly installments including interest of $2,411. The note bears interest at 5.6 percent, with payments through September 2028. The note is collateralized by capital assets.

- Promissory note payable to Zion's First National Bank dated September 21, 2015, that was paid off in 2023.

- Promissory note payable to United States Department of Agriculture dated September 26, 2013, in the original amount of $417,000, is due in monthly principal installments of $2,981, plus interest at 3.5 percent for 15 years, beginning in October 2013 through September 2028. The note is collateralized by substantially all of the District's assets.

Lease and subscription liabilities:

- Subscription liability to Evident, LLC in the amount of $784,105, due in monthly payments $14,957, including interest of 5 percent through July 2027.

- Lease liability payable to Canon Medical Systems USA, Inc. in the amount of $627,152, due in monthly payments of $8,798, including interest of 4.78 percent through November 2025.

- Lease liability payable to Medical Imaging, Inc of Fuji C-Arm in the amount of $134,500, due in monthly payment $2,914, including interest of 6.99 percent through January 2027.

- Lease liability payable to Leen Family Trust in the amount of $223,040, due in monthly payments of $5,032, including interest of 5 percent through December 2026.

- Lease liabilities payable to Siemens Financial Services Incorporated of MRI lease in the amount of $1,200,808, due in monthly payments of $10,921 and $6,895, including interest of 6.3 and 6.74 percent in 84 payments.

- Lease liability payable to De Lage Landen Public Finance LLC in the amount of $123,166, due in monthly payments of $3,774, including interest of 4.26 percent through November 2025.

- Lease liabilities payable to various lenders in the amount of $230,623, due in monthly payments between $1,500 to $4,465, including interest from 3.2 percent to 5 percent through 2024.

6. Long-term Debt and Other Liabilities (continued):

The District's agreements do not contain any material residual value guarantees or material restrictive covenants. Lease liabilities are reflected in the District's assets and liabilities.

Scheduled principal and interest repayments:

Years Ending June 30,	Long-term Debt			Lease Liabilities			Subscription Liabilities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	$ 249,506	$ 14,035	$ 263,541	$ 408,242	$ 85,890	$ 494,132	$ 157,599	$ 21,885	$ 179,484
2026	257,145	11,395	268,540	346,550	62,648	409,198	165,663	13,821	179,484
2027	264,877	8,664	273,541	218,904	45,738	264,642	174,138	5,346	179,484
2028	272,693	5,847	278,540	180,492	33,297	213,789	11,872	49	11,921
2029	58,212	3,229	61,441	192,528	21,260	213,788	-	-	-
2030-2031	64,441	1,504	65,945	230,714	8,515	239,229	-	-	-
	$ 1,166,874	**$ 44,674**	**$ 1,211,548**	**$ 1,577,430**	**$ 257,348**	**$ 1,834,778**	**$ 509,272**	**$ 41,101**	**$ 550,373**

7. Line of Credit:

The District has a revolving operational line of credit of $150,000 with Wells Fargo. There were no draws on the line of credit during the year ended June 30, 2024.

8. Net Patient Service Revenue:

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

	2024	2023
Patient service revenue (net of contractual adjustments and discounts):		
Medicare	**$ 11,080,865**	$ 11,348,131
Medicaid	**2,701,870**	3,447,512
Other third-party payors	**7,266,895**	6,547,272
Patients	**1,336,060**	570,074
Supplemental payments	**510,927**	459,437
340B contract pharmacy program revenue	**334,598**	604,278
	23,231,215	22,976,704
Less:		
Charity care	**54,769**	73,151
Provision for bad debts	**1,907,976**	1,419,098
Net patient service revenue	**$ 21,268,470**	$ 21,484,455

8. Net Patient Service Revenue (continued):

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

- *Medicare* – The District has been designated a critical access hospital and rural health clinic by Medicare and is reimbursed for most inpatient, outpatient, and rural health clinic services on a cost basis as defined and limited by the Medicare program. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare administrative contractor. Physician services are reimbursed on fee schedules.

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

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

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue decreased by approximately $272,000 in 2024 and increased by approximately $92,000 in 2023 due to differences between original estimates and final settlements or revised estimates.

The District provides charity care to patients who are financially unable to pay for the healthcare services they receive. The District's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the District does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended June 30, 2024 and 2023, were approximately $33,000 and $52,000, respectively. The District did not receive any gifts or grants to subsidize charity services during 2024 or 2023.

9. Property Taxes:

Property taxes are levied as of October 1 on property values assessed as of January 1. The tax levy is due in two equal amounts by December 20 and June 20. The assessed property is subject to lien on the levy date and taxes are considered delinquent after December 20 of the current year or June 20 of the subsequent year. Property taxes are levied by the District and collected by the Washington County Treasurer.

The District's tax levies are comprised of the following:

2024

	Levy Amount	Levy Rate	Assessed Value
M&O	$ 298,150	0.000331772	$ 898,659,420
Tort	106,869	0.000118920	898,659,420
Bond	194,211	0.000216112	898,659,420

2023

	Levy Amount	Levy Rate	Assessed Value
M&O	$ 287,158	0.000332998	$ 862,340,964
Tort	103,756	0.000120319	862,340,964
Bond	193,265	0.000224117	862,340,964

10. Defined Benefit Pension Plan:

The District reports a liability, deferred outflows of resources, deferred inflows of resources, and expense as a result of its requirement to contribute to the Base Plan.

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

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least 10 years of service and three members who are Idaho citizens and not members of the Base Plan except by reason of having served on the Board.

10. Defined Benefit Pension Plan (continued):

Plan description (continued) – Employee membership data related to the PERSI Base Plan, was as follows:

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

Benefits provided – The Base Plan provides retirement, disability, and death benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (five months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2 percent of the average monthly salary for the highest consecutive 42 months.

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

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

The contribution rates for employees are set by statute at 60 percent of the employer rate. As of June 30, 2024 and 2023, it was 6.71 and 7.16 percent, respectively. The employer contribution rate is set by the PERSI Board and was 11.18 and 11.39 percent of covered compensation, respectively. The District's employer contributions were $1,256,015 and $1,212,343 for the years ended June 30, 2024 and 2023, respectively.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2024 and 2023, the District reported a liability of $8,575,267 and $9,455,862, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions in the Base Plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024 and 2023, the District's proportion was 0.0022924569 percent and 0.002369492 percent, respectively.

10. Defined Benefit Pension Plan (continued):

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (continued) – For the year ended June 30, 2024, the District recognized pension expense of $2,459,625. In addition, at June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 339,708	$ -
Changes in assumptions or other inputs	-	-
Changes in propotional share of contributions	329,589	-
Net difference between projected and actual earnings on plan investments	1,365,262	155,655
Total	**$ 2,034,559**	**$ 155,655**

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

Years Ending June 30,	
2025	$ 533,242
2026	1,708,882
2027	(165,723)
2028	(179,732)
2029	(17,766)
Total	**$ 1,878,903**

For the year ended June 30, 2023, the District recognized pension expense of $2,620,463. In addition, at June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,620,806	$ -
Changes in assumptions or other inputs	936,329	-
Changes in propotional share of contributions	525,020	-
Net difference between projected and actual earnings on plan investments	887,572	-
Total	**$ 3,969,727**	**$ -**

10. Defined Benefit Pension Plan (continued):

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

The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

10. Defined Benefit Pension Plan (continued):

Actuarial assumptions (continued) – The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as follows:

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

Discount rate – The discount rate to measure the total pension liability was 6.35 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

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

	Discount Rate	District's Proportionate Share of Net Pension Liability (Asset)
1% decrease	5.35%	$ 16,295,679
Current discount rate	6.35%	8,575,267
1% increase	7.35%	2,269,658

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

Payable to the pension plan – At June 30, 2024, the District did not have a significant payable to the Base Plan.

11. St. Luke's Health System:

The District has a management agreement with St. Luke's Health System, LTD (St. Luke's). Under this agreement, the District pays St. Luke's for the administrator's salary, benefits, and travel and education allowances.

The District also has a physician employment agreement between St. Luke's and the physicians of Family Medical Center, PLLC. The physicians are considered employees of St. Luke's and the District reimburses St. Luke's for the physicians' salaries, benefits, and travel and education allowances.

Total payments to St. Luke's for the years ended June 30, 2024 and 2023, were $1,248,075 and $1,509,550, respectively. At June 30, 2024 and 2023, the District had a payable to St. Luke's included in accounts payable of $143,537 and $172,780, respectively.

12. Risk Management and Contingencies:

Medical malpractice claims – The District obtains medical malpractice insurance through Physicians Insurance A Mutual Company (PIAMC). PIAMC offers the District a professional and general liability policy on a "claims made" basis with primary limits of $1,000,000 per claim and an annual aggregate limit of $5,000,000. The policy has no deductible.

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

Self-insurance risk pools – The District has a self-insured unemployment plan for its employees. The plan is the Michigan Hospital Association Unemployment Compensation Program. In both 2024 and 2023, the self-insured unemployed plan was administered by the Idaho Hospital Association. Under both plans, the District pays its share of actual unemployment claims, maintenance of reserves, and administrative expenses. Payments by the District charged to unemployment expense were $4,803 and $10,946 for the years ended June 30, 2024 and 2023, respectively.

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

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

13. Concentration of Credit Risk:

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

The mix of patient receivables was as follows:

	2024	2023
Medicare	**42 %**	30 %
Medicaid	**10**	11
Other third-party payors	**23**	29
Patients	**25**	30
	100 %	100 %

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

REQUIRED SUPPLEMENTARY INFORMATION

Weiser Valley Hospital District
doing business as Weiser Memorial Hospital
Schedule of the District's Share of Net Pension Liability
Public Employee Retirement System of Idaho Base Plan

June 30,	District's Portion of the Net Pension Asset/Liability	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-employee Payroll	District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered-employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/Liability
2015	0.18%	$ 2,384,038	$ 5,442,856	43.80%	91.38%
2016	0.19%	3,764,511	5,477,827	68.72%	87.26%
2017	0.18%	2,866,444	5,769,615	49.68%	90.68%
2018	0.18%	2,690,700	6,032,994	44.60%	91.69%
2019	0.19%	2,198,405	6,614,101	33.24%	93.79%
2020	0.19%	4,298,329	6,724,340	63.92%	88.22%
2021	0.20%	(155,559)	7,350,451	-2.12%	100.36%
2022	0.20%	7,977,728	8,377,501	95.23%	83.09%
2023	0.24%	9,455,862	10,153,606	93.13%	83.83%
2024	0.23%	8,575,267	11,682,228	73.40%	85.54%

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

See accompanying independent auditors' report.

Weiser Valley Hospital District
doing business as Weiser Memorial Hospital
Schedule of the District's Contributions
Public Employee Retirement System of Idaho Base Plan

June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution (Deficiency) Excess	District's Covered-employee Payroll	Contributions as a Percentage of Covered-employee Payroll
2015	$ 586,589	$ 574,031	$ (12,558)	$ 5,442,856	10.55%
2016	592,194	616,131	23,937	5,477,827	11.25%
2017	623,242	620,090	(3,152)	5,769,615	10.75%
2018	682,935	665,700	(17,235)	6,032,994	11.03%
2019	748,716	739,543	(9,173)	6,614,101	11.18%
2020	761,195	787,461	26,266	6,724,340	11.71%
2021	777,667	877,644	99,977	7,350,451	11.94%
2022	937,915	957,224	19,309	8,377,501	11.43%
2023	1,202,940	1,212,343	9,403	10,153,606	11.94%
2024	1,491,129	1,256,015	(235,114)	11,682,228	10.75%

Data reported is measured as of June 30, 2024.

See accompanying independent auditors' report.

ACCOUNTANTS | ADVISORS

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

Board of Trustees
Weiser Valley Hospital District
doing business as Weiser Memorial Hospital
Weiser, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Weiser Valley Hospital District doing business as Weiser Memorial Hospital (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated January 23, 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 opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2024-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2024-002 to be a significant deficiency.

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, and 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*.

District's Response to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's responses were not subjected to the other auditing procedures.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DZA PLLC

Spokane Valley, Washington
January 23, 2025

Weiser Valley Hospital District
doing business as Weiser Memorial Hospital
Schedule of Findings and Responses
Year Ended June 30, 2024

Financial Statement Findings

2024-001 – Third-Party Payor Settlement Estimates

Criteria	[ ] Compliance Finding [ ] Significant Deficiency [X] Material Weakness No material adjusting journal entries should be detected by auditors during the audit process.
Condition	The District incorrectly estimated the 2024 Medicare settlement. The District accrued a $3,200,000 receivable from Medicare. The actual 2024 Medicare settlement was $450,000 based on the as-filed Medicare cost report.
Context	This finding appears to be a systemic issue.
Cause	The District's Medicare settlement estimation process does not follow Medicare cost report principles and instead was based on holding contractual adjustments to the expected amounts for all payors based on forecasted amounts. When patient account writeoffs increased during the year due to lingering issues from the billing system conversion, the expected contractual adjustments were not increased.
Effect	Operating income was misstated.
Recommendation	The District should develop a Medicare settlement estimation process that follows Medicare cost report principles and only considers Medicare revenue in the calculation.
Management's Response	The hospital will implement a model for the Medicare settlement estimate that follows Medicare cost report principles.

2024-002 – Account Reconciliations

Criteria	[ ] Compliance Finding [X] Significant Deficiency [ ] Material Weakness No significant audit entries should be detected by auditors during the audit process.
Condition	Adjustments were made to patient accounts receivable and accrued payroll to reconcile the general ledger with the support.
Context	This finding appears to be an isolated issue.
Cause	The normal year-end reconciliation process was disrupted by the accounting software conversion and cyber attack.
Effect	Operating income was misstated.

Recommendation	The District should reinstate their month-end and year-end reconciliation process.
Management's Response	The hospital finance department will reinstate month-end and year-end reconciliation process for both payroll accruals and patient accounts receivable.

Weiser Valley Hospital District
doing business as Weiser Memorial Hospital
Schedule of Prior Audit Findings
Year Ended June 30, 2024

Prior Year Number	Description	Current Status
2023-001	Account Reconciliation	Repeated as 2024-001