

**Jefferson County Hospital  
d/b/a Jefferson County Health Center  
Fairfield, Iowa**

**FINANCIAL REPORT**

**June 30, 2025 and 2024**

## CONTENTS

	<b>Page</b>
<b>OFFICIALS</b>	3
<b>INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS</b>	4-6
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	7-11
<b>FINANCIAL STATEMENTS</b>	
Statements of net position	12-13
Statements of revenues, expenses, and changes in net position	14
Statements of cash flows	15-16
Notes to financial statements	17-34
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	35
Budgetary comparison schedule of revenues, expenses and changes in net position, budget and actual	36
Schedule of changes in the Health Center's net OPEB liability, related ratios and notes	37
Schedule of the Health Center's proportionate share of the net pension asset/liability	38
Schedule of Health Center pension contributions	39
Notes to required supplementary information – net pension asset/liability	40
<b>OTHER SUPPLEMENTARY INFORMATION</b>	41
Analysis of patient receivables	42
Analysis of allowance for uncollectibles	42
Patient service revenue	43
Provisions for contractual and other adjustments	44
Other revenue	44
Expenses	45-46
<b>OTHER INFORMATION</b>	47
Comparative statistics, utilization and other information	48
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	49-50
<b>SCHEDULE OF FINDINGS</b>	51

**Jefferson County Health Center  
OFFICIALS  
June 30, 2025**

**BOARD OF TRUSTEES**

Expiration of term

**Officers**

Merlin Miller, Chair  
Greg Hanshaw, Vice Chair  
Joneane Parker, Secretary/Treasurer

December 31, 2028  
December 31, 2026  
December 31, 2028

**Members**

Angie Atwood  
Julie Greeson  
Alex Roth  
Joseph Stever

December 31, 2026  
December 31, 2028  
December 31, 2026  
December 31, 2026

**CHIEF EXECUTIVE OFFICER**

Bryan Hunger

**CHIEF FINANCIAL OFFICER**

Brent Feickert

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Jefferson County Hospital  
d/b/a Jefferson County Health Center  
Fairfield, Iowa

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Jefferson County Hospital d/b/a Jefferson County Health Center, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Health Center'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 Jefferson County Health Center, as of June 30, 2025 and 2024, and the changes in financial position and cash flows thereof 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of Jefferson County Health Center, 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 qualified 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 Jefferson County Health Center'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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Jefferson County Health Center's basic financial statements. The Other Supplementary Information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the Other Information as listed in the table of contents included in the annual report. The Other Information comprises the comparative statistics, utilization and other information but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the Other Information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the Other Information and consider whether a material inconsistency exists between the Other Information and the basic financial statements, or the Other Information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the Other Information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2025 on our consideration of Jefferson County Health Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Jefferson County Health Center's internal control over financial reporting and compliance.

  
Denman CPA LLP

West Des Moines, Iowa  
October 3, 2025

## Jefferson County Health Center

### MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Jefferson County Health Center, we offer readers of the financial statements this narrative overview and analysis of the Health Center's financial performance during the fiscal years ended June 30, 2025, 2024 and 2023. Please read it in conjunction with the Health Center's financial statements, which follow this section.

#### Overview of the Financial Statements

This annual report includes this management's discussion and analysis, the independent auditor's reports, the basic financial statements of the Health Center, and supplementary information. The financial statements also include notes that explain in more detail some of the information in the financial statements.

#### Required Financial Statements

The financial statements of the Health Center report information of the Health Center using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The statement of financial position includes the Health Center's assets, liabilities, deferred outflows and deferred inflows and provides information about the nature and amounts of investments in resources, assets, and the obligations to Health Center's creditors. It also provides the basis for evaluating the capital structure of the Health Center and assessing the liquidity and financial flexibility of the Health Center.

All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the Health Center operations over the past year and can be used to determine whether the Health Center has successfully recovered all its costs through its patient service revenue and other revenue sources, profitability and credit worthiness.

The final required financial statement is the statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, noncapital financing, capital and related financing and investing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

#### Financial Highlights

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
Total assets	\$ 72,844,154	\$ 61,835,513	\$ 11,008,641
Total assets whose use is limited	1,524,295	1,467,867	56,428
Total capital assets	21,478,901	22,444,972	(966,071)
Total current and long-term debt	8,492,338	10,819,073	(2,326,735)
Total liabilities	25,395,867	29,819,245	(4,423,378)
Total net position	49,720,048	36,331,708	13,388,340
Net patient service revenue	74,770,513	68,421,966	6,348,547
Total operating expenses	66,713,782	63,300,954	3,412,828
Change in net position	13,388,340	9,012,046	4,376,294

#### Financial Analysis of the Health Center

The statements of net position and the statements of revenues, expenses, and changes in net position report the net position of the Health Center and the changes in them. The Health Center's net position is a way to measure financial health or financial position. Over time, sustained increases or decreases in the Health Center's net position are one indicator of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in economic conditions, population growth and new or changed government legislation should also be considered.

A summary of the Health Center's statements of net position is presented below:

**Condensed Statements of Net Position**

	<b>Year ended June 30</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Current assets	\$ 43,246,586	\$ 32,245,775	\$ 25,551,619
Noncurrent assets whose use is limited	428,415	390,961	354,755
Capital assets	21,478,901	22,444,972	25,720,311
Other assets	7,690,252	6,753,805	5,911,394
Deferred outflows of resources	<u>3,911,694</u>	<u>5,467,136</u>	<u>4,180,761</u>
 Total assets and deferred outflows of resources	 <u>\$ 76,755,848</u>	 <u>\$ 67,302,649</u>	 <u>\$ 61,718,840</u>
Current liabilities	\$ 9,625,823	\$ 8,567,270	\$ 9,692,000
Noncurrent liabilities	15,770,044	21,251,975	22,223,241
Deferred inflows of resources	1,639,933	1,151,696	2,483,937
Net position	<u>49,720,048</u>	<u>36,331,708</u>	<u>27,319,662</u>
 Total liabilities, deferred inflows of resources and net position	 <u>\$ 76,755,848</u>	 <u>\$ 67,302,649</u>	 <u>\$ 61,718,840</u>

A summary of the Health Center's historical statements of revenues, expenses, and changes in net position is presented below:

**Condensed Statements of Revenues, Expenses, and Changes in Net Position**

	<b>Year ended June 30</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Total revenue	\$ 77,936,881	\$ 70,516,577	\$ 58,494,363
Total expenses	<u>66,713,782</u>	<u>63,300,954</u>	<u>59,251,131</u>
Operating income (loss)	11,223,099	7,215,623	(756,768)
 Total nonoperating gains and contributions	 <u>2,165,241</u>	 <u>1,796,423</u>	 <u>1,272,054</u>
Change in net position	13,388,340	9,012,046	515,286
 Total net position, beginning	 <u>36,331,708</u>	 <u>27,319,662</u>	 <u>26,804,376</u>
 Total net position, ending	 <u>\$ 49,720,048</u>	 <u>\$ 36,331,708</u>	 <u>\$ 27,319,662</u>

## **Operating and Financial Performance**

The following summarizes the Health Center's statements of revenues, expenses and changes in net position for the years ended June 30, 2025, 2024 and 2023.

### **Patient Service Revenue**

Net patient service revenue is a product of volume, price increases, contractual adjustments and payor mix. The following table summarizes the changes in these factors for 2025, 2024 and 2023.

	<b>Year ended June 30</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Volume</b>			
Patient days			
Adult and pediatric	1,406	1,747	2,001
Swing bed	1,206	956	1,292
Admissions			
Adult and pediatric	404	460	576
Swing bed	106	92	133
Average length of stay			
Adult and pediatric	3.5	3.8	3.5
Swing bed	11.4	10.4	9.7
<b>Gross revenue</b>			
Inpatient	\$ 7,803,685	\$ 7,723,204	\$ 10,622,653
Outpatient	116,568,674	108,118,016	96,756,246
Less charity care charges forgone	<u>(1,129,550)</u>	<u>(609,029)</u>	<u>(531,487)</u>
	<u>123,242,809</u>	<u>115,232,191</u>	<u>106,847,412</u>
<b>Contractual and other adjustments</b>			
Percent of gross revenue	48,472,296 39%	46,810,225 41%	50,838,621 48%
<b>Payor mix by percentage</b>			
Medicare	55%	53%	56%
Medicaid	13%	13%	13%
Commercial insurance	31%	33%	30%
All other	1%	1%	1%
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

### **Expenses**

The following table summarizes the Health Center's expenses, including interest expense, by type of expense for each of the years ended June 30, 2025, 2024 and 2023.

	<b>Year ended June 30</b>					
	<b>2025</b>		<b>2024</b>		<b>2023</b>	
Salaries	\$ 25,696,368	38%	\$ 23,538,768	37%	\$ 23,565,458	39%
Supplies and other expenses	37,880,507	57	35,981,792	56	31,689,618	53
Depreciation and amortization	3,136,907	5	3,780,394	6	3,996,055	7
Interest and amortization	<u>312,163</u>	<u>0</u>	<u>398,825</u>	<u>1</u>	<u>484,048</u>	<u>1</u>
Total	<u>\$ 67,025,945</u>	<u>100%</u>	<u>\$ 63,699,779</u>	<u>100%</u>	<u>\$ 59,735,179</u>	<u>100%</u>

### **Nonoperating Gains**

Nonoperating gains were \$2,134,462 in 2025 compared to \$1,766,855 in 2024.

**Capital Assets**

A summary of the Health Center's capital assets is presented below:

	<b>June 30</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Property and equipment, gross	\$ 77,386,920	\$ 75,468,432	\$ 75,117,726
Less accumulated depreciation	<u>55,908,019</u>	<u>53,023,460</u>	<u>49,397,415</u>
Net capital assets	<u>\$ 21,478,901</u>	<u>\$ 22,444,972</u>	<u>\$ 25,720,311</u>
Acquisitions of capital assets during the year	\$ 2,123,473	\$ 432,023	\$ 2,505,516
Disposal of capital assets during the year	<u>(204,985)</u>	<u>(81,317)</u>	<u>(132,622)</u>
Increase in property and equipment, gross	<u>\$ 1,918,488</u>	<u>\$ 350,706</u>	<u>\$ 2,372,894</u>

**Debt Administration**

The changes in long-term debt for the years ended June 30, 2025, 2024 and 2023. are shown below. More detailed information about the Health Center's outstanding debt is presented in the Notes to Financial Statements.

	<b>Year ended June 30</b>		
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Beginning balance	\$ 10,819,073	\$ 13,850,693	\$ 16,772,559
Additions	-	-	25,000
Discount amortization	-	6,551	6,550
Principal payments	<u>(2,326,735)</u>	<u>(3,038,171)</u>	<u>(2,953,416)</u>
Ending balance	<u>\$ 8,492,338</u>	<u>\$ 10,819,073</u>	<u>\$ 13,850,693</u>
Long-term debt as a percentage of total liabilities	33%	36%	43%

**Performance Compared to County Hospital Budget**

The Health Center prepares its annual County Hospital budget on the budget basis, which differs from generally accepted accounting principles, GAAP basis. More detailed information as to major differences between County Hospital budget and GAAP bases are presented in the Notes to Financial Statements. A comparison of the Health Center's fiscal year 2025 actual budget basis financial information to its annual County Hospital budget is presented below:

<b>Actual vs Budget</b>	<b>Actual budget basis</b>	<b>Annual County Hospital budget</b>	<b>Amount over (under) budget</b>
Amount to be raised by taxation	\$ 989,453	\$ 949,610	\$ 39,843
Other revenues/receipts	<u>79,424,832</u>	<u>65,053,335</u>	<u>14,371,497</u>
	80,414,285	66,002,945	14,411,340
Expenses/expenditures	<u>68,036,402</u>	<u>68,957,745</u>	<u>(921,343)</u>
Net	<u>\$148,450,687</u>	<u>\$134,960,690</u>	<u>\$ 13,489,997</u>

### **Economic and Other Factors and Next Year's Budget**

The Health Center's board and management considered many factors when setting the fiscal year 2026 budget. Of primary importance are the market forces and environmental factors impacting healthcare such as:

- Medicare and Medicaid reimbursement rates
- Reimbursement rates of other payors
- Cost of supplies
- Facility expansion and growth in demand for services
- Technology advancements

### **Contacting Health Center's Management**

This financial report is designed to provide users with a general overview of the Health Center's finances and to demonstrate the Health Center's accountability. If you have questions about this report or need additional information, contact the finance department at Jefferson County Health Center; 2000 S. Main; Fairfield, Iowa 52556. Phone number 641-472-4111.

**Jefferson County Health Center  
STATEMENTS OF NET POSITION**

	<b>June 30</b>	
	<b>2025</b>	<b>2024</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 26,829,616	\$ 14,737,440
Assets whose use is limited, required for current liabilities	1,095,880	1,076,906
Patient receivables, less allowance for contractual adjustments and bad debts	9,784,646	7,856,796
Other receivables	545,865	502,867
Estimated third-party payor settlements	1,835,000	5,076,000
Inventories	1,419,733	1,214,675
Prepaid expenses	774,846	816,091
Succeeding year property tax receivable	961,000	965,000
Total current assets	43,246,586	32,245,775
<b>ASSETS WHOSE USE IS LIMITED</b>		
Restricted by bond indenture agreement		
Cash and cash equivalents	1,095,880	1,076,906
Restricted by donors for specific purposes		
Cash and cash equivalents	428,415	390,961
Total assets whose use is limited	1,524,295	1,467,867
Less assets whose use is limited, required for current liabilities	1,095,880	1,076,906
Noncurrent assets whose use is limited	428,415	390,961
<b>CAPITAL ASSETS</b>		
Less accumulated depreciation and amortization	77,386,920	75,468,432
Total capital assets	55,908,019	53,023,460
<b>OTHER ASSETS</b>		
Acquired intangible assets, net	-	74,363
Other receivables	4,955,930	4,467,384
Investment in joint ventures	2,734,322	2,212,058
Total other assets	7,690,252	6,753,805
Total assets	72,844,154	61,835,513
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related deferred outflows	3,896,168	5,457,388
OPEB related deferred outflows	15,526	9,748
Total deferred outflows of resources	3,911,694	5,467,136
Total assets and deferred outflows of resources	<u>\$ 76,755,848</u>	<u>\$ 67,302,649</u>

See Notes to Financial Statements.

**Jefferson County Health Center  
STATEMENTS OF NET POSITION (continued)**

	<b>June 30</b>	
	<b>2025</b>	<b>2024</b>
<b>CURRENT LIABILITIES</b>		
Long-term debt, current	\$ 2,388,791	\$ 2,326,606
Lease liability, current	180,270	179,529
IT subscription liability, current	37,044	174,589
Accounts payable	3,587,322	2,451,891
Accrued employee compensation	2,748,891	2,405,887
Payroll taxes and withholdings	627,243	956,890
Accrued interest	56,262	71,878
Total current liabilities	9,625,823	8,567,270
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, noncurrent	6,103,547	8,492,467
Lease liability, noncurrent	493,858	491,689
IT subscription liability, noncurrent	70,049	107,093
Net pension liability	8,945,204	12,029,834
Net OPEB liability	157,386	130,892
Total long-term liabilities	15,770,044	21,251,975
<b>Total liabilities</b>	<b>25,395,867</b>	<b>29,819,245</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable property tax revenue	961,000	965,000
Pension related deferred inflows	582,873	74,589
OPEB related deferred inflows	96,060	112,107
Total deferred inflows of resources	1,639,933	1,151,696
<b>NET POSITION</b>		
Net investment in capital assets	12,205,342	10,672,999
Restricted		
By bond indenture agreement	1,095,880	1,076,906
For specific purpose by donors	428,415	390,961
Unrestricted	35,990,411	24,190,842
Total net position	49,720,048	36,331,708
Total liabilities and deferred inflows of resources	<b>\$ 76,755,848</b>	<b>\$ 67,302,649</b>

**Jefferson County Health Center**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

	<b>Year ended June 30</b>	
	<b>2025</b>	<b>2024</b>
<b>NET PATIENT SERVICE REVENUE</b> , net of provision for bad debts 2025 \$493,203; 2024 \$538,695	\$ 74,770,513	\$ 68,421,966
<b>OTHER REVENUE</b>	<u>3,166,368</u>	<u>2,094,611</u>
Total revenue	<u>77,936,881</u>	<u>70,516,577</u>
<b>OPERATING EXPENSES</b>		
Salaries	25,696,368	23,538,768
Employee benefits	6,282,784	6,140,623
Supplies and other expenses	31,597,723	29,841,169
Provision for depreciation and amortization	<u>3,136,907</u>	<u>3,780,394</u>
Total expenses	<u>66,713,782</u>	<u>63,300,954</u>
Operating income	<u>11,223,099</u>	<u>7,215,623</u>
<b>NONOPERATING GAINS (LOSSES)</b>		
Grant funding	27,570	393
County taxes	989,453	1,133,042
Investment income	887,138	456,707
Interest and amortization expense	(312,163)	(398,825)
Equity in income of joint venture investments	522,264	582,000
Gain (loss) on sale of property and equipment	<u>20,200</u>	<u>(6,462)</u>
Total nonoperating gains (losses)	<u>2,134,462</u>	<u>1,766,855</u>
Excess of revenues over expenses before contributions	13,357,561	8,982,478
<b>CONTRIBUTIONS</b>	<u>30,779</u>	<u>29,568</u>
Change in net position	13,388,340	9,012,046
<b>TOTAL NET POSITION</b>		
Beginning	<u>36,331,708</u>	<u>27,319,662</u>
Ending	<u>\$ 49,720,048</u>	<u>\$ 36,331,708</u>

See Notes to Financial Statements.

**Jefferson County Health Center  
STATEMENTS OF CASH FLOWS**

	<b>Year ended June 30</b>	
	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from patients and third-party payors	\$ 76,083,663	\$ 62,912,005
Cash paid to suppliers for goods and services	(32,276,179)	(37,908,471)
Cash paid to employees for services	(31,498,040)	(23,378,537)
Other operating revenue received	2,791,070	2,094,611
Net cash flows from operating activities	15,100,514	3,719,608
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Grant funding received	27,570	393
County taxes received	989,453	1,133,042
Net cash flows from noncapital financing activities	1,017,023	1,133,435
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets and construction in progress	(1,905,308)	(432,023)
Principal payments on long-term debt	(2,326,735)	(3,038,171)
Principal payments on leases	(188,255)	(173,363)
Principal payments on IT subscriptions	(174,589)	(186,632)
Proceeds from sale of capital assets	20,200	19,101
Interest paid on long-term debt	(312,163)	(430,534)
Contributions restricted for purchase of capital assets	30,779	29,568
Net cash flows from capital and related financing activities	(4,856,071)	(4,212,054)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Distributions from investments in joint ventures	-	250,000
Investment income received	887,138	456,707
Net cash flows from investing activities	887,138	706,707
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	12,148,604	1,347,696
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning	16,205,307	14,857,611
Ending	<b>\$ 28,353,911</b>	<b>\$ 16,205,307</b>

See Notes to Financial Statements.

**Jefferson County Health Center**  
**STATEMENTS OF CASH FLOWS (continued)**

	<b>Year ended June 30</b>	
	<b>2025</b>	<b>2024</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 11,223,099	\$ 7,215,623
Adjustments to reconcile operating income to net cash flows from operating activities		
Provision for depreciation and amortization	3,136,907	3,780,394
Change in assets, liabilities, deferred outflows and deferred inflows		
Patient receivables	(1,927,850)	(318,285)
Other receivables, net of noncapital financing activities	(531,544)	(612,123)
Inventories	(205,058)	(36,491)
Prepaid expenses	41,245	(88,773)
Deferred outflows of resources	1,555,442	(1,286,375)
Accounts payable, net of capital assets payable	1,119,815	(323,609)
Accrued employee compensation	343,004	160,231
Payroll taxes and withholdings	(329,647)	(70,082)
Net estimated third-party payor settlements	3,241,000	(5,198,000)
Net pension asset/liability	(3,084,630)	1,730,152
Deferred inflows of resources	492,237	(1,192,241)
Net OPEB liability	26,494	(40,813)
Net cash flows from operating activities	<b>\$ 15,100,514</b>	<b>\$ 3,719,608</b>
 <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</b>		
Per statement of net position		
Current assets	\$ 26,829,616	\$ 14,737,440
Assets whose use is limited		
Restricted by bond indenture agreement	1,095,880	1,076,906
Restricted by donors for specific purpose	428,415	390,961
Total per statement of cash flows	<b>\$ 28,353,911</b>	<b>\$ 16,205,307</b>
 <b>SCHEDULE OF NONCASH NONCAPITAL FINANCING ACTIVITIES</b>		
Acquisition of right of use assets through leases	<b>\$ 191,165</b>	<b>\$ —</b>

See Notes to Financial Statements.

**Jefferson County Health Center**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**

The Health Center is a county public hospital organized under Chapter 347, Code of Iowa, not subject to taxes on income or property, and receives tax support from Jefferson County, which is governed by a seven member Board of Trustees.

**Reporting Entity**

For financial reporting purposes, Jefferson County Health Center has included all funds, organizations, agencies, boards, commissions and authorities that are not legally separate. The Health Center 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 Health Center are such that exclusion would cause the Health Center's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board 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 Health Center 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 Health Center. These criteria also include organizations that are fiscally dependent on the Health Center. Jefferson County Health Center has no material component units which meet the Governmental Accounting Standards Board criteria.

**Measurement Focus and Basis of Accounting**

The Health Center is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether the Health Center is better or worse off economically as a result of events and transactions of the period.

The financial statements have been prepared in accordance with accounting principles which are applicable to health care proprietary funds of a governmental entity. The Health Center uses the accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

**Accounting Standards**

The Health Center has elected to apply all applicable Governmental Accounting Standards Board (GASB) pronouncements.

**Cash and Cash Equivalents**

Cash and cash equivalents include money market funds and certificates of deposit.

**Inventories**

Inventories are stated at cost, based on the first-in, first-out method.

**Property Tax Receivable**

Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify the budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

**Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Capital Assets**

Capital asset acquisitions are recorded at cost. Capital assets donated for Health Center operations are recorded at fair value at the date of receipt. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method using these asset lives:

Land improvements	5 to 25 years
Buildings	5 to 40 years
Equipment	3 to 20 years

Capital assets include right-of-use assets acquired through leasing and IT subscription agreements. The right-of-use assets are initially measured at an amount equal to the initial measurement of the related liability plus payments made prior to the agreement term, less incentives, and plus ancillary charges necessary to place the assets into service. The right-of-use assets are depreciated on a straight-line basis over the life of the agreements.

**Acquired Intangible Assets, Net**

Intangible assets acquired in connection with the purchase of a medical clinic are being amortized over a ten year period using the straight-line basis.

**Investment to Joint Ventures**

Investments in certain partnerships are accounted for using the equity method under which the net income of the partnerships is recognized as investment income and added to the investment account.

**Pensions**

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension income/expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. 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.

**OPEB Liability**

For purposes of measuring the OPEB liability, deferred outflows and inflows of resources related to OPEB and OPEB expense, information has been determined based on the Health Center's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

**Deferred Outflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to OPEB expense, pension income/expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

**Jefferson County Health Center**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the statement of net position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of items related to the Health Center's pension plan and OPEB.

**Net Position**

Net position is presented in the following components:

**Net investment in capital assets**

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of long-term liabilities that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted**

Restricted net position consists of funds on which constraints have been externally imposed by creditors (such as through debt covenants) grantors or contributors, or laws or regulations of other governments.

**Unrestricted**

Unrestricted net position has no externally imposed restrictions on use.

When both restricted and unrestricted net position are available for use, generally it is the Health Center's policy to use restricted net position first.

**Charity Care**

The Health Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Health Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

**Net Patient Service Revenue**

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

**Revenues, Expenses, and Changes in Net Position**

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as operating revenues and expenses. Revenues and expenses reported as nonoperating include county tax revenues and other subsidies, interest income and expense, equity in income of joint venture investments, gain or loss on sale of assets and contributions.

**Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Costs of Borrowing**

Costs of borrowing are expensed in the year incurred.

**Credit Policy**

The Health Center grants credit to patients, substantially all of whom are county residents.

**Accounting Estimates and Assumptions**

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

**NOTE 2 CASH AND INVESTMENTS**

The Health Center's deposits in banks at June 30, 2025 were covered by federal depository insurance, or the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Health Center is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; warrants or improvement certificates of a drainage district and common stocks.

The primary objectives of the Health Center's investment policy include the safety and preservation of principal in the overall investment portfolio, the maintenance of necessary liquidity to match expected liabilities, and obtaining a reasonable return. Funds not identified as operating funds may be invested in investments with maturities longer than three hundred ninety-seven days, provided that the maturities shall be consistent with the needs and use of the Health Center.

**NOTE 3 PATIENT RECEIVABLES**

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

	<b>June 30</b>	
	<b>2025</b>	<b>2024</b>
Receivable from patients	\$ 724,705	\$ 894,411
Receivable from insurance carriers	6,321,801	4,936,330
Receivable from Medicare	8,345,130	6,779,931
Receivable from Medicaid	1,662,210	1,168,124
Total patient receivables	17,053,846	13,778,796
Less allowances for contractual and other adjustments	7,269,200	5,922,000
Totals	\$ 9,784,646	\$ 7,856,796

**Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 ASSETS RESTRICTED BY BOND INDENTURE AGREEMENT**

Assets restricted by the bond indenture agreement include funds that are required to be funded under the terms of the agreement. The current agreement requires the maintenance of a Bond Sinking Fund. There are provisions outlined in the agreement regarding deposit requirements in the various funds. Following are the changes in these funds for the years ended June 30, 2025 and 2024:

	<b>Year ended June 30</b>	
	<b>2025</b>	<b>2024</b>
Balance, beginning	\$ 1,076,906	\$ 1,729,913
Deposits	2,533,263	2,650,687
Investment income	23,653	26,086
Principal payments	(2,235,000)	(2,950,000)
Interest payments	(302,942)	(379,780)
Balance, ending	<u>\$ 1,095,880</u>	<u>\$ 1,076,906</u>

**NOTE 5 CAPITAL ASSETS**

A summary of changes in capital assets for the years ended June 30, 2025 follows:

	<b>Beginning balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Ending balance</b>
Land	\$ 1,133,690	\$ -	\$ -	\$ -	\$ 1,133,690
Land improvements	2,585,424	-	-	-	2,585,424
Buildings	43,520,166	31,569	-	-	43,551,735
Equipment	26,434,858	1,889,660	-	65,500	28,390,018
Right-of-use leased assets	1,028,135	191,165	-	-	1,219,300
Right-of-use IT subscription assets	711,738	-	(204,985)	-	506,753
Construction and equipment installations in progress	54,421	11,079	-	(65,500)	-
Totals	<u>75,468,432</u>	<u>2,123,473</u>	<u>(204,985)</u>	<u>-</u>	<u>77,386,920</u>
Less accumulated depreciation	<u>(53,023,460)</u>	<u>(3,089,544)</u>	<u>204,985</u>	<u>-</u>	<u>(55,908,019)</u>
Net capital assets	<u>\$22,444,972</u>	<u>\$ (966,071)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$21,478,901</u>

A summary of changes in capital assets for the years ended June 30, 2024 follows:

	<b>Beginning balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Ending balance</b>
Land	\$ 1,133,690	\$ -	\$ -	\$ -	\$ 1,133,690
Land improvements	2,585,424	-	-	-	2,585,424
Buildings	43,409,319	110,847	-	-	43,520,166
Equipment	26,067,178	293,306	(81,317)	155,691	26,434,858
Right-of-use leased assets	1,028,135	-	-	-	1,028,135
Right-of-use IT subscription assets	711,738	-	-	-	711,738
Construction and equipment installations in progress	182,242	27,870	-	(155,691)	54,421
Totals	<u>75,117,726</u>	<u>432,023</u>	<u>(81,317)</u>	<u>-</u>	<u>75,468,432</u>
Less accumulated depreciation	<u>(49,397,415)</u>	<u>(3,681,799)</u>	<u>55,754</u>	<u>-</u>	<u>(53,023,460)</u>
Net capital assets	<u>\$25,720,311</u>	<u>\$ (3,249,776)</u>	<u>\$ (25,563)</u>	<u>\$ -</u>	<u>\$22,444,972</u>

**Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 LONG TERM DEBT, LEASE LIABILITY AND IT SUBSCRIPTION LIABILITY**

**Long-Term Debt**

Long-term debt is summarized as follows:

	<b>June 30</b>	
	<b>2025</b>	<b>2024</b>
Jefferson County Hospital Revenue Refunding Bonds, Series 2016B	\$ 8,360,000	\$ 10,595,000
Notes payable, equipment	132,338	224,073
	8,492,338	10,819,073
Less current maturities	(2,388,791)	(2,326,606)
	\$ 6,103,547	\$ 8,492,467

Jefferson County Hospital Revenue Refunding Bonds, Series 2016B

The Health Center issued Jefferson County Hospital Revenue Refunding Bonds, Series 2016B dated August 1, 2016. The bonds mature serially through August 2028. Interest is payable February 1st, and August 1st, each year at the annual rate of 3%. The bonds are callable at the option of the Health Center at par plus accrued interest.

Notes Payable Equipment

The Health Center has notes payable to finance equipment. The notes are payable in monthly installments through March 2027. Interest on the notes ranges from 2.7% to 3.9%. The notes are collateralized by the equipment purchased.

As to the above Hospital Revenue Bonds, the Health Center has pledged all future revenue to pay the principal and interest. The Bonds were issued to finance capital improvements of the Health Center and to provide financing for the constructing and equipping of a replacement Health Center. The revenues are pledged through August 2028. The remaining principal and interest on the obligations as of June 30, 2025 is approximately \$8,869,000 based on the payment schedules as of June 30, 2025. The following is a comparison of the pledged revenues and the principal and interest requirements of the Bonds for the years ended June 30, 2025 and 2024:

	<b>Year ended June 30</b>	
	<b>2025</b>	<b>2024</b>
Change in net position	\$ 13,388,340	\$ 9,012,046
Provision for depreciation and amortization	3,136,907	3,780,394
Interest and amortization expense	312,163	398,825
IPERS and OPEB adjustments	(1,010,457)	(788,445)
(Gain) loss on sale of property and equipment	(20,200)	6,462
	\$ 15,806,753	\$ 12,409,282
Pledged revenues		
	\$ 2,552,625	\$ 3,327,745
Principal and interest requirements		

**Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 LONG TERM DEBT, LEASE LIABILITY AND IT SUBSCRIPTION LIABILITY (continued)**

Principal and interest maturities of long-term debt at June 30, 2025 are summarized as follows:

<u>Year ending June 30</u>	<u>Revenue Bonds</u>		<u>Equipment Notes</u>		<u>Totals</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,300,000	\$ 233,700	\$ 88,791	\$ 4,383	\$ 2,388,791	\$ 238,083	\$ 2,626,874
2027	2,370,000	164,175	43,547	1,076	2,413,547	165,251	2,578,798
2028	2,440,000	92,550	–	–	2,440,000	92,550	2,532,550
2029	1,250,000	18,750	–	–	1,250,000	18,750	1,268,750
Total	8,360,000	509,175	132,338	5,459	8,492,338	514,634	9,006,972
Less current maturities	2,300,000	233,700	88,791	4,383	2,388,791	238,083	2,626,874
Total long-term debt	<u>\$ 6,060,000</u>	<u>\$ 275,475</u>	<u>\$ 43,547</u>	<u>\$ 1,076</u>	<u>\$ 6,103,547</u>	<u>\$ 276,551</u>	<u>\$ 6,380,098</u>

A summary of changes in long-term debt for the year ended June 30, 2025 follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Principal payments</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Hospital Revenue Bonds (Series 2016B)	\$ 10,595,000	\$ –	\$ 2,235,000	\$ 8,360,000	\$ 2,300,000
Equipment notes payable	224,073	–	91,735	132,338	88,791
Totals	<u>\$ 10,819,073</u>	<u>\$ –</u>	<u>\$ 2,326,735</u>	<u>\$ 8,492,338</u>	<u>\$ 2,388,791</u>

A summary of changes in long-term debt for the year ended June 30, 2024 follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Principal payments</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Hospital Revenue Bonds (Series 2016B)	\$ 12,765,000	\$ –	\$ 2,170,000	\$ 10,595,000	\$ 2,235,000
Hospital Revenue Bonds (Series 2017)	780,000	–	780,000	–	–
Equipment notes payable	312,244	–	88,171	224,073	91,606
Totals	<u>\$ 13,857,244</u>	<u>\$ –</u>	<u>\$ 3,038,171</u>	<u>\$ 10,819,073</u>	<u>\$ 2,326,606</u>

**Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 LONG TERM DEBT, LEASE LIABILITY AND IT SUBSCRIPTION LIABILITY (continued)**

**Lease Liability and IT Subscription Liability**

The Health Center has entered into agreements to lease certain equipment and information technology. The terms of the agreements qualify as other than short-term and, therefore, have been recorded at the present value of the future minimum payments as of the date of their inception.

A summary of changes in these liabilities for the year ended June 30, 2025 is as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Principal payments</u>	<u>Ending balance</u>	<u>Interest expensed</u>
Lease liability	\$ 671,218	\$ 191,165	\$ 188,255	\$ 674,128	\$ 21,857
IT subscription liability	281,682	—	174,589	107,093	5,626
Totals	<u>\$ 952,900</u>	<u>\$ 191,165</u>	<u>\$ 362,844</u>	<u>\$ 781,221</u>	<u>\$ 27,483</u>

A summary of changes in these liabilities for the year ended June 30, 2024 is as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Principal payments</u>	<u>Ending balance</u>	<u>Interest expensed</u>
Lease liability	\$ 844,581	\$ —	\$ 173,363	\$ 671,218	\$ 26,245
IT subscription liability	468,314	—	186,632	281,682	12,213
Totals	<u>\$ 1,312,895</u>	<u>\$ —</u>	<u>\$ 359,995</u>	<u>\$ 952,900</u>	<u>\$ 38,458</u>

The future lease and subscription payments under these agreements as of June 30, 2025, were as follows:

	<u>Lease agreements</u>			<u>IT subscription agreements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 179,751	\$ 21,165	\$ 200,916	\$ 36,012	\$ 3,635	\$ 39,647
2027	172,327	15,019	187,346	37,293	2,354	39,647
2028	142,813	8,890	151,703	5,860	1,028	6,888
2029	75,192	5,223	80,415	6,068	819	6,887
2030	67,498	2,414	69,912	6,284	603	6,887
2031 to 2033	34,592	608	35,200	13,246	529	13,775
Totals	<u>\$ 672,173</u>	<u>\$ 53,319</u>	<u>\$ 725,492</u>	<u>\$ 104,763</u>	<u>\$ 8,968</u>	<u>\$ 113,731</u>

**Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 NET PATIENT SERVICE REVENUE**

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

**Medicare and Medicaid**

The Health Center is designated as a Critical Access Hospital. As a Critical Access Hospital, most services related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Health Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Health Center and audits thereof by the fiscal intermediary. The Iowa Medicaid Program has transitioned management of the program to managed care organizations. As a result, the Health Center is reimbursed using rates which are prospectively set by contracts with managed care organizations and is no longer subject to a final settlement based on actual costs incurred. The Health Center's classification of patients under the programs and the appropriateness of their admission are subject to an independent review by a peer review organization. The Health Center's Medicare cost reports have been audited by the Medicare fiscal intermediary through the year ended June 30, 2023.

**Other**

The Health Center has also entered into payment agreements with Wellmark and other certain commercial insurance carriers and preferred provider organizations. The basis for payment to the Health Center under these agreements includes prospectively determined rates per discharge and discounts from established charges.

**NOTE 8 CHARITY CARE**

The Health Center maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy and equivalent service statistics. The following information measures the level of charity care provided during the years ended June 30, 2025 and 2024.

	<u>Year ended June 30</u>	
	<u>2025</u>	<u>2024</u>
Charges foregone, based on established rates	<u>\$ 1,129,550</u>	<u>\$ 609,029</u>

**Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 PENSION PLAN**

**Plan Description**

IPERS membership is mandatory for employees of the Health Center, except for those covered by another retirement system. Employees of the Health Center are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

**Pension Benefits**

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age which is generally at age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a Regular member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

**Disability and Death Benefits**

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 PENSION PLAN (continued)**

**Contributions**

Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

Contribution rates, as a percentage of covered wages, were as follows for the years ended June 30, 2025 and 2024.

	<b>Regular members</b>		<b>Protection occupation members</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Member contribution rate	6.29%	6.29%	6.21%	6.21%
Health Center contribution rate	9.44%	9.44%	9.31%	9.31%
Total contribution rate	<u>15.73%</u>	<u>15.73%</u>	<u>15.52%</u>	<u>15.52%</u>

The Health Center's contributions to IPERS for the years ended June 30, 2025 and 2024 were \$2,319,971 and \$2,158,663, respectively.

**Net Pension Assets/Liabilities, Pension Income/Expense, and Deferred Outflows and Inflows of Resources Related to Pensions**

At June 30, 2025 and 2024, the Health Center reported a net pension liability of \$8,945,204 and \$12,029,834, respectively, for its proportionate share of the net pension asset/liability. The Health Center net pension asset/liability was measured as of June 30, 2024 and 2023, and the total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of those dates. The Health Center's proportion of the net pension asset/liability was based on the Health Center's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. The following table summarizes the change in the Health Center's proportionate share:

	<b>Measurement Date</b>		<b>Change</b>
	<b>June 30</b>		
	<b>2024</b>	<b>2023</b>	
Health Center's proportionate share	0.245646 %	0.266520 %	(0.020874)%

**Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 PENSION PLAN (continued)**

For the years ended June 30, 2025 and 2024, the Health Center recognized pension expense of \$1,304,845 and \$1,357,004, respectively. At June 30, 2025 and 2024, the Health Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Pension Related Deferred</b>			
	<b>Outflows of Resources</b>		<b>Inflows of Resources</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Difference between expected and actual experience	\$ 712,001	\$ 1,018,407	\$ 5,557	\$ 49,450
Change in assumptions	-	-	177	377
Net difference between projected and actual earnings on pension plan investments	111,884	1,115,217	-	-
Change in proportion and difference between Health Center contributions and proportionate share Center of contributions	752,312	1,165,101	577,139	24,762
Health Center contributions subsequent to the Center measurement date	<u>2,319,971</u>	<u>2,158,663</u>	<u>-</u>	<u>-</u>
<b>Totals</b>	<b><u>\$ 3,896,168</u></b>	<b><u>\$ 5,457,388</u></b>	<b><u>\$ 582,873</u></b>	<b><u>\$ 74,589</u></b>

\$2,319,971 reported as deferred outflows of resources related to pensions resulting from the Health Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension (income) expense as follows:

**Year ending June 30**

2026	\$ (932,613)
2027	2,325,266
2028	65,095
2029	(418,486)
2030	<u>(45,938)</u>
<b>Totals</b>	<b><u>\$ 993,324</u></b>

There were no non-employer contributing entities at IPERS.

**Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 PENSION PLAN (continued)**

**Actuarial Assumptions**

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions:

Rate of inflation	2.60% per annum
Rates of salary increase	3.25 to 16.25% average, including inflation
Long-term investment rate of return	7.00% compounded annually, net of investment expense, including inflation
Wage growth	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the June 30, 2024 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

The long-term expected rate of return on IPERS' investments was determined using a building block method in which best-estimate ranges of expected future real rates (expected returns, net of 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	21.0%	3.5%
International equity	13.0	5.2
Global smart beta equity	5.0	4.1
Core plus fixed income	25.5	3.0
Public credit	3.0	4.5
Cash	1.0	1.7
Private equity	17.0	8.9
Private real assets	9.0	4.3
Private credit	<u>5.5</u>	6.6
Total	<u>100.0%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Health Center will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 PENSION PLAN (continued)**

**Sensitivity of the Health Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Health Center's proportionate share of the net pension liability calculated using the current discount rate of 7 percent, as well as what the Health Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Health Center's proportionate share of the net pension liability (asset)	<u>\$ 21,953,068</u>	<u>\$ 8,945,204</u>	<u>\$ (1,948,952)</u>

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**Payables to the Pension Plan**

All legally required Health Center contributions and legally required employee contributions which had been withheld from employee wages were remitted by the Health Center to IPERS by June 30, 2025.

**NOTE 10 CONTINGENCIES**

The Health Center is insured by a claims-made policy for protection against liability claims resulting from professional services provided or which should have been provided. Coverage limits are up to \$1,000,000 per claim and up to \$3,000,000 in the aggregate, with umbrella coverage up to \$10,000,000.

The Health Center is from time to time subject to claims and suits alleging malpractice. In the opinion of management, the ultimate cost, if any, related to the resolution of such pending legal proceedings will be within the limits of insurance coverage and, accordingly, will not have a significant effect on the financial position or the results of operations of the Health Center.

Incidents occurring through June 30, 2025 may result in the assertion of additional claims. Other claims may be asserted arising from services provided to patients in the past. Management is unable to estimate the ultimate cost, if any, of the resolution of such potential claims and, accordingly, no accrual has been made for them; however, management believes that these claims, if asserted, would be settled within the limits of insurance coverage.

**NOTE 11 EMPLOYEE BENEFITS**

The Health Center is a member of Rural Iowa Community Health Alliance (RICHA) benefits plan which provides welfare benefits for virtually all employees. The multiple employer plan is funded through employer and employee contributions to RICHA. Premiums under the plan are recorded as employee benefit expenses when due and are included in fiscal and administrative and unassigned expenses. The Health Center is not liable for claims under this plan beyond the premiums paid.

**Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 12 HEALTH CENTER RISK MANAGEMENT**

The Health Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Health Center assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

**NOTE 13 ROBERT A. RYAN, M.D. ENDOWED SCHOLARSHIP FUND**

This fund was established through a donation received from Robert A. Ryan, M.D. The investment is to be maintained in perpetuity and the income only to be used for a nursing scholarship for a member of the senior class graduating from Fairfield High School, Fairfield, Iowa or from another high school in the area. At June 30, 2025 and 2024, the balance of the fund was \$97,259 and \$91,859, respectively.

**NOTE 14 CLINKINBEARD EDUCATION FUND**

This fund was established through a donation and is to be used for employees furthering their education. As of June 30, 2025 and 2024, the balance of the fund was \$331,156 and \$299,102 respectively.

**NOTE 15 INVESTMENT IN JOINT VENTURES**

The Health Center has varying interests in several joint ventures engaged in providing various health care services. The investments are accounted for using the equity method. The Health Center has recorded its share of the joint ventures' income of \$522,264 in 2025 and \$582,000 in 2024.

**NOTE 16 OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

The Health Center provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13.

**OPEB Benefits**

Individuals who are employed by the Health Center and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2025, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	<u>246</u>
Total	<u><u>247</u></u>

**Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 16 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

**Net OPEB Liability**

The Health Center's Net OPEB liability of \$157,386 and \$130,892 was measured as of June 30, 2025 and 2024, respectively, and was determined by an actuarial valuation as of July 1, 2024.

**Actuarial Assumptions**

The Net OPEB liability as of June 30, 2025 was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation	2.60% per year
Rates of salary increase	3.25% per year plus merit increases
Discount rate	5.20% per annum
Healthcare cost trend rate	8.0% decreasing by 0.25% per year to an ultimate rate of 4.5%.

The discount rate used to measure the Net OPEB liability was 5.20% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

**Changes in Net OPEB Liability**

	<b>Year ended June 30</b>	
	<b>2025</b>	<b>2024</b>
Net OPEB liability, beginning of year	\$ 130,892	\$ 171,705
Changes for the year		
Service cost	13,803	18,401
Interest on the Net OPEB liability	6,044	7,851
Changes in benefit terms	-	-
Differences between expected and actual experience	2,979	(67,135)
Changes in assumptions or other inputs	5,970	70
Benefit payments	(2,302)	-
Net OPEB liability, end of year	<u>\$ 157,386</u>	<u>\$ 130,892</u>

Changes in assumptions or other inputs for the year ended June 30, 2025 includes a change in the discount rate from 4.21% in fiscal year 2024 to 5.20% in fiscal year 2025.

**Sensitivity of the Health Center's Net OPEB Liability to Changes in the Discount Rate**

The following presents the Net OPEB liability of the Health Center, as well as what the Health Center's Net OPEB liability would be if it were calculated using a discount rate that is 1% lower or higher than the current discount rate.

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Health Center's Net OPEB liability	<u>\$ 169,695</u>	<u>\$ 157,386</u>	<u>\$ 145,673</u>

**Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 16 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

**Sensitivity of the Health Center's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the Net OPEB liability of the Health Center, as well as what the Health Center's Net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or higher than the current healthcare cost trend rates.

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Health Center's Net OPEB liability	\$ 137,259	\$ 157,386	\$ 181,474

**OPEB Expense and Deferred Outflows and Inflows of Resources**

For the years ended June 30, 2025 and 2024, the Health Center recognized OPEB expense of \$6,971 and \$12,382, respectively. At June 30, 2025 and 2024, the Health Center reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>		<b>Deferred Inflows of Resources</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Differences between expected and actual experience	\$ 2,648	\$ -	\$ 90,366	\$ 105,471
Changes in assumptions or other inputs	12,878	9,748	5,694	6,636
Totals	\$ 15,526	\$ 9,748	\$ 96,060	\$ 112,107

The amount reported as deferred outflows and inflows of resources related to OPEB will be recognized net of OPEB (income) expense as follows:

**Year ending June 30**

2026	\$ (12,876)
2027	(12,876)
2028	(12,870)
2029	(11,787)
2030	(11,786)
Thereafter	(18,339)
Total	\$ (80,534)

**NOTE 17 TAX ABATEMENTS**

The City of Fairfield, Iowa has entered into certain tax abatement agreements to encourage urban renewal projects in designated areas. As a result, property tax revenues available to the Health Center were reduced by approximately \$11,700 and \$7,700 for the years ended June 30, 2025 and 2024, respectively, under the agreements entered into by the City.

**Jefferson County Health Center  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 18 OTHER RECEIVABLES**

The Health Center has recorded as other receivables amounts loaned to physicians. The loans are collateralized by insurance loan agreements on insurance policies owned by the physicians where the Health Center has been assigned an interest by an instrument of assignment filed with an insurance company. The loans will be repaid by proceeds of the life insurance policies in a future period which cannot be determined as of June 30, 2025 and 2024.

**Required Supplementary Information**

**Jefferson County Health Center**  
**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION, BUDGET AND ACTUAL**  
**Year ended June 30, 2025**

In accordance with the Code of Iowa, the Board of Trustees annually adopts a budget for all funds following required public notice and hearings. The annual budget may be amended during the year utilizing similar statutorily-prescribed procedures. The Health Center prepares its annual budget on a basis (budget basis) which differs from generally accepted accounting principles (GAAP basis). The major difference between budget and GAAP bases is that IPERS pension and OPEB contributions are recorded on the budget basis, while IPERS pension income/expense and OPEB expense is recorded on the GAAP basis.

The following is a comparison of actual expenditures to budget:

	<u>GAAP Basis</u>	<u>Budget Basis Adjustments</u>	<u>Budget Basis</u>	<u>Amended County Hospital Budget</u>
Amount to be raised by taxation	\$ 989,453	\$ -	\$ 989,453	\$ 949,610
Other revenue/receipts	<u>79,112,669</u>	<u>312,163</u>	<u>79,424,832</u>	<u>65,053,335</u>
	80,102,122	312,163	80,414,285	66,002,945
Expenses/expenditures	<u>66,713,782</u>	<u>1,322,620</u>	<u>68,036,402</u>	<u>68,957,745</u>
Net	13,388,340	(1,010,457)	12,377,883	(2,954,800)
Balance, beginning	<u>36,331,708</u>	<u>6,724,040</u>	<u>43,055,748</u>	<u>28,108,861</u>
Balance, ending	<u>\$ 49,720,048</u>	<u>\$ 5,713,583</u>	<u>\$ 55,433,631</u>	<u>\$ 25,154,061</u>

**Jefferson County Health Center**  
**SCHEDULE OF CHANGES IN THE HEALTH CENTER'S NET OPEB LIABILITY,**  
**RELATED RATIOS AND NOTES**  
**Required Supplementary Information**

	<u>Year ended June 30</u>	
	<u>2025</u>	<u>2024</u>
Service cost	\$ 13,803	\$ 18,401
Interest on the Net OPEB liability	6,044	7,851
Changes in benefit terms	-	-
Differences between expected and actual experience	2,979	(67,135)
Changes in assumptions or other inputs	5,970	70
Benefit payments	<u>(2,302)</u>	<u>-</u>
Net change in Net OPEB liability	26,494	(40,813)
Net OPEB liability, beginning of year	<u>130,892</u>	<u>171,705</u>
Net OPEB liability, end of year	<u>\$ 157,386</u>	<u>\$ 130,892</u>
Covered-employee payroll	<u>\$ 21,046,131</u>	<u>\$ 17,446,142</u>
Net OPEB liability as a percentage of covered-employee payroll	0.7%	0.8%

**Notes to Schedule**

Changes in benefit terms

There were no significant changes in benefit terms.

Changes in assumptions or other inputs

Changes in assumptions or other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used for the period.

Year ended June 30, 2025	5.20%
Year ended June 30, 2024	4.21%
Year ended June 30, 2023	4.13%

**Jefferson County Health Center**  
**SCHEDULE OF THE HEALTH CENTER'S PROPORTIONATE SHARE**  
**OF THE NET PENSION ASSET/LIABILITY**  
**Iowa Public Employees' Retirement System**  
(In Thousands)  
**Required Supplementary Information**

	<b>June 30</b>									
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Health Center's net pension balance class	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability	Liability
Health Center's proportion of the net pension asset/liability	0.245646%	0.266520%	0.272612%	-0.095528%	0.226005%	0.221562%	0.224663%	0.272730%	0.184474%	0.166762%
Health Center's proportionate share of the net pension asset/liability	\$ 8,945	\$ 12,030	\$ 10,300	\$ 330	\$ 15,876	\$ 12,830	\$ 14,217	\$ 13,807	\$ 11,610	\$ 8,239
Health Center's total payroll	\$ 25,696	\$ 23,539	\$ 23,565	\$ 23,624	\$ 20,405	\$ 18,889	\$ 17,180	\$ 17,432	\$ 16,339	\$ 14,037
Health Center's proportionate share of the net pension asset/liability as a percentage of its total payroll	35%	51%	44%	1%	78%	68%	83%	79%	71%	59%
Plan fiduciary net position as a percentage of the total pension asset/liability	92%	90%	91%	101%	83%	85%	83%	82%	81%	85%

See accompanying notes to required supplementary information – net pension asset/liability.

**Jefferson County Health Center**  
**SCHEDULE OF HEALTH CENTER PENSION CONTRIBUTIONS**  
**Iowa Public Employees' Retirement System**  
(In Thousands)  
**Required Supplementary Information**

	Year ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 2,320	\$ 2,159	\$ 2,136	\$ 2,089	\$ 1,813	\$ 1,635	\$ 1,595	\$ 1,501	\$ 1,386	\$ 1,187
Contributions in relation to the statutorily required contribution	\$ 2,320	\$ 2,159	\$ 2,136	\$ 2,089	\$ 1,813	\$ 1,635	\$ 1,595	\$ 1,501	\$ 1,386	\$ 1,187
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Health Center's total payroll	<u>\$ 25,696</u>	<u>\$ 23,539</u>	<u>\$ 23,565</u>	<u>\$ 23,624</u>	<u>\$ 20,405</u>	<u>\$ 18,889</u>	<u>\$ 17,180</u>	<u>\$ 17,432</u>	<u>\$ 16,339</u>	<u>\$ 14,037</u>
Contributions as a percentage of total payroll	9.0%	9.2%	9.1%	8.8%	8.9%	8.7%	9.3%	8.6%	8.5%	8.5%

See accompanying notes to required supplementary information – net pension asset/liability.

**Jefferson County Health Center**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – NET PENSION ASSET/LIABILITY**  
**Year ended June 30, 2025**

**CHANGES OF BENEFIT TERMS**

There were no significant changes in benefit terms.

**CHANGES OF ASSUMPTIONS**

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased in inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

## **Other Supplementary Information**

**Jefferson County Health Center  
ANALYSIS OF PATIENT RECEIVABLES**

<b>Age of accounts (by date of discharge)</b>	<b>Amounts</b>		<b>Percent to Total</b>	
	<b>June 30</b>		<b>June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
0 – 30 days (includes patients in Health Center at end of year)	\$ 9,966,807	\$ 8,527,349	58.4%	61.9%
31 – 60 days	2,627,008	1,955,373	15.4%	14.2%
61 – 90 days	991,237	828,684	5.8%	6.0%
Over 90 days	3,468,794	2,467,390	20.3%	17.9%
	17,053,846	13,778,796	100.0%	100.0%
Allowances				
Contractual				
Medicare	3,928,900	3,165,800		
Medicaid	904,900	765,500		
Commercial insurance	2,197,900	1,699,400		
Uncollectibles	174,000	241,100		
Physician Clinics	63,500	50,200		
Total allowances	7,269,200	5,922,000		
Totals	\$ 9,784,646	\$ 7,856,796		
Net patient service revenue per calendar day	\$ 204,851	\$ 187,457		
Days net patient service revenue in accounts receivable	48	42		

**ANALYSIS OF ALLOWANCE FOR  
UNCOLLECTIBLES**

	<b>Amounts</b>		<b>Percent of net patient service revenue</b>	
	<b>Year ended June 30</b>		<b>Year ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>BALANCE</b> , beginning	\$ 241,100	\$ 511,400		
<b>ADD</b>				
Provision for bad debts	493,203	538,695	0.7%	0.8%
<b>DEDUCT</b>				
Accounts written off net of recoveries	(560,303)	(808,995)	0.7%	1.2%
<b>BALANCE</b> , ending	\$ 174,000	\$ 241,100		

**Jefferson County Health Center  
PATIENT SERVICE REVENUE**

	<u>Year ended June 30, 2025</u>			<u>Year ended June 30, 2024</u>		
	<u>Inpatient</u>	<u>Outpatient</u>	<u>Total</u>	<u>Inpatient</u>	<u>Outpatient</u>	<u>Total</u>
<b>DAILY PATIENT SERVICES</b>						
Medical and surgical	\$ 2,136,022	\$ 1,691,136	\$ 3,827,158	\$ 2,101,807	\$ 1,815,395	\$ 3,917,202
Critical care unit	196,785	-	196,785	134,685	-	134,685
Swing bed	896,499	-	896,499	735,232	-	735,232
	<u>3,229,306</u>	<u>1,691,136</u>	<u>4,920,442</u>	<u>2,971,724</u>	<u>1,815,395</u>	<u>4,787,119</u>
<b>OTHER NURSING SERVICES</b>						
Operating and recovery rooms	382,834	11,195,811	11,578,645	887,033	9,502,431	10,389,464
Central supply	151,159	67,770	218,929	133,018	42,302	175,320
Emergency services	6,231	9,821,505	9,827,736	1,984	9,017,263	9,019,247
	<u>540,224</u>	<u>21,085,086</u>	<u>21,625,310</u>	<u>1,022,035</u>	<u>18,561,996</u>	<u>19,584,031</u>
<b>OTHER PROFESSIONAL SERVICES</b>						
Laboratory and blood bank	859,435	19,932,304	20,791,739	899,287	17,786,458	18,685,745
Electrocardiology	34,879	1,309,607	1,344,486	32,324	1,284,679	1,317,003
Radiology	258,977	5,731,085	5,990,062	178,818	5,344,050	5,522,868
CT scans	586,582	9,662,923	10,249,505	507,765	8,829,934	9,337,699
PET scans	-	308,965	308,965	-	282,945	282,945
Magnetic resonance imaging	140,405	3,548,465	3,688,870	164,843	3,572,983	3,737,826
Pharmacy	679,260	25,982,846	26,662,106	596,354	27,147,308	27,743,662
Anesthesiology	133,664	4,511,433	4,645,097	283,472	3,395,521	3,678,993
Respiratory therapy	524,353	610,732	1,135,085	410,707	566,939	977,646
Physical therapy	388,032	3,201,221	3,589,253	303,185	2,138,237	2,441,422
Speech therapy	124,978	562,371	687,349	92,051	642,691	734,742
Occupational therapy	298,061	800,902	1,098,963	236,542	770,466	1,007,008
Oncology	-	1,019,263	1,019,263	2,079	1,107,103	1,109,182
Medical arts	-	11,644,076	11,644,076	-	11,142,130	11,142,130
Physician clinic	5,529	2,744,807	2,750,336	22,018	1,579,591	1,601,609
Richland clinic	-	515,899	515,899	-	509,883	509,883
Sleep lab	-	859,368	859,368	-	933,391	933,391
Ophthalmology	-	-	-	-	1,959	1,959
Pediatrics	-	6,810	6,810	-	3,897	3,897
Rheumatology	-	470,736	470,736	-	579,566	579,566
Pain management	-	368,639	368,639	-	120,894	120,894
	<u>4,034,155</u>	<u>93,792,452</u>	<u>97,826,607</u>	<u>3,729,445</u>	<u>87,740,625</u>	<u>91,470,070</u>
Totals	<u>\$ 7,803,685</u>	<u>\$116,568,674</u>	124,372,359	<u>\$ 7,723,204</u>	<u>\$108,118,016</u>	115,841,220
Charity care charges foregone			(1,129,550)			(609,029)
Total gross patient service revenue			123,242,809			115,232,191
Provisions for contractual and other adjustments			(48,472,296)			(46,810,225)
Net patient service revenue			<u>\$ 74,770,513</u>			<u>\$ 68,421,966</u>

**Jefferson County Health Center  
PROVISIONS FOR CONTRACTUAL AND OTHER ADJUSTMENTS**

	<b>Year ended June 30</b>	
	<b>2025</b>	<b>2024</b>
Contractual adjustments		
Medicare	\$ 34,536,243	\$ 30,486,095
Medicaid	(6,662,664)	(2,898,162)
Wellmark	13,031,453	13,608,899
Provision for bad debts	493,203	538,695
Discounts and other adjustments	<u>7,074,061</u>	<u>5,074,698</u>
 Totals	 <u>\$ 48,472,296</u>	 <u>\$ 46,810,225</u>

**OTHER REVENUE**

	<b>Year ended June 30</b>	
	<b>2025</b>	<b>2024</b>
340(b) program revenue	\$ 2,002,902	\$ 1,496,021
Employee and guest meals	256,126	243,205
Specialty clinics rent	71,364	50,444
Rental income, net	132,782	149,139
Miscellaneous, net	<u>703,194</u>	<u>155,802</u>
 Totals	 <u>\$ 3,166,368</u>	 <u>\$ 2,094,611</u>

**Jefferson County Health Center  
EXPENSES**

	Year ended June 30, 2025			Year ended June 30, 2024		
	Salaries	Other	Total	Salaries	Other	Total
<b>NURSING</b>						
Administrative	\$ 267,482	\$ 58,583	\$ 326,065	\$ 249,199	\$ 23,987	\$ 273,186
Medical and surgical	3,054,530	1,631,257	4,685,787	2,664,135	1,182,867	3,847,002
Critical care unit	45,107	-	45,107	45,891	-	45,891
Operating and recovery rooms	1,335,412	1,280,310	2,615,722	1,220,010	1,371,335	2,591,345
Central supply	85,909	38,302	124,211	71,298	52,708	124,006
Emergency services	1,396,051	2,599,136	3,995,187	1,363,540	2,478,269	3,841,809
Total nursing	<u>6,184,491</u>	<u>5,607,588</u>	<u>11,792,079</u>	<u>5,614,073</u>	<u>5,109,166</u>	<u>10,723,239</u>
<b>OTHER PROFESSIONAL</b>						
Laboratory and blood bank	928,093	2,670,770	3,598,863	865,559	1,884,378	2,749,937
Electrocardiology	68,795	25,889	94,684	68,561	28,474	97,035
Radiology	957,840	631,057	1,588,897	835,754	719,135	1,554,889
CT scans	-	117,284	117,284	-	112,776	112,776
PET scans	-	54,960	54,960	-	72,831	72,831
Magnetic resonance imaging	-	197,834	197,834	-	162,645	162,645
Pharmacy	562,807	10,345,101	10,907,908	499,071	11,422,603	11,921,674
Anesthesiology	-	776,450	776,450	-	682,500	682,500
Ophthalmology	-	-	-	-	2,921	2,921
Respiratory therapy	288,647	47,749	336,396	244,347	41,465	285,812
Physical therapy	606,982	285,035	892,017	498,277	174,521	672,798
Speech therapy	176,025	12,665	188,690	173,588	1,711	175,299
Occupational therapy	246,057	4,880	250,937	236,487	3,480	239,967
Physicians clinic	1,715,213	75,154	1,790,367	1,444,182	27,245	1,471,427
Fairfield clinic	-	33,075	33,075	-	21,175	21,175
Richland clinic	266,241	73,970	340,211	265,841	50,011	315,852
Medical records	580,359	102,288	682,647	579,591	90,407	669,998
Quality assurance	578,763	14,152	592,915	597,016	17,379	614,395
Medical Arts	6,719,111	949,409	7,668,520	6,392,788	1,012,003	7,404,791
Sleep lab	128,246	20,201	148,447	120,923	20,787	141,710
Rheumatology	87,912	174,964	262,876	85,203	214,395	299,598
Oncology	452,927	947,698	1,400,625	423,799	917,770	1,341,569
Dialysis	9,501	4,381	13,882	10,300	5,071	15,371
Pain management	14,596	146,856	161,452	4,489	62,546	67,035
Ottumwa clinic	-	6,175	6,175	-	-	-
Total other professional	<u>14,388,115</u>	<u>17,717,997</u>	<u>32,106,112</u>	<u>13,345,776</u>	<u>17,748,229</u>	<u>31,094,005</u>
<b>GENERAL</b>						
Dietary	663,762	411,316	1,075,078	639,385	351,432	990,817
Plant operation and maintenance	634,635	1,270,998	1,905,633	561,368	1,449,359	2,010,727
Housekeeping	533,804	67,966	601,770	471,085	59,263	530,348
Laundry and linen	-	2,142	2,142	-	172,594	172,594
Total general	<u>1,832,201</u>	<u>1,752,422</u>	<u>3,584,623</u>	<u>1,671,838</u>	<u>2,032,648</u>	<u>3,704,486</u>

**Jefferson County Health Center  
EXPENSES (continued)**

	Year ended June 30, 2025			Year ended June 30, 2024		
	Salaries	Other	Total	Salaries	Other	Total
<b>FISCAL AND ADMINISTRATIVE</b>						
Administrative	799,065	437,855	1,236,920	651,698	348,944	1,000,642
Fiscal and accounting	1,263,421	3,848,178	5,111,599	1,153,439	2,882,285	4,035,724
Purchasing and stores	194,045	24,947	218,992	184,153	27,893	212,046
Public relations	141,148	188,960	330,108	138,417	134,449	272,866
Data processing	737,726	971,197	1,708,923	626,054	858,639	1,484,693
Human resources	156,156	22,221	178,377	153,320	37,804	191,124
Physician recruiting	-	378,138	378,138	-	71,072	71,072
Insurance	-	648,220	648,220	-	590,040	590,040
Total fiscal and administrative	<u>3,291,561</u>	<u>6,519,716</u>	<u>9,811,277</u>	<u>2,907,081</u>	<u>4,951,126</u>	<u>7,858,207</u>
<b>EMPLOYEE BENEFITS</b>						
FICA	-	1,708,713	1,708,713	-	1,590,438	1,590,438
IPERS	-	1,304,845	1,304,845	-	1,357,004	1,357,004
Group health insurance	-	3,106,747	3,106,747	-	2,940,754	2,940,754
Group disability insurance	-	-	-	-	60,556	60,556
Workers' compensation	-	95,366	95,366	-	112,625	112,625
Other employee benefits	-	67,113	67,113	-	79,246	79,246
Total employee benefits	<u>-</u>	<u>6,282,784</u>	<u>6,282,784</u>	<u>-</u>	<u>6,140,623</u>	<u>6,140,623</u>
<b>PROVISION FOR DEPRECIATION AND AMORTIZATION</b>	<u>-</u>	<u>3,136,907</u>	<u>3,136,907</u>	<u>-</u>	<u>3,780,394</u>	<u>3,780,394</u>
Total expenses	<u>\$ 25,696,368</u>	<u>\$ 41,017,414</u>	<u>\$ 66,713,782</u>	<u>\$ 23,538,768</u>	<u>\$ 39,762,186</u>	<u>\$ 63,300,954</u>

## Other Information

**Jefferson County Health Center**  
**COMPARATIVE STATISTICS, UTILIZATION AND OTHER INFORMATION**  
(unaudited)

		<b>Year ended June 30</b>		
		<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Staffed Beds</b>		25	25	25
<b>Patient Days</b>	Adult and pediatric	1,406	1,747	2,001
	Swing bed	1,206	956	1,292
<b>Admissions</b>	Adult and pediatric	404	460	576
	Swing bed	106	92	133
<b>Percent Occupancy</b>	Adult and pediatric	15.41%	19.09%	21.93%
<b>Outpatient Surgeries</b>		1,917	1,474	1,008
<b>Outpatient visits</b>		103,629	133,114	133,708
<b>Adopted County Budgets</b>				

<b>Purpose</b>	<b>Budget year June 30</b>			
	<b>2026</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Ambulance	\$ —	\$ 282,673	\$ 266,646	\$ 261,110
General	288,777	282,673	266,646	261,110
Insurance	—	—	—	—
FICA	395,150	401,259	378,510	370,648
IPERS	277,145	277,145	455,886	256,004
<b>Total budget</b>	<b><u>\$ 961,072</u></b>	<b><u>\$ 1,243,750</u></b>	<b><u>\$ 1,367,688</u></b>	<b><u>\$ 1,148,872</u></b>
Net Taxable Value (in thousands)	\$ 1,057,364	\$ 1,034,445	\$ 974,938	\$ 954,454

		<b>Year ended June 30</b>		
		<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Key Operating Ratios</b>	Net days revenue in accounts receivable	48	42	49
	Current ratio	4.49	3.76	2.64
	Debt service coverage ratio	5.60	3.48	1.32
	Ratio of operating expense to operating revenues	0.86	0.90	1.01
	Days cash on hand	151	89	81
<b>Investment Position</b>	Unrestricted cash and investments	<b><u>\$ 26,829,616</u></b>	<b><u>\$ 14,737,440</u></b>	<b><u>\$ 12,772,943</u></b>
	Cash operating expenses:			
	Total operating expenses	\$ 66,713,782	\$ 63,300,954	\$ 59,251,131
	Add: interest expense	312,163	398,825	484,048
	Less: Depreciation and amortization	(3,136,907)	(3,780,394)	(3,996,055)
	IPERS and OPEB adjustments	1,010,457	788,445	1,664,649
		<b><u>\$ 64,899,495</u></b>	<b><u>\$ 60,707,830</u></b>	<b><u>\$ 57,403,773</u></b>
	Daily cash expenses	<b><u>\$ 177,807</u></b>	<b><u>\$ 165,868</u></b>	<b><u>\$ 157,271</u></b>
	Days cash on hand	<b><u>151</u></b>	<b><u>89</u></b>	<b><u>81</u></b>

**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**

Board of Trustees  
Jefferson County Hospital  
d/b/a Jefferson County Health Center  
Fairfield, Iowa

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 Jefferson County Hospital d/b/a Jefferson County Health Center, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Health Center's basic financial statements, and have issued our report thereon dated October 3, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Health Center'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 Health Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Health Center'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 Health Center's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Health Center'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*.

Comments involving statutory and other legal matters about the Health Center's operations for the year ended June 30, 2025 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Health Center. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **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 Health Center'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 Health Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Denman CPA LLP*  
Denman CPA LLP

West Des Moines, Iowa  
October 3, 2025

**Jefferson County Health Center  
SCHEDULE OF FINDINGS  
Year ended June 30, 2025**

**Part I – Findings Relating to the Financial Statements**

No matters regarding significant deficiencies, material weaknesses or instances of noncompliance relative to the financial statements were reported.

**Part II – Findings Related to Required Statutory Reporting**

**25-II-A CERTIFIED COUNTY HOSPITAL BUDGET**

Based on a comparison of actual budget basis expenditures with County Hospital budgeted expenditures, it appears the Health Center did not exceed its County Hospital budget for the year ended June 30, 2025.

**25-II-B QUESTIONABLE EXPENDITURES**

No questionable expenditures of Health Center funds were noted.

**25-II-C TRAVEL EXPENSES**

No expenditures of Health Center money for travel expenses of spouses of Health Center officials and/or employees were noted.

**25-II-D BUSINESS TRANSACTIONS**

No business transactions were found between the Health Center and Health Center officials and/or employees.

**25-II-E BOARD MINUTES**

No transactions were found that we believe should have been approved in the Board minutes but were not.

**25-II-F DEPOSITS AND INVESTMENTS**

We noted no instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Health Center's investment policy.

**25-II-G RESTRICTED DONOR ACTIVITY**

No transactions were noted between the Health Center, Health Center officials, Health Center employees and restricted donors not in compliance with Chapter 68B of the Code of Iowa.