

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

FINANCIAL REPORT

June 30, 2024 and 2023

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**Jefferson County Health Center
OFFICIALS
June 30, 2024**

BOARD OF TRUSTEES

Expiration of term

Officers

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

December 31, 2024
December 31, 2026
December 31, 2024

Members

Angie Atwood
Julie Greeson
Bob Keller
Joseph Stever

December 31, 2026
December 31, 2024
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, 2024 and 2023, 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, 2024 and 2023, 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 November 21, 2024 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
November 21, 2024

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, 2024, 2023 and 2022. 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>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>
Total assets	\$ 61,835,513	\$ 57,538,079	\$ 4,297,434
Total assets whose use is limited	1,467,867	2,084,668	(616,801)
Total capital assets	22,444,972	25,720,311	(3,275,339)
Total current and long-term debt	10,819,073	13,850,693	(3,031,620)
Total liabilities	29,819,245	31,915,241	(2,095,996)
Total net position	36,331,708	27,319,662	9,012,046
Net patient service revenue	68,421,966	56,008,791	12,413,175
Total operating expenses	63,300,954	59,251,131	4,049,823
Change in net position	9,012,046	515,286	8,496,760

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

	Year ended June 30		
	2024	2023	2022
Current assets	\$ 32,245,775	\$ 25,551,619	\$ 28,886,619
Noncurrent assets whose use is limited	390,961	354,755	330,484
Capital assets	22,444,972	25,720,311	27,161,106
Other assets	6,753,805	5,911,394	5,387,655
Deferred outflows of resources	5,467,136	4,180,761	3,532,310
 Total assets and deferred outflows of resources	 <u>\$ 67,302,649</u>	 <u>\$ 61,718,840</u>	 <u>\$ 65,298,174</u>
Current liabilities	\$ 8,567,270	\$ 9,692,000	\$ 10,427,310
Noncurrent liabilities	21,251,975	22,223,241	14,793,662
Deferred inflows of resources	1,151,696	2,483,937	13,272,826
Net position	36,331,708	27,319,662	26,804,376
 Total liabilities, deferred inflows of resources and net position	 <u>\$ 67,302,649</u>	 <u>\$ 61,718,840</u>	 <u>\$ 65,298,174</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

	Year ended June 30		
	2024	2023	2022
Total revenue	\$ 70,516,577	\$ 58,494,363	\$ 56,912,891
Total expenses	63,300,954	59,251,131	58,150,604
Operating income (loss)	7,215,623	(756,768)	(1,237,713)
 Total nonoperating gains and contributions	 <u>1,796,423</u>	 <u>1,272,054</u>	 <u>3,289,858</u>
Change in net position	9,012,046	515,286	2,052,145
 Total net position, beginning	 <u>27,319,662</u>	 <u>26,804,376</u>	 <u>24,752,231</u>
Total net position, ending	<u>\$ 36,331,708</u>	<u>\$ 27,319,662</u>	<u>\$ 26,804,376</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, 2024, 2023 and 2022.

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 2024, 2023 and 2022.

	Year ended June 30		
	2024	2023	2022
Volume			
Patient days			
Adult and pediatric	1,747	2,001	2,785
Swing bed	956	1,292	1,011
Admissions			
Adult and pediatric	460	576	666
Swing bed	92	133	88
Average length of stay			
Adult and pediatric	3.8	3.5	4.2
Swing bed	10.4	9.7	11.5
Gross revenue			
Inpatient	\$ 7,723,204	\$ 10,622,653	\$ 14,626,655
Outpatient	108,118,016	96,756,246	86,123,773
Less charity care charges forgone	(609,029)	(531,487)	(459,632)
	<u>115,232,191</u>	<u>106,847,412</u>	<u>100,290,796</u>
Contractual and other adjustments	46,810,225	50,838,621	45,703,020
Percent of gross revenue	41%	48%	46%
Payor mix by percentage			
Medicare	53%	56%	55%
Medicaid	13%	13%	14%
Commercial insurance	33%	30%	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, 2024, 2023 and 2022.

	Year ended June 30					
	2024		2023		2022	
Salaries	\$ 23,538,768	37%	\$ 23,565,458	39%	\$ 23,623,519	40%
Supplies and other expenses	35,981,792	56	31,689,618	53	30,597,735	52
Depreciation and amortization	3,780,394	6	3,996,055	7	3,929,350	7
Interest and amortization	<u>398,825</u>	<u>1</u>	<u>484,048</u>	<u>1</u>	<u>547,252</u>	<u>1</u>
Total	<u>\$ 63,699,779</u>	<u>100%</u>	<u>\$ 59,735,179</u>	<u>100%</u>	<u>\$ 58,697,856</u>	<u>100%</u>

Nonoperating Gains

Nonoperating gains were \$1,766,855 in 2024 compared to \$1,242,398 in 2023.

Capital Assets

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

	June 30		
	2024	2023	2022
Property and equipment, gross	\$ 75,468,432	\$ 75,117,726	\$ 72,744,832
Less accumulated depreciation	<u>53,023,460</u>	<u>49,397,415</u>	<u>45,583,726</u>
Net capital assets	<u>\$ 22,444,972</u>	<u>\$ 25,720,311</u>	<u>\$ 27,161,106</u>
Acquisitions of capital assets during the year	\$ 432,023	\$ 2,505,516	\$ 3,877,057
Disposal of capital assets during the year	<u>(81,317)</u>	<u>(132,622)</u>	<u>194,995</u>
Increase in property and equipment, gross	<u>\$ 350,706</u>	<u>\$ 2,372,894</u>	<u>\$ 4,072,052</u>

Debt Administration

The changes in long-term debt for the years ended June 30, 2024, 2023 and 2022. are shown below. More detailed information about the Health Center's outstanding debt is presented in the Notes to Financial Statements.

	Year ended June 30		
	2024	2023	2022
Beginning balance	\$ 13,850,693	\$ 16,772,559	\$ 19,318,870
Additions	—	25,000	409,600
Discount amortization	6,551	6,550	6,551
Principal payments	<u>(3,038,171)</u>	<u>(2,953,416)</u>	<u>(2,962,462)</u>
Ending balance	<u>\$ 10,819,073</u>	<u>\$ 13,850,693</u>	<u>\$ 16,772,559</u>
Long-term debt as a percentage of total liabilities	36%	43%	67%

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 2024 actual budget basis financial information to its annual County Hospital budget is presented below:

Actual vs Budget	Actual budget basis	Annual County Hospital budget	Amount over (under) budget
Amount to be raised by taxation	\$ 1,133,042	\$ 1,086,948	\$ 46,094
Other revenues/receipts	<u>71,578,783</u>	<u>66,925,262</u>	<u>4,653,521</u>
	72,711,825	68,012,210	4,699,615
Expenses/expenditures	<u>64,488,224</u>	<u>66,329,860</u>	<u>(1,841,636)</u>
Net	<u>\$137,200,049</u>	<u>\$134,342,070</u>	<u>\$ 2,857,979</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 2025 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**

	June 30	
	2024	2023
CURRENT ASSETS		
Cash	\$ 14,737,440	\$ 12,772,943
Assets whose use is limited, required for current liabilities	1,076,906	1,729,913
Patient receivables, less allowance for contractual adjustments and bad debts	7,856,796	7,538,511
Other receivables	502,867	499,750
Estimated third-party payor settlements	5,076,000	-
Inventories	1,214,675	1,178,184
Prepaid expenses	816,091	727,318
Succeeding year property tax receivable	965,000	1,105,000
Total current assets	<u>32,245,775</u>	<u>25,551,619</u>
ASSETS WHOSE USE IS LIMITED		
Restricted by bond indenture agreement		
Cash and cash equivalents	1,076,906	1,729,913
Restricted by donors for specific purposes		
Cash and cash equivalents	<u>390,961</u>	<u>354,755</u>
Total assets whose use is limited	<u>1,467,867</u>	<u>2,084,668</u>
Less assets whose use is limited, required for current liabilities	<u>1,076,906</u>	<u>1,729,913</u>
Noncurrent assets whose use is limited	<u>390,961</u>	<u>354,755</u>
CAPITAL ASSETS	75,468,432	75,117,726
Less accumulated depreciation and amortization	<u>53,023,460</u>	<u>49,397,415</u>
Total capital assets	<u>22,444,972</u>	<u>25,720,311</u>
OTHER ASSETS		
Acquired intangible assets, net	74,363	172,958
Other receivables	4,467,384	3,858,378
Investment in joint ventures	<u>2,212,058</u>	<u>1,880,058</u>
Total other assets	<u>6,753,805</u>	<u>5,911,394</u>
Total assets	<u>61,835,513</u>	<u>57,538,079</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows	5,457,388	4,168,906
OPEB related deferred outflows	<u>9,748</u>	<u>11,855</u>
Total deferred outflows of resources	<u>5,467,136</u>	<u>4,180,761</u>
Total assets and deferred outflows of resources	<u><u>\$ 67,302,649</u></u>	<u><u>\$ 61,718,840</u></u>

See Notes to Financial Statements.

Jefferson County Health Center
STATEMENTS OF NET POSITION (continued)

	June 30	
	2024	2023
CURRENT LIABILITIES		
Long-term debt, current	\$ 2,326,606	\$ 3,038,239
Lease liability, current	179,529	173,363
IT subscription liability, current	174,589	200,132
Accounts payable	2,451,891	2,775,500
Accrued employee compensation	2,405,887	2,245,656
Payroll taxes and withholdings	956,890	1,026,972
Estimated third-party payor settlements	—	122,000
Accrued interest	71,878	110,138
Total current liabilities	<u>8,567,270</u>	<u>9,692,000</u>
LONG-TERM LIABILITIES		
Long-term debt, noncurrent	8,492,467	10,812,454
Lease liability, noncurrent	491,689	671,218
IT subscription liability, noncurrent	107,093	268,182
Net pension liability	12,029,834	10,299,682
Net OPEB liability	130,892	171,705
Total long-term liabilities	<u>21,251,975</u>	<u>22,223,241</u>
Total liabilities	<u>29,819,245</u>	<u>31,915,241</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable property tax revenue	965,000	1,105,000
Pension related deferred inflows	74,589	1,317,918
OPEB related deferred inflows	112,107	61,019
Total deferred inflows of resources	<u>1,151,696</u>	<u>2,483,937</u>
NET POSITION		
Net investment in capital assets	10,672,999	10,556,723
Restricted		
By bond indenture agreement	1,076,906	1,729,913
For specific purpose by donors	390,961	354,755
Unrestricted	<u>24,190,842</u>	<u>14,678,271</u>
Total net position	<u>36,331,708</u>	<u>27,319,662</u>
Total liabilities and deferred inflows of resources	<u>\$ 67,302,649</u>	<u>\$ 61,718,840</u>

See Notes to Financial Statements.

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

	Year ended June 30	
	2024	2023
NET PATIENT SERVICE REVENUE , net of provision for bad debts 2024 \$538,695; 2023 \$869,977	\$ 68,421,966	\$ 56,008,791
OTHER REVENUE	<u>2,094,611</u>	<u>2,485,572</u>
Total revenue	<u>70,516,577</u>	<u>58,494,363</u>
OPERATING EXPENSES		
Salaries	23,538,768	23,565,458
Employee benefits	6,140,623	4,729,293
Supplies and other expenses	29,841,169	26,960,325
Provision for depreciation and amortization	<u>3,780,394</u>	<u>3,996,055</u>
Total expenses	<u>63,300,954</u>	<u>59,251,131</u>
Operating income (loss)	<u>7,215,623</u>	<u>(756,768)</u>
NONOPERATING GAINS (LOSSES)		
Grant funding	393	5,752
County taxes	1,133,042	899,455
Investment income	456,707	286,660
Interest and amortization expense	(398,825)	(484,048)
Equity in income of joint venture investments	582,000	483,835
Gain (loss) on sale of property and equipment	<u>(6,462)</u>	<u>50,744</u>
Total nonoperating gains (losses)	<u>1,766,855</u>	<u>1,242,398</u>
Excess of revenues over expenses before contributions	<u>8,982,478</u>	<u>485,630</u>
CONTRIBUTIONS	<u>29,568</u>	<u>29,656</u>
Change in net position	<u>9,012,046</u>	<u>515,286</u>
TOTAL NET POSITION		
Beginning	<u>27,319,662</u>	<u>26,804,376</u>
Ending	<u>\$ 36,331,708</u>	<u>\$ 27,319,662</u>

See Notes to Financial Statements.

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

	Year ended June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from patients and third-party payors	\$ 62,912,005	\$ 55,853,431
Cash paid to suppliers for goods and services	(37,908,471)	(34,870,920)
Cash paid to employees for services	(23,378,537)	(24,183,927)
Other operating revenue received	2,094,611	2,485,572
Net cash flows from operating activities	<u>3,719,608</u>	<u>(715,844)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grant funding received	393	5,752
County taxes received	1,133,042	899,455
Net cash flows from noncapital financing activities	<u>1,133,435</u>	<u>905,207</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets and construction in progress	(432,023)	(1,468,098)
Principal payments on long-term debt	(3,038,171)	(2,953,416)
Principal payments on leases	(173,363)	(99,776)
Principal payments on IT subscriptions	(186,632)	(202,631)
Proceeds from sale of capital assets	19,101	99,595
Interest paid on long-term debt	(430,534)	(512,911)
Contributions restricted for purchase of capital assets	29,568	29,656
Net cash flows from capital and related financing activities	<u>(4,212,054)</u>	<u>(5,107,581)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Distributions from investments in joint ventures	250,000	525,000
Investment income received	456,707	286,660
Net cash flows from investing activities	<u>706,707</u>	<u>811,660</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,347,696	(4,106,558)
CASH AND CASH EQUIVALENTS		
Beginning	<u>14,857,611</u>	<u>18,964,169</u>
Ending	<u>\$ 16,205,307</u>	<u>\$ 14,857,611</u>

See Notes to Financial Statements.

Jefferson County Health Center
STATEMENTS OF CASH FLOWS (continued)

	Year ended June 30	
	2024	2023
RECONCILIATION OF OPERATING (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ 7,215,623	\$ (756,768)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities		
Provision for depreciation and amortization	3,780,394	3,996,055
Change in assets, liabilities, deferred outflows and deferred inflows		
Patient receivables	(318,285)	(677,360)
Other receivables, net of noncapital financing activities	(612,123)	(765,929)
Inventories	(36,491)	(147,729)
Prepaid expenses	(88,773)	(55,310)
Deferred outflows of resources	(1,286,375)	(648,451)
Accounts payable, net of capital assets payable	(323,609)	(638,958)
Accrued employee compensation	160,231	(618,469)
Payroll taxes and withholdings	(70,082)	91,273
Net estimated third-party payor settlements	(5,198,000)	522,000
Net pension asset/liability	1,730,152	9,969,894
Deferred inflows of resources	(1,192,241)	(11,001,889)
Net OPEB liability	(40,813)	15,797
Net cash flows from operating activities	<u>\$ 3,719,608</u>	<u>\$ (715,844)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION		
Per statement of net position		
Current assets	\$ 14,737,440	\$ 12,772,943
Assets whose use is limited		
Restricted by bond indenture agreement	1,076,906	1,729,913
Restricted by donors for specific purpose	<u>390,961</u>	<u>354,755</u>
Total per statement of cash flows	<u>\$ 16,205,307</u>	<u>\$ 14,857,611</u>

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 in 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, 2024 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; and warrants or improvement certificates of a drainage district.

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:

	June 30	
	2024	2023
Receivable from patients	\$ 894,411	\$ 1,572,296
Receivable from insurance carriers	4,936,330	3,573,479
Receivable from Medicare	6,779,931	6,268,208
Receivable from Medicaid	1,168,124	1,094,528
Total patient receivables	13,778,796	12,508,511
Less allowances for contractual and other adjustments	5,922,000	4,970,000
Totals	<u>\$ 7,856,796</u>	<u>\$ 7,538,511</u>

**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, 2024 and 2023:

	Year ended June 30	
	2024	2023
Balance, beginning	\$ 1,729,913	\$ 1,714,051
Deposits	2,650,687	3,334,266
Investment income	26,086	9,608
Principal payments	(2,950,000)	(2,865,000)
Interest payments	(379,780)	(463,012)
Balance, ending	<u>\$ 1,076,906</u>	<u>\$ 1,729,913</u>

NOTE 5 CAPITAL ASSETS

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

	Beginning balance	Additions	Deletions	Transfers	Ending balance
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	75,117,726	432,023	(81,317)	—	75,468,432
Less accumulated depreciation	(49,397,415)	(3,681,799)	55,754	—	(53,023,460)
Net capital assets	<u>\$25,720,311</u>	<u>\$ (3,249,776)</u>	<u>\$ (25,563)</u>	<u>\$ —</u>	<u>\$22,444,972</u>

A summary of changes in capital assets for the years ended June 30, 2023 follows:

	Beginning balance	Additions	Deletions	Transfers	Ending balance
Land	\$ 1,168,335	\$ —	\$ (34,645)	\$ —	\$ 1,133,690
Land improvements	2,559,497	25,927	—	—	2,585,424
Buildings	43,308,916	157,156	(56,753)	—	43,409,319
Equipment	24,931,828	963,398	(41,224)	213,176	26,067,178
Right-of-use leased assets	536,900	491,235	—	—	1,028,135
Right-of-use IT subscription assets	190,555	521,183	—	—	711,738
Construction and equipment installations in progress	48,801	346,617	—	(213,176)	182,242
Totals	72,744,832	2,505,516	(132,622)	—	75,117,726
Less accumulated depreciation	(45,583,726)	(3,897,460)	83,771	—	(49,397,415)
Net capital assets	<u>\$27,161,106</u>	<u>\$ (1,391,944)</u>	<u>\$ (48,851)</u>	<u>\$ —</u>	<u>\$25,720,311</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:

	June 30	
	2024	2023
Jefferson County Hospital Revenue Refunding Bonds, Series 2016B	\$ 10,595,000	\$ 12,765,000
Jefferson County Hospital Revenue Bonds, Series 2017	—	780,000
Notes payable, equipment	<u>224,073</u>	<u>312,244</u>
	10,819,073	13,857,244
Less discount	—	(6,551)
Less current maturities	<u>(2,326,606)</u>	<u>(3,038,239)</u>
Long-term debt, net of current maturities	<u><u>\$ 8,492,467</u></u>	<u><u>\$ 10,812,454</u></u>

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.

Jefferson County Hospital Revenue Bonds, Series 2017

The Health Center issued Jefferson County Hospital Revenues Bonds, Series 2017 dated January 3, 2017. The Bonds were paid in full during the current year.

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, 2024 is approximately \$11,422,000 based on the payment schedules as of June 30, 2024. The following is a comparison of the pledged revenues and the principal and interest requirements of the Bonds for the years ended June 30, 2024 and 2023:

	Year ended June 30	
	2024	2023
Change in net position	\$ 9,012,046	\$ 515,286
Provision for depreciation and amortization	3,780,394	3,996,055
Interest and amortization expense	398,825	484,048
IPERS and OPEB adjustments	(788,445)	(1,664,649)
(Gain) loss on sale of property	<u>6,462</u>	<u>(50,744)</u>
Pledged revenues	<u><u>\$ 12,409,282</u></u>	<u><u>\$ 3,279,996</u></u>
Principal and interest requirements	<u><u>\$ 3,327,745</u></u>	<u><u>\$ 3,327,145</u></u>

**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, 2024 are summarized as follows:

Year ending June 30	Revenue Bonds		Equipment Notes		Totals		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2025	2,235,000	\$ 317,625	\$ 91,606	\$ 7,800	\$ 2,326,606	\$ 325,425	\$ 2,652,031
2026	2,300,000	233,700	87,806	4,383	2,387,806	238,083	2,625,889
2027	2,370,000	164,175	44,661	1,076	2,414,661	165,251	2,579,912
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	10,595,000	826,800	224,073	13,259	10,819,073	840,059	11,659,132
Less current maturities	2,235,000	317,625	91,606	7,800	2,326,606	325,425	2,652,031
Total long-term debt	<u>\$ 8,360,000</u>	<u>\$ 509,175</u>	<u>\$ 132,467</u>	<u>\$ 5,459</u>	<u>\$ 8,492,467</u>	<u>\$ 514,634</u>	<u>\$ 9,007,101</u>

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

	Beginning balance	Additions	Principal payments	Ending balance	Amounts due within one year
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>

A summary of changes in long-term debt for the year ended June 30, 2023 follows:

	Beginning balance	Additions	Principal payments	Ending balance	Amounts due within one year
Hospital Revenue Bonds (Series 2016B)	\$ 14,870,000	\$ —	\$ 2,105,000	\$ 12,765,000	\$ 2,170,000
Hospital Revenue Bonds (Series 2017)	1,540,000	—	760,000	780,000	780,000
Equipment notes payable	375,660	25,000	88,416	312,244	88,239
Totals	<u>\$ 16,785,660</u>	<u>\$ 25,000</u>	<u>\$ 2,953,416</u>	<u>\$ 13,857,244</u>	<u>\$ 3,038,239</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, 2024 is as follows:

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

A summary of changes in these liabilities for the year ended June 30, 2023 is as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Principal payments</u>	<u>Ending balance</u>
Lease liability	\$ 453,122	\$ 491,235	\$ 99,776	\$ 844,581
IT subscription liability	149,762	521,183	202,631	468,314
Totals	<u>\$ 602,884</u>	<u>\$ 1,012,418</u>	<u>\$ 302,407</u>	<u>\$ 1,312,895</u>

The future lease and subscription payments under these agreements as of June 30, 2024, 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>
2025	\$ 180,912	\$ 20,583	\$ 201,495	\$ 176,919	\$ 9,236	\$ 186,155
2026	144,214	14,686	158,900	36,012	3,635	39,647
2027	135,376	9,955	145,331	37,293	2,354	39,647
2028	104,391	5,297	109,688	5,860	1,028	6,888
2029	35,240	3,160	38,400	6,068	819	6,887
2030 to 2033	71,085	2,515	73,600	19,530	1,132	20,662
Totals	<u>\$ 671,218</u>	<u>\$ 56,196</u>	<u>\$ 727,414</u>	<u>\$ 281,682</u>	<u>\$ 18,204</u>	<u>\$ 299,886</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, 2022.

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, 2024 and 2023.

	<u>Year ended June 30</u>	
	<u>2024</u>	<u>2023</u>
Charges foregone, based on established rates	<u>\$ 609,029</u>	<u>\$ 531,487</u>

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

NOTE 9 PENSION PLAN

Plan Description

IPERS is a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System. Membership is mandatory for employees of the Health Center, except for those covered by another retirement system. IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at 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 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 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that 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 that the actuarial contribution rate be determined using the 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, 2024 and 2023.

	Regular members	
	2024	2023
Member contribution rate	6.29%	6.29%
Health Center contribution rate	9.44%	9.44%
Total contribution rate	<u>15.73%</u>	<u>15.73%</u>

The Health Center's contributions to IPERS for the years ended June 30, 2024 and 2023 were \$2,158,663 and \$2,136,470, respectively.

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

At June 30, 2024 and 2023, the Health Center reported a net pension liability of \$12,029,834 and \$10,299,682, respectively, for its proportionate share of the net pension asset/liability. The Health Center net pension asset/liability was measured as of June 30, 2023 and 2022, 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:

	Measurement Date		
	June 30		
	2023	2022	Change
Health Center's proportionate share	0.266520 %	0.272612 %	(0.006092)%

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

NOTE 9 PENSION PLAN (continued)

For the years ended June 30, 2024 and 2023, the Health Center recognized pension expense of \$1,357,004 and \$452,835, respectively. At June 30, 2024 and 2023, the Health Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Pension Related Deferred			
	Outflows of Resources		Inflows of Resources	
	2024	2023	2024	2023
Difference between expected and actual experience	\$ 1,018,407	\$ 457,282	\$ 49,450	\$ 141,110
Change in assumptions	—	8,741	377	629
Net difference between projected and actual earnings on pension plan investments	1,115,217	—	—	1,103,150
Change in proportion and difference between Health Center contributions and proportionate share Center of contributions	1,165,101	1,566,413	24,762	73,029
Health Center contributions subsequent to the Center measurement date	<u>2,158,663</u>	<u>2,136,470</u>	<u>—</u>	<u>—</u>
Totals	<u>\$ 5,457,388</u>	<u>\$ 4,168,906</u>	<u>\$ 74,589</u>	<u>\$ 1,317,918</u>

\$2,158,663 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, 2025. 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,

2025	\$ 95,143
2026	(515,470)
2027	2,998,737
2028	578,975
2029	<u>66,751</u>
Totals	<u>\$ 3,224,136</u>

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, 2023 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, 2023 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 2023 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

Several factors are considered in evaluating the actuarial assumed investment return including long-term historical data, estimates inherent in current market data, along with estimates of variability and correlations for each asset class, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) were developed by IPERS' investment consultant. These ranges were combined to develop the actuarial assumed investment return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The actuarial assumed investment return reflects the anticipated returns on current and future plan assets and provides a discount rate to determine the present value of future benefit payments. Best estimates of geometric real rates of return for each major asset class included in IPERS' target asset allocation as of June 30, 2023, are shown in the following table.

<u>Asset Class</u>	<u>Long-Term Expected Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	21.0%	4.6%
International equity	16.5	6.2
Global smart beta equity	5.0	5.2
Core plus fixed income	23.0	2.7
Public credit	3.0	4.4
Cash	1.0	1.6
Private equity	17.0	10.4
Private real assets	9.0	3.9
Private credit	<u>4.5</u>	4.6
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from employees and employers will be made at the contractually required rates, which are set by the Contribution Rate Funding Policy and derived from the actuarial valuation. Based on those assumptions, IPERS' fiduciary net position is projected to be available to make all projected future benefit payments of current plan members. Therefore, the actuarial assumed investment return 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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Health Center's proportionate share of the net pension (asset) liability	<u>\$ 25,581,373</u>	<u>\$ 12,029,834</u>	<u>\$ 673,419</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.

Payables to the Pension Plan

At June 30, 2024 and 2023, the Health Center reported payables to the defined benefit pension plan of approximately \$299,000 and \$388,000, respectively.

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 \$3,000,000 per claim and up to \$5,000,000 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, 2024 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 has developed a self-insured health insurance program for all employees. Claims for health care services for employees and their families are accrued when incurred. The plan contains a stop-loss provision which limits the amount of claims paid by the plan to \$90,000 per person, with an aggregate stop-loss provision for the plan as a whole equal to 125% of total expected claims. Total expense, which includes claims, administration fees, and stop-loss insurance, under this self-insurance program for the years ended June 30, 2024 and 2023 was approximately \$2,927,000 and \$2,358,000, respectively.

**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, 2024 and 2023, the balance of the fund was \$91,859 and \$83,209, 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, 2024 and 2023, the balance of the fund was \$299,102 and \$271,546 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 \$582,000 in 2024 and \$483,835 in 2023.

NOTE 16 OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Health Center administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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, 2024, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefit payments	—
Active employees	<u>229</u>
Total	<u><u>229</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 \$130,892 and \$171,705 was measured as of June 30, 2024 and 2023, respectively, and was determined by an actuarial valuations as of July 1, 2024 and 2022.

Actuarial Assumptions

The Net OPEB liability as of June 30, 2024 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	4.21% per annum
Healthcare cost trend rate	8.0% decreasing by 0.5% per year to an ultimate rate of 4.5%.

The discount rate used to measure the Net OPEB liability was 4.21% 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

	Year ended June 30	
	2024	2023
Net OPEB liability, beginning of year	\$ 171,705	\$ 155,908
Changes for the year		
Service cost	18,401	18,281
Interest on the Net OPEB liability	7,851	7,124
Changes in benefit terms	—	—
Differences between expected and actual experience	(67,135)	(9,129)
Changes in assumptions or other inputs	70	(479)
Benefit payments	—	—
Net OPEB liability, end of year	<u>\$ 130,892</u>	<u>\$ 171,705</u>

Changes in assumptions or other inputs for the year ended June 30, 2024 includes a change in the discount rate from 4.13% in fiscal year 2023 to 4.21% in fiscal year 2024.

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.

	1% Decrease	Current Discount Rate	1% Increase
Health Center's Net OPEB liability	<u>\$ 140,755</u>	<u>\$ 130,892</u>	<u>\$ 121,382</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.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Health Center's Net OPEB liability	<u>\$ 114,554</u>	<u>\$ 130,892</u>	<u>\$ 150,432</u>

OPEB Expense and Deferred Outflows and Inflows of Resources

For the years ended June 30, 2024 and 2023, the Health Center recognized OPEB expense of \$12,382 and \$18,986, respectively. At June 30, 2024 and 2023, the Health Center reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Differences between expected and actual experience	\$ —	\$ —	\$ 105,471	\$ 53,441
Changes in assumptions or other inputs	<u>9,748</u>	<u>11,855</u>	<u>6,636</u>	<u>7,578</u>
Totals	<u>\$ 9,748</u>	<u>\$ 11,855</u>	<u>\$ 112,107</u>	<u>\$ 61,019</u>

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

2025	\$ (13,870)
2026	(13,870)
2027	(13,870)
2028	(13,864)
2029	(12,781)
Thereafter	<u>(34,104)</u>
Total	<u>\$ (102,359)</u>

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 \$7,700 and \$5,800 for the years ended June 30, 2024 and 2023, 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, 2024 and 2023.

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, 2024

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 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:

	GAAP Basis	Budget Basis Adjustments	Budget Basis	County Hospital Budget
Amount to be raised by taxation	\$ 1,133,042	\$ —	\$ 1,133,042	\$ 1,086,948
Other revenue/receipts	<u>71,179,958</u>	<u>398,825</u>	<u>71,578,783</u>	<u>66,925,262</u>
	72,313,000	398,825	72,711,825	68,012,210
Expenses/expenditures	<u>63,300,954</u>	<u>1,187,270</u>	<u>64,488,224</u>	<u>66,329,860</u>
Net	9,012,046	(788,445)	8,223,601	1,682,350
Balance, beginning	<u>27,319,662</u>	<u>7,668,731</u>	<u>34,988,393</u>	<u>28,728,777</u>
Balance, ending	<u>\$ 36,331,708</u>	<u>\$ 6,880,286</u>	<u>\$ 43,211,994</u>	<u>\$ 30,411,127</u>

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

	Year ended June 30	
	2024	2023
Service cost	\$ 18,401	\$ 18,281
Interest on the Net OPEB liability	7,851	7,124
Changes in benefit terms	—	—
Differences between expected and actual experience	(67,135)	(9,129)
Changes in assumptions or other inputs	70	(479)
Benefit payments	—	—
Net change in Net OPEB liability	(40,813)	15,797
Net OPEB liability, beginning of year	171,705	155,908
Net OPEB liability, end of year	<u>\$ 130,892</u>	<u>\$ 171,705</u>
Covered-employee payroll	<u>\$ 17,446,142</u>	<u>\$ 17,635,041</u>
Net OPEB liability as a percentage of covered-employee payroll	0.8%	1.0%

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, 2024	4.21%
Year ended June 30, 2023	4.13%
Year ended June 30, 2022	4.09%

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

	June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
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	0.266520%	0.272612%	-0.095528%	0.226005%	0.221562%	0.224663%	0.272730%	0.184474%	0.166762%	0.138837%
Health Center's proportionate share of the net pension asset/liability	\$ 12,030	\$ 10,300	\$ 330	\$ 15,876	\$ 12,830	\$ 14,217	\$ 13,807	\$ 11,610	\$ 8,239	\$ 5,506
Health Center's total payroll	\$ 23,539	\$ 23,565	\$ 23,624	\$ 20,405	\$ 18,889	\$ 17,180	\$ 17,432	\$ 16,339	\$ 14,037	\$ 12,176
Health Center's proportionate share of the net pension asset/liability as a percentage of its total payroll	51%	44%	1%	78%	68%	83%	79%	71%	59%	45%
Plan fiduciary net position as a percentage of the total pension asset/liability	90%	91%	101%	83%	85%	83%	82%	81%	85%	88%

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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution										
Contributions in relation to the statutorily required contribution	\$ 2,159	\$ 2,136	\$ 2,089	\$ 1,813	\$ 1,635	\$ 1,595	\$ 1,501	\$ 1,386	\$ 1,187	\$ 1,063
Contribution deficiency (excess)	<u>\$ (2,159)</u>	<u>\$ (2,136)</u>	<u>\$ (2,089)</u>	<u>\$ (1,813)</u>	<u>\$ (1,635)</u>	<u>\$ (1,595)</u>	<u>\$ (1,501)</u>	<u>\$ (1,386)</u>	<u>\$ (1,187)</u>	<u>\$ (1,063)</u>
Health Center's total payroll	<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>	<u>\$ 12,176</u>
Contributions as a percentage of total payroll	9.2%	9.1%	8.8%	8.9%	8.7%	9.3%	8.6%	8.5%	8.5%	8.7%

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, 2024

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**

Age of accounts (by date of discharge)	Amounts		Percent to Total	
	June 30		June 30	
	2024	2023	2024	2023
0 – 30 days (includes patients in Health Center at end of year)	\$ 8,527,349	\$ 8,168,574	61.9%	65.3%
31 – 60 days	1,955,373	1,538,239	14.2%	12.3%
61 – 90 days	828,684	1,017,113	6.0%	8.1%
Over 90 days	<u>2,467,390</u>	<u>1,784,585</u>	<u>17.9%</u>	<u>14.3%</u>
	<u>13,778,796</u>	<u>12,508,511</u>	<u>100.0%</u>	<u>100.0%</u>
Allowances				
Contractual				
Medicare	3,165,800	2,694,200		
Medicaid	765,500	578,700		
Commercial insurance	1,699,400	1,124,900		
Uncollectibles	241,100	511,400		
Physician Clinics	<u>50,200</u>	<u>60,800</u>		
Total allowances	<u>5,922,000</u>	<u>4,970,000</u>		
Totals	<u>\$ 7,856,796</u>	<u>\$ 7,538,511</u>		
Net patient service revenue per calendar day	<u>\$ 187,457</u>	<u>\$ 153,449</u>		
Days net patient service revenue in accounts receivable	<u>42</u>	<u>49</u>		

**ANALYSIS OF ALLOWANCE FOR
UNCOLLECTIBLES**

	Amounts		Percent of net patient service revenue	
	Year ended June 30		Year ended June 30	
	2024	2023	2024	2023
BALANCE , beginning	\$ 511,400	\$ 555,400		
ADD				
Provision for bad debts	538,695	869,977	0.8%	1.6%
DEDUCT				
Accounts written off net of recoveries	<u>(808,995)</u>	<u>(913,977)</u>	1.2%	1.6%
BALANCE , ending	<u>\$ 241,100</u>	<u>\$ 511,400</u>		

**Jefferson County Health Center
PATIENT SERVICE REVENUE**

	Year ended June 30, 2024			Year ended June 30, 2023		
	Inpatient	Outpatient	Total	Inpatient	Outpatient	Total
DAILY PATIENT SERVICES						
Medical and surgical	\$ 2,101,807	\$ 1,815,395	\$ 3,917,202	\$ 2,995,074	\$ 1,392,957	\$ 4,388,031
Critical care unit	134,685	—	134,685	192,505	—	192,505
Swing bed	735,232	—	735,232	965,879	—	965,879
	<u>2,971,724</u>	<u>1,815,395</u>	<u>4,787,119</u>	<u>4,153,458</u>	<u>1,392,957</u>	<u>5,546,415</u>
OTHER NURSING SERVICES						
Operating and recovery rooms	887,033	9,502,431	10,389,464	1,559,513	10,864,070	12,423,583
Central supply	133,018	42,302	175,320	180,518	108,471	288,989
Emergency services	1,984	9,017,263	9,019,247	11,370	6,732,102	6,743,472
	<u>1,022,035</u>	<u>18,561,996</u>	<u>19,584,031</u>	<u>1,751,401</u>	<u>17,704,643</u>	<u>19,456,044</u>
OTHER PROFESSIONAL SERVICES						
Laboratory and blood bank	899,287	17,786,458	18,685,745	1,213,086	14,069,585	15,282,671
Electrocardiology	32,324	1,284,679	1,317,003	27,938	753,134	781,072
Radiology	178,818	5,344,050	5,522,868	187,994	4,255,324	4,443,318
CT scans	507,765	8,829,934	9,337,699	430,545	5,975,865	6,406,410
PET scans	—	282,945	282,945	—	253,634	253,634
Magnetic resonance imaging	164,843	3,572,983	3,737,826	188,589	3,349,840	3,538,429
Pharmacy	596,354	27,147,308	27,743,662	891,337	26,353,542	27,244,879
Anesthesiology	283,472	3,395,521	3,678,993	490,220	4,105,445	4,595,665
Respiratory therapy	410,707	566,939	977,646	604,301	438,921	1,043,222
Physical therapy	303,185	2,138,237	2,441,422	361,071	1,394,519	1,755,590
Speech therapy	92,051	642,691	734,742	56,730	341,302	398,032
Occupational therapy	236,542	770,466	1,007,008	265,983	440,748	706,731
Oncology	2,079	1,107,103	1,109,182	—	1,299,891	1,299,891
Medical arts	—	11,142,130	11,142,130	—	10,727,636	10,727,636
Physician clinic	22,018	1,579,591	1,601,609	—	1,316,351	1,316,351
Richland clinic	—	509,883	509,883	—	476,287	476,287
Sleep lab	—	933,391	933,391	—	818,247	818,247
Ophthalmology	—	1,959	1,959	—	820,021	820,021
Pediatrics	—	3,897	3,897	—	1,714	1,714
Rheumatology	—	579,566	579,566	—	466,640	466,640
Pain management	—	120,894	120,894	—	—	—
	<u>3,729,445</u>	<u>87,740,625</u>	<u>91,470,070</u>	<u>4,717,794</u>	<u>77,658,646</u>	<u>82,376,440</u>
Totals	<u>\$ 7,723,204</u>	<u>\$108,118,016</u>	115,841,220	<u>\$ 10,622,653</u>	<u>\$ 96,756,246</u>	107,378,899
Charity care charges foregone			(609,029)			(531,487)
Total gross patient service revenue			115,232,191			106,847,412
Provisions for contractual and other adjustments			(46,810,225)			(50,838,621)
Net patient service revenue			<u>\$ 68,421,966</u>			<u>\$ 56,008,791</u>

Jefferson County Health Center
PROVISIONS FOR CONTRACTUAL AND OTHER ADJUSTMENTS

	Year ended June 30	
	2024	2023
Contractual adjustments		
Medicare	\$ 30,486,095	\$ 27,985,197
Medicaid	(2,898,162)	7,094,301
Wellmark	13,608,899	10,570,191
Provision for bad debts	538,695	869,977
Discounts and other adjustments	<u>5,074,698</u>	<u>4,318,955</u>
Totals	<u>\$ 46,810,225</u>	<u>\$ 50,838,621</u>

OTHER REVENUE

	Year ended June 30	
	2024	2023
340(b) program revenue	\$ 1,496,021	\$ 1,744,345
Employee and guest meals	243,205	234,985
Specialty clinics rent	50,444	72,021
Rental income, net	149,139	136,653
Miscellaneous, net	<u>155,802</u>	<u>297,568</u>
Totals	<u>\$ 2,094,611</u>	<u>\$ 2,485,572</u>

**Jefferson County Health Center
EXPENSES**

	Year ended June 30, 2024			Year ended June 30, 2023		
	Salaries	Other	Total	Salaries	Other	Total
NURSING						
Administrative	\$ 249,199	\$ 23,987	\$ 273,186	\$ 334,706	\$ 16,223	\$ 350,929
Medical and surgical	2,664,135	1,182,867	3,847,002	2,561,746	1,342,031	3,903,777
Critical care unit	45,891	—	45,891	2,173	—	2,173
Operating and recovery rooms	1,220,010	1,371,335	2,591,345	1,081,190	1,511,375	2,592,565
Central supply	71,298	52,708	124,006	61,075	71,266	132,341
Emergency services	1,363,540	2,478,269	3,841,809	1,310,415	2,486,461	3,796,876
Total nursing	5,614,073	5,109,166	10,723,239	5,351,305	5,427,356	10,778,661
OTHER PROFESSIONAL						
Laboratory and blood bank	865,559	1,884,378	2,749,937	872,886	2,178,930	3,051,816
Electrocardiology	68,561	28,474	97,035	62,170	29,887	92,057
Radiology	835,754	719,135	1,554,889	895,853	594,562	1,490,415
CT scans	—	112,776	112,776	—	24,287	24,287
PET scans	—	72,831	72,831	—	70,513	70,513
Magnetic resonance imaging	—	162,645	162,645	—	193,612	193,612
Pharmacy	499,071	11,422,603	11,921,674	516,109	10,255,144	10,771,253
Anesthesiology	—	682,500	682,500	—	697,180	697,180
Ophthalmology	—	2,921	2,921	274,108	15,368	289,476
Respiratory therapy	244,347	41,465	285,812	264,699	41,827	306,526
Physical therapy	498,277	174,521	672,798	613,219	39,038	652,257
Speech therapy	173,588	1,711	175,299	167,412	5,566	172,978
Occupational therapy	236,487	3,480	239,967	231,640	4,021	235,661
Physicians clinic	1,444,182	27,245	1,471,427	1,259,857	57,442	1,317,299
Fairfield clinic	—	21,175	21,175	—	19,451	19,451
Richland clinic	265,841	50,011	315,852	263,145	49,610	312,755
Medical records	579,591	90,407	669,998	376,196	88,571	464,767
Quality assurance	597,016	17,379	614,395	370,822	8,580	379,402
Medical Arts	6,392,788	1,012,003	7,404,791	6,901,748	1,148,928	8,050,676
Sleep lab	120,923	20,787	141,710	134,965	24,367	159,332
Rheumatology	85,203	214,395	299,598	85,780	217,850	303,630
Oncology	423,799	917,770	1,341,569	405,062	913,320	1,318,382
Dialysis	10,300	5,071	15,371	11,256	2,385	13,641
Pain management	4,489	62,546	67,035	—	—	—
Total other professional	13,345,776	17,748,229	31,094,005	13,706,927	16,680,439	30,387,366
GENERAL						
Dietary	639,385	351,432	990,817	641,376	357,861	999,237
Plant operation and maintenance	561,368	1,449,359	2,010,727	510,845	1,543,287	2,054,132
Housekeeping	471,085	59,263	530,348	613,310	49,984	663,294
Laundry and linen	—	172,594	172,594	—	215,106	215,106
Total general	1,671,838	2,032,648	3,704,486	1,765,531	2,166,238	3,931,769

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

	Year ended June 30, 2024			Year ended June 30, 2023		
	Salaries	Other	Total	Salaries	Other	Total
FISCAL AND ADMINISTRATIVE						
Administrative	651,698	348,944	1,000,642	724,978	232,948	957,926
Fiscal and accounting	1,153,439	2,882,285	4,035,724	1,049,869	1,001,475	2,051,344
Purchasing and stores	184,153	27,893	212,046	175,175	25,222	200,397
Public relations	138,417	134,449	272,866	71,216	88,719	159,935
Data processing	626,054	858,639	1,484,693	484,342	698,452	1,182,794
Human resources	153,320	37,804	191,124	236,115	68,901	305,016
Physician recruiting	—	71,072	71,072	—	96,407	96,407
Insurance	—	590,040	590,040	—	474,168	474,168
Total fiscal and administrative	<u>2,907,081</u>	<u>4,951,126</u>	<u>7,858,207</u>	<u>2,741,695</u>	<u>2,686,292</u>	<u>5,427,987</u>
EMPLOYEE BENEFITS						
FICA	—	1,590,438	1,590,438	—	1,574,180	1,574,180
IPERS	—	1,357,004	1,357,004	—	452,835	452,835
Group health insurance	—	2,940,754	2,940,754	—	2,422,232	2,422,232
Group disability insurance	—	60,556	60,556	—	115,244	115,244
Workers' compensation	—	112,625	112,625	—	129,690	129,690
Other employee benefits	—	79,246	79,246	—	35,112	35,112
Total employee benefits	<u>—</u>	<u>6,140,623</u>	<u>6,140,623</u>	<u>—</u>	<u>4,729,293</u>	<u>4,729,293</u>
PROVISION FOR DEPRECIATION AND AMORTIZATION	<u>—</u>	<u>3,780,394</u>	<u>3,780,394</u>	<u>—</u>	<u>3,996,055</u>	<u>3,996,055</u>
Total expenses	<u>\$ 23,538,768</u>	<u>\$ 39,762,186</u>	<u>\$ 63,300,954</u>	<u>\$ 23,565,458</u>	<u>\$ 35,685,673</u>	<u>\$ 59,251,131</u>

Other Information

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

		Year ended June 30		
		2024	2023	2022
Staffed Beds		25	25	25
Patient Days	Adult and pediatric	1,747	2,001	2,785
	Swing bed	956	1,292	1,011
Admissions	Adult and pediatric	460	576	666
	Swing bed	92	133	88
Percent Occupancy	Adult and pediatric	19.09%	21.93%	30.52%
Outpatient Surgeries		1,474	1,008	1,124
Outpatient visits		133,114	133,708	137,435

Adopted County Budgets

Purpose	Budget year June 30			
	2025	2024	2023	2022
Ambulance	\$ 282,673	\$ 266,646	\$ 261,110	\$ 260,108
General	282,673	266,646	261,110	260,108
Insurance	—	—	—	—
FICA	401,259	378,510	370,648	371,838
IPERS	277,145	455,886	256,004	256,826
Total budget	<u>\$ 1,243,750</u>	<u>\$ 1,367,688</u>	<u>\$ 1,148,872</u>	<u>\$ 1,148,880</u>
Net Taxable Value (in thousands)	\$ 1,034,445	\$ 974,938	\$ 954,454	\$ 950,820

		Year ended June 30		
		2024	2023	2022
Key Operating Ratios	Net days revenue in accounts receivable	42	49	46
	Current ratio	3.76	2.64	2.77
	Debt service coverage ratio	3.48	1.32	1.81
	Ratio of operating expense to operating revenues	0.90	1.01	1.02
	Days cash on hand	89	81	108
Investment Position	Unrestricted cash and investments	<u>\$ 14,737,440</u>	<u>\$ 12,772,943</u>	<u>\$ 16,919,634</u>
	Cash operating expenses:			
	Total operating expenses	\$ 63,300,954	\$ 59,251,131	\$ 58,150,604
	Add: interest expense	398,825	484,048	547,252
	Less: Depreciation and amortization	(3,780,394)	(3,996,055)	(3,929,350)
	IPERS and OPEB adjustments	788,445	1,664,649	2,624,460
		<u>\$ 60,707,830</u>	<u>\$ 57,403,773</u>	<u>\$ 57,392,966</u>
	Daily cash expenses	<u>\$ 165,868</u>	<u>\$ 157,271</u>	<u>\$ 157,241</u>
	Days cash on hand	<u>89</u>	<u>81</u>	<u>108</u>

**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, 2024, 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 November 21, 2024.

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, 2024 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 & COMPANY, LLP

West Des Moines, Iowa
November 21, 2024

**Jefferson County Health Center
SCHEDULE OF FINDINGS
Year ended June 30, 2024**

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

24-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, 2024.

24-II-B QUESTIONABLE EXPENDITURES

No questionable expenditures of Health Center funds were noted.

24-II-C TRAVEL EXPENSES

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

24-II-D BUSINESS TRANSACTIONS

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

24-II-E BOARD MINUTES

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

24-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.

24-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.