



Public Hospital District No.1: Board of Commissioners Meeting Agenda
Wednesday June 26, 2024 | 5:30 PM
Arleen Blackburn Conference Room and Zoom Connection

All times listed are approximates and not a true indication of the amount of time to be spent on any area.

I.	Call to Order			5:30	Bruce Williams
II.	Pledge of Allegiance			5:30	Bruce Williams
III.	Consent Agenda			5:30	Bruce Williams
	All consent agenda items will be approved by the Board with a single motion. Any of the following individual items may be pulled for discussion at the request of a commissioner.				
	<ul style="list-style-type: none"> • Meeting Agenda • May 22, 2024 Board Meeting Minutes 				
	Previous Month's Warrants Issued:	10122263 – 10122544	05/11/2024 – 06/14/2024		\$1,308,145.99
	Accounts Payable EFT Transactions:	20240067 – 20240085	05/11/2024 – 06/14/2024		\$ 711,682.45
	Payroll EFT Transactions:	20604 – 21218	05/18/2024 – 06/14/2024		\$ 911,259.72
	<ul style="list-style-type: none"> • Bad Debt: May 2024 				
IV.	(Action Item) New Commissioner Appointment, Position No.5			5:35	Commissioners
V.	Oath of Office			5:40	Megan Baker
VI.	Community Input			5:45	Commissioners
	Public comments concerning employee performance, personnel issues, or service delivery issues related to specific patients will not be permitted during this public comment portion of the meeting. Public comments should be limited to three minutes per person.				
VII.	Foundation Report			5:50	Rich Adamson
VIII.	CM Values			5:55	Diane Blake
IX.	Public Relations Report			6:00	Clint Strand
X.	Financial Audit Report			6:10	Kami Matzek, DZA
	<ul style="list-style-type: none"> • What opportunities exist for increasing revenue or reducing costs? • Are there industry trends or events that we need to be considering in relation to our long-term sustainability? 				
XI.	<u>Discussions & Reports</u>			6:40	
	a.	IT Security/System Update			Chad Schmitt
	b.	Hematology Analyzer Purchase			Pat Songer
	c.	Meditech System Addition			Pat Songer
	d.	EMS Levy Prep Update			Diane Blake
	e.	Conference Discussion/Education			Commissioners
XII.	<u>Committee Reports</u>			7:20	
	a.	Governance Committee			Bruce Williams
XIII.	<u>Action Items</u>			7:30	Commissioners
	a.	MOTION: Officer Election Board Secretary			
	b.	MOTION: Committee Appointments: Appoint QOC Member			
	c.	MOTION: Approve Resolution 2024-05: Surplus Items			
	d.	MOTION: Approve Resolution 2024-06: Authorization to join The Rural Collaborative's Enterprise Interlocal Agreement			
	e.	MOTION: Approve Credentialing			
XIV.	May Financial Report			7:45	Marianne Vincent
XV.	Administrator Report			7:55	Diane Blake
XVI.	Board Action Items			8:15	Commissioners
XVII.	Meeting Evaluation/Commissioner Comments			8:20	Commissioners
	Roundtable discussion to evaluate meeting topics and identify opportunities for improvement.				
XVIII.	Executive Session: Performance of a Public Employee (RCW 42.30.110(1)(g))			8:25	Commissioners
XIX.	Adjournment			8:55	Bruce Williams

BOARD CALENDAR REMINDERS

July 17, 2024	CMF Board Meeting	Arleen Blackburn Conference Room	9:00 AM
July 24, 2024	Finance Committee	Administration Conference Room	9:00 AM
July 24, 2024	Board Meeting	Arleen Blackburn Conference Room	5:30 PM
August 21, 2024	CMF Board Meeting	Arleen Blackburn Conference Room	9:00 AM
August 22, 2024	Community Engagement Night	Leavenworth Festhalle	5:30 PM
August 26, 2024	Open Forum	Arleen Blackburn Conference Room	12:00 PM
August 27, 2024	Quality Oversight Committee	Administration Conference Room	9:00 AM
August 27, 2024	Open Forum	Arleen Blackburn Conference Room	12:30 PM
August 29, 2024	Open Forum	Arleen Blackburn Conference Room	5:15 PM
August 30, 2024	Open Forum	Arleen Blackburn Conference Room	11:30 AM
September 4, 2024	Medical Staff Meeting	Arleen Blackburn Conference Room	7:00 AM
September 9, 2024	Governance Committee	Administration Conference Room	9:00 AM
September 18, 2024	CMF Board Meeting	Arleen Blackburn Conference Room	9:00 AM
September 21, 2024	Jive Time in the Cascades Big Band Concert	Leavenworth Festhalle	6:00 PM
September 25, 2024	Board Meeting	Arleen Blackburn Conference Room	5:30 PM
October 2, 2024	Medical Staff Meeting	Arleen Blackburn Conference Room	7:00 AM
October 16, 2024	CMF Board Meeting	Arleen Blackburn Conference Room	9:00 AM
October 24, 2024	Finance Committee	Administration Conference Room	9:00 AM
October 26, 2024	Part Time Resident Advisory Council (PTRAC) Meeting	Arleen Blackburn Conference Room	10:00 AM
October 29, 2024	Community Engagement Night	Leavenworth Festhalle	5:30 PM
October 30, 2024	Board Meeting	Arleen Blackburn Conference Room	5:30 PM
November 11, 2024	Open Forum	Arleen Blackburn Conference Room	11:30 AM
November 12, 2024	Open Forum	Arleen Blackburn Conference Room	12:30 PM
November 13, 2024	CMF Board Meeting	Arleen Blackburn Conference Room	9:00 AM
November 14, 2024	Governance Committee	Administration Conference Room	9:00 AM
November 14, 2024	Open Forum	Arleen Blackburn Conference Room	5:15 PM
November 15, 2024	Open Forum	Arleen Blackburn Conference Room	12:00 PM
November 20, 2024	Board Meeting	Arleen Blackburn Conference Room	5:30 PM
December 9, 2024	Finance Committee	Administration Conference Room	9:00 AM
December 11, 2024	CMF Annual Board Retreat	TBD	9:00 AM
December 18, 2024	Board Meeting	Arleen Blackburn Conference Room	5:30 PM

Values

Commitment – We demonstrate our pursuit of individual and organizational development by always going above and beyond to find the answer, discover the cause, and advocate the most appropriate course of action.

Community – We demonstrate our effectiveness and quality in complete transparency with each other and in line with the values of our medical center.

Empowerment – We prove our promise to patients and our dedication to both organization and community through the manner in which we empower each other and carry out each action.

Integrity – We set a strong example of behavioral and ethical standards by demonstrating our accountability to patient needs and our devotion to performing alongside one another as we exhibit our high standards each and every day.

Quality – We demonstrate an exceptional and enduring commitment to excellence. We are devoted to processes and systems that align our actions to excellence, compassion and effectiveness on a daily basis.

Respect – We embrace equality on a daily basis through positive, personal interactions and recognize the unique value within each of our colleagues, patients, and ourselves.

Transparency – We demonstrate complete openness by providing clear, timely and trusted information that shapes the health, safety, well-being and stability of each other and our community.

AGENDA / PACKET EXPLANATION

For Meeting on June 26, 2024

Below is an explanation of agenda items for the upcoming Board meeting for which you may find pre-explanation helpful.

- **Consent Agenda** –Please feel free to connect with Marianne or Diane with any questions in advance of Wednesday’s meeting and / or pull individual warrants or other items from the consent agenda at the meeting, should you wish to discuss.
- **New Commissioner Appointment, Position No. 5** – CM has been following the legal appointment process to fill an open commission spot; the process the board has followed thus far has been to request applications and interview. At this point, if a commissioner wishes to nominate a candidate, they may make a motion to do so. Just like all motions, there is an opportunity for a second and then discussion. A candidate is selected, ultimately, when at least three of the four commissioners vote to appoint.
- **Oath of Office** – If a candidate is appointed by majority vote of the Board, then Megan will administer the oath of office to the new commissioner, and they can then begin serving as a commissioner immediately following the oath of office.
- **Financial Audit Report** – Included in your packet are 2023 audited financials as well as the 2023 financial indicators. Kami Matzek, with Dingus, Zarecor and Associates, who led our audit, will attend virtually to give the audit report. Strategic questions you may wish to consider are listed on the agenda, should that be helpful for generating discussion.
- **Discussions & Reports**
 - IT Security / System Update – No documents are included in your packet for this topic. Chad Schmitt, VFCIO, will provide an update related to ongoing technology and security work.
 - Hematology Analyzer Purchase – Included in your packet is a document summarizing management’s recommendation to purchase a replacement hematology analyzer. This is a planned 2024 capital budget purchase and is of an amount that will require board approval to proceed. Per our standard process, we are providing the information to the Board this meeting and will, provided all questions can be suitably answered in the meantime, ask for approval at a subsequent meeting.
 - Meditech System Addition – Included in your packet is a document summarizing additional buildout/upgrade to the Meditech system for which management will seek approval at a subsequent meeting.
 - EMS Levy Prep Update – No documents are provided in your packet for this item, which will be a brief verbal report on additional information regarding the upcoming EMS levy. Further information will be provided at subsequent meetings.
 - Conference Discussion/Education – No documents are included in your packet for this topic. Attendees to the Chelan Rural Health Leadership conference are

asked to share their several top strategic takeaways from their attendance at the recent conference, for group discussion.

- **Committee Reports**

- Governance Committee – Included in your packet is the agenda from the most recent Governance Committee meeting, to facilitate Bruce’s report, as well as the Board’s 2024 objectives and education plan.

- **Action Items**

- Officer Election Board Secretary – Included in your packet is the list of Board officers and committee members, updated to reflect the recent commissioner retirement, and the open Secretary position. Board bylaws require the commission elect a new officer to fill the unexpired term created by the Board vacancy.
- Committee Appointments, Appoint QOC Member – The recent retirement leaves a vacancy on the QOC committee; this section of the agenda provides an opportunity to fill that position.
- Resolution 2024-05 – Included in your packet is a resolution for board consideration to allow CM to dispose of old, unusable assets, including the recently replaced X-ray room/equipment and old lab equipment.
- Resolution 2024-06 – Included in your packet is a resolution for board consideration which would allow CM to join in a limited liability partnership called the Rural Health Enterprise (RHE) with The Rural Collaborative (TRC) and other TRC members. This partnership allows projects, such as contracts for services, to be accessible to public hospitals who are not TRC members, enhancing both the pricing and benefits of certain programs for TRC members, such as CM, due to increased utilization (greater scale = lower prices), while offering a benefit to those non-TRC hospitals who also benefit from increased scale. As a TRC member, CM already benefits from better pricing with these group contracts. By participating in the RHE, CM should benefit long-term from additional pricing improvements and revenue share back from the RHE, related to non-TRC members’ utilization of RHE projects. The investment to join the RHE is a one-time payment of \$2,000 by CM; the mechanism of return to RHE members is still being finalized as the RHE wishes to do so in a way that does not adversely impact cost-based reimbursement.
- Credentialing – Included in your packet is a document with a list of providers for your consideration for credentialing approval.

- **May Financial Report** – Included in your packet is the financial report for May 2024.

Further Notes

- As you review your packet, please be thinking about strategic questions and ways to engage in strategic discussion as we move through the meeting.



Minutes of the Board of Commissioners Meeting

Chelan County Public Hospital District No. 1
Arleen Blackburn Conference Room & Video Conference Connection
May 22, 2024

- Present:** Bruce Williams, President; Tom Baranouskas, Vice President; Jessica Kendall, Commissioner; Gustavo Montoya, Commissioner; Diane Blake, Chief Executive Officer; Pat Songer, Chief Operations Officer; Marianne Vincent, Chief Financial Officer; Melissa Grimm, Chief Human Resources Officer; Clint Strand, Director of Public Relations; Megan Baker, Executive Assistant
- Via Zoom:** Chad Schmitt, Virtual Fractional Chief Information Officer
- Excused:** Mall Boyd, Commissioner
- Guests:** Natasha Piestrup, Director of Nursing; Jason Satterfield, EMT; Bob Jennings, CM Foundation; Norma Gallegos, Community Member; Deb Williams, Clinic Consultant

Topics	Actions/Discussions
Call to Order	<ul style="list-style-type: none"> President Bruce Williams called the meeting to order at 5:33 pm. Tom then led the pledge of allegiance.
Consent Agenda	<ul style="list-style-type: none"> Tom moved to approve the consent agenda. Gustavo seconded the motion and the group unanimously approved.
Community Input	<ul style="list-style-type: none"> None
Foundation Report	<p>Bob Jennings provided the Foundation Report.</p> <ul style="list-style-type: none"> Annual Golf Tournament, Monday June 17th <ul style="list-style-type: none"> There is space for 120 golfers, but only 85 have signed up so far. Sponsorships are \$35,000, which is ahead of last year's numbers. CMF reached their \$70,000 hematology analyzer goal and will now work on a stretch goal of \$65,000 for a Mobile Integrated Health program vehicle. The Cardiac Rehab program currently serves four patients. Kudos to Katie and Erin for their passion and dedication to this important work. CMF is actively recruiting new members to replace those that will retire at the end of the year.
CM Values	<p>Diane Blake provided the report.</p> <ul style="list-style-type: none"> Diane shared a short story titled "All the Difference in the World," which describes an encounter between a woman who catches, cleans, and releases turtles and a jogger who observes her actions. They discuss the significance of her efforts, with the woman emphasizing that while her actions may seem small, they have a profound impact on each turtle she helps. The story highlights how small, consistent efforts can create meaningful change and illustrated the humanity in the woman's actions. Diane connected the story to our Shared Values by reinforcing the idea that our actions, whether large or small, can impact patients, staff, and the community. Last week, CM celebrated Healthcare Week with bingo cards, daily activities, and treats, and wrapped up with a street fair event on

	<p>Saturday. Kudos to Melissa for her exceptional leadership, planning, and passion for celebrating others. Her thoughtfulness made CM's team feel truly valued, creating ripples that positively impacted both our internal and external communities.</p>
<p>Public Relations Report</p>	<p>Clint Strand provided the report.</p> <p>Outreach</p> <ul style="list-style-type: none"> • CM attended the Community Engagement Night on May 7th which was held at the Leavenworth Festhalle and hosted more than 125 community members. Thanks to Bruce for attending! • This weekend through the month of June, CM will provide outreach at different events. A few upcoming opportunities include: <ul style="list-style-type: none"> ○ Saturdays beginning June 1st at the Leavenworth Farmer's Market ○ June 8th: Annual Health & Safety Fair @ Alpine Lakes Elementary. ○ June 22nd: Wenatchee PRIDE Event <p>Social Media</p> <ul style="list-style-type: none"> • CM's Facebook page reached nearly 5,000 accounts in May with over 1,400 post engagements. CM's Instagram reached around 1,360 accounts. Thanks to Lester and Andrya for sharing their story of Betty which yielded the greatest reach on CM's social media platforms. Clint is currently working to develop a Spanish language Facebook page.
<p>Discussions & Reports</p>	<p>A. IT Security/System Update Chad Schmitt provided the update.</p> <ul style="list-style-type: none"> • Ascension Health System was breached recently, similar to the Change HealthCare incident, highlighting the trend of large systems being targeted. • Chad expressed his pride in CM staff for effectively identifying suspicious emails. The results of recurring education assessments will help the team identify and prioritize future topics. • Chad concluded his report by highlighting the importance of cybersecurity investments and commending CM's dedication to implementing safety mechanisms that strive to prevent data breaches. <p>B. EMS Levy Education Brad Berg provided the presentation.</p> <ul style="list-style-type: none"> • Diane introduced Brad Berg, noting that CM has collaborated with him for many years on projects including bonds, bond refinancing, and levy preparation. <p><u>District's Existing EMS Levy</u></p> <ul style="list-style-type: none"> ○ The District's existing EMS levy was approved at a rate of fifty (50) cents in 2019 for a six-year period beginning in 2020 and ending in 2025. As of 2024, the levy rate has declined to thirty-three (33) cents, producing a levy amount of \$1,743,703. ○ Initial authorization requires voter approval by super majority (60%) and validation (40% turnout or approval by 60% of 40%), however renewal requires a simple majority approval and no validation requirement. ○ Based on the District's current assessed value, a levy rate of fifty (50) cents would produce a levy amount of \$2,595,836. <p>Election Dates + Ballot Proposition Deadlines</p>

- Ballot propositions for the EMS levy can be proposed by public hospital districts four times a year at elections held in February, May, August, and November.
 - December 13, 2024: last day to file for February 11, 2025 special election.
 - February 21, 2025: last day to file for April 22, 2025 special election.
 - May 3, 2025: last day to file for August 5, 2025 primary election.
 - August 6, 2025: last day to file for November 4, 2025 general election.

Process + Requirements for Submitting Ballot Proposition

- A public hospital district's (PHD) request for a ballot proposition must be made in the form of a resolution adopted by the board of commissioners.
- Ballot title must include: an identification of enacting legislative body and a statement of the subject matter (10 words maximum), a concise description of the measure (75 words maximum), and a question.

Voter Pamphlets

- County auditors are required to publish voter pamphlets for all elections, including information on ballot measures. The PHD board is required to appoint pro and con committees to prepare statements regarding the ballot proposition. If the PHD board fails to make the appointments, the county auditor is required to make them.
- The cost of producing the voter pamphlet is treated as an election cost.
- The previous EMS levy may have totaled around \$25,000 in election costs.

Use of Public Resources in Elections

- RCW 42.17A.555 prohibits the use of any of the facilities of the PHD, directly or indirectly, for the purpose of assisting a ballot proposition campaign. Facilities include use of stationary, postage, machines, and equipment, use of employees of PHD during work hours, vehicles, office space, publications of the office or agency, and clientele lists of persons served by PHD.

Strategic Question:

What information would be helpful to review at future meetings to best inform the Board's decision-making regarding the levy?

- The Commissioners discussed the importance of acquiring additional information regarding timing and the levy amount to facilitate the most informed decision-making process.

Amount

- The Commissioners asked for the following information:
 - A better understanding of EMS financial position and desired amount.
 - Historical levy and approval rates.
 - A menu-like representation of scenarios and outcomes regarding specific amounts in relation to financial position.

	<p><u>Timing</u></p> <ul style="list-style-type: none"> ○ The Commissioners discussed an early in the year vote, which aligns with Diane’s preference. CM will connect with all partner agencies to determine their levy plans for next year, which will be shared with Commissioners. ○ Commissioners expressed the desire for multiple future discussions on this topic. <p><u>Levy Period</u></p> <ul style="list-style-type: none"> ○ Historically, a 6-year period has been ideal. CM aims to avoid opting for a permanent solution, as over time, it fails to keep pace with inflation and does not allow for regular community input <p>C. Meditech Update Pat Songer provided the update.</p> <ul style="list-style-type: none"> • CM is currently in the optimization phase which includes education and training. • The informatics team received a visit from Dr. Burchett and Pam Ruhoff, both with Meditech, who initiated discussions, training sessions, and problem identification efforts aimed at fostering provider-to-provider collaboration. • The vendor issues with Rehab statements are not yet resolved. • There is a high volume of items on hold waiting for Meditech response or completion. • The Informatics team will be at the MUSE (Medical Users Software Exchange) Conference next week with a goal of identifying resources that can help support CM’s Meditech optimization. <p>D. Clinic Construction Update Pat Songer provided the update.</p> <ul style="list-style-type: none"> • Preliminary construction plans have received approval from Dr. Kendall, Clinic Medical Director; Deb Williams, Clinic Consultant; Whitney Lak; Clinic Director, and the Senior Team. The architect is now finalizing construction documents, which will then be forwarded to CM’s attorney for review of the Clinic Remodel Request for Proposal.
<p>Committee Reports</p>	<p>Medical Staff Meeting Jessica Kendall provided the report.</p> <ul style="list-style-type: none"> • The meeting began with a presentation from Catholic Charities which outlined Designated Crisis Responder (DCR) services and the criteria for voluntary and involuntary holds. The purpose of the presentation was to inform providers of how best to connect patients with behavioral health services. The group also engaged in discussions around the Credentialing and Professional Practice Evaluation policies. There were only about half of the medical staff in attendance at the meeting. <p>Quality Oversight Committee Jessica Kendall provided the report.</p> <ul style="list-style-type: none"> • Kudos to Rachel and Sarah for their incredible work, consistently enhancing processes, right down to the organization and efficiency of meetings. • The group discussed committee reports which have a standardized reporting structure, reviewed data such as Door to EKG and Door to CT Read and evaluated the board quality rounding event from April.

	<ul style="list-style-type: none"> • The Quality team plans to expand patient survey questions to include feedback about appointment accessibility and availability. • Future board quality rounding events will include background context with examples of clinical processes. At the end of the year, there will be an annual review of all department quality goals. <p>Board Quality Rounding Jessica Kendall & Tom Baranouskas provided the report.</p> <ul style="list-style-type: none"> • The Commissioners rounded on the Emergency and Radiology Departments. <ul style="list-style-type: none"> ○ Emergency Department goal: 90% or more of ED patients and medications are scanned upon medication administration by 7/1/24. ○ Radiology goal: 85% of mammograms will meet all three quality criteria by the end of 2024. ○ Both goals were developed by the departments, not initiated in a top-down process. • The Quality team will create a progress sheet to document updates on departmental goals. <p>WSHA Board Meeting Bruce Williams provided the report.</p> <ul style="list-style-type: none"> • The committee discussed WSHA’s compliance efforts, the recent repeal of the state’s capital gains tax, and provided feedback on the strategic plan. They also acted on a motion to fill a vacancy on the American Hospital Association (AHA) Regional Policy Board Delegate, appointing Diane to the position. Although Diane planned to roll off the WSHA board at the next cycle, she will now stay on to fulfill this need. • Washington Hospital Services (WHS) has continued to grow, provide new services to members, and substantially increase donations to the Washington Hospital PAC (Political Action Committee). Bruce described the value of utilizing WHS contacts and vendors. • Jilma Meneses, Secretary of Washington State Department of Social and Health Services gave a presentation about complex discharge, state mental health hospitals, and children in the foster care or child welfare system who are stuck in hospitals.
Action Items	<p>Motion: Authorize CEO to sign IAFF Contract</p> <ul style="list-style-type: none"> • The International Association of Fire Fighters (IAFF) represents CM’s emergency medical services team. Throughout the negotiations, CM and the IAFF maintained collaborative efforts. • The contract changes include aligning the wage scale closer to industry standards by moving to a 12-step scale and adjusting the scheduling to 48 hours per week. Additionally, the PTO schedule has been compressed to four steps, IV certification pay increased to \$1.50 per hour, and the education allowance now rolls over. Jason S. reported the team is happy with the proposed contract. • Tom moved to approve; Gustavo seconded. Motion unanimously approved. <p>Motion: Approve Credentialing</p> <ul style="list-style-type: none"> • Bruce moved to approve; Gustavo seconded. Motion unanimously approved. <p>Motion: Approve Ambulance Purchase</p>

	<ul style="list-style-type: none"> • Purchasing an ambulance is in our year capital budget. CM plans to invest in a demo ambulance that includes a power load system and stretcher. While the ambulance does not come with a bariatric stretcher, it can lift to 700 lbs. • Jessica moved to approve; Tom seconded. Motion unanimously approved. <p>Motion: Appoint Jessica Kendall as Quality Oversight Committee Chair</p> <ul style="list-style-type: none"> • Tom moved to approve; Gustavo seconded. Motion unanimously approved.
<p>April Financial Report</p>	<p>Marianne Vincent provided the financial report.</p> <ul style="list-style-type: none"> • April gross patient revenue of \$3,148,000 exceeded the budgeted amount of \$2,777,000 by \$371,000. The contractual allowance of \$846,000 for April was less than the budgeted amount of \$882,000 by \$36,000. The April net margin of (\$87) was greater than the budgeted net margin of (\$69,000) by \$69,000. Cash receipts totaling \$3,825,000 in April were greater than the budgeted cash receipts total of \$3,228,000. The April month end cash balance of \$14,922,000 is greater than the budgeted cash balance of \$14,469,000 by \$453,000. • Purchased Services for April were over budget by (\$92,000) due to Business Office Support expenses (\$51), HIM Coding expenses and plant expenses for heater repairs. • Professional fees were over budget in April by (\$73,000) due to Acute nurse registry expense, Hospitalist expense, Clinic practice share consulting and expense for an EMS staffing study. • Collections on patient accounts of \$2,464,000 in April were above budgeted patient account collections of \$1,973,000 by \$491,000. • CM's Balance Sheet shows an increase in cash balances in April of \$1,139,000 reflecting that CM's cash receipts are strong. • Days in Net Accounts Receivable decreased from 55.7 days in March to 53.7 days in April, which is just below our target budget amount. Gross Accounts Receivable has decreased by \$91,000 from March. • CM is still working with a third party billing statement vendor and EMR vendor to correct the problem with Rehab billing. Patients have been notified and will not be receiving billing statements for the patient balance until the issue is resolved. CM is working to separate patients on installment plans from remaining self-pay patients so that we can report the patient balances greater than 90 days. • CM's annual financial audit is nearly complete, and our Medicare Cost Report currently is in its final review with our audit firm. We have had no updates from the state auditor on the 2019-2022 State Accountability Audit, with our last communication with them being in mid-April.
<p>Administrator Report</p>	<p>Diane Blake provided the administrator report.</p> <p>Rural Payment Reform</p> <ul style="list-style-type: none"> • A group of rural hospital CEOs, and representatives from Washington State Healthcare Association (WSHA), Health Care Authority (HCA), and The Center for Medicare and Medicaid Innovation (CMMI) met to discuss rural payment reform. CMMI also known as the "Innovation Center," was authorized under the Affordable Care Act (ACA) and tasked with designing, implementing, and testing new health care payment models to address growing concerns about rising costs, quality of care, and inefficient spending.

	<p>By statute, CMMI is required to maintain budget neutrality. During a six-year pilot program in Pennsylvania, the Centers for Medicare and Medicaid (CMS) ended up spending more money instead of reporting savings which did not meet budget neutrality parameters.</p> <ul style="list-style-type: none"> • The discussion touched on the unique challenges of rural hospitals, originally established to maintain local access to care in rural areas. An open question remains on whether critical access hospital regulations can be federally updated to provide more sustainable reimbursement and flexibility to support changes in care delivery. <p>Staffing/Recruitment</p> <ul style="list-style-type: none"> • CM interviewed two great candidates for hospitalist and made an offer to one. The individual declined due to other personal reasons but may be interested in per diem work. CM's recruiter will not charge if the candidate moves forward with a per diem contract. There are a few additional candidates who have expressed interest in the hospital role to the recruiter. • Locums are scheduled through July and will continue until CM permanently fills the hospitalist role. <p>Open Forums</p> <ul style="list-style-type: none"> • Open Forums are being held this week with topics including an update about the Living Well program, annual refresher on HIPAA, a program spotlight on Cardiac Rehab, and celebrating employee milestones. <p>Kudos</p> <ul style="list-style-type: none"> • Natasha and the Charge Nurse (CRN) team are holding a retreat next week to address various education and process topics they have collaboratively developed. Kudos to Natasha and her leadership!
Board Action Items	<ul style="list-style-type: none"> • Please assist in recruitment efforts for CMF's Annual Golf Tournament, CMF Board members, and Patient and Family Advisory (PFAC) Council members. • Please check your emails.
Meeting Evaluation/ Commissioner Comments	<ul style="list-style-type: none"> • The Commissioners appreciated the EMS Levy presentation and the thoroughness of Diane's update on the IAFF contract. • Norma expressed her gratitude for CM's care, patience, and thoughtfulness during Gustavo's recovery, noting that he has achieved many milestones.
Adjournment	<ul style="list-style-type: none"> • Tom a motion to adjourn the meeting at 8:31 PM. Jessica seconded the motion and the commissioners unanimously approved.

Bruce Williams, President

Secretary

FINANCIAL ACCOUNTING
WARRANTS / EFTS ISSUED

Commissioner Meeting: June 26, 2024

Below is a listing of the Accounts Payable warrants issued since the last Board of Commissioners meeting along with the EFT transactions and payroll EFT transactions since the last Board of Commissioners meeting.

Accounts Payable Warrant Numbers	10122263 – 10122544	\$1,308,145.99	5/11/2024 – 6/14/2024
Accounts Payable EFT Transactions	20240067 – 20240085	\$711,682.45	5/11/2024 – 6/14/2024
Payroll EFT Transactions ¹	20604 – 21218	\$911,259.72	5/18/2024 – 6/14/2024
Grand Total		\$2,931,088.16	

Notes:

1. Payroll warrant number #20809 – 21013 were voided due to a processing issue

Prepared by:

Kathy Jo Evans
Director of Accounting

Cascade Medical

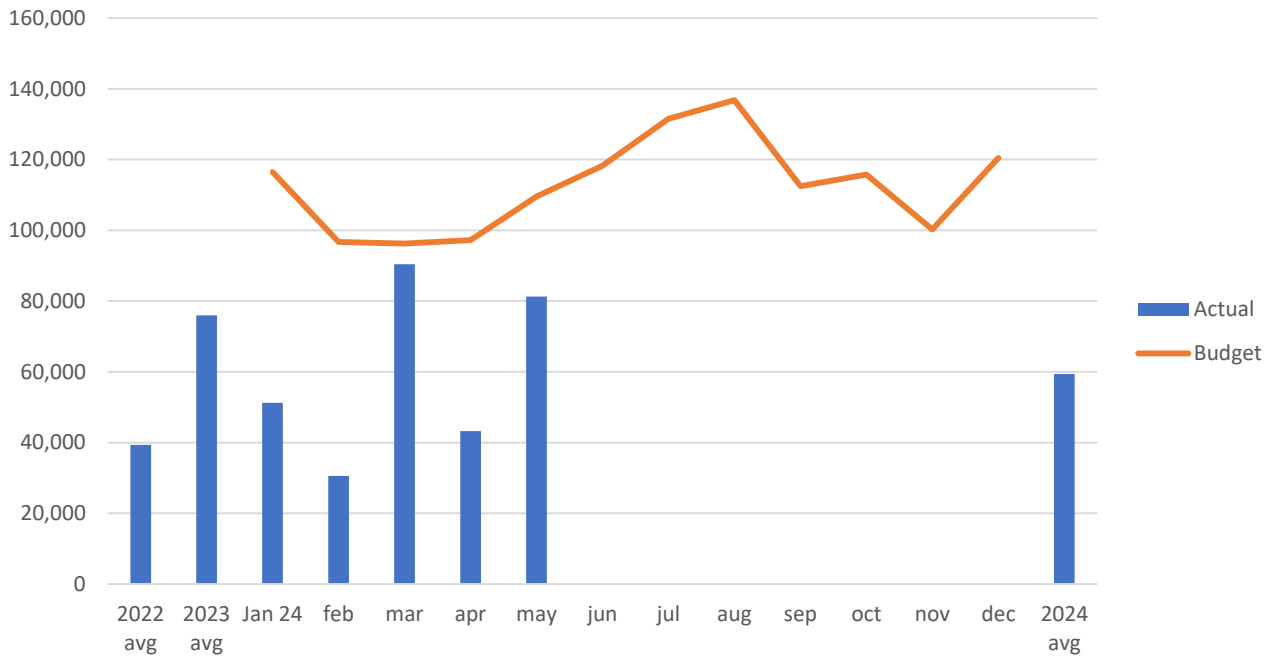
Bad Debt Write Offs Financial Assistance Program Discounts

Month of May, 2024

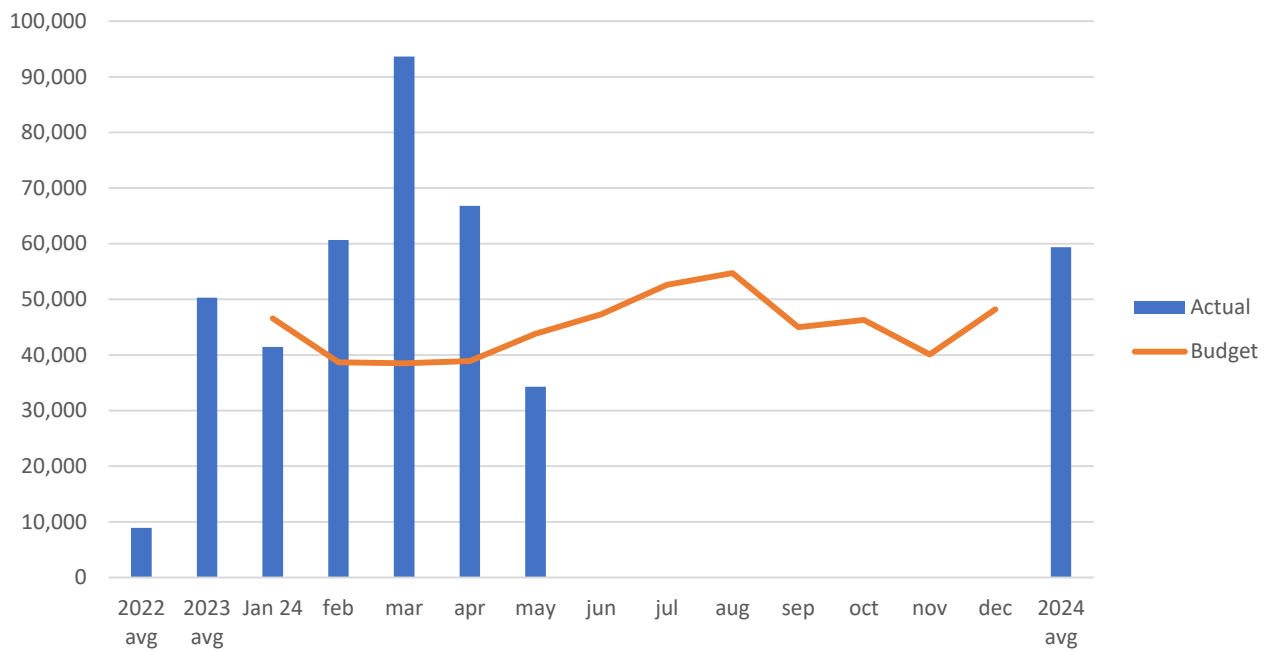
Net Bad Debt Write-Offs for Board Approval	\$	81,262.67
CFSP/Financial Assistance Program Discounts for Board Approval	\$	34,284.73

Bad Debt/ Financial Assistance Supplemental Information		
Bad Debt Write-Offs	Sent to Collection Agency	144,198.16
	less: pullback from Agency due to receipt of payments	(62,935.49)
	Net Bad Debt Write-Offs	<u>81,262.67</u>
CFSP/Financial Assistance Applications - Discounts Approved	\$	34,284.73
	Total	115,547.40

Net Account Balances Sent to Collections



CFSP/Financial Assistance Discounts





Board of Commissioners
Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Leavenworth, Washington

We have audited the financial statements of Chelan County Public Hospital District No. 1 doing business as Cascade Medical Center (the District) for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letters to you dated October 16, 2023 and March 22, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the District changed accounting policies related to accounting for leases by adopting Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, in 2023.

We noted no transactions entered into the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financials follows:

- Management's estimate of the allowance for estimated uncollectible accounts and contractual adjustments is based on experience, third-party contractual history, and any unusual circumstances.
- Management's estimate of third-party payor settlements is based on interim payments, District expenses, and patient statistical data.
- Management's estimate of the other postemployment benefits liability is based on actuarially determined values and other calculations provided by the Public Employee Benefits Board.
- Management's estimate of the net pension asset is based on actuarially determined values and other calculations provided by the Law Enforcement Officers' and Fire Fighters' (LEOFF) Retirement System Plan 2.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Management has determined that the exclusion of the Cascade Medical Foundation from the financial statements is immaterial to the financial statements taken as a whole. Cascade Medical Foundation's total assets at December 31, 2023, were approximately \$566,000.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 4, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In the audit planning process, we identify balances, transactions, and disclosures that require specific audit attention due to a combination of their inherent risks and significance to the financial statements. Management override of controls and revenue recognition receive specific audit attention in all audits. We have identified the following for specific audit attention:

- The allowance for contractual adjustments and doubtful accounts
- Estimated third-party payor settlements
- Management override of controls
- Implementation of Government Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Other Matters

We applied certain limited procedures to the schedule of changes in the District's total OPEB liability, Schedule of Proportionate Share of the Net Pension Asset Law Enforcement Officers' and Fire Fighters' (LEOFF) Retirement System Plan 2 and Schedule of Employer Contributions Law Enforcement Officers' and Fire Fighters'(LEOFF) Retirement System Plan 2, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction of Use

This information is intended solely for the information and use of the Board of Commissioners and management of Chelan County Public Hospital District No. 1 doing business as Cascade Medical Center and is not intended to be, and should not be, used by anyone other than these specified parties.

D3APLLC

Spokane Valley, Washington
June 4, 2024

Chelan County Public Hospital District No. 1 doing business as Cascade Medical Center

Basic Financial Statements and
Independent Auditors' Reports

December 31, 2023 and 2022

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Leavenworth, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Chelan County Public Hospital District No. 1 doing business as Cascade Medical Center (the District) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2023 and 2022, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2023 the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the District's total other postemployment benefits (OPEB) liability and related ratios, schedule of proportionate share of the net pension asset Law Enforcement Officers' and Fire Fighters' retirement system plan 2, and schedule of employer contributions Law Enforcement Officers' and Fire Fighters' retirement system plan 2 on pages 36-38 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 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 assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters for the year ended December 31, 2023. We issued a similar report for the year ended December 31, 2022, dated June 16, 2023, which has not been included with the 2023 financial and compliance report. The purpose of those reports is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

D3A PLLC

Spokane Valley, Washington
June 4, 2024

Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Statements of Net Position
December 31, 2023 and 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2023	2022
<i>Current assets</i>		
Cash and cash equivalents	\$ 12,812,520	\$ 9,922,464
Receivables:		
Patient accounts	3,630,930	3,452,558
Taxes	42,410	171,182
Estimated third-party payor settlements	702,321	1,551,806
Other	72,893	126,514
Taxes restricted as to use	11,246	11,494
Inventories	270,696	330,879
Prepaid expenses	289,467	327,191
Cash and cash equivalents restricted or limited as to use	463,413	1,785,457
Total current assets	18,295,896	17,679,545
<i>Noncurrent assets</i>		
Cash and cash equivalents limited as to use	964,217	1,314,457
Law enforcement officers' and fire fighters' benefits net pension asset	591,878	730,164
Capital assets, net of accumulated depreciation and amortization	9,225,927	10,037,379
Total noncurrent assets	10,782,022	12,082,000
Total assets	29,077,918	29,761,545
<i>Deferred outflows of resources</i>		
Deferred charge on debt refunding	301,233	322,465
Law enforcement officers' and fire fighters' benefits	495,384	400,613
Other postemployment benefits	405,924	463,553
Total deferred outflows of resources	1,202,541	1,186,631
Total assets and deferred outflows of resources	\$ 30,280,459	\$ 30,948,176

See accompanying notes to basic financial statements.

Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Statements of Net Position (Continued)
December 31, 2023 and 2022

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	2023	2022
<i>Current liabilities</i>		
Accounts payable	\$ 637,989	\$ 467,545
Accrued compensation and related liabilities	1,395,232	1,227,892
Accrued interest payable	25,328	27,214
Electronic health records incentive payback	741,000	741,000
Current maturities of long-term debt and other noncurrent liabilities	877,069	779,601
Total current liabilities	3,676,618	3,243,252
<i>Noncurrent liabilities</i>		
Long-term debt and other noncurrent liabilities, less current maturities	8,976,714	9,799,451
Other postemployment benefits liability	1,074,248	1,957,866
Total noncurrent liabilities	10,050,962	11,757,317
Total liabilities	13,727,580	15,000,569
<i>Deferred inflows of resources</i>		
Law enforcement officers' and fire fighters' benefits	410,977	586,421
Other postemployment benefits	2,162,423	1,286,503
Total deferred inflows of resources	2,573,400	1,872,924
<i>Net position</i>		
Net investment in capital assets	(351,951)	(246,422)
Restricted for debt service and emergency medical services	88,623	347,278
Unrestricted	14,242,807	13,973,827
Total net position	13,979,479	14,074,683
Total liabilities, deferred inflows of resources, and net position	\$ 30,280,459	\$ 30,948,176

See accompanying notes to basic financial statements.

Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2023 and 2022

	2023	2022
<i>Operating revenues</i>		
Net patient service revenue	\$ 25,402,503	\$ 22,244,842
Grants	204,897	365,116
Other	140,658	159,253
Total operating revenues	25,748,058	22,769,211
<i>Operating expenses</i>		
Salaries and wages	14,868,578	13,441,278
Employee benefits	3,048,670	2,910,002
Other postemployment benefits	54,560	135,036
Depreciation and amortization	2,097,520	1,932,014
Supplies	2,212,826	1,805,873
Professional fees and other purchased services	4,025,985	3,235,529
Utilities	283,713	278,584
Insurance	253,481	244,099
Leases and rentals	186,058	124,563
Repairs and maintenance	647,646	271,725
Other	1,507,580	1,099,248
Total operating expenses	29,186,617	25,477,951
<i>Operating loss</i>	(3,438,559)	(2,708,740)
<i>Nonoperating revenues (expenses)</i>		
Taxation for maintenance and operations and emergency medical services	2,344,513	2,296,803
Taxation for bond principal and interest	662,504	631,764
Investment income	615,080	166,882
(Gain) loss on sale of assets	10,413	(698)
Interest expense	(364,234)	(387,360)
Contributions and other nonoperating revenues	1,500	1,550
Total nonoperating revenues, net	3,269,776	2,708,941
Excess of revenues over (under) expenses before capital grants and contributions	(168,783)	201
<i>Capital grants and contributions</i>	73,579	164,771
Change in net position	(95,204)	164,972
Net position, beginning of year	14,074,683	13,909,711
Net position, end of year	\$ 13,979,479	\$ 14,074,683

See accompanying notes to basic financial statements.

Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
<i>Change in Cash and Cash Equivalents</i>		
<i>Cash flows from operating activities</i>		
Receipts from and on behalf of patients	\$ 26,073,616	\$ 21,404,182
Other receipts	194,279	72,565
Receipts from grants	204,897	365,116
Payments to and on behalf of employees	(17,886,466)	(16,326,593)
Payments to suppliers and contractors	(8,848,938)	(7,232,616)
Net cash from operating activities	(262,612)	(1,717,346)
<i>Cash flows from noncapital financing activities</i>		
Taxation for maintenance and operations and emergency medical services	2,473,285	2,426,643
Contributions	1,500	1,550
Net cash from noncapital financing activities	2,474,785	2,428,193
<i>Cash flows from capital and related financing activities</i>		
Taxation for bond principal and interest	662,752	632,903
Capital grants and contributions	73,579	164,771
Purchase of capital assets	(1,138,614)	(457,163)
Principal paid on long-term debt and other noncurrent liabilities	(856,697)	(717,456)
Interest paid on long-term debt and other noncurrent liabilities	(350,501)	(373,488)
Net cash from capital and related financing activities	(1,609,481)	(750,433)
<i>Cash flows from investing activities, investment income</i>	615,080	166,882
Net change in cash and cash equivalents	1,217,772	127,296
Cash and cash equivalents, beginning of year	13,022,378	12,895,082
Cash and cash equivalents, end of year	\$ 14,240,150	\$ 13,022,378

See accompanying notes to basic financial statements.

Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Statements of Cash Flows (Continued)
Years Ended December 31, 2023 and 2022

	2023	2022
<i>Reconciliation of Cash and Cash Equivalents to the Statements of Net Position</i>		
<i>Current assets</i>		
Cash and cash equivalents	\$ 12,812,520	\$ 9,922,464
Cash and cash equivalents restricted or limited as to use	463,413	1,785,457
<i>Noncurrent assets</i>		
Cash and cash equivalents limited as to use	964,217	1,314,457
Total cash and cash equivalents	\$ 14,240,150	\$ 13,022,378
<i>Reconciliation of Operating Loss to Net Cash from Operating Activities</i>		
<i>Operating loss</i>	\$ (3,438,559)	\$ (2,708,740)
<i>Adjustments to reconcile operating loss to net cash from operating activities</i>		
Depreciation and amortization	2,097,520	1,932,014
Provision for bad debts	1,036,928	563,432
(Increase) decrease in assets:		
Patient accounts receivable	(1,215,300)	(924,912)
Estimated third-party payor settlements	849,485	(479,180)
Other receivables	53,621	(86,688)
Inventories	60,183	(79,479)
Prepaid expenses	37,724	(160,715)
Law enforcement officers' and fire fighters' benefits net pension asset	138,286	544,028
Deferred outflows of resources, law enforcement officers' and fire fighters' benefits	(94,771)	(295,980)
Deferred outflows of resources, other postemployment benefits	57,629	29,079
Increase (decrease) in liabilities:		
Accounts payable	170,444	67,199
Accrued compensation and related liabilities	167,340	31,975
Other postemployment benefits liability	(883,618)	276,292
Deferred inflows of resources, law enforcement officers' and fire fighters' benefits	(175,444)	(251,571)
Deferred inflows of resources, other postemployment benefits	875,920	(174,100)
Net cash from operating activities	\$ (262,612)	\$ (1,717,346)

Noncash Investing, Capital, and Financing Activities

During the year ended December 31, 2023, the District implemented Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, which resulted in recognizing two subscription assets and related subscription liabilities totaling \$97,863 as of January 1, 2023.

During the year ended December 31, 2023, the District entered into a new subscription arrangement in the amount of \$39,178. During the year ended December 31, 2022, the District recognized lease assets and related lease liabilities totaling \$106,054.

See accompanying notes to basic financial statements.

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements
Years Ended December 31, 2023 and 2022**

1. Reporting Entity and Summary of Significant Accounting Policies:

a. Reporting Entity

Chelan County Public Hospital District No. 1 doing business as Cascade Medical Center (the District) owns and operates Cascade Medical Center, a nine-bed acute care hospital and rural health clinic. The District provides healthcare services to residents in Chelan County, Washington (the County). Services provided by the District include acute care hospital, emergency room, ambulance, physicians' clinic, and other related ancillary procedures (laboratory, imaging, physical therapy, etc.) associated with those services.

The District also has dual status as a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code). The District is exempt from federal income tax.

The District, governed by a five-member Board of Commissioners (the Board) elected to six-year terms, operates under the laws of the state of Washington for Washington municipal corporations. As organized, the District is exempt from payment of federal income tax. The District is not reported as a component unit of Chelan County, Washington.

Related organization – The Cascade Medical Center Foundation (the Foundation) is a separate nonprofit corporation. The Foundation was organized in 1992 for the primary purpose of soliciting charitable donations and raising funds on behalf of, and in support to, the District. Although the District does not control the Foundation, the majority of resources or income that the Foundation holds and invests is used for the benefit of the District. The Foundation provided contributions of approximately \$39,000 and \$127,000 to the District in 2023 and 2022, respectively. The Foundation is not reported as a component unit of the District.

b. Summary of Significant Accounting Policies

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

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

Cash and cash equivalents – All cash receipts are deposited directly with the Chelan County Treasurer (County Treasurer) who acts as the District Treasurer. Warrants are issued by the District against the cash placed with the County Treasurer. The County Treasurer invests cash in interest-bearing investments at the discretion of the District. For purposes of the statements of cash flows, the District considers all cash and cash investments with original maturity dates of less than 90 days as cash and cash equivalents.

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

Prepaid expenses – Prepaid expenses are expenses paid during the year relating to expenses incurred in future periods. Prepaid expenses are amortized over the expected benefit period of the related expense. Prepaid expenses include prepaid insurance and other expenses.

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022**

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

b. Summary of Significant Accounting Policies (continued)

Assets restricted or limited as to use – Assets restricted or limited as to use consist of amounts restricted for bond principal and interest payments and amounts set aside by the Board for designated purposes over which the Board retains control and may, at its discretion, subsequently use for other purposes.

Taxes receivable restricted as to use – Such assets are set aside for repayment of bond principal and interest as required by bond indenture.

Capital assets – Capital assets are defined by the District as assets with initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Major expenses for capital assets and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals that do not increase the useful life of the asset are accounted for as expenses when incurred. Capital assets are recorded at historical cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Capital assets acquired under leases or subscription agreements are amortized over the shorter of the estimated useful life or the length of the lease or subscription agreement.

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

Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

All capital assets, other than land and construction in progress, are depreciated or amortized using the straight-line method over the following estimated useful service lives:

Land improvements	10 to 20 years
Buildings and improvements	5 to 40 years
Fixed equipment	5 to 20 years
Major movable equipment	3 to 20 years
Subscription assets	3 to 4 years
Lease right-of-use assets:	
Buildings	3 years
Equipment	1 to 3 years

Compensated absences – The District’s policy is to permit employees to accumulate earned but unused paid time off (PTO). All PTO is accrued when incurred at varying rates depending on the employee’s position and contract. Unused PTO is accumulated and paid to the employee when the employee terminates employment with the District.

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022**

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

b. Summary of Significant Accounting Policies (continued)

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

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

Law enforcement officers’ and fire fighters’ (LEOFF) pension – For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans, and additions to/deductions from those plans’ fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. 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.

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

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

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022**

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

b. Summary of Significant Accounting Policies (continued)

Change in accounting principle – In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objectives of this statement are to (1) define a subscription-based information technology arrangement (SBITA); (2) establish that a SBITA results in a right-of-use subscription asset — an intangible asset — and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) require note disclosures regarding a SBITA. The new guidance is effective for the District’s year ended December 31, 2023. The adoption had no material impact on the financial statements of the District.

Subsequent events – Subsequent events have been reviewed through June 4, 2024, the date on which the financial statements were available to be issued.

2. Bank Deposits:

Custodial credit risk is the risk that, in the event of a depository institution failure, the District’s deposits may not be refunded to it. The District does not have a deposit policy for custodial credit risk.

The District’s deposits and certificates of deposit are entirely covered by the Federal Deposit Insurance Corporation or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission.

The *Revised Code of Washington*, Chapter 39, authorizes municipal governments to invest their funds in a variety of investments including federal, state, and local government certificates, notes, or bonds; the Washington State Local Government Investment Pool; savings accounts in qualified public depositories; and certain other investments.

Amounts held in the Washington State Local Government Investment Pool at December 31, 2023 and 2022, were \$12,928,872 and \$10,715,466, respectively.

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022**

3. Patient Accounts Receivable:

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

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

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

	2023	2022
Receivables from patients and their insurance carriers	\$ 2,955,182	\$ 3,002,331
Receivables from Medicare	1,845,487	1,411,991
Receivables from Medicaid	225,596	137,129
Total patient accounts receivable	5,026,265	4,551,451
Less allowance for uncollectible accounts	1,395,335	1,098,893
Patient accounts receivable, net	\$ 3,630,930	\$ 3,452,558

Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022

4. Assets Restricted or Limited as to Use:

The composition of assets restricted or limited as to use is set forth in the following table:

	2023	2022
<i>Current assets</i>		
<i>Cash and cash equivalents</i>		
Internally designated by the Board:		
Third-party payor cost settlements	\$ 171,595	\$ 163,108
Memorial fund	132,293	125,812
Emergency medical services	82,148	1,160,753
Restricted by bond agreement for bond principal and interest payment, cash and cash equivalents	77,377	335,784
Total cash equivalents	463,413	1,785,457
Taxes receivable restricted for debt service and emergency medical services	11,246	11,494
Total current assets limited as to use	474,659	1,796,951
<i>Noncurrent assets</i>		
Internally designated by the Board for capital additions and replacements, cash and cash equivalents	964,217	1,314,457
Total assets restricted or limited as to use	\$ 1,438,876	\$ 3,111,408

Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022

5. Capital Assets:

Capital asset additions, retirements, transfers, and balances were as follows:

	Balance December 31, 2022	Additions	Retirements	Transfers	Balance December 31, 2023
<i>Capital assets not being depreciated or amortized</i>					
Land	\$ 522,015	\$ -	\$ -	\$ -	\$ 522,015
Construction in progress	17,072	743,075	-	-	760,147
Total capital assets not being depreciated or amortized	539,087	743,075	-	-	1,282,162
<i>Capital assets being depreciated or amortized</i>					
Land improvements	1,392,089	28,237	-	-	1,420,326
Buildings and improvements	10,502,549	-	-	-	10,502,549
Fixed equipment	8,747,554	198,901	-	-	8,946,455
Major movable equipment	7,829,280	178,814	(32,391)	-	7,975,703
Subscription assets	-	137,041	-	-	137,041
Lease right-of-use assets					
Buildings	69,824	-	-	-	69,824
Equipment	36,230	-	-	-	36,230
Total capital assets being depreciated or amortized	28,577,526	542,993	(32,391)	-	29,088,128
<i>Less accumulated depreciation and amortization for</i>					
Land improvements	(981,588)	(67,708)	-	-	(1,049,296)
Buildings and improvements	(7,215,197)	(526,286)	-	-	(7,741,483)
Fixed equipment	(6,284,649)	(536,147)	-	-	(6,820,796)
Major movable equipment	(4,567,004)	(877,680)	32,391	-	(5,412,293)
Subscription assets	-	(56,293)	-	-	(56,293)
Lease right-of-use assets					
Buildings	(21,057)	(23,126)	-	-	(44,183)
Equipment	(9,739)	(10,280)	-	-	(20,019)
Total accumulated depreciation and amortization	(19,079,234)	(2,097,520)	32,391	-	(21,144,363)
<i>Total capital assets being depreciated or amortized, net</i>	9,498,292	(1,554,527)	-	-	7,943,765
Capital assets, net	\$ 10,037,379	\$ (811,452)	\$ -	\$ -	\$ 9,225,927

Construction in progress as of December 31, 2023, consisted of purchases relating to a kitchen remodel, and the replacement of a chiller. No additional significant costs related to the kitchen remodel remain as of December 31, 2023. The estimated remaining cost to complete the chiller replacement is \$80,000. The kitchen remodel was placed into service in January 2024. The estimated date of completion for the chiller is unable to be determined at this time.

Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022

5. Capital Assets (continued):

Capital asset additions, retirements, transfers, and balances were as follows:

	Balance December 31, 2021	Additions	Retirements	Transfers	Balance December 31, 2022
<i>Capital assets not being depreciated or amortized</i>					
Land	\$ 522,015	\$ -	\$ -	\$ -	\$ 522,015
Construction in progress	746,939	134,320	-	(864,187)	17,072
Total capital assets not being depreciated or amortized	1,268,954	134,320	-	(864,187)	539,087
<i>Capital assets being depreciated or amortized</i>					
Land improvements	1,367,240	24,849	-	-	1,392,089
Buildings and improvements	10,502,549	-	-	-	10,502,549
Fixed equipment	8,682,687	64,867	-	-	8,747,554
Major movable equipment	6,939,230	233,127	(207,264)	864,187	7,829,280
Lease right-of-use assets					
Buildings	-	69,824	-	-	69,824
Equipment	-	36,230	-	-	36,230
Total capital assets being depreciated or amortized	27,491,706	428,897	(207,264)	864,187	28,577,526
<i>Less accumulated depreciation and amortization for</i>					
Land improvements	(890,550)	(91,038)	-	-	(981,588)
Buildings and improvements	(6,688,910)	(526,287)	-	-	(7,215,197)
Fixed equipment	(5,753,135)	(531,514)	-	-	(6,284,649)
Major movable equipment	(4,021,191)	(752,379)	206,566	-	(4,567,004)
Lease right-of-use assets					
Buildings	-	(21,057)	-	-	(21,057)
Equipment	-	(9,739)	-	-	(9,739)
Total accumulated depreciation and amortization	(17,353,786)	(1,932,014)	206,566	-	(19,079,234)
<i>Total capital assets being depreciated or amortized, net</i>	10,137,920	(1,503,117)	(698)	864,187	9,498,292
Capital assets, net	\$ 11,406,874	\$ (1,368,797)	\$ (698)	\$ -	\$ 10,037,379

Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022

6. Long-term Debt, Lease, and Subscription Liabilities:

A schedule of changes in long-term debt, lease, and subscription liabilities follows:

	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023	Amounts Due Within One Year
<i>Long-term debt</i>					
Parking lot note	\$ 214,688	\$ -	\$ (7,195)	\$ 207,493	\$ 7,670
2017 UTGO bonds	5,545,000	-	(524,000)	5,021,000	561,000
2017 LTGO bonds	4,655,000	-	(215,000)	4,440,000	225,000
2017 LTGO bond premium	89,106	-	(5,613)	83,493	-
Total long-term debt	10,503,794	-	(751,808)	9,751,986	793,670
Subscription liabilities	-	137,041	(77,096)	59,945	46,906
Lease liabilities	75,258	-	(33,406)	41,852	36,493
Total other noncurrent liabilities	75,258	137,041	(110,502)	101,797	83,399
Total long-term debt and other noncurrent liabilities	\$ 10,579,052	\$ 137,041	\$ (862,310)	\$ 9,853,783	\$ 877,069

	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Amounts Due Within One Year
<i>Long-term debt</i>					
Parking lot note	\$ 221,348	\$ -	\$ (6,660)	\$ 214,688	\$ 7,195
2017 UTGO bonds	6,020,000	-	(475,000)	5,545,000	524,000
2017 LTGO bonds	4,860,000	-	(205,000)	4,655,000	215,000
2017 LTGO bond premium	94,719	-	(5,613)	89,106	-
Total long-term debt	11,196,067	-	(692,273)	10,503,794	746,195
Lease liabilities	-	106,054	(30,796)	75,258	33,406
Total long-term debt and lease liabilities noncurrent liabilities	\$ 11,196,067	\$ 106,054	\$ (723,069)	\$ 10,579,052	\$ 779,601

Long-term debt – The terms and due dates of the District’s long-term debt and other noncurrent liabilities are as follows:

- Unlimited Tax General Obligation (UTGO) Bonds, Series 2017 – The District issued UTGO bonds, dated August 15, 2017, with a face amount of \$7,889,000. The bonds were issued to advance refund the District’s UTGO bonds dated December 6, 2005 and November 1, 2006. The UTGO bonds are general obligations of the District and are secured by an irrevocable pledge by the District to levy and collect taxes each year sufficient to pay the bond principal and interest payments when due. Through 2030, annual principal installments ranging from \$561,000 to \$884,000 are required, plus semiannual interest payments payable June 1 and December 1, at 2.68 percent. Scheduled maturities on and after June 1, 2027, are subject to redemption at the option of the District, in whole or in part, at par plus accrued interest to the date fixed for redemption.

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022**

6. Long-term Debt, Lease, and Subscription Liabilities (continued):

Long-term debt (continued) –

- Limited Tax General Obligation (LTGO) Bonds, Series 2017 – The District issued LTGO bonds, dated November 16, 2017, with a face amount of \$5,475,000. The bonds were issued at a premium, with net proceeds of \$5,590,981. The Bonds were issued to advance refund the District’s LTGO bonds dated April 1, 2009. The LTGO bonds are general obligations of the District and are secured by an irrevocable pledge of the District that it will have sufficient funds available to pay the bond principal and interest due by levying each year a maintenance and operations tax upon the taxable property of the District. Interest is payable June 1 and December 1, at rates that range from 2.00 percent to 4.00 percent. The bonds mature in principal installments ranging between \$225,000 and \$380,000 through 2038.
- Note payable – Parking lot note payable dated October 31, 2009, in the original amount of \$274,300. The debt service is payable in varying monthly principal installments through 2038, plus interest at a rate of 7.75 percent.

Lease liabilities – The District has recorded lease liabilities for the following arrangements:

- Lease liability dated January 2023 in the original amount of \$69,824 for the use of rental apartments. The lease is due in monthly installments including principal and interest of \$2,200 per month for the period of January 2024 through December 2024.
- Various additional leases with effective dates ranging between May 2020 and July 2020, with original amounts ranging from \$17,452 to \$32,657 and an aggregate original amount of \$50,109 for various medical equipment. The leases are due in monthly installments including principal and interest of between \$333 and \$623, at an interest rate of 5.42 percent.

The District’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Subscription liabilities – The District has recorded subscription liabilities for various subscriptions, due in annual installments including principal and interest between \$13,948 and \$37,132, at an interest rate of 6.75 percent, through May 2025.

Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022

6. Long-term Debt, Lease, and Subscription Liabilities (continued):

Scheduled principal and interest repayments on long-term debt and lease liabilities are as follows:

Years Ending December 31,	UTGO Bonds Payable	
	Principal	Interest
2024	\$ 561,000	\$ 134,563
2025	612,000	119,528
2026	662,000	103,126
2027	715,000	85,385
2028	766,000	66,223
2029-2030	1,705,000	69,385
	\$ 5,021,000	\$ 578,210

Years Ending December 31,	Other Long-term Debt	
	Principal	Interest
2024	\$ 232,670	\$ 185,274
2025	238,286	175,658
2026	248,952	165,792
2027	264,671	155,473
2028	270,447	144,496
2029-2033	1,536,255	546,621
2034-2038	1,856,212	223,260
	\$ 4,647,493	\$ 1,596,574

Years Ending December 31,	Lease Liabilities	
	Principal	Interest
2024	\$ 36,493	\$ 1,371
2025	5,359	83
	\$ 41,852	\$ 1,454

Years Ending December 31,	Subscription Liabilities	
	Principal	Interest
2024	\$ 46,906	\$ 4,174
2025	13,039	908
	\$ 59,945	\$ 5,082

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022**

7. Net Patient Service Revenue:

The District recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the District recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the District's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the District records a significant provision for bad debts related to uninsured patients in the period the services are provided. The District's provisions for bad debts and writeoffs have increased from the prior year due to an increase in self-pay patients seen.

Patient service revenue, net of contractual adjustments and discounts (but before the provision for bad debts), recognized in the period from these major payor sources is as follows:

	2023	2022
Patient service revenue (net of contractual adjustments and discounts):		
Medicare	\$ 9,639,463	\$ 10,179,489
Medicaid	2,920,257	2,033,415
Other third-party payors	12,952,565	9,737,529
Patients	1,336,033	881,406
340B contract pharmacy	413,870	332,264
	27,262,188	23,164,103
Less:		
Charity care	822,757	355,829
Provision for bad debts	1,036,928	563,432
Net patient service revenue	\$ 25,402,503	\$ 22,244,842

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022**

7. Net Patient Service Revenue (continued):

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

- **Medicare** – The District is licensed as a critical access hospital and the clinic as a rural health clinic (RHC) by Medicare and is reimbursed for most inpatient, outpatient, and clinic services at cost, with final settlement determined after submission of annual cost reports by the District subject to audits thereof by the Medicare administrative contractor. Medicare physician services other than RHC services are reimbursed on a fee schedule.
- **Medicaid** – The majority of Medicaid beneficiaries are covered through health maintenance organizations operated by commercial insurance companies. The District is reimbursed for inpatient and outpatient services on a prospectively determined rate that is based on historical revenues and expenses for the District.

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

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue decreased by approximately \$-0- and \$4,000 for the years ended December 31, 2023 and 2022, respectively, due to differences between original estimates and final settlements.

The District provides charity care to patients who are financially unable to pay for the healthcare services they receive. The District's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the District does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients were approximately \$500,000 and \$142,000 for the years ended December 31, 2023 and 2022, respectively.

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022**

8. Electronic Health Records Incentive Payments:

In 2017, Medicaid began an audit of its incentive payments to hospitals. The District has accrued a liability for \$741,000, the amount due to Medicaid. The overpayment was a result of a miscalculation by the state of Washington during calculation of the determination of the Medicaid incentive payments.

9. Property Taxes:

The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on property values listed as of the prior May 31. Property taxes are considered delinquent after October 31. Assessed values are established by the County Assessor at 100 percent of fair market value. A revaluation of all property is required every four years.

Taxes are due in two equal installments on April 30 and October 31. Collections are distributed monthly to the District by the County Treasurer.

The District is permitted by law to levy up to \$0.75 per \$1,000 of assessed valuation for general District purposes. Washington State Constitution and Washington State Law, RCW 84.55.010, limit the rate. The District may also levy taxes at a lower rate. Further amounts of tax need to be authorized by the vote of the people.

For 2023, the District's regular tax levy was approximately \$0.139 per \$1,000 on a total assessed valuation of \$4,684,137,377, for a total regular levy of \$649,181. The District's Emergency Medical Services (EMS) tax levy was \$0.388 per \$1,000 on a total assessed valuation of \$4,684,137,377, for a total EMS tax levy of \$1,815,972. The District's bond levy was approximately \$0.143 per \$1,000 on a total assessed valuation of \$4,646,492,776, for a total bond levy of \$663,770.

For 2022, the District's regular tax levy was approximately \$0.169 per \$1,000 on a total assessed valuation of \$3,746,865,548, for a total regular levy of \$634,866. The District's Emergency Medical Services (EMS) tax levy was \$0.476 per \$1,000 on a total assessed valuation of \$3,746,865,548, for a total EMS tax levy of \$1,783,161. The District's bond levy was approximately \$0.171 per \$1,000 on a total assessed valuation of \$3,709,615,969, for a total bond levy of \$632,771.

In 2020, the EMS was under-levied by \$382,893, which was paid to the District over three years, beginning with the year ended December 31, 2021. The amount was paid via an increased EMS levy rate. The balance of the EMS receivable was paid to the District as of the fiscal year ended December 31, 2023.

Property taxes are recorded as receivables when levied. Since state law allows for sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022**

10. Retirement Plans:

The District sponsors the Cascade Medical Center 403(b) Retirement Plan (the 403(b) Plan). The plan is a deferred compensation retirement plan administered by the District. After employees have completed one year of employment, the District makes a contribution match to the 403(b) Plan of up to 3 percent of the employees' gross pay. Employees are 100 percent vested in the contributions they make, and they become fully vested in employer contributions after two years (50 percent per year). Employees make contributions to the 403(b) Plan. District contributions and interest forfeited by employees who leave employment before two years of service are used to reduce the District's current period plan expenses, and any remaining forfeitures are used to reduce the District's current plan contribution requirement. Employee contributions to the 403(b) Plan were approximately \$729,000 and \$601,000 for the years ended December 31, 2023 and 2022, respectively. Employer pension contributions were approximately \$211,000 and \$183,000 for the years ended December 31, 2023 and 2022, respectively. Benefit terms, including contribution requirements, are established by and may be amended by the District.

The District also sponsors the Cascade Medical Center Lincoln Retirement 457(b) Governmental Deferred Compensation Plan (the 457(b) Plan). The plan is a deferred compensation retirement plan administered by the District. Employees make contributions to the 457(b) Plan. Employees are 100 percent vested in the contributions they make. Employee contributions to the 457(b) Plan were approximately \$293,000 and \$256,000 for the years ended December 31, 2023 and 2022, respectively. Benefit terms, including contribution requirements, are established by and may be amended by the District.

11. Other Postemployment Benefits (OPEB):

Plan description – The District provides healthcare programs for employees through the Public Employees Benefits Board (PEBB). Eligible retirees and spouses are entitled to subsidies associated with postemployment medical benefits provided through the PEBB. The PEBB was created within the Washington State Health Care Authority (HCA) to administer medical, dental, and life insurance plans for public employees and retirees. The HCA calculates the premium amounts each year that are sufficient to fund the statewide health and life insurance programs on a pay-as-you-go basis. These costs are passed through to individual state agencies based upon active employee headcount; the agencies pay the premiums for active employees to the HCA. The agencies may also charge employees for certain higher cost options elected by the employee. No assets are accumulated in a qualifying trust.

The District can cease providing healthcare through the PEBB with a 60-day notice. The other postemployment benefits liability would be eliminated at this time without any cash obligation.

Benefits provided – The District's retirees may elect coverage through state health and dental insurance plans, for which they pay less than the full cost of the benefits, based on their age and other demographic factors. The healthcare premiums for active employees, which are paid by the District during the employees' working careers, subsidize the health and dental plans of retirees.

The subsidies provided by PEBB include the following:

- Explicit medical subsidy for post-65 retirees and spouses
- Implicit medical subsidy
- Implicit dental subsidy

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022**

11. Other Postemployment Benefits (OPEB) (continued):

Benefits provided (continued) – The explicit subsidies are monthly amounts paid for post-65 retirees and spouses. As of the valuation date, the explicit subsidy for post-65 retirees and spouses is the lesser of \$183 or 50 percent of the monthly premiums. The retirees and spouses currently pay the premiums minus \$183 when the premium is over \$366 per month and pay half the premium when the premium is lower than \$366.

The implicit medical subsidy is the difference between the total cost of medical benefits and the premiums. For pre-65 retirees and spouses, the retiree pays the full premium amount, but that amount is based on a pool that includes active employees. Active employees will tend to be younger and healthier than retirees on average, and therefore can be expected to have lower average health costs. For post-65 retirees and spouses, the retiree does not pay the full premium due to the subsidy discussed above.

Employees covered by the benefit terms – At December 31, 2023 and 2022, the following employees were covered by the benefit terms:

Plan Members	2023	2022
Inactive employees or beneficiaries currently receiving benefit payments	2	0
Active plan members	131	116
Total members	133	116

Total OPEB liability – The District’s total OPEB liability of \$1,074,248 and \$1,957,866 were measured as of December 31, 2022 and 2021, respectively, and were determined by actuarial valuations as of July 1, 2022 and 2020, respectively.

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022**

11. Other Postemployment Benefits (OPEB) (continued):

Actuarial assumptions and other inputs – The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Inflation – 2.35 percent
- Salary increases – 3.25 percent average, including inflation
- Healthcare cost trend rates – As follows:

<u>Year</u>	<u>Pre-65</u>	<u>Post-65 Claims</u>	<u>Post-65 Contributions</u>
2023	5.40%	7.70%	11.40%
2024	5.70%	6.80%	9.40%
2025	5.50%	6.90%	9.00%
2026	5.00%	4.90%	5.20%
2027	4.90%	4.80%	5.10%
2037	4.50%	4.50%	4.60%
2047	4.40%	4.30%	4.40%
2057	4.40%	4.30%	4.30%
2067	4.20%	4.20%	4.20%
2077+	3.80%	3.80%	3.80%

The discount rate was based on the Bond Buyer General Obligation 20-bond municipal bond index for bonds that mature in 20 years.

Mortality rates were based on the 2020 actuarial valuation for Washington State Public Employees’ Retirement System (PERS), adjusted for Cascade Medical Center. For all healthy members, the PubG.H-2010 base mortality table (with generational mortality adjustments using the long-term MP-2017 generational improvement scale), was utilized.

Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022

11. Other Postemployment Benefits (OPEB) (continued):

Actuarial assumptions and other inputs (continued) – The actuarial assumptions used in the December 31, 2023, valuation are based on the results of an actuarial experience study for the period January 1, 2022 through December 31, 2022.

Changes in the total OPEB liability:

	Total OPEB Liability 2023	Total OPEB Liability 2022
Balance, at beginning of year	\$ 1,957,866	\$ 1,681,574
Service cost	221,640	210,551
Interest	44,859	40,092
Differences between expected and actual experience	(217,599)	-
Changes of assumptions or other inputs	(928,753)	27,622
Benefit payments	(3,765)	(1,973)
Net changes	(883,618)	276,292
Balance, at end of year	<u>\$ 1,074,248</u>	<u>\$ 1,957,866</u>
Covered-employee payroll	<u>\$ 12,411,076</u>	<u>\$ 11,157,591</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>9%</u>	<u>18%</u>

Changes of assumptions and other inputs reflect changes in the discount rate from 2.06 percent to 3.72 percent for the year ended December 31, 2023, and 2.12 percent to 2.06 percent for the year ended December 31, 2022.

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the District, as well as what the District’s liability would be if it were calculated using a discount rate that is one percentage point lower (2.72 percent) or one percentage point higher (4.72 percent) than the current discount rate:

	2023		
	1% Decrease	Discount Rate	1% Increase
	2.72	3.72	4.72
Total OPEB liability	\$ 1,323,833	\$ 1,074,248	\$ 878,986
	2022		
	1% Decrease	Discount Rate	1% Increase
	1.06	2.06	3.06
Total OPEB liability	\$ 2,466,125	\$ 1,957,866	\$ 1,568,486

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022**

11. Other Postemployment Benefits (OPEB) (continued):

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the District, as well as what the District’s liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

2023			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 836,788	\$ 1,074,248	\$ 1,398,457

2022			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 1,463,952	\$ 1,957,866	\$ 2,656,889

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB – For the year ended December 31, 2023, the District recognized OPEB expense of \$54,560. At December 31, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2023		
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions and other inputs	\$ 405,924	\$ (2,162,423)

2022		
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions and other inputs	\$ 463,553	\$ (1,286,503)

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022**

11. Other Postemployment Benefits (OPEB) (continued):

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB (continued) – Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as follows:

Years Ending December 31,		
2023	\$	(211,939)
2024		(211,939)
2025		(211,939)
2026		(211,939)
2027		(205,091)
Thereafter		(703,652)

12. Law Enforcement Officers’ and Fire Fighters’ (LEOFF) Retirement System Plan 2:

Plan description – The District contributes to the Law Enforcement Officers’ and Fire Fighters’ Retirement System Plan 2 (LEOFF Plan 2), a cost-sharing, multiple-employer public employee defined benefit retirement plan. The state Legislature establishes and amends laws pertaining to the creation and administration of the LEOFF.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the LEOFF. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

The DRS CAFR may also be downloaded from the DRS website at www.drs.wa.gov.

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians.

Employee membership data related to the Plan, as of June 30, 2023, the date of the latest valuation, is as follows:

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022**

**12. Law Enforcement Officers’ and Fire Fighters’ (LEOFF) Retirement System Plan 2
(continued):**

Benefits provided – LEOFF Plan 2 provides retirement, disability, and death benefits. Retirement benefits are determined as 2 percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at age 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF Plan 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the consumer price index), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF Plan 2 members are vested after the completion of five years of eligible service.

Contributions – The LEOFF Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary (OSA) to fully fund LEOFF Plan 2. The employer rate includes an administrative expense component set at 0.18 percent. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF Plan 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF Plan 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41 percent in 2023.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

Actual Contribution Rates	Employer	Employee
Local government unit	5.12%	8.53%
State of Washington	3.41%	0.00%
Administrative fee	0.18%	0.00%
Total	8.71%	8.53%

The District’s actual contributions to the plan were \$61,410 and \$55,622 for the years ended December 31, 2023 and 2022, respectively.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ended June 30, 2023, the state contributed \$87,966,142 to LEOFF Plan 2. The amount recognized by the District as its proportionate share of this amount is \$39,216.

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022**

**12. Law Enforcement Officers' and Fire Fighters' (LEOFF) Retirement System Plan 2
(continued):**

Actuarial assumptions – The total pension liability (TPL) for the LEOFF was determined using the actuarial valuation as of June 30, 2022, with the results rolled forward to June 30, 2023, using the following actuarial assumptions applied to all prior periods included in the measurement.

- **Inflation:** 2.75 percent total economic inflation; 3.25 percent salary inflation
- **Salary increases:** In addition to the base 3.25 percent salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.00 percent

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of the *2013-2018 Demographic Experience Study Report* and the *2021 Economic Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report.

Discount rate – The discount rate used to measure the total pension liability for all DRS plans was 7.00 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.00 percent was used to determine the total liability.

Long-term expected rate of return – OSA selected a 7.00 percent long-term expected rate of return on pension plan investments using a building-block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that proceeded past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns the Washington State Investment Board (WSIB) provided.

The CMAs contain three pieces of information for each class of asset the WSIB currently invests in:

- Expected annual return
- Standard deviation of the annual return
- Correlations between the annual returns of each asset class with every other asset class

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

The expected future rates of return (expected returns, net of pension plan investment expense, including inflation) are developed by the WSIB for each major asset class.

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022**

**12. Law Enforcement Officers’ and Fire Fighters’ (LEOFF) Retirement System Plan 2
(continued):**

Estimated rates of return by asset class – Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2023, are summarized in the table below. The inflation component used to create the table is 2.20 percent and represents the WSIB’s most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	Rate of Return Arithmetic
Fixed income	20%	1.50%
Tangible assets	7%	4.70%
Real estate	18%	5.40%
Global equity	32%	5.90%
Private equity	23%	8.90%
Total	100%	

Sensitivity of the net pension asset – The table below presents the District’s proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the District’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
LEOFF 2	\$ (97,999)	\$ 591,878	\$ 1,156,483

Pension plan fiduciary net position – Detailed information about the State’s pension plans’ fiduciary net position is available in the separately issued DRS financial report.

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022**

**12. Law Enforcement Officers’ and Fire Fighters’ (LEOFF) Retirement System Plan 2
(continued):**

Pension liabilities (assets), pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At December 31, 2023, the District reported a total pension asset of \$591,878 for its proportionate share of the net pension asset.

The amount of the asset reported above for LEOFF Plan 2 reflects a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the District were as follows:

	LEOFF 2 (Asset)	
	2023	2022
Employer’s proportionate share	\$ (591,878)	\$ (730,164)
State’s proportionate share of the net pension asset associated with the employer	(377,967)	(472,984)
Total	\$ (969,845)	\$ (1,203,148)

At June 30, the District’s proportionate share of the collective net pension assets was as follows:

	Proportionate Share 2023	Proportionate Share 2022
LEOFF 2	0.024676%	0.026867%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer’s proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations*.

In fiscal year 2023, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61 percent of employer contributions.

The collective net pension asset was measured as of June 30, 2023, and the actuarial valuation date on which the total pension asset is based was as of June 30, 2022, with update procedures used to roll forward the total pension asset to the measurement date.

Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022

12. Law Enforcement Officers’ and Fire Fighters’ (LEOFF) Retirement System Plan 2
(continued):

Pension expense – For the years ended December 31, 2023 and 2022, the District recognized pension expense related to LEOFF of \$31,296 and \$88,130, respectively.

Deferred outflows of resources and deferred inflows of resources – The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2023		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 241,765	\$	(4,870)
Net difference between projected and actual investment earnings on pension plan investments	-		(125,240)
Changes in assumptions	151,193		(48,618)
Changes in proportion and differences between contributions and proportionate share of contributions	71,101		(232,249)
Contributions subsequent to the measurement date	31,325		-
Total	\$ 495,384	\$	(410,977)
2022		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 173,499	\$	(6,774)
Net difference between projected and actual investment earnings on pension plan investments	-		(244,487)
Changes in assumptions	184,971		(63,577)
Changes in proportion and differences between contributions and proportionate share of contributions	16,532		(271,583)
Contributions subsequent to the measurement date	25,611		-
Total	\$ 400,613	\$	(586,421)

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022**

**12. Law Enforcement Officers’ and Fire Fighters’ (LEOFF) Retirement System Plan 2
(continued):**

Deferred outflows of resources and deferred inflows of resources (continued) – Deferred outflows of resources related to pensions resulting from the District’s contributions subsequent to the measurement date will be recognized as pension expense in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31,		
	2024	\$ (79,928)
	2025	(100,152)
	2026	78,063
	2027	8,844
	2028	23,064
	Thereafter	123,191

13. Risk Management and Contingencies:

Medical malpractice coverage – The District maintains professional liability coverage with Coverys. The policy provides coverage on a “claims-made” basis, whereby only malpractice claims reported to the insurance carrier during the policy year are covered. If there are unreported incidents which result in a malpractice claim in a subsequent year, such claims will be covered in the year the claim is reported to the insurance carrier only if the District purchases claims-made insurance in that year or if the District purchases “tail” insurance to cover claims incurred before but reported to the insurance carrier after cancellation or expiration of a claims-made policy.

The current policy provides \$1,000,000 per claim of primary and comprehensive coverage with a \$5,000,000 annual aggregate limit, plus \$2,000,000 of excess coverage with a \$2,000,000 annual aggregate limit. There is not a deductible on these policies, nor are there any significant coinsurance clauses.

No liability has been accrued for future coverage of incidents that may have occurred in 2023 or in prior years. It is possible that claims may exceed coverage available in any given year.

Industry regulations – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditations, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2023 and 2022**

13. Risk Management and Contingencies (continued):

Industry regulations (continued) – While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Risk transfer pools – The District has a self-insured unemployment plan for its employees and participates in the Public Hospital District Unemployment Compensation Fund, a risk transfer pool administered by the Washington State Hospital Association. The District pays its share of actual unemployment claims, maintenance of reserves, and administrative expenses.

Other risks – The District is also 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. The District carries commercial insurance for these risks of loss. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three years.

14. Concentrations of Risk:

Patient accounts receivable – The District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors follows:

	2023	2022
Medicare	33 %	29 %
Medicaid	7	5
Other third-party payors	28	33
Patients	32	33
	100 %	100 %

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

Collective bargaining unit – The District has two agreements with labor unions. Effective October 1, 2023, the District renewed the collective bargaining agreement with the Washington State Nurses Association. The contract is effective through September 30, 2026. As of December 31, 2023 and 2022, approximately 22 percent and 36 percent, respectively, of the District’s employees were represented by this union under the collective bargaining agreement. Effective April 1, 2021, the District renewed the collective bargaining agreement with the International Association of Fire Fighters for the District’s paramedics. The contract is effective through March 31, 2024. As of December 31, 2023 and 2022, approximately 10 percent of the District’s employees were represented by this union under the collective bargaining agreement.

REQUIRED SUPPLEMENTARY INFORMATION

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Schedule of Changes in the District’s Total Other Post Employment Benefits (OPEB) Liability and
Related Ratios
Years Ended December 31, 2023 and 2022**

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 221,640	\$ 210,551	\$ 165,749	\$ 121,787	\$ 273,557	\$ 238,466	\$ 244,526
Interest on total OPEB liability	44,859	40,092	45,314	47,715	91,180	80,035	68,087
Changes in benefit terms	-	-	-	-	-	-	-
Effect of economic/demographic gains or (losses)	(217,599)	-	(76,101)	-	118,746	-	-
Effect of assumptions changes or other inputs	(928,753)	27,622	60,513	279,472	(1,815,512)	182,318	(95,824)
Expected benefit payments	(3,765)	(1,973)	(3,869)	(1,998)	(3,997)	(1,264)	-
Net change in total OPEB liability	(883,618)	276,292	191,606	446,976	(1,336,026)	499,555	216,789
Total OPEB liability – beginning	1,957,866	1,681,574	1,489,968	1,042,992	2,379,018	1,879,463	1,662,674
Total OPEB liability – ending	\$ 1,074,248	\$ 1,957,866	\$ 1,681,574	\$ 1,489,968	\$ 1,042,992	\$ 2,379,018	\$ 1,879,463
Covered-employee payroll	\$ 12,411,076	\$ 11,157,591	\$ 11,181,912	\$ 9,613,141	\$ 8,964,480	\$ 7,762,193	\$ 7,171,084
Total OPEB liability as a percentage of covered-employee payroll	9%	18%	15%	15%	12%	31%	26%

Notes to Schedule:

Changes in benefit terms – There are no changes in benefit terms.

Changes in assumptions – Changes of assumptions and other inputs reflect the effects of changes in the discount rate, election, demographic, and health assumptions each period. Beginning with fiscal year ended December 31, 2021, the Medicare contribution trend reflects the January 1, 2021, Medicare explicit subsidy increase to \$183 per month. The exclusion of the excise tax for high cost or “Cadillac” health plans and the Health Insurer fee from 2021 onwards was first reflected in fiscal year ended December 31, 2020, since the December 20, 2019, enactment of H.R. 1865 is between the December 31, 2018 and December 31, 2019, measurement date.

*GASB Statement No. 75 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Schedule of Proportionate Share of the Net Pension Asset
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2
Years Ended December 31, 2023 and 2022

	2023	2022	2021	2020	2019	2018
Employer's proportion of the net pension asset	0.0246760%	0.0268670%	0.0219370%	0.0223820%	0.0231600%	0.0210900%
Employer's proportionate share of the net pension asset	\$ 591,878	\$ 730,164	\$ 1,274,192	\$ 456,560	\$ 536,546	\$ 428,173
State's proportionate share of the net pension asset associated with the employer	377,967	472,984	821,993	291,936	351,366	277,234
Total	<u>\$ 969,845</u>	<u>\$ 1,203,148</u>	<u>\$ 2,096,185</u>	<u>\$ 748,496</u>	<u>\$ 887,912</u>	<u>\$ 705,407</u>
Covered payroll	\$ 1,199,421	\$ 1,046,339	\$ 956,453	\$ 888,262	\$ 826,695	\$ 811,960
Employer's proportionate share of the net pension asset as a percentage of covered payroll	49.35%	69.78%	133.22%	51.40%	64.90%	52.73%
Plan fiduciary net position as a percentage of the total pension asset	113.17%	116.00%	142.00%	116.00%	119.00%	118.50%

*GASB Statement No. 68 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of December 31 of each year reported.

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Schedule of Employer Contributions
Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2
Years Ended December 31, 2023 and 2022**

	2023	2022	2021	2020	2019	2018
Statutorily or contractually required contributions	\$ 61,410	\$ 55,622	\$ 49,108	\$ 47,503	\$ 44,500	\$ 44,091
Contributions in relation to the statutorily or contractually required contributions	(61,410)	(55,622)	(49,108)	(47,503)	(44,500)	(44,091)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,199,421	\$ 1,046,339	\$ 956,453	\$ 888,262	\$ 826,695	\$ 811,960
Contributions as a percentage of covered payroll	5%	5%	5%	5%	5%	5%

*GASB Statement No. 68 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Data reported is measured as of December 31 of each year reported.



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

Board of Commissioners
Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Leavenworth, Washington

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 Chelan County Public Hospital District No. 1 doing business as Cascade Medical Center (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 4, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

D3A PLLC

Spokane Valley, Washington
June 4, 2024

**Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2023**

The audit for the year ended December 31, 2022, reported no audit findings, nor were there any unresolved prior year audit findings from periods ended December 31, 2021, or prior. Therefore, there are no matters to report in this schedule for the year ended December 31, 2023.

Chelan County Public Hospital District No. 1 doing business as Cascade Medical Center

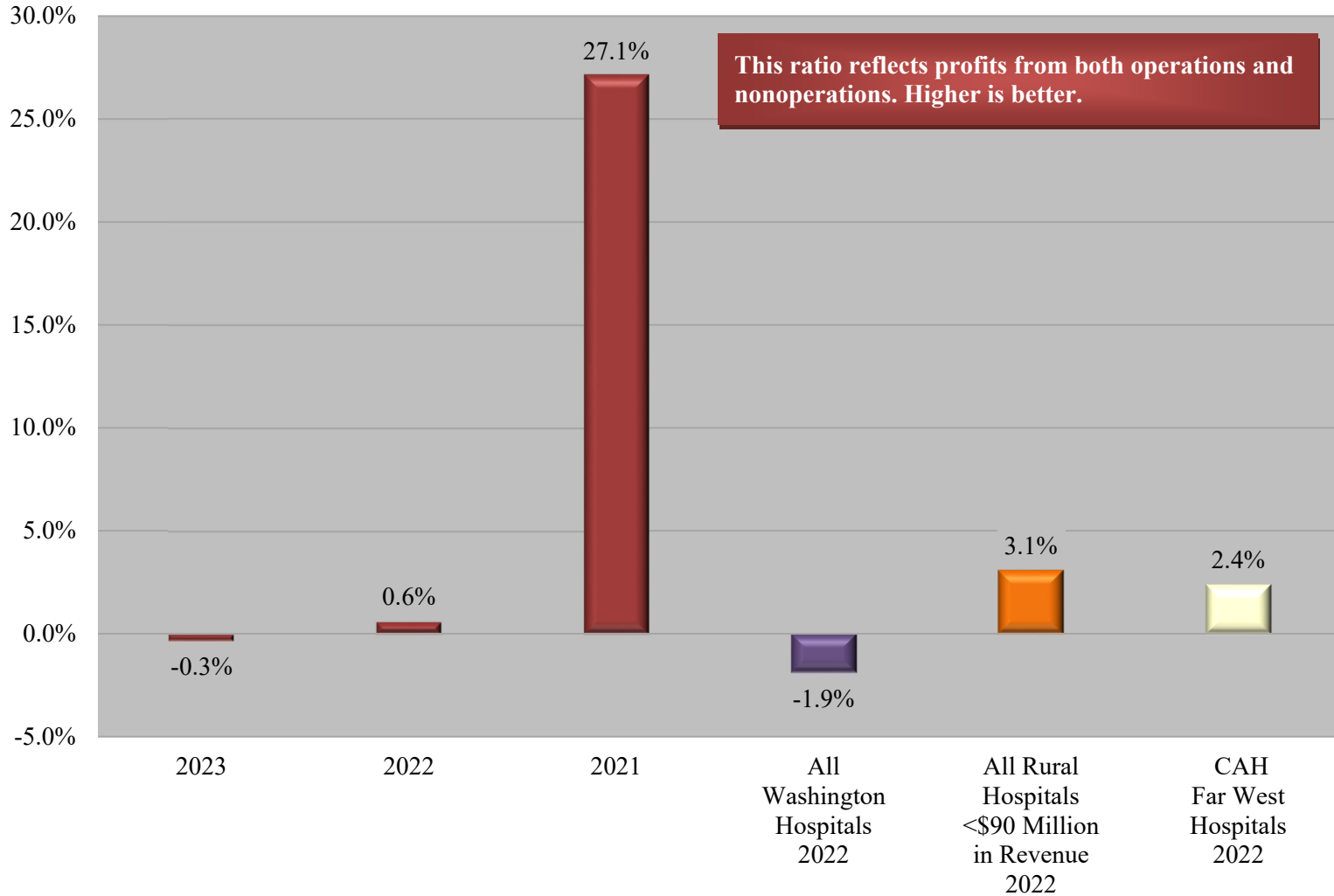
Financial Indicators

December 31, 2023

Chelan County Public Hospital District No. 1
doing business as
Cascade Medical Center

Total Margin

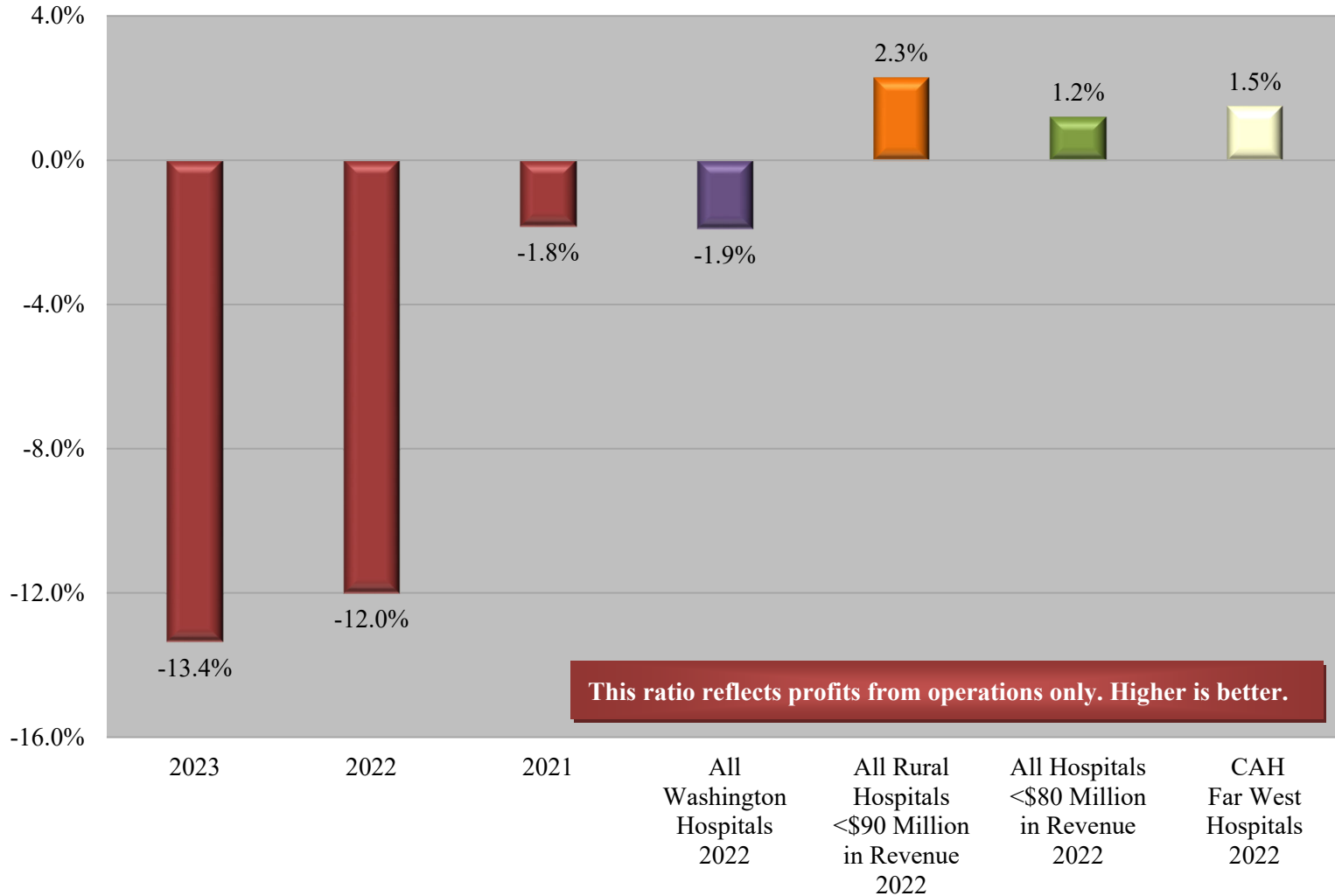
$$\frac{\text{Change in Net Position}}{\text{Total Revenues}}$$



Chelan County Public Hospital District No. 1
 doing business as
 Cascade Medical Center

Operating Margin

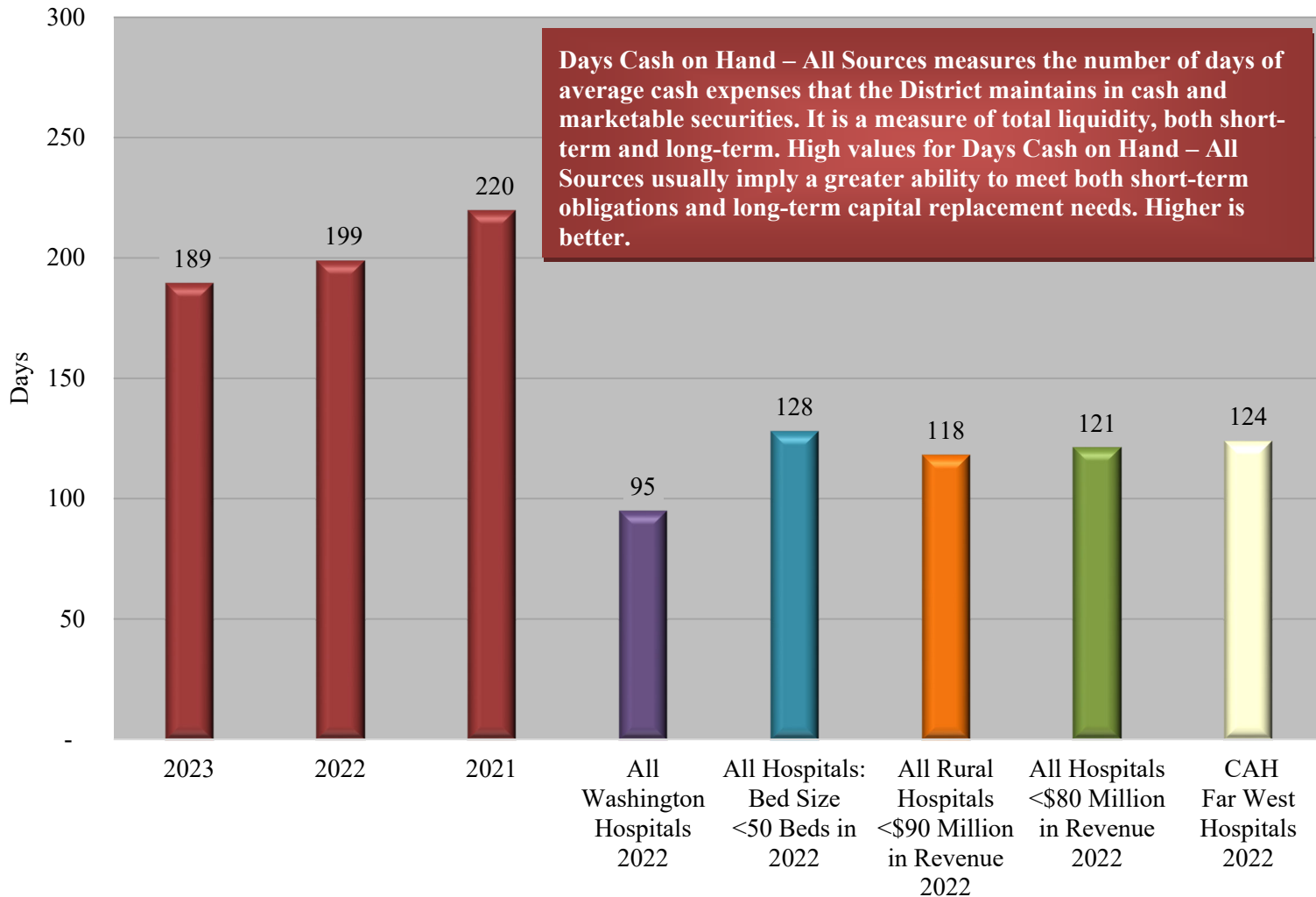
$$\frac{\text{Operating Income (Loss)}}{\text{Total Operating Revenues}}$$



Chelan County Public Hospital District No. 1
 doing business as
 Cascade Medical Center

Days Cash on Hand – All Sources

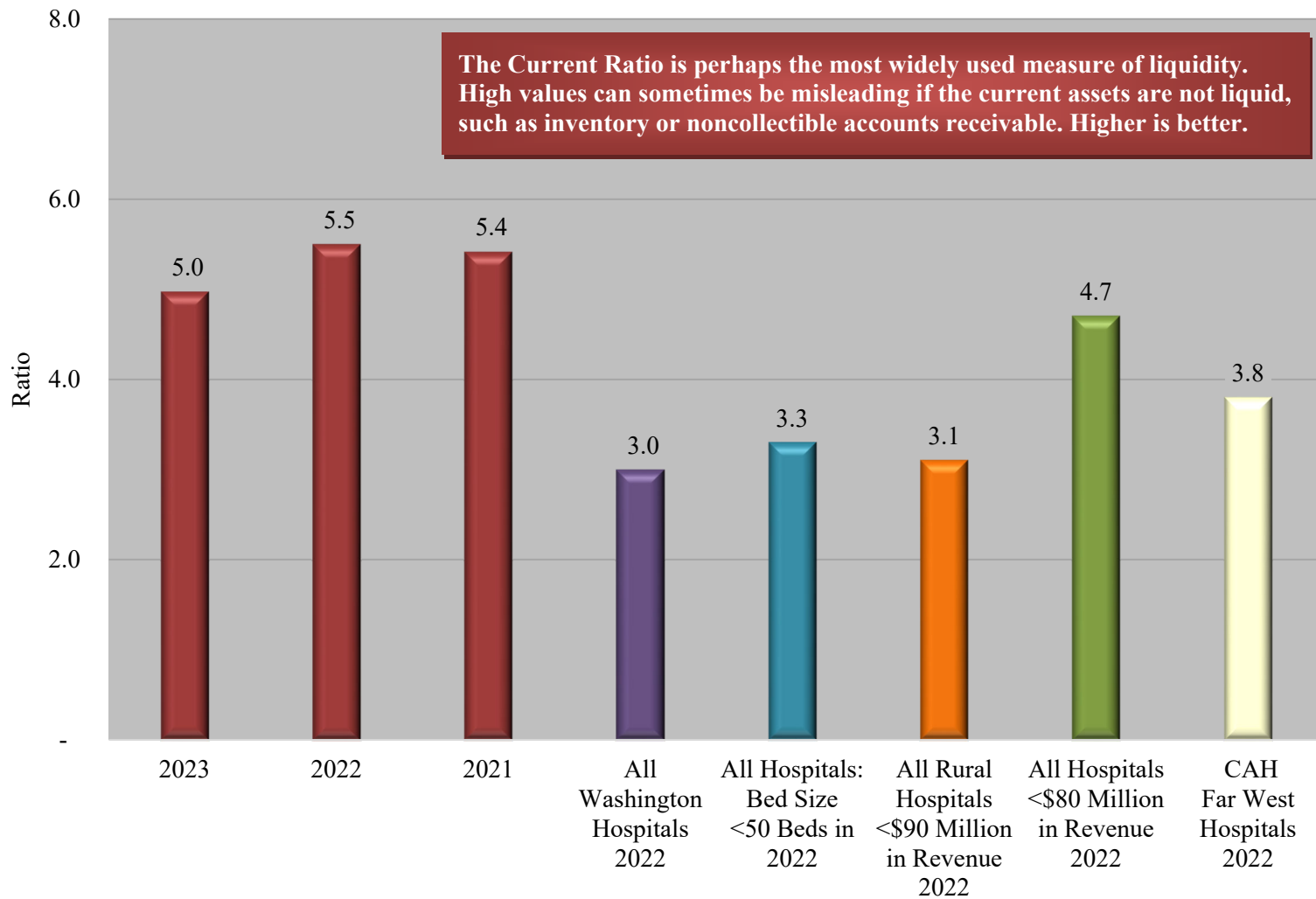
$$\frac{\text{Cash} + \text{Short-term Investments} + \text{Noncurrent Cash and Short-term Investments}}{(\text{Total Expenses} - \text{Depreciation}) / 365}$$



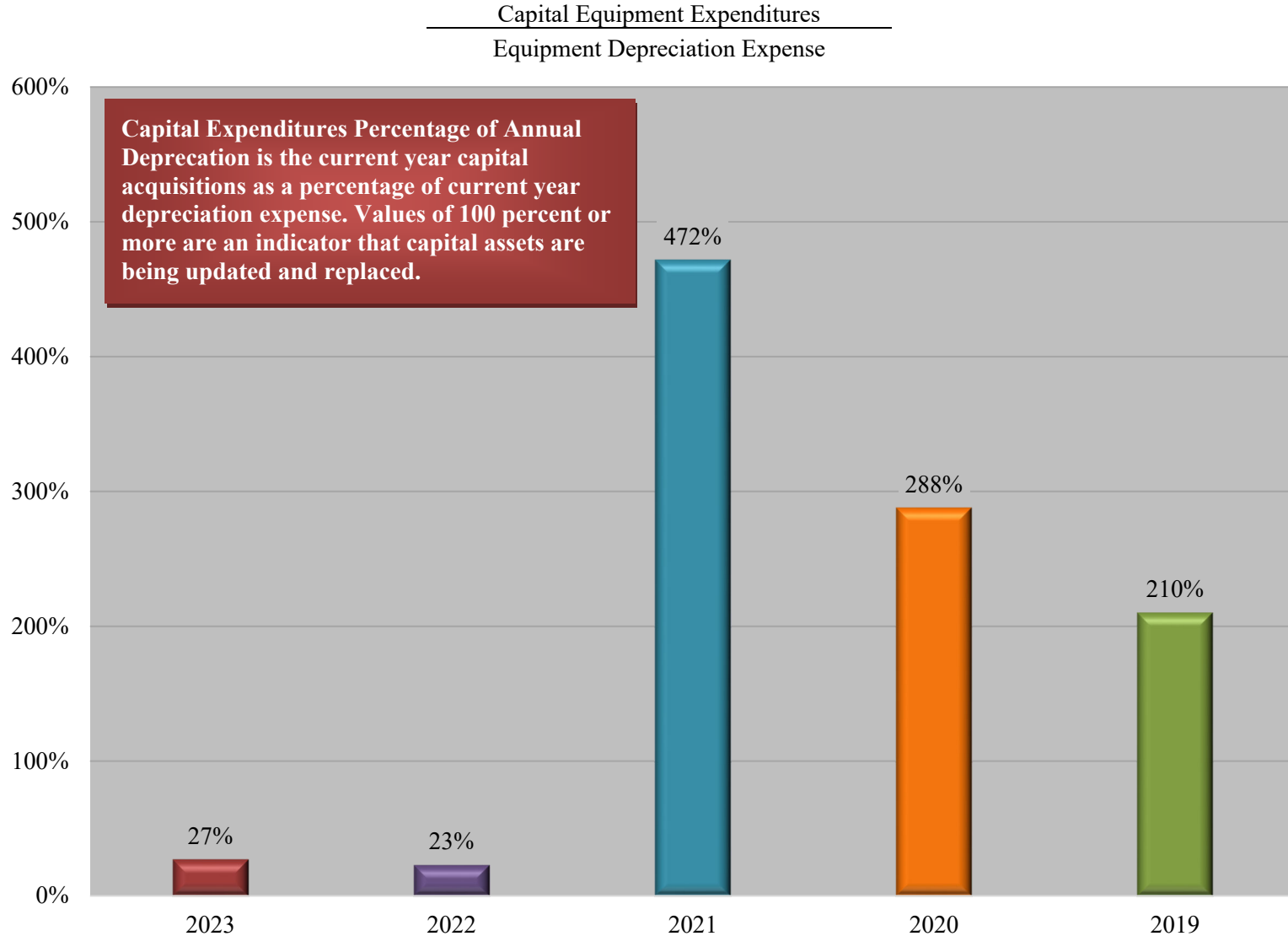
Chelan County Public Hospital District No. 1
doing business as
Cascade Medical Center

Current Ratio

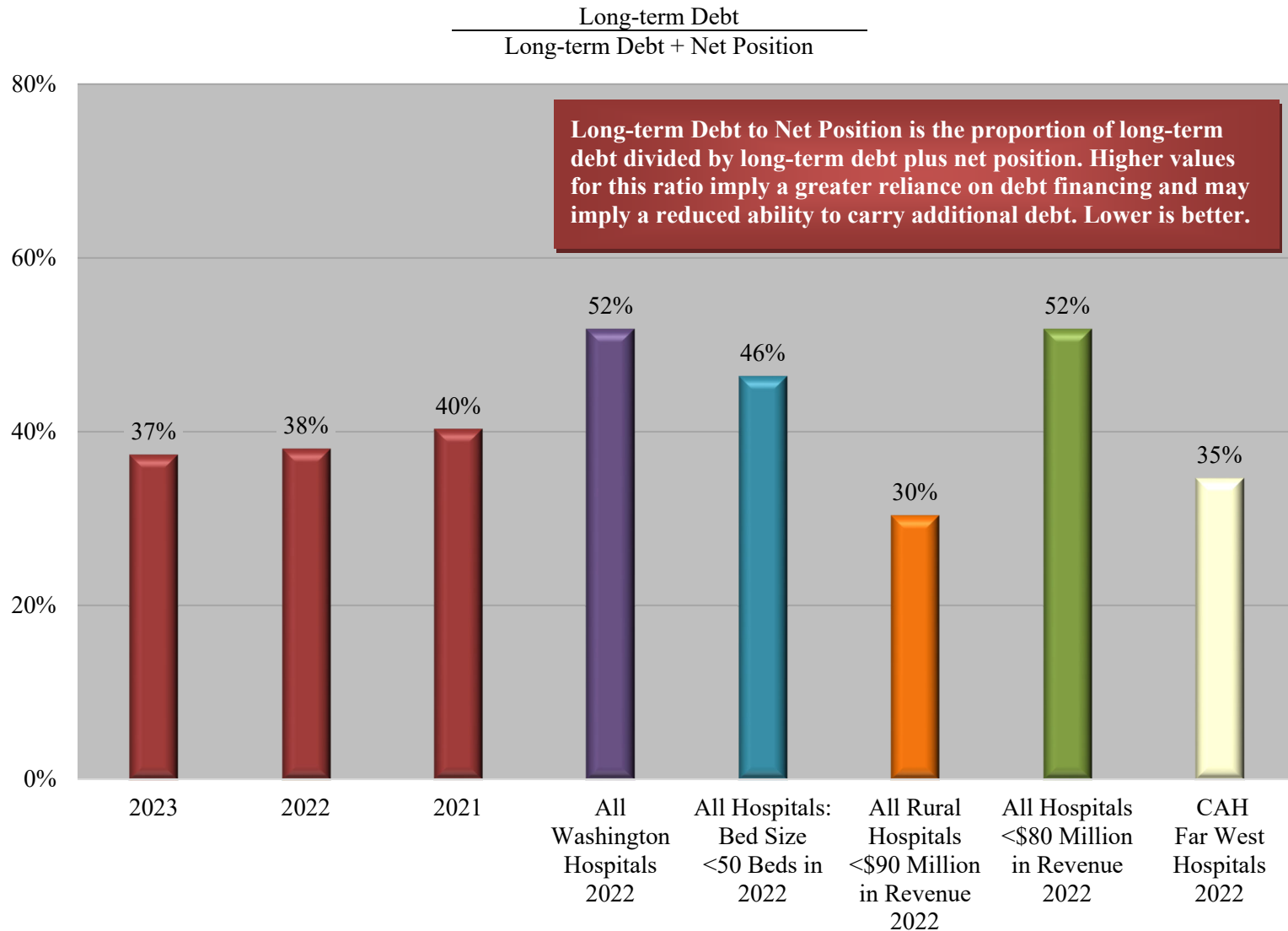
$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$



Capital Expenditures Percentage of Annual Depreciation

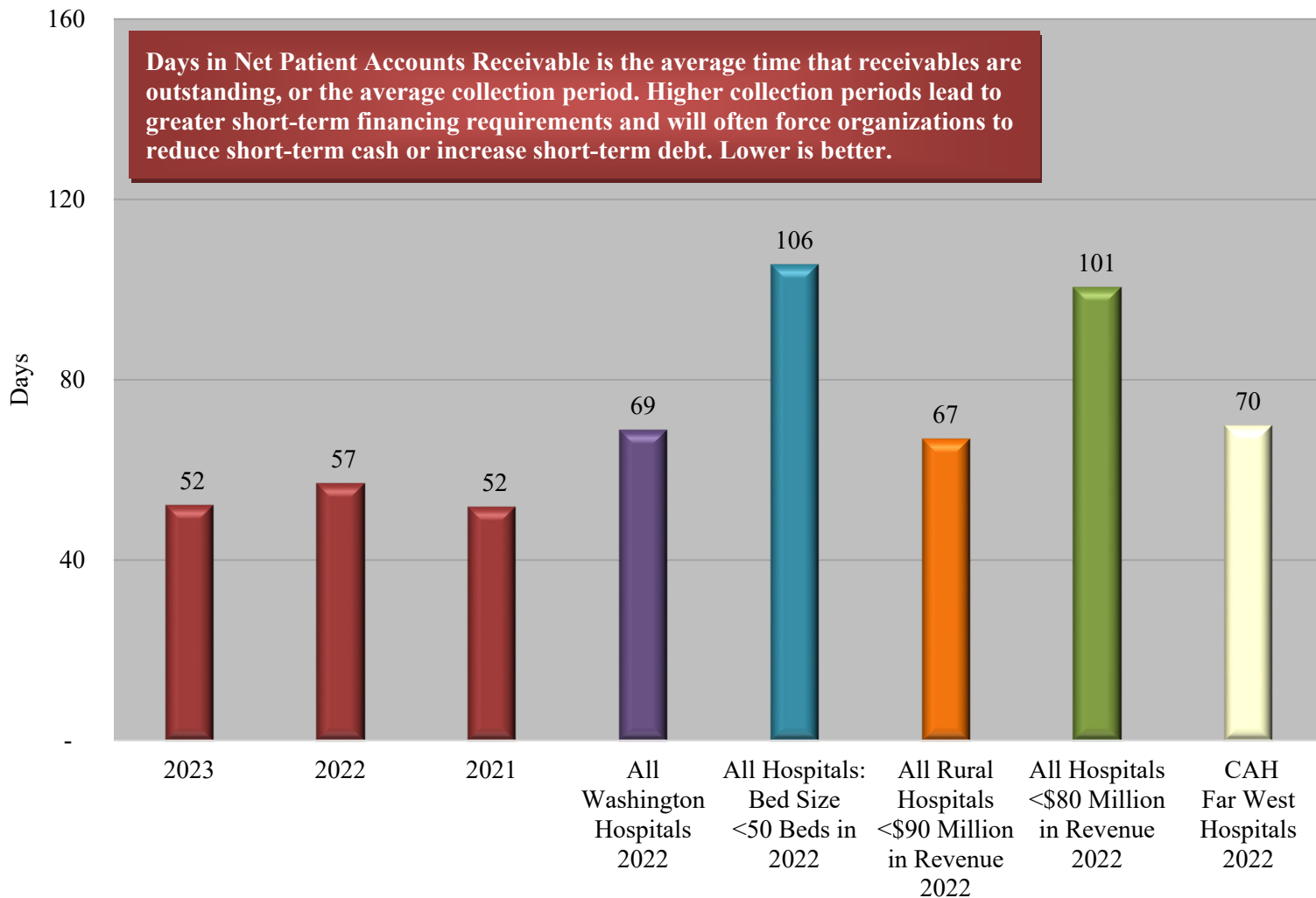


Long-term Debt to Net Position



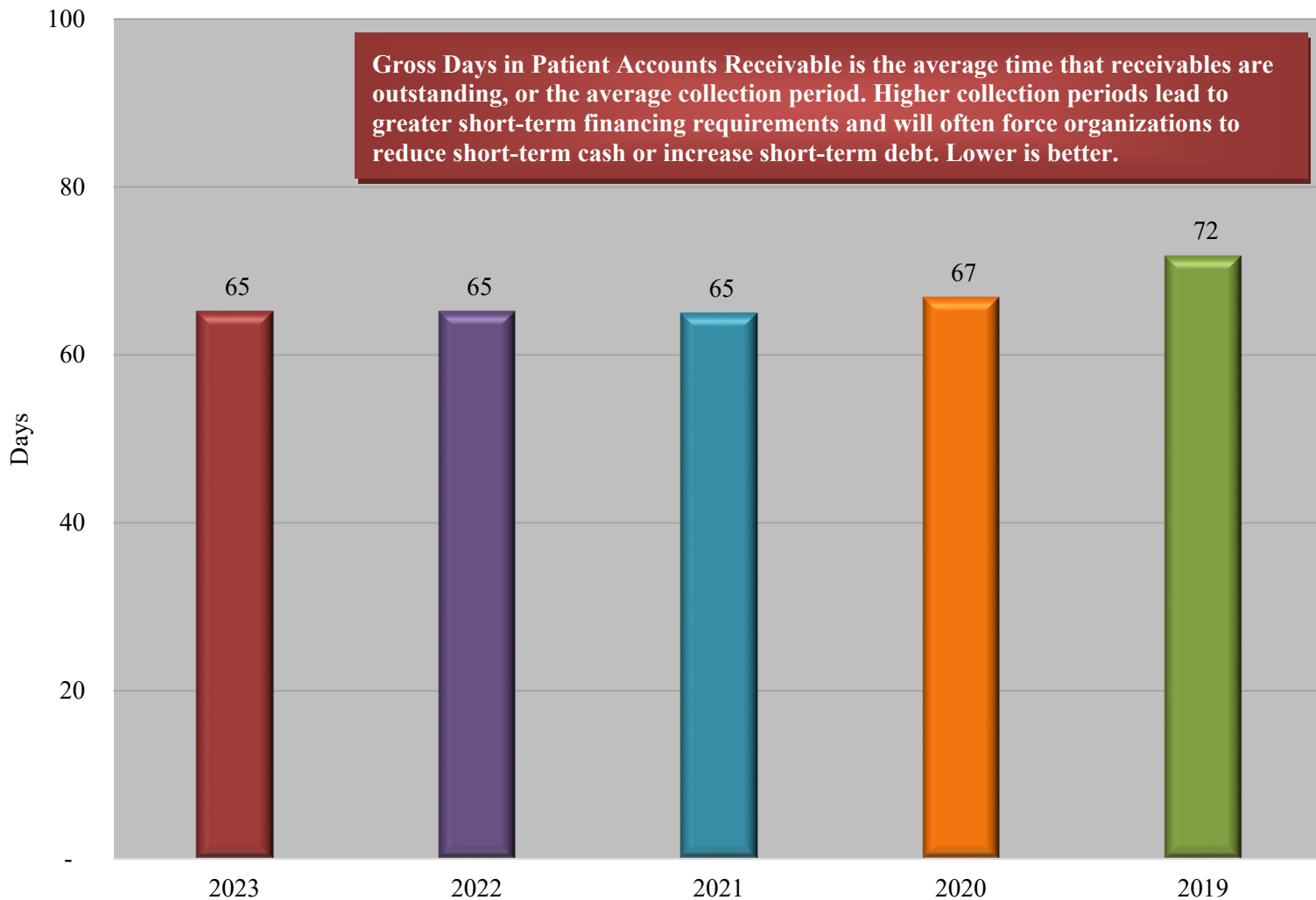
Days in Net Patient Accounts Receivable

$$\frac{\text{Net Patient Accounts Receivable}}{\text{Net Patient Service Revenues} / 365}$$



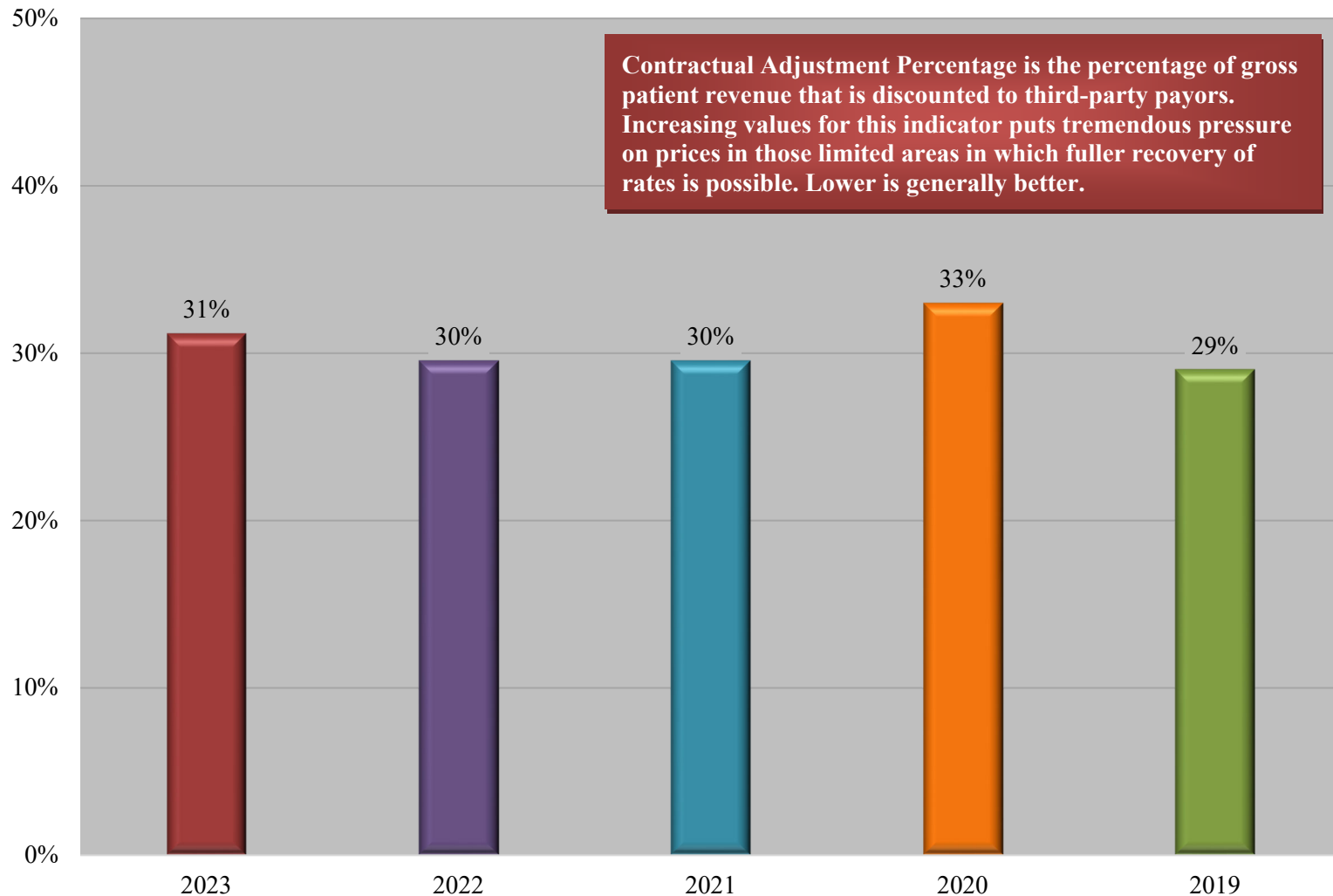
Gross Days in Patient Accounts Receivable

$$\frac{\text{Gross Patient Accounts Receivable}}{\text{Gross Patient Service Revenues} / 365}$$

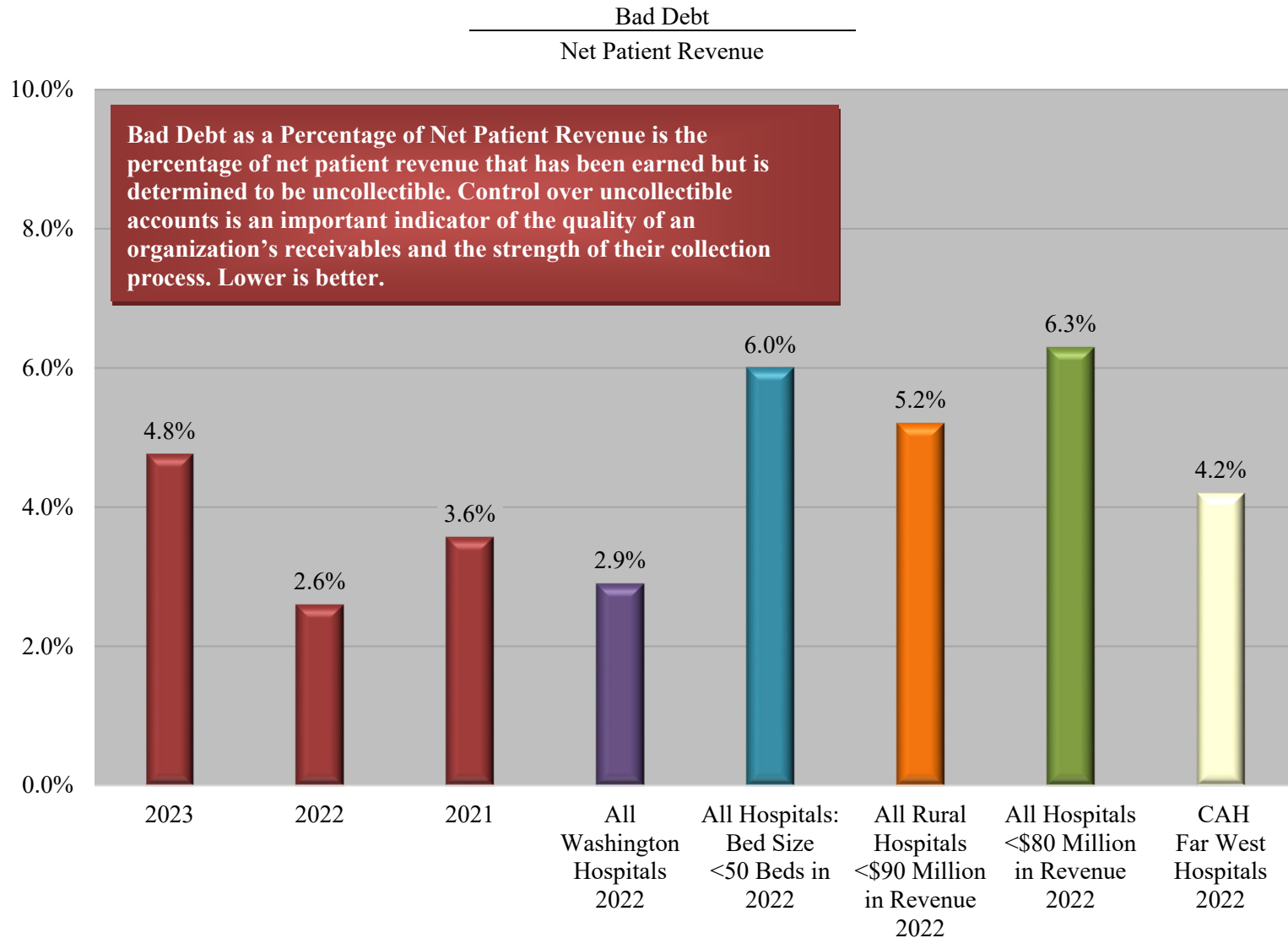


Contractual Adjustment Percentage

$$\frac{\text{Contractual Adjustments}}{\text{Gross Patient Revenues}}$$



Bad Debt as a Percentage Net Patient Revenue



Bad Debt and Charity Care Percentage

Bad Debt
Gross Patient Revenue

Charity Care
Gross Patient Revenue

6.0%

Bad Debt Percentage is the percentage of gross patient revenue that has been earned but is determined to be uncollectible. Control over uncollectible accounts is an important indicator of the quality of an organization's receivables and the strength of their collection process. Lower is better.

Charity Care Percentage is the percentage of gross patient revenue that has been earned but not billed or collected as part of the organization's charity care program. This is an indicator of the benefit the hospital provides to in-need members of the community from a service perspective.

4.0%

2.0%

0.0%

2.9%

1.7%

1.8%

0.6%

2.5%

0.9%

2.6%

1.4%

2.2%

0.9%

Bad Debt
2023

Charity Care
2023

Bad Debt
2022

Charity Care
2022

Bad Debt
2021

Charity Care
2021

Bad Debt
2020

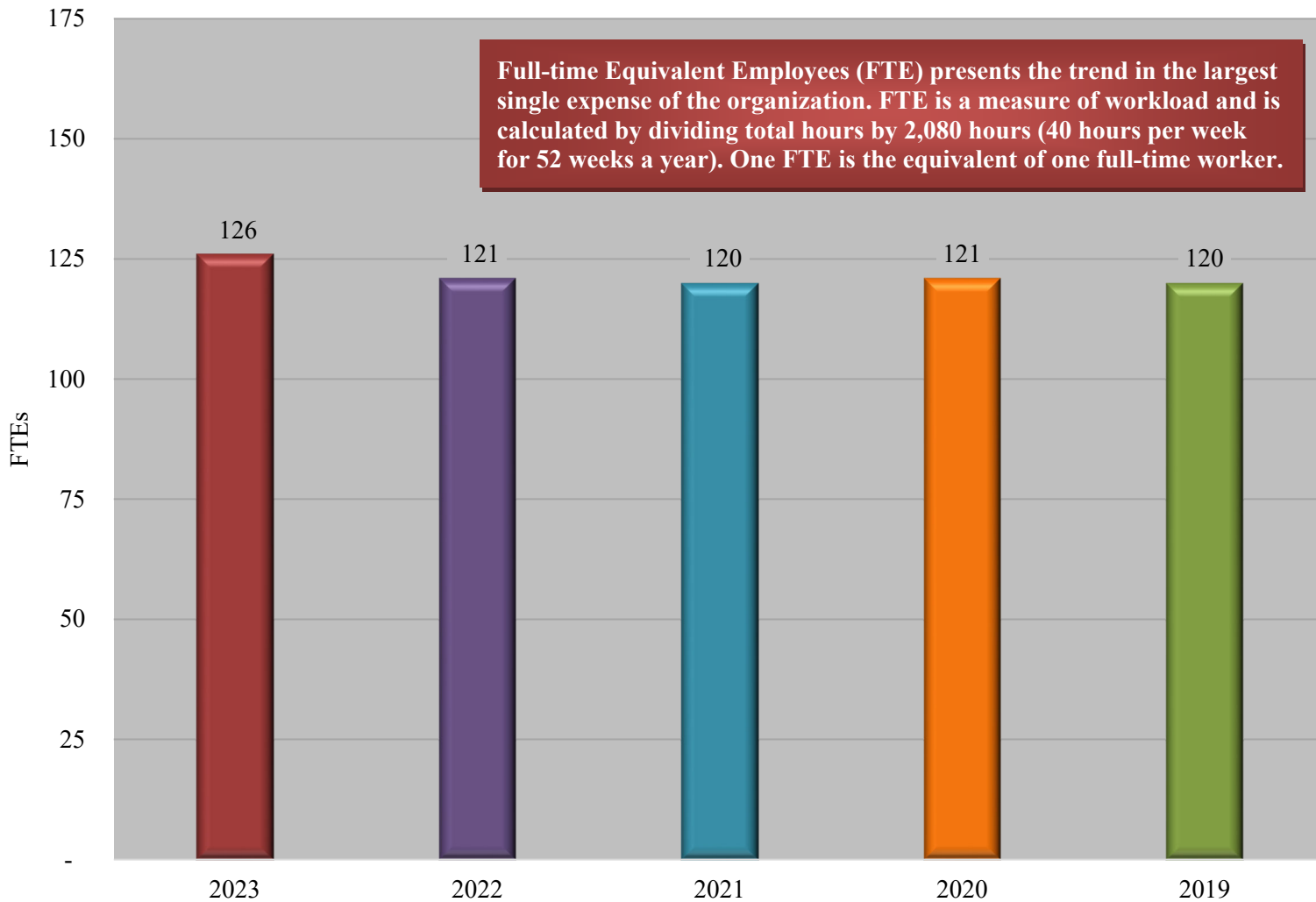
Charity Care
2020

Bad Debt
2019

Charity Care
2019

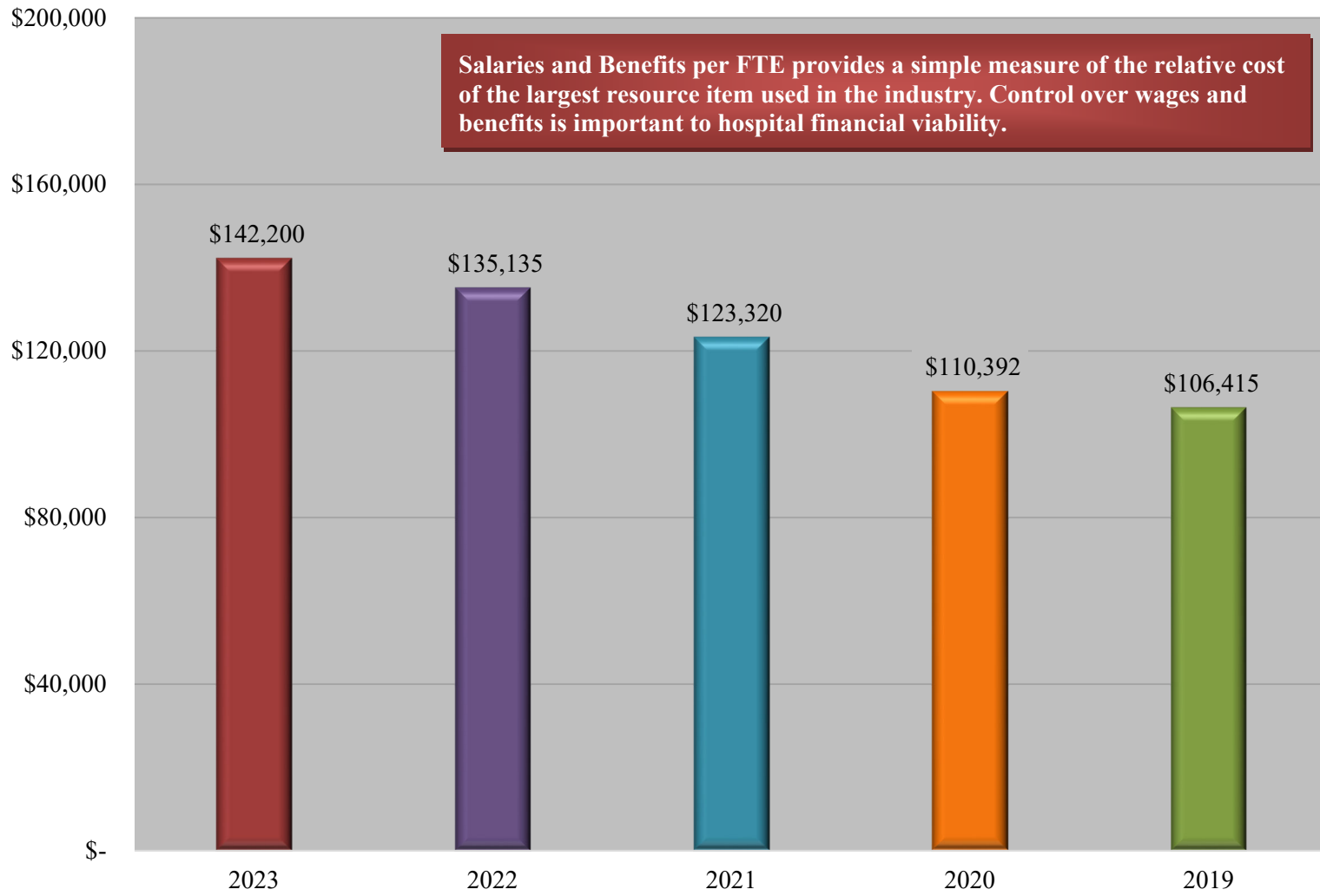
Chelan County Public Hospital District No. 1
doing business as
Cascade Medical Center

Full-time Equivalent Employees (FTE)



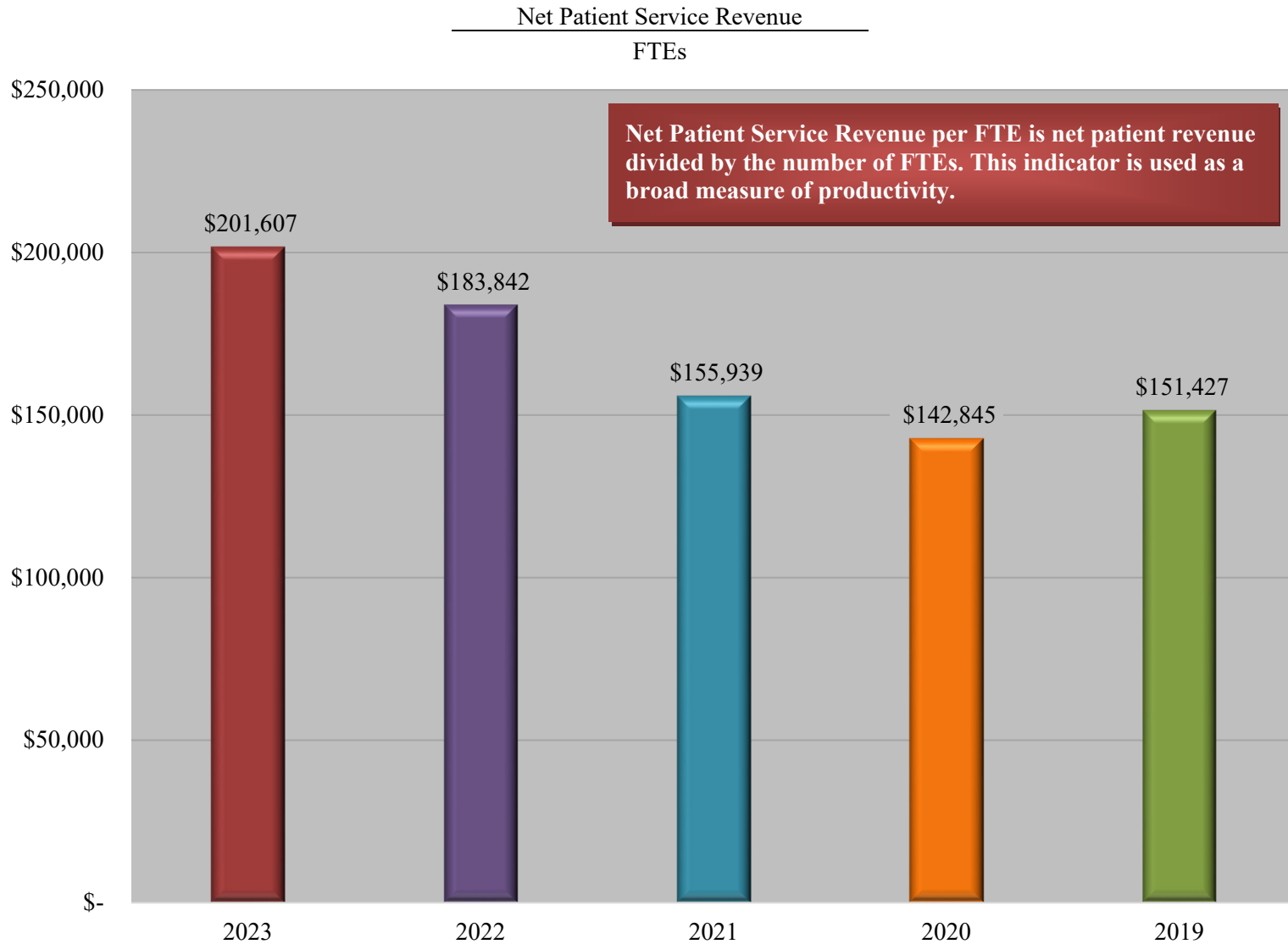
Salaries and Benefits per FTE

$$\frac{\text{Total Salaries} + \text{Total Benefits}}{\text{FTEs}}$$



Chelan County Public Hospital District No. 1
doing business as
Cascade Medical Center

Net Patient Service Revenue per FTE



Replacement Hematology Analyzer Summary

Management wishes to proceed with purchasing a new hematology analyzer for our lab. This will replace an aging piece of equipment and is a planned 2024 capital purchase item that will be paid for by the CM Foundation through their fundraising efforts. Below is a summary of the need and recommendation.



SBAR: Purchase of Replacement Hematology Analyzer

- **Situation:**
 - A hematology analyzer is a standard piece of lab equipment and is heavily utilized; the complete blood count (CBC) is the most ordered test in our lab. Year to date, we've run an average of 350 CBCs per month.
 - Some of the diseases / disorders monitored and identified with the use of this machine include anemia, hemochromatosis, infection/sepsis, leukemia/lymphoma, marrow disorders, platelet numbers (contributing to bleeding or clots) and more.
 - This machine is in heavy use, utilized up to 12 – 15 times per day in our lab. It is used to care for patients in the hospital, emergency department and clinic.
 - This purchase will replace aging equipment. The current hematology analyzer is not end of life, but we are seeing an uptick in service needs, and the current unit has experienced increased downtime due to this necessary service.
- **Background:**
 - The 2024 Capital Budget includes \$69,898 for a replacement hematology analyzer.
 - The quote for the hematology analyzer is \$40,975 plus tax. This substantial savings off the original anticipated cost is due primarily to two factors:
 - A current special promotion, valid through July 25, offering a 15% discount.
 - Greater than anticipated trade-in value of the machine we're replacing.

- The CM Foundation has raised sufficient funds to pay for the hematology analyzer.
- **Assessment:**
 - The hematology analyzer is a workhorse in the lab, utilized to care for patients throughout our facility every day. This is a machine we need running reliably all the time as we do not have a backup method for CBCs.
 - Lab volumes continue to show growth, with a 9% increase in total tests in 2023 over 2022 and a 5% increase thus far in 2024 monthly average tests compared to 2023 monthly average tests for the year (compared to 2023 year to date statistics, lab volumes through April 2024 are up 21%).
 - The new hematology analyzer offers new opportunities for patient care:
 - It can assess sterile body fluids other than blood
 - It has a new parameter for immature granulocytes that helps predict early sepsis (early treatment is a life saver)
 - It will run reticulocyte counts (to see how well a patient is recovering from/dealing with anemia)
 - It will run body fluid red/white cell counts, reducing the time between suspicion of a disease process and diagnosis
- **Recommendation:**
 - Management is introducing this planned capital purchase to you this month and we plan to return to you in July with a request for approval, provided we are able to answer any outstanding questions you may have.
 - Given the age of our existing hematology analyzer and its need for service downtime, coupled with the high volume of tests needed to be run for patient care, management will be recommending purchasing the replacement hematology analyzer.
 - The timing is right for this replacement, given the good pricing and support of the CM Foundation to be able to make the purchase.



CASCADE MEDICAL

PARTNERS IN YOUR HEALTH

Purchasing request for Meditech's Expanse Now, Virtual Care, and High Availability Snapshot

Introduction:

Cascade Medical is considering the purchase of three new Meditech solutions—Expanse Now, Virtual Care, and High Availability Snapshot. These products, which are part of the Meditech Cloud Platform, are designed to enhance the Meditech Expanse EHR system. By leveraging advanced cloud technologies, these solutions aim to improve provider productivity, patient outcomes, and operational performance.

Key Benefits:

1. Expanse Now: Enhanced Provider Mobility and Efficiency

- **Features:** Expanse Now is a mobile application that allows providers to remotely access and manage their workload, patient data, and communications. It supports real-time notifications and voice-controlled navigation, making it user-friendly and efficient.
- **Benefits:**
 - **Increased Mobility:** Providers can perform essential tasks from any location, ensuring timely responses and reducing care delays.
 - **Improved Efficiency:** The app's integration with Expanse EHR provides seamless access to critical data, enhancing task management and on-call duties.
 - **User-Friendly Interface:** Intuitive design and voice commands minimize the learning curve, boosting overall productivity.

2. Virtual Care: Expanding Access to Healthcare

- **Features:** Virtual Care facilitates both scheduled and on-demand virtual visits, integrated with the Patient and Consumer Health Portal. This ensures secure remote consultations and supports patient information management.
- **Benefits:**
 - **Enhanced Patient Access:** Enables patients, particularly those in rural or high-risk groups, to receive timely care without traveling, improving satisfaction and access.
 - **Continuity of Care:** Patients can connect with their regular providers, ensuring trust and personalized care based on comprehensive medical histories.
 - **Operational Efficiency:** Reduces the need for physical consultation spaces, leading to cost savings and better resource allocation.

3. High Availability Snapshot: Ensuring Operational Resilience

- **Features:** High Availability Snapshot provides read-only access to patient data during EHR downtimes. It updates data every 15 minutes and stores it securely in the cloud, accessible via any internet-connected device.



CASCADE MEDICAL

PARTNERS IN YOUR HEALTH

- **Benefits:**
 - **Reliable Access:** Maintains access to critical patient data during system outages, ensuring uninterrupted care.
 - **Secure Infrastructure:** Utilizes industry-standard protocols and secure cloud storage to protect patient information.
 - **Seamless Integration:** Enhances existing downtime protocols, reducing stress on clinical teams and maintaining high standards of care during outages.

Financial Overview:

The monthly subscription costs for these products are:

- **ExpansE Now Suite:** \$640.00
- **Virtual Care:** \$560.00
- **High Availability Snapshot:** \$1,333.00

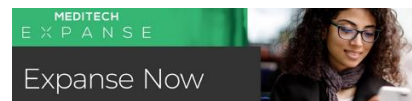
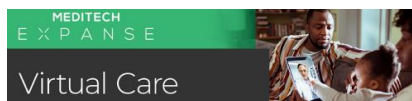
The total monthly investment is \$2,533.00.

Recommendation:

Based on a comprehensive evaluation and the input from our Director of Informatics, Molly Bloss, and our Provider Lead for Meditech, Dr. Wefel, it is recommended that Cascade Medical purchase ExpansE Now, Virtual Care, and High Availability Snapshot. These solutions will enhance our service delivery, patient satisfaction, operational efficiency, and user experience.

The ExpansE Now mobile app will provide our Providers with the necessary tools to access critical patient data from anywhere, improving task management and response times. Virtual Care will extend our reach, allowing us to offer high-quality care to patients who may not be able to visit our facilities, thereby improving patient access and continuity of care. High Availability Snapshot will ensure that our patient care remains uninterrupted during any system downtimes, maintaining data availability and operational performance.

This additional expense is not included in CM's 2024 budget. Because it would be an add-on to our recurring monthly software-as-a-service expense for Meditech, it may not technically require Board approval. But because this consideration intersects with topics of board interest (EHR optimization, telemedicine, patient access, etc.), management wishes to share the opportunity with the Board and provide an opportunity for input. We look forward to discussing the opportunity with you.





AGENDA

Board Governance Committee

June 4, 2024

1:00 PM-3:00 PM

Administration Conference Room

Agenda Item		Time
1.	Call to Order	1:00 PM
2.	Consent Agenda Approval <ul style="list-style-type: none">June 4, 2024 AgendaApril 15, 2024 Minutes	1:00 PM
Committee Work		
1.	Board future/succession planning <ul style="list-style-type: none">Review applications for board positionReview proposed interview questionsDetermine what materials will be sent ahead of time to intervieweesCheck in on timeline document and remaining work	1:00 PM
2.	Check-in on progress of Board's 2024 objectives work	1:45 PM
3.	Review Board Education Plan	1:55 PM
4.	Check in on periodic review process for CEO <ul style="list-style-type: none">Process replacing CEO 360 Annual Review	1:10 PM
5.	Review Strategic Planning Timeline	2:25 PM
6.	Check in on Board Retreat Planning <ul style="list-style-type: none">Discuss ways to continue to grow the Board's approach to thinking strategically	2:40 PM
Adjournment		
1.	Adjournment	3:00 PM

Materials provided in advance of meeting along with agenda:

1. Minutes from April 15, 2024 meeting
2. Applications for board position
3. Interview questions
4. Recruitment timeline
5. 2024 Board objectives
6. 2024 Board education plan
7. Strategic planning cycle timeline



CASCADE MEDICAL
PARTNERS IN YOUR HEALTH

Education Plan
Cascade Medical Board of Commissioners
For 2024

Date	Location	Topic	Comments
January 24, 2024	ABC Room	Health Policy	Jessica to share learnings from State of Reform conference during meeting
February 28, 2024	ABC Room	TBD	
March 27, 2024	ABC Room	Quality	Potential education prior to the meeting on CM's quality and safety work
April 24, 2024	ABC Room	TBD	
May 22, 2024	ABC Room	EMS Levy	Brad Berg attend board meeting
June 24 – 26	Chelan	Rural Healthcare & Leadership	WSHA & AWPMD Conference
June 26, 2024	ABC Room	General	WSHA conference & meeting discussion
July 24, 2024	ABC Room	TBD	
Sept 25, 2024	ABC Room	TBD	
TBD October?	TBD	TBD	Board annual retreat
October 30, 2024	ABC Room	Annual Meeting Recap	
November 20, 2024	ABC Room	NA	
December 18, 2024	ABC Room	TBD	

2024 Priority Topics

- Telehealth* (timing TBD, will tie to organizational objective task work on this topic)
- Strategy around offsite service delivery options/expansion of hours/access away from downtown core* (timing TBD, dependent on coordination with organizational objectives work on these topics, with potential for a retreat or mid-summer discussion)
- EMS Levy/Community Engagement* (timing likely to be May for the functional pieces of the levy and TBD for communication prep, likely four to five months ahead of the planned vote date)
- Long range financial planning, including capital investment planning, service line expansion, impact from Rural Health Clinic payment cap* (timing likely near end of 2024, to coordinate with related organizational objective)

2024 Update Topics

Topic	Frequency	Notes
Clinical Medical Director/Team Based Care	Quarterly (roughly)	Once TBC is fully implemented, it will be a smaller part of the clinic update.
Patient & Family Advisory Council	Every 6 months until established	
Meditech	Quarterly	Feb, May, Sept, Nov
Billing	Quarterly until "fixed"	
Scheduling	Quarterly as part of Improving Patients First Touch Experience	

Future Potential Topics

- Updates on Team Based Care*
- Artificial Intelligence and update on CM technology road map*
- Opioids and Substance Use Disorder in our community and how CM addresses (potential for Chelan Co Sherriff's Office and school district presence to share what they see?)*
- Current and future work of CM out in the community; relates to population health, CHNA, health equity*
- Quality, what is the board's role, what is our data?* (proposing March 2024 currently)
- Expansion*
- Long-term planning around providers needed to serve the community into the future, services offered, particular areas of expertise, taking care of infants/children*
- Updates on Patient and Family Engagement Council work*
- Governance: education on advocacy how-to's, does board want to set expectations for current and incoming Commissioners?? (WSHA presenter?)
- Strategic Question: Do we have the right mission and vision statements to appropriately guide the direction of the organization? Revise mission and vision statements.
- Compliance Training
- IT Security / Cybersecurity
- Patient retention metrics
- The Board's Role in Health Care Experience (AHA article) and provider and staff engagement
- Vaccination information
- How to improve at strategic planning/thinking
- Finance education, financial risks
- Board's role in organizational succession planning

Upcoming WSHA Governance Topics for independent viewing 2024

- N/A

The following 2024 courses are open for registration through WSHA's Governance Education Portal:

- Board Ethics & Conflict of Interest (June 18) via AWPHD website
- Procurement for Public Hospital Districts (September 18)

Link to check progress on certification: <https://governanceeducation-wsha.talentlms.com/>

*Identified in January 2024 board meeting brainstorming

2024 Board Annual Objectives

2024 Board Objectives:

1. 100% of Board members achieve and / or maintain WSHA Health Care Governance Certification, with quarterly reporting on achievement percentage.
2. Assess and refine Board's ongoing connection to and communication with the community.
3. Refine board succession and new commissioner orientation / onboarding plans.

2023 Board Objectives:

4. 100% of Board members achieve and / or maintain WSHA Health Care Governance Certification, with quarterly reporting on achievement percentage
5. Assess and refine Board's ongoing connection to and communication with the community.
6. Fully integrate new commissioners to the board through continued mentorship, regular check-ins and by continuing to adapt processes to support needs while optimizing board work.

2022 Board Objectives:

1. 100% of Board members achieve and / or maintain WSHA Health Care Governance Certification, with quarterly reporting on achievement percentage
2. Check in quarterly on planning for community engagement scenarios with the intent to implement something in 2022.
3. Develop plan for Board succession which addresses near, mid- and long-term needs



2024 Board of Commissioners Committee & Liaison Assignments

Commissioners

Name	Email	Term Expiration
Jessica Kendall	jessica.kendall@cascademical.org	Position 1 12/2025
Bruce Williams President	bruce@cascademical.org	Position 2 12/2029
Tom Baranouskas Vice President	tomb@cascademical.org	Position 3 12/2027
Gustavo Montoya	gustavo.montoya@cascademical.org	Position 4 12/2025
Secretary		Position 5 12/2027

Committee Assignments

Finance	Governance	Quality Oversight
Tom Baranouskas - Chair	Bruce Williams - Chair	Jessica Kendall - Chair
Gustavo Montoya	Tom Baranouskas	

Liaison Assignments

Foundation	Part Time Resident Advisory Council
Open to All Board Members	Open to All Board Members

RESOLUTION NO. 2024-05

CHELAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 1
CHELAN COUNTY, WASHINGTON dba CASCADE MEDICAL

A RESOLUTION of the Board of Commissioners of Public Hospital District No. 1 of Chelan County, Washington (the “District”), relating to the finances of the District; authorizing the surplus of equipment identified by the following descriptions:

Description	Serial No.	Model Number	CM Asset Tag No.	Market Value	Recommendation
Siemens Multix Top	4494	03070021	Unknown	\$0.00	Disposal through Siemens
Blood Gas Analyzer Opti	CCA-TS2		02927	\$0.00	Disposal
Vitros 350		J27004576	Unknown	\$0.00	Disposal
Microdilution Viewer: Microscan		PN 8000-0501	00272	\$0.00	Disposal
Siemens Microscan	Autocscan 10933	PN B1018-280	00419	\$0.00	Disposal

WHEREAS, the members of the commission approved a motion for the surplus of equipment at a regular meeting of the board on June 26, 2024.

WHEREAS, the members of the commission of the district, after due consideration, declare that the above equipment is surplus to the needs of the District, agree to sell of the equipment listed above.

BE IT RESOLVED BY THE COMMISSION OF PUBLIC HOSPITAL DISTRICT NO 1, CHELAN COUNTY, WASHINGTON, AS FOLLOWS:

It is hereby found and declared that the equipment be disposed of through Siemens.

ADOPTED and APPROVED by the Commission of Chelan County Public Hospital District No. 1, Chelan County, Washington, at an open public meeting thereof held in compliance with the requirements of the Open Public Meetings Act this 26th day of June 2024, the following commissioners being present and voting in favor of this resolution.

Board President, Bruce Williams

Board Vice President, Thomas Baranouskas

Commissioner Jessica Kendall

Commissioner Gustavo Montoya

RESOLUTION NO. 2024-06

TITLE: *Authorization to Enter into an Interlocal Agreement with The Rural Collaborative and Others; A RESOLUTION of the Commission of Public Hospital District No. 1, Chelan County, Washington, (the “District”) approving and authorizing the entry of an Interlocal Agreement with The Rural Collaborative in the Form of a Limited Liability Partnership Agreement.*

WHEREAS, in 1992 the Washington State Legislature recognized that it was not cost-effective, practical, or desirable to provide quality health and hospital care services in rural areas on a competitive basis because of limited patient volume and geographic isolation. Therefore, the Legislature enacted Substitute House Bill 2495, (codified in chapter 70.44 RCW) which grants rural public hospital districts the express power to enter into cooperative agreements and contracts with other rural public hospital districts in order to provide for the health care needs of the people served by the hospital districts.

WHEREAS, Chapter 70.44 RCW provides that the provisions of the Interlocal Cooperation Act (RCW 39.34) applies to the development and implementation of the cooperative contracts and agreements allowed by chapter 70.44 RCW.

WHEREAS, the Interlocal Cooperation Act, RCW 39.34, authorizes local governmental units to enter into agreements with other public agencies to undertake joint or cooperative action.

WHEREAS, the purpose of Interlocal Cooperation Act is to permit local governmental units to make the most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage and thereby to provide services and facilities in a manner and pursuant to forms of governmental organization that will accord best with geographic, economic, population and other factors influencing the needs and development of local communities.

WHEREAS, RCW 70.44.240 provides that Interlocal Agreements may take the form of agreements establishing a legal entity.

WHEREAS, the Board has determined that it is in the best interests of the District and in the best interest of the District’s residents and other persons served by the District, to authorize the Officers of the District to enter into documents (the “Definitive Agreements”) to become a partner in the entity (the “Enterprise”) with the Washington Rural Health Collaborative d/b/a The Rural Collaborative (the “Collaborative”) and such other hospital districts which also chose to join the Enterprise.

WHEREAS, the Board has been advised that pursuant to RCW 70.44.240, the governing body of the Enterprise (i) must include representatives of the District, and (ii) that the District may appropriate funds and may sell, lease, or otherwise provide property, personnel, and services to the Enterprise to carry out the joint activity conducted through the Enterprise.

WHEREAS, the Board has been advised of the terms of the Definitive Agreements and understands that the final terms are being negotiated. The Board further understands that (i) the District’s Chief Executive Officer (or his/her designee) who serves on the Board of the Collaborative, will represent the District as

the District’s representative to Enterprise in accordance with RCW 70.44.240, (ii) the District will be required to make a capital contribution of up to \$2,000.00 upon joining the Enterprise, and (iii) the Rural Health Collaborative will provide initial funding to the Enterprise through a combination of capital contributions and loans upon formation of the Enterprise.

WHEREAS, the Board has been advised of the key terms of the Definitive Agreements and understands that the final terms are currently being negotiated.

WHEREAS, the Board wishes to authorize the officers of the District to finalize the negotiation of the final terms of the Enterprise and the inclusion of the District as a participant in the Enterprise (the “Transaction”).

NOW THEREFORE BE IT RESOLVED the Board of Commissioners hereby authorizes, empowers and directs the Chief Executive Officer and delegate (the “Officers”), for and on behalf of the District, and in its name, to negotiate the final terms of the Definitive Agreements on such terms as any one of such Officers, and any of them acting alone, determines are reasonable and appropriate, based on the Officer’s determination that the amount to be contributed to the Enterprise under the Definitive Agreements is consistent with the goals of the District.

BE IT FURTHER RESOLVED that the Officers of the District are, and each of them acting alone hereby is, authorized, empowered and directed, for and on behalf of the District and in its name, to execute and deliver the Definitive Agreements with such changes as such Officer shall approve on behalf of the District, such approval to be conclusively established by such Officer’s execution and delivery thereof, and to perform all necessary steps to effectuate the completion and closing of the Transactions; and

BE IT FURTHER RESOLVED that any acts of an authorized Officer of the District related to the Transactions and the foregoing resolutions, which acts would have been authorized by the foregoing resolutions except that such acts were taken prior to the adoption of such resolutions, hereby are severally ratified, confirmed, approved and adopted as the acts of the District; and

BE IT FURTHER RESOLVED that any specific resolutions that may be required to have been adopted by the Board in connection with the actions contemplated by the foregoing resolutions be, and they hereby are, adopted, and the Secretary of the Board of Commissioners shall be, and the Secretary acting alone hereby is, authorized to certify, on behalf of the District, as to the adoption of any and all such resolutions and attach such resolutions hereto.

ADOPTED and APPROVED by the Commission of Public Hospital District No.1, Chelan County, Washington at a regular open public meeting thereof, held in compliance with the requirements of the Open Public Meeting Act this 26th day of June 2024, the following Commissioners being present and voting in favor of the resolution.

Board President, Bruce Williams

Board Vice President, Tom Baranouskas

Commissioner, Jessica Kendall

Commissioner, Gustavo Montoya

Credentialing Approvals

Locum Tenens Privileges: (90-days)

- Selemani Wambuzi, PA-C Hospitalist
- Robert (Bob) Glazewski, PA-C, Hospitalist

Cascade Medical's credentialing process has been followed for these providers.

Accompanying Notes for the May 2024 Financial Statements

May Financial Statements – Current Month Summary

May gross patient revenue of \$3,930,000 exceeded the budgeted amount of \$3,130,000 by \$800,000. The contractual allowance of \$1,171,000 for May was greater than the budgeted amount of \$1,074,000 by (\$97,000). The May net margin of \$281,000 was greater than the budgeted net margin of (\$105,000) by \$386,000. Cash receipts totaling \$2,720,000 For May were greater than the budgeted cash receipts total of \$2,356,000. The May month end cash balance of \$14,091,000 is less than the budgeted cash balance of \$14,629,000 by \$538,000.

Specific Revenue and Expense Variances

1. Professional fees were over budget in May by (\$117,000) due to Acute registry nurse and hospitalist expenses, Clinic Medical Director coaching, Clinic practice share consulting and Fiscal Services expense for actuarial consulting and audit fees.
2. Travel/training/meeting expenses for May were over budget by (\$52,000) due to Administration expense for leadership and safety training and Radiology equipment training expense.
3. Purchased Services for May were over budget by (\$51,000) due to Business Office Support expenses and Plant expenses for an MRI connectivity assessment and sounds system repairs.

Patient Statistics

In May we saw Ambulance and Rehab volumes below budgeted volumes, while Acute, CT, Lab, and Radiology volumes all were well above budgeted volumes. Rehab volumes continue to trend up after starting the year off lower than budgeted.

Cash Receipts

Collections on patient accounts of \$2,330,000 in May were above budgeted patient account collections of \$1,850,000 by \$480,000. We received larger than typical payments on Health Alliance accounts in May as we were finally able to receive payment from payers affected by the Change Healthcare Cybersecurity breach.

Balance Sheet

Our Balance Sheet shows a decrease in cash balances in May of \$830,000. May included three payrolls and we purchased a new ambulance in May.

Accounts Receivable

Days in Net Accounts Receivable decreased from 53.7 days in April to 51.0 days in May. Gross Accounts Receivable has increased by \$417,000 from April.

Contractual Allowances

Our Contractual Allowance for April is 29.8% of Gross Revenues. Overall, our Contractual Allowance is 43% of Gross Accounts Receivable.

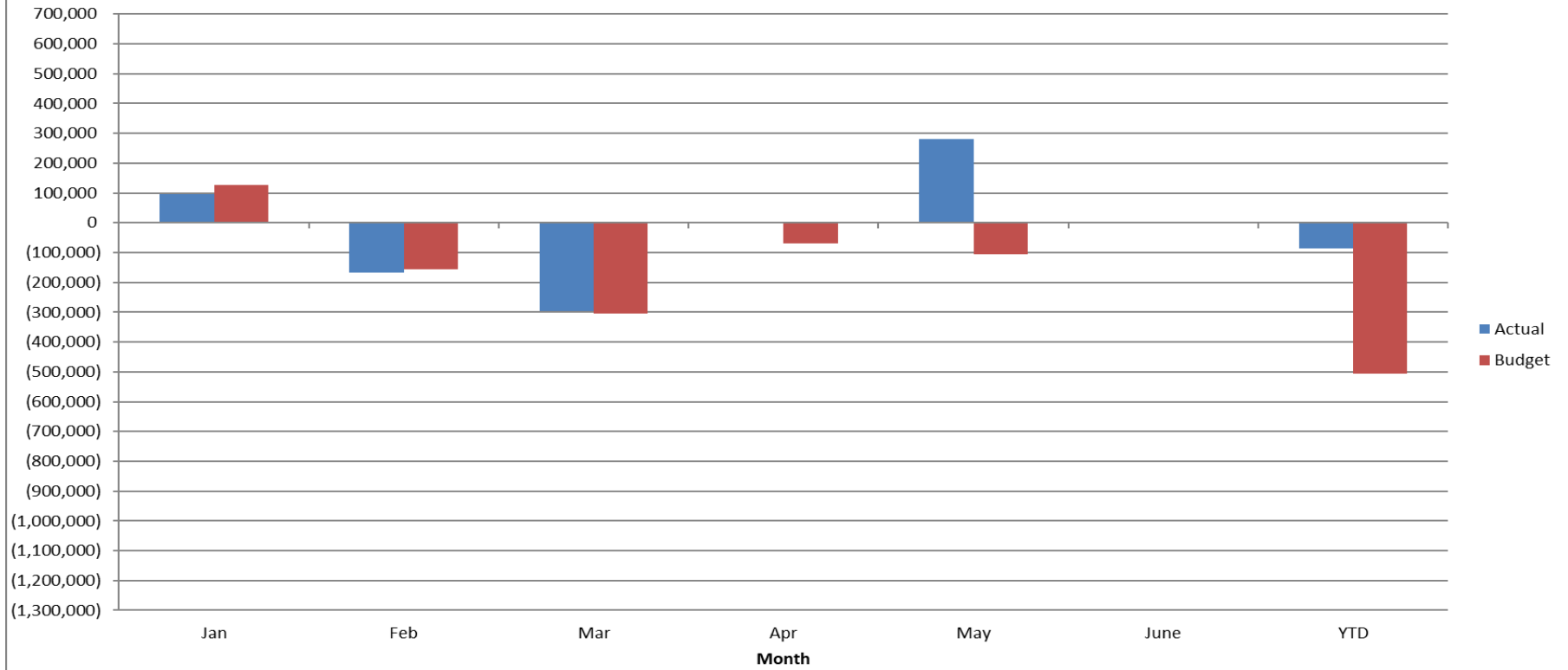
Final comments

With the completion of our financial audit and Medicare cost report, we are now turning our attention to other projects including work with The Rural Collaborative to submit data on purchased services and finalization of the WSHA AHA Vitality Payer Scorecard data feed requests. The Charity Care Checkup that Washington Hospital services performed is now complete with work remaining to update training materials, retrain staff, add interpreter signage in the ED, implement a Bad Debt and Collection policy, and make language changes to our Financial Assistance policy as a result of what we learned during the checkup.

We still are waiting for word from the state auditor on the 2019-2022 State Accountability Audit.

Cascade Medical

Net Surplus/(Deficit) - 2024



**Cascade Medical Center
Financial Performance Summary
Year-to-Date - May, 2024**

000's omitted

YTD May

Net Margin

Actual	(87)
Budget	(507)
	420
Better (Worse) than Budget	420

Variance Analysis - favorable vs (unfavorable)

Gross Revenue - PT (\$216); Amb (\$171); CT \$673; ED \$249; Clinic \$247; Lab \$221; Endo \$185	1,446
Contractual Allowances	(355)
	1,091
Net Patient Revenue	1,091
Other Operating Revenue	(114)
	978
Total Operating Revenue	978

Expenses

Salaries & Benefits - OPEB \$60	62
Prof. Fees - Acute (\$107); HR (\$82); Admin (\$67); Fiscal Svcs (\$52)	(337)
Supplies	(87)
Purchased Services/Repairs - Bus Off (\$150); IT (\$42); CT (\$35)	(244)
Other Operating Expenses - IT \$77; Amb \$18; Clinic Provid \$17; Admin (\$68)	48
	(557)
Total Operating Expenses	(557)

Non-Operating Revenues & Expenses	(1)
-----------------------------------	-----

Actuals Better/(worse) than Budget	420
------------------------------------	-----

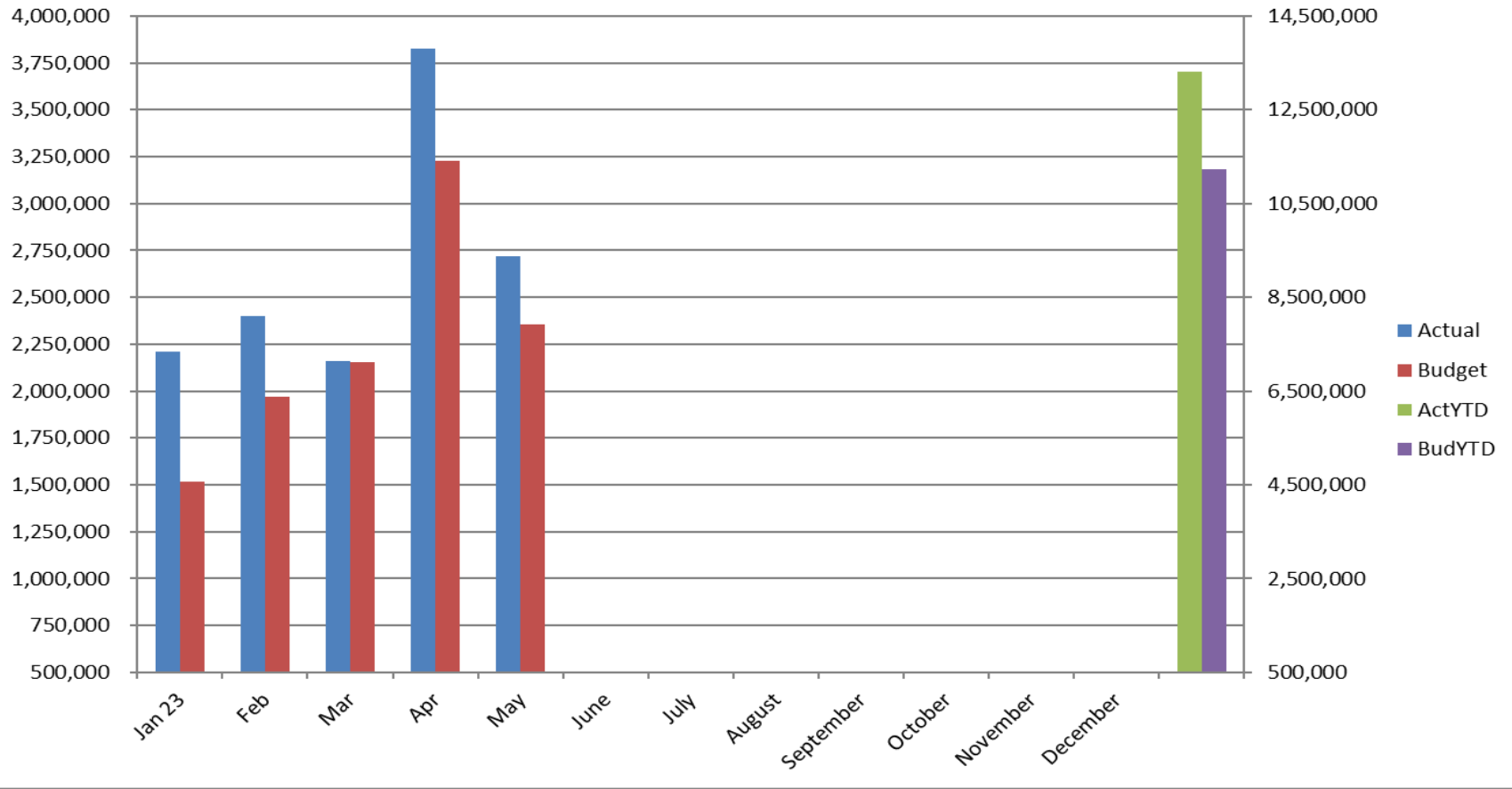
Cascade Medical Center
Statement of Revenues, Expenses and Net Income
For the Month Ending May 31, 2024

	----- Current Period -----			----- Year-to-Date -----			Prior YTD
	Actual	Budget	Variance	Actual	Budget	Variance	
Operating revenues							
Net Patient Revenue	2,759,429	2,056,087	703,342	11,171,346	10,079,963	1,091,383	8,928,773
Grants, Contribs, Other Op Revenue	104,021	113,770	(9,749)	629,023	742,850	(113,827)	491,593
Tax Levies, unrestricted	<u>137,725</u>	<u>137,725</u>	<u>-</u>	<u>688,625</u>	<u>688,625</u>	<u>-</u>	<u>748,325</u>
Total Operating Revenue	3,001,175	2,307,582	693,593	12,488,994	11,511,438	977,556	10,168,691
Operating expenses							
Salaries & Benefits	1,763,578	1,723,140	(40,438)	8,380,303	8,442,601	62,298	7,309,094
Professional fees	224,000	107,466	(116,534)	911,499	574,755	(336,744)	894,111
Supplies	176,816	154,300	(22,516)	871,506	784,980	(86,526)	763,291
Purchased services	211,273	142,282	(68,991)	965,500	721,919	(243,581)	835,617
Depreciation	185,179	169,874	(15,305)	836,513	849,370	12,857	832,761
Other Operating Expenses	<u>246,629</u>	<u>202,041</u>	<u>(44,588)</u>	<u>1,041,437</u>	<u>1,076,313</u>	<u>34,876</u>	<u>853,775</u>
Total operating expenses	2,807,476	2,499,103	(308,373)	13,006,759	12,449,938	(556,821)	11,488,649
Operating gain / (loss)	193,699	(191,521)	385,220	(517,765)	(938,500)	420,735	(1,319,958)
Nonoperating revenues (expenses)							
Tax Levies, restricted	112,641	112,641	-	563,205	563,205	-	541,470
Interest expense on bonds	(25,327)	(25,328)	1	(126,636)	(126,640)	4	(136,070)
Other Non-Operating rev (exp)	<u>27</u>	<u>(989)</u>	<u>1,016</u>	<u>(5,441)</u>	<u>(4,945)</u>	<u>(496)</u>	<u>(5,229)</u>
Total nonoperating rev (exp), net	87,341	86,324	1,017	431,128	431,620	(492)	400,171
Net Income	281,040	(105,197)	386,237	(86,637)	(506,880)	420,243	(919,787)

Cascade Medical Center
Statement of Revenues, Expenses and Net Income
For the Month Ending May 31, 2024

	----- Current Period -----			----- Year-to-Date -----			Prior YTD
	Actual	Budget	Variance	Actual	Budget	Variance	
Operating revenues							
Gross Patient Revenue	3,930,151	3,130,279	799,872	16,195,489	14,749,623	1,445,866	13,315,315
less:							
Contractual Allowances	1,002,872	920,808	(82,064)	4,303,892	3,946,928	(356,964)	3,757,601
Reserve for Bad Debts	119,432	109,560	(9,872)	512,486	516,237	3,751	447,495
Reserve for Financial Assistance	48,418	43,824	(4,594)	207,765	206,495	(1,270)	181,447
Total Deductions from Revenue	<u>1,170,721</u>	<u>1,074,192</u>	<u>(96,529)</u>	<u>5,024,143</u>	<u>4,669,660</u>	<u>(354,483)</u>	<u>4,386,542</u>
Net Patient Revenue	2,759,429	2,056,087	703,342	11,171,346	10,079,963	1,091,383	8,928,773
Grants, Contributions	-	22,000	(22,000)	109,961	65,000	44,961	36,547
Other Operating Revenue	104,021	91,770	12,251	519,062	677,850	(158,788)	455,046
Tax Levies, unrestricted	<u>137,725</u>	<u>137,725</u>	<u>-</u>	<u>688,625</u>	<u>688,625</u>	<u>-</u>	<u>748,325</u>
Total Operating Revenue	3,001,175	2,307,582	693,593	12,488,994	11,511,438	977,556	10,168,691
Operating expenses							
Salaries and wages	1,443,017	1,410,379	(32,638)	6,867,786	6,889,542	21,756	5,935,016
Employee benefits	320,561	312,761	(7,800)	1,512,517	1,553,059	40,542	1,374,078
Professional fees	224,000	107,466	(116,534)	911,499	574,755	(336,744)	894,111
Supplies	176,816	154,300	(22,516)	871,506	784,980	(86,526)	763,291
Utilities	22,188	24,906	2,718	121,362	123,955	2,593	111,778
Repairs and maintenance	41,077	22,844	(18,233)	133,850	114,220	(19,630)	174,418
Purchased services	170,197	119,438	(50,759)	831,651	607,699	(223,952)	661,199
Continuing medical education	455	2,167	1,712	6,153	10,835	4,682	4,585
Other expenses	17,747	13,001	(4,746)	85,773	106,484	20,711	54,461
Dues and subscriptions	86,479	88,561	2,082	403,624	451,286	47,663	331,464
Travel / training / meetings	61,189	9,141	(52,048)	129,849	58,005	(71,844)	81,715
Leases and rentals	17,237	14,138	(3,099)	79,769	82,565	2,796	86,407
Depreciation	185,179	169,874	(15,305)	836,513	849,370	12,857	832,761
Licenses and taxes	18,315	26,003	7,688	120,017	126,915	6,898	79,093
Insurance	21,694	22,850	1,156	88,263	109,898	21,635	97,642
Interest	<u>1,326</u>	<u>1,274</u>	<u>(52)</u>	<u>6,629</u>	<u>6,370</u>	<u>(259)</u>	<u>6,630</u>
Total operating expenses	2,807,476	2,499,103	(308,373)	13,006,759	12,449,938	(556,821)	11,488,649
Operating gain / (loss)	193,699	(191,521)	385,220	(517,765)	(938,500)	420,735	(1,319,958)
Nonoperating revenues (expenses)							
Tax Levies, restricted	112,641	112,641	-	563,205	563,205	-	541,470
Interest expense on bond financing	(25,327)	(25,328)	1	(126,636)	(126,640)	4	(136,070)
Gain (loss) on disposal of equipment	-	-	-	-	-	-	500
Investment income	1,796	780	1,016	3,405	3,900	(495)	3,117
Net of bond premium/amortization	(1,769)	(1,769)	(0)	(8,846)	(8,845)	(1)	(8,846)
CARES Funds	-	-	-	-	-	-	-
PPP Loan Proceeds	-	-	-	-	-	-	-
Total nonoperating revenues (expenses), net	<u>87,341</u>	<u>86,324</u>	<u>1,017</u>	<u>431,128</u>	<u>431,620</u>	<u>(492)</u>	<u>400,171</u>
Net Income	281,040	(105,197)	386,237	(86,637)	(506,880)	420,243	(919,787)

Cascade Medical 2024 Cash Receipts



Cascade Medical
 Statistics Summary - 2024

	YTD 2023						2024 Act	2024 Bud	Act/Bud	2024 Act	2024 Act	2024 Bud	2024 Bud	Act/Bud
	avg/mo	jan 24	feb	mar	apr	may	mo	mo	% var	YTD Tot	avg/mo	YTD Tot	avg/mo	% var
Acute Care	20	34	10	25	23	35	35	20	75.0%	127	25	111	22	14.4%
Swing Bed	68	70	38	74	95	75	75	72	4.5%	352	70	446	89	-21.1%
Laboratory tests	2,733	3,427	2,847	3,114	3,377	3,389	3,389	2,826	19.9%	16,154	3,231	13,983	2,797	15.5%
Radiology exams	310	312	294	281	380	408	408	345	18.3%	1,675	335	1,572	314	6.6%
CT scans	105	144	131	129	138	173	173	118	46.6%	715	143	518	104	38.0%
ED visits	295	325	262	287	327	385	385	339	13.6%	1,586	317	1,424	285	11.4%
Ambulance runs	66	64	47	73	44	66	66	70	-5.7%	294	59	328	66	-10.4%
Clinic visits	1,097	1,264	1,132	1,146	1,233	1,314	1,314	1,215	8.1%	6,089	1,218	6,017	1,203	1.2%
Rehab procedures	2,230	1,835	1,749	1,893	2,172	2,501	2,501	2,528	-1.1%	10,150	2,030	12,640	2,528	-19.7%

Patient Statistics

	2023		2 0 2 4										2024	
	YTD Mo Avg	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD Mo Avg
Admits														
Acute Care	4.8	7	4	5	8	10								6.8
Short Stay	3.2	6	7	7	5	7								6.4
Swing Bed	4.6	4	1	6	6	2								3.8
Respite Care	1.0	2	1	-	-	-								0.8
Total Admits	13.6	19	13	18	19	19								17.6
Patient Days														
Acute Care	19.8	34	10	25	23	35								25.4
Short Stay	4.0	8.3	11.3	8.3	4.8	11.1								8.7
Swing Bed	68.4	70	38	74	95	75								70.4
Respite Care	12.0	7	6	-	-	-								2.6
Total Patient Days	104.2	119.3	65.3	107.3	122.8	121.1								107.1
Average Length of Stay	7.7	6.3	5.0	6.0	6.5	6.4								6.0
Average Patients per Day	3.4	3.8	2.3	3.5	4.1	3.9								3.5
Worked FTEs	-													#DIV/0!
FTEs (W/ Non-Working Pay*)	-													#DIV/0!
Laboratory (tests)	2,733	3,427	2,847	3,114	3,377	3,389								3,231
Radiology (tests)	255	263	246	233	334	352								286
Mammography (tests)	37	36	38	37	38	35								37
Cardiac Diagnostics	91	87	80	95	85	133								96
CT (Scans)	105	144	131	129	138	173								143
DXA (Scans)	17	13	10	11	8	21								13
PT (services billed)	1,722	1,463	1,441	1,507	1,862	1,978								1,650
ER (visits/procedures)	295	325	262	287	327	385								317
Ambulance (runs)	66	64	47	73	44	66								59
Clinic (visits)	1,096	1,264	1,132	1,146	1,233	1,314								1,218
Occupational Therapy	448	302	246	320	251	462								316
Speech Therapy	60	70	62	66	59	61								64
Cardiac Rehab	-	7	12	15	35	40								22
Endoscopy Procedures	18	26	22	17	22	21								22

REVENUE COMPARISON

	2023		2 0 2 4										2024	
	YTD Mo Avg	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD Mo Avg
Acute Care	\$ 53,964	\$ 124,350	\$ 28,890	\$ 80,250	\$ 73,830	\$ 121,980								\$ 85,860
Short Stay	12,366	27,810	36,660	29,145	15,875	37,340								29,366
Respite Care	6,074	5,005	3,300	-	-	-								1,661
Swing Bed	165,186	190,780	98,230	217,140	263,670	193,875								192,739
Central Supply	18,906	46,843	20,703	20,645	37,524	42,262								33,596
Laboratory	330,624	448,711	343,301	383,678	399,112	391,498								393,260
Cardiac Diagnostics	29,124	22,436	24,588	29,132	27,721	40,176								28,810
CT	360,556	529,581	462,108	479,319	462,828	632,780								513,323
Radiology	132,645	140,411	131,027	132,687	178,723	210,109								158,591
Mammography	21,671	22,920	24,666	27,284	17,304	30,432								24,521
Pharmacy	144,344	164,563	105,684	129,592	156,409	200,553								151,360
Respiratory Therapy	-	90	-	269	-	-								72
Physical Therapy	182,584	162,891	164,573	167,178	143,098	297,086								186,965
Emergency Room	606,643	739,709	570,388	625,754	743,812	845,980								705,128
Ambulance	210,579	229,135	146,682	220,818	150,456	255,368								200,492
Clinic	261,600	400,468	367,968	319,558	328,510	408,211								364,943
Occupational Therapy	52,911	34,011	33,089	45,081	22,581	71,747								41,301
Outpatient Diagnostic Svcs	47,864	71,615	94,840	94,169	95,743	102,705								91,814
Speech/Contracted Svcs	20,084	24,359	21,522	23,619	15,337	30,539								23,075
Cardiac Rehab	-	1,575	2,475	3,600	7,875	9,000								4,905
Dietary/Contracted Svcs	5,337	6,856	5,265	8,729	7,212	8,513								7,315
Total Patient Revenue	\$ 2,663,063	\$ 3,394,117	\$ 2,685,959	\$ 3,037,644	\$ 3,147,618	\$ 3,930,151								\$ 3,239,098

Increase (Decrease) in Cash and Cash Equivalents

Cascade Medical Center

For the Month Ending May 31, 2024

	<u>May-24</u>	<u>2024 YTD</u>	<u>2023 YTD</u>
<i>Cash flows from operating activities</i>			
Receipts from and on behalf of patients	\$ 2,330,439	\$ 10,940,086	\$ 9,924,488
Other receipts	\$ 40,956	\$ 270,505	\$ 224,764
Payments to & on behalf of employees	\$ (2,070,266)	\$ (7,384,434)	\$ (6,327,414)
Payments to suppliers and contractors	\$ (1,151,761)	\$ (5,012,907)	\$ (4,583,144)
Net cash gained / (used) in operating activities	\$ (850,631)	\$ (1,186,750)	\$ (761,305)
<i>Cash flows from noncapital financing activities</i>			
Taxation for maintenance and operations, EMS	\$ 227,098	\$ 1,340,385	\$ 1,358,847
Noncapital grants and contributions	\$ -	\$ 55,944	\$ 36,547
Net cash provided by noncapital financing activities	\$ 227,098	\$ 1,396,330	\$ 1,395,395
<i>Cash flows from capital and related financing activities</i>			
Taxation for bond principal and interest	\$ 66,360	\$ 384,192	\$ 367,810
Purchase of capital assets	\$ (333,736)	\$ (805,072)	\$ (12,222)
Payments toward construction in progress	\$ (25,185)	\$ (292,710)	\$ (282,083)
Proceeds from disposal of capital assets	\$ 30,000	\$ 30,000	\$ 500
Proceeds from long-term debt		\$ -	\$ -
Principle & Interest paid on long-term debt		\$ -	\$ -
Bond maintenance & issuance costs		\$ -	\$ -
Capital grants and contributions		\$ 54,016	\$ -
Net cash provided by capital and related financing activities	\$ (262,561)	\$ (629,573)	\$ 74,005
<i>Cash flows from investing activities</i>			
Investment Income	\$ 55,624	\$ 272,986	\$ 225,108
Net increase (decrease) in cash and cash equivalents	\$ (830,471)	\$ (147,007)	\$ 933,202
Cash and Cash equivalents, beginning of period	\$ 14,921,608	\$ 14,238,144	\$ 12,919,205
Cash and cash equivalents, end of period	<u>\$ 14,091,137</u>	<u>\$ 14,091,137</u>	<u>\$ 13,852,407</u>

Forecasted Statement of Cash Flows
Cascade Medical Center
For the year ending May 31, 2024

	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Actual/Forecast	Budget
	1st Qtr	April	May	June	2nd Qtr	3rd Qtr	4th Qtr	Year End 2024	2024
Cash balance, beginning of period	\$ 14,238,144	\$ 13,783,098	\$ 14,921,608	\$ 14,091,137	\$ 13,783,098	\$ 13,748,800	\$ 13,511,676	\$ 14,238,144	\$ 14,238,144
Cash available for operating needs	\$ 14,021,607	\$ 13,479,513	\$ 14,079,804	\$ 13,120,261	\$ 13,479,513	\$ 12,921,162	\$ 12,647,371	\$ 14,021,607	\$ 14,021,607
Cash restricted to debt service, other restricted funds	\$ 216,537	\$ 303,585	\$ 841,805	\$ 970,877	\$ 303,585	\$ 827,639	\$ 864,305	\$ 216,537	\$ 216,537
<i>Cash flows from operating activities</i>									
Receipts from and on behalf of patients	\$ 6,145,318	\$ 2,464,329	\$ 2,330,439	\$ 1,931,938	\$ 6,726,706	\$ 6,827,054	\$ 6,849,042	\$ 26,548,120	\$ 24,445,262
Grant receipts	\$ 74,176	\$ 35,784	\$ -	\$ 2,000	\$ 37,784	\$ 6,000	\$ 6,000	\$ 123,960	\$ 79,000
Other receipts	\$ 187,045	\$ 42,504	\$ 40,956	\$ 60,445	\$ 143,905	\$ 136,335	\$ 151,335	\$ 618,620	\$ 794,340
Payments to or on behalf of employees	\$ (3,932,884)	\$ (1,381,284)	\$ (2,070,266)	\$ (1,506,174)	\$ (4,957,724)	\$ (5,231,455)	\$ (4,447,500)	\$ (18,569,563)	\$ (19,537,764)
Payments to suppliers and contractors	\$ (2,699,435)	\$ (1,161,711)	\$ (1,151,761)	\$ (645,668)	\$ (2,959,140)	\$ (1,899,632)	\$ (1,841,062)	\$ (9,399,269)	\$ (7,610,953)
Net cash provided by operating activities	\$ (225,780)	\$ (379)	\$ (850,631)	\$ (157,459)	\$ (1,008,469)	\$ (161,698)	\$ 717,815	\$ (678,131)	\$ (1,830,116)
<i>Cash flows from noncapital financing activities</i>									
Unencumbered M & O taxation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 271,769	\$ 271,769	\$ 271,769
Taxation for Emergency Medical Services	\$ 113,004	\$ 692,849	\$ 164,386	\$ 10,668	\$ 867,902	\$ 44,831	\$ 692,298	\$ 1,718,035	\$ 1,652,698
Investment Income	\$ 165,805	\$ 51,558	\$ 55,624	\$ 46,030	\$ 153,212	\$ 138,090	\$ 138,090	\$ 595,196	\$ 552,360
Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,000	\$ 90,000	\$ 90,000
Net cash provided by noncapital financing activities	\$ 278,809	\$ 744,407	\$ 220,009	\$ 56,698	\$ 1,021,114	\$ 182,921	\$ 1,192,157	\$ 2,675,001	\$ 2,566,827
Proceeds from Long Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Funds Expended for Capital Purchases	\$ (595,122)	\$ (143,738)	\$ (328,921)	\$ (98,338)	\$ (570,997)	\$ (295,014)	\$ (295,014)	\$ (1,756,147)	\$ (1,180,056)
Increase/(decrease) in cash available for operations	\$ (542,094)	\$ 600,290	\$ (959,543)	\$ (199,099)	\$ (558,352)	\$ (273,791)	\$ 1,614,958	\$ 240,722	\$ (443,345)
Cash available for operating needs	\$ 13,479,513	\$ 14,079,804	\$ 13,120,261	\$ 12,921,162	\$ 12,921,162	\$ 12,647,371	\$ 14,262,329	\$ 14,262,329	\$ 13,578,262
Taxation for bond prin & int (incl encumbrd M&O)	\$ 87,048	\$ 538,220	\$ 129,072	\$ 8,725	\$ 676,017	\$ 36,666	\$ 294,442	\$ 1,094,173	\$ 1,079,927
Principle & Interest paid on long-term debt	\$ -	\$ -	\$ -	\$ (151,963)	\$ (151,963)	\$ -	\$ (937,963)	\$ (1,089,926)	\$ (1,089,926)
Restricted grants and contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase/(decrease) in restricted cash	\$ 87,048	\$ 538,220	\$ 129,072	\$ (143,238)	\$ 524,054	\$ 36,666	\$ (643,521)	\$ 4,247	\$ (9,999)
Cash restricted to debt service, other restricted funds	\$ 303,585	\$ 841,805	\$ 970,877	\$ 827,639	\$ 827,639	\$ 864,305	\$ 220,784	\$ 220,784	\$ 206,538
Cash balance, end of period	\$ 13,783,098	\$ 14,921,608	\$ 14,091,137	\$ 13,748,800	\$ 13,748,800	\$ 13,511,676	\$ 14,483,113	\$ 14,483,113	\$ 13,784,800

CASCADE MEDICAL CENTER
EMERGENCY MEDICAL SERVICES - MAY, 2024

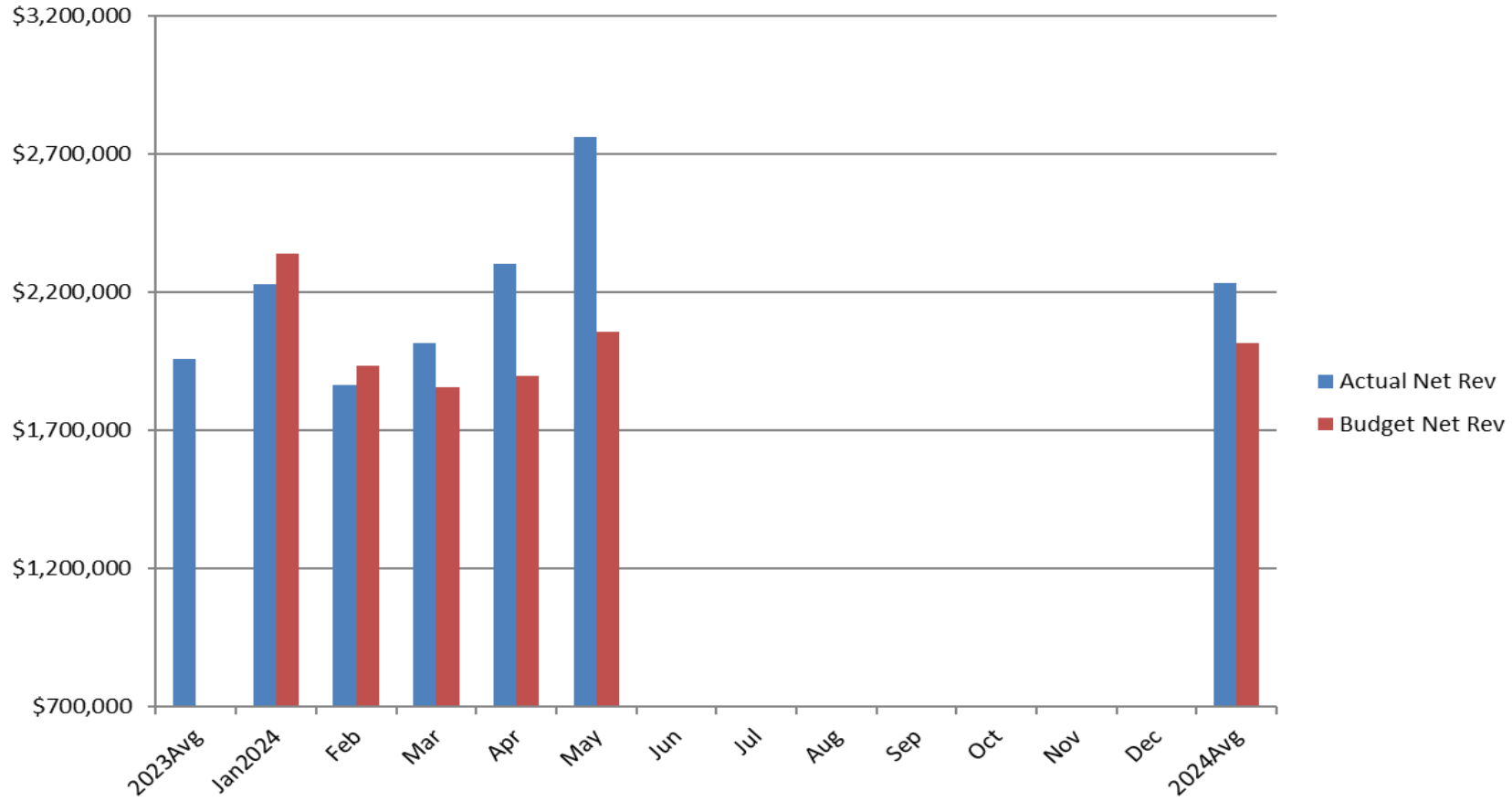
REVENUE	EMERGENCY ROOM		AMBULANCE		COMBINED EMERGENCY MEDICAL SERVICES		
	5/31/24	5/31/24 YTD	5/31/24	5/31/24 YTD	5/31/24	5/31/24 YTD	5/31/2023 YTD
PATIENT REVENUE	845,980	3,525,642	255,368	1,002,459	\$1,101,347	\$4,528,100	\$4,086,117
DEDUCTIONS FROM REVENUE CONTRACTUAL ALLOWANCE, BAD DEBT & CHARITY CARE	\$492,191	\$2,051,218	\$168,185	\$660,219	\$660,376	\$2,711,438	\$2,454,796
NET PATIENT REVENUE	\$353,789	\$1,474,423	\$87,182	\$342,239	\$440,971	\$1,816,664	\$1,631,321
OTHER OPERATING REVENUE	\$0	\$0	490	43,198	\$490	\$43,198	\$0
TOTAL OPERATING REVENUE	\$353,789	\$1,474,423	\$87,672	\$385,438	\$441,461	\$1,859,862	\$1,631,321
OPERATING EXPENSES							
SALARIES AND WAGES	195,460	984,038	129,894	589,863	\$325,355	\$1,573,901	\$1,363,600
EMPLOYEE BENEFITS	29,714	153,816	30,990	145,710	\$60,704	\$299,525	\$260,027
PROFESSIONAL FEES	9,064	50,791	-	3,750	\$9,064	\$54,541	\$103,908
SUPPLIES	6,823	31,423	5,984	41,565	\$12,806	\$72,987	\$76,166
FUEL	-	-	1,531	7,795	\$1,531	\$7,795	\$9,797
REPAIRS AND MAINT.	-	-	4,740	16,691	\$4,740	\$16,691	\$15,348
PURCHASED SERVICES	3,422	18,280	17,459	76,867	\$20,881	\$95,147	\$90,494
CONTINUING MEDICAL EDUCATION	798	2,003	1,105	1,197	\$1,903	\$3,201	\$8,461
DUES	150	3,193	1,430	12,397	\$1,580	\$15,590	\$15,562
OTHER EXPENSES	419	1,261	1,081	41,831	\$1,499	\$43,092	\$7,350
LEASES / RENTALS	218	1,099	2,612	15,633	\$2,830	\$16,732	\$13,866
DEPRECIATION	4,522	22,609	17,597	87,983	\$22,118	\$110,592	\$112,210
TAXES AND LICENSES	-	592	-	163	\$0	\$755	\$1,338
INSURANCE	1,079	5,393	4,455	22,276	\$5,534	\$27,668	\$26,758
OVERHEAD COSTS	194,531	895,486	101,205	465,877	\$295,736	\$1,361,363	\$1,424,286
TOTAL OPERATING EXPENSES	\$446,198	\$2,169,982	\$320,083	\$1,529,598	\$766,282	\$3,699,580	\$3,529,170
MARGIN ON OPERATIONS	(\$92,410)	(\$695,560)	(\$232,411)	(\$1,144,161)	(\$324,820)	(\$1,839,718)	(\$1,897,849)
TAX REVENUE					\$137,725	\$688,625	\$748,325
NET MARGIN WITH TAX REVENUE					(\$187,095)	(\$1,151,093)	(\$1,149,524)
STATISTICS (ER - visits/procedures, AMB - billed runs) - 2024	385	1,586	66	294			
Total Ambulance Runs (includes unbillable runs)			93	428			
STATISTICS (ER - visits/procedures, AMB - billed runs) - 2023	371	1,475	69	329			
Total Ambulance Runs (includes unbillable runs)			98	481			

Cascade Medical Center
Balance Sheet
As of May 31, 2024 and December 31, 2023

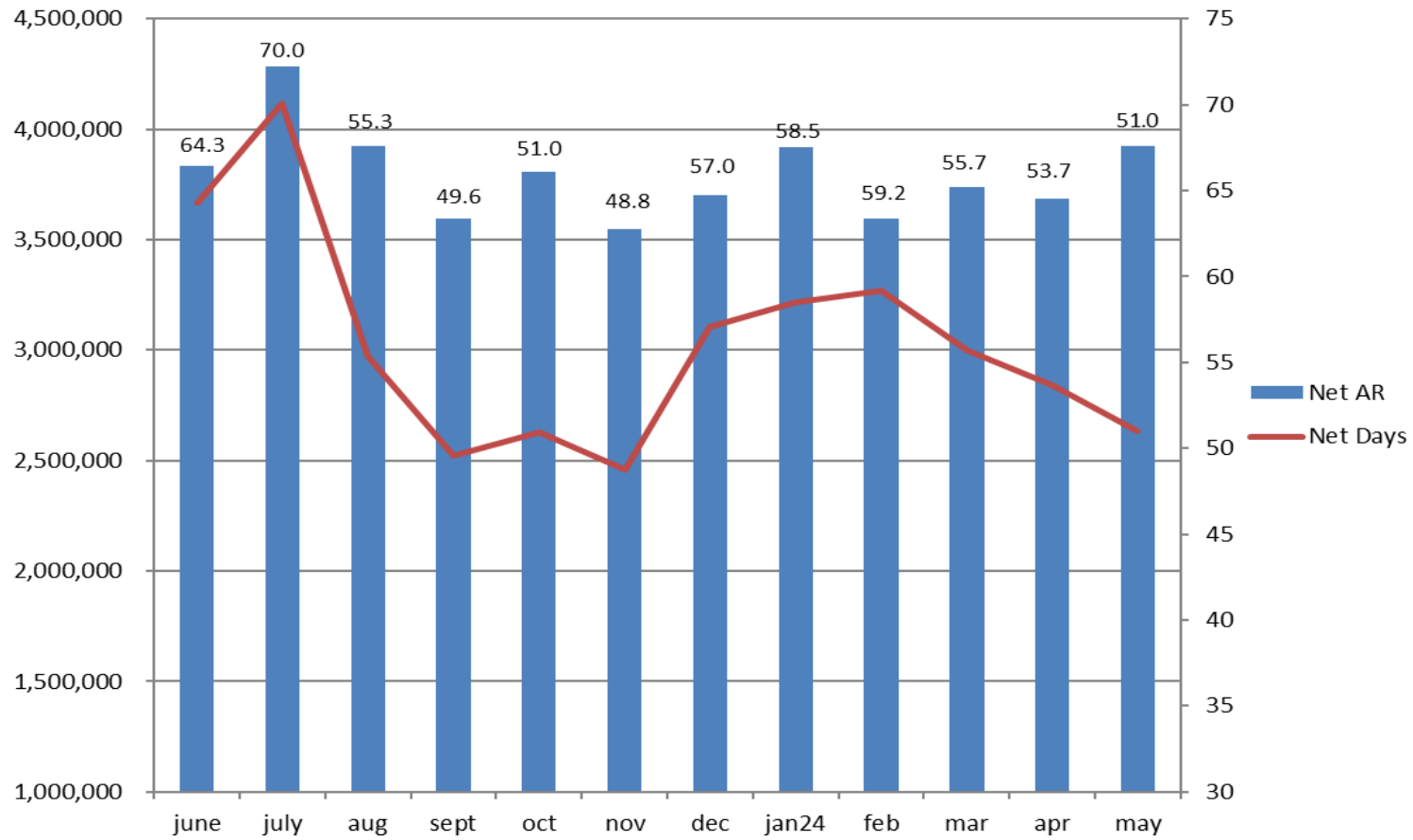
	May 2024	Dec 2023		May 2024	Dec 2023
ASSETS			LIABILITIES & FUND BALANCE		
Current Assets			Current Liabilities		
Cash and Cash Equivalents	491,459	925,852	Accounts Payable	236,636	636,707
Savings Account	11,480,997	11,886,669	Accrued Payroll	460,596	457,506
Patient Account Receivable	6,885,869	6,490,775	Refunds Payable	(177)	1,285
less: Reserves for Contractual Allowances	(2,960,924)	(2,859,845)	Accrued PTO	984,844	854,110
Inventories and Prepaid Expenses	264,292	270,696	Payroll Taxes & Benefits Payable	41,049	83,616
Taxes Receivable - M&O Levy	(80,498)	11,199	Accrued Interest Payable	151,963	25,327
- EMS Levy	(247,943)	31,211	Current Long Term Debt	790,808	794,004
Other Assets	515,145	404,970	Current OPEB Liability	973,764	996,196
Total Current Assets	<u>16,348,397</u>	<u>17,161,526</u>	Short Term Lease	33,406	33,406
			Settlement Payable	741,000	744,258
Assets Limited as to Use			Total Current Liabilities	<u>4,413,888</u>	<u>4,626,414</u>
Cash and Cash Equivalents					
Funded Depreciation	986,029	964,217	Long Term Liabilities		
CVB Memorial Fund	1,274	1,274	Notes Payable	199,490	199,490
UTGO Bond Payable Fund	459,565	75,373	Covid SHIP Funding	-	-
LTGO Bond Payable Fund	92,004	2,004	PPP Note Payable	-	-
Investment Memorial Fund	133,983	131,019	CARES Act Funds Reserve	-	-
Settlement Account	175,477	171,595	UTGO Bond Payable	4,460,000	4,460,000
Paycheck Protection Loan Proceeds	-	-	LTGO Bond Payable	4,215,000	4,215,000
Cash - EMS	252,386	82,148	Deferred Revenue/Bond Premium	81,154	83,493
	<u>2,100,718</u>	<u>1,427,630</u>	Long Term OPEB/Pension Liability	2,969,594	2,969,594
Taxes Receivable - Construction Bond Levy	(83,310)	11,246	Long Term ROU Leases	41,852	41,852
Total Assets Limited as to Use	<u>2,017,408</u>	<u>1,438,875</u>	Total Long Term Liabilities	<u>11,967,089</u>	<u>11,969,427</u>
Property, Plant and Equipment			Total Liabilities	<u>16,380,977</u>	<u>16,595,841</u>
Land	522,015	522,015			
Land Improvements	1,420,326	1,420,326	Fund Balance - Prior Years	13,078,706	13,078,706
Buildings & Improvements	10,709,788	10,502,549	Fund Balance - Current Year	(86,637)	-
Fixed Equip - Hospital	9,180,441	8,946,455	Total Fund Balance	<u>12,992,069</u>	<u>13,078,706</u>
Major Movable Equipment Hospital	8,433,718	7,975,703			
Construction in Progress	639,360	760,146			
Total Property, Plant and Equipment	<u>30,905,647</u>	<u>30,127,194</u>			
Less: Accumulated Depreciation	<u>(21,860,382)</u>	<u>(21,023,868)</u>			
	9,045,266	9,103,326			
ROU Leases					
ROU Leases	106,054	106,054			
Less Accumulated Amortization	<u>(30,796)</u>	<u>(30,796)</u>			
	75,258	75,258			
Other Assets					
Long Term Pension Assets	730,164	730,164			
Deferred OPEB/Pension Costs	864,166	864,166			
Deferred Bond Costs	292,387	301,233			
TOTAL ASSETS	<u>29,373,046</u>	<u>29,674,548</u>	TOTAL LIABILITIES & FUND BALANCE	<u>29,373,046</u>	<u>29,674,548</u>

Cascade Medical

2024 Net Patient Revenue, Actual vs. Budget



Days in Net Accounts Receivable



Cascade Medical
 Accounts Receivable Trending Report - 2024

Total Facility	Dec 2021	Dec 2022	Dec 2023	Jan24	Feb	Mar	Apr	May	Jun
0 - 30 days	2,437,008	2,660,733	2,851,120						
31-60 days	863,160	545,432	839,394						
61-90 days	332,252	349,290	451,019						
91-180 days	991,256	1,129,065	1,005,422						
over 180 days	1,016,613	1,360,992	1,343,819						
Total Balance	5,640,289	6,045,511	6,490,775	6,869,008	6,427,845	6,560,012	6,468,797	6,885,869	
Credit bals as % of AR	2.5%	6.8%							
% >90 w/o installs	33.6%	41.2%							