CASCADE MEDICAL
PARTNERS IN YOUR HEALTH

Public Hospital District No.1: Board of Commissioners Meeting Agenda

Wednesday June 28, 2023 | 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.

- Meeting Agenda
- May 24, 2023 Board Meeting Minutes
- **Previous Month's Warrants Issued:** #10119344 -- 10119614 05/18/2023 – 06/19/2023 $ 861,303.70
- **Accounts Payable EFT Transactions:** #20220245 – 20220262 05/18/2023 – 06/19/2023 $ 719,313.48
- **Payroll EFT Transactions:** #14236 – 14602 06/02/2023 – 06/16/2023 $ 782,803.40
- May Bad Debt

IV.	**Community Input** 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.	5:35	
V.	**Introduction: Dr. Mark Wefel**	5:40	Mark Wefel
VI.	**Foundation Report**	5:50	Foundation Member
VII.	**Financial Audit Report** • *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?*	6:00	Kami Matzek, DZA
VIII.	**CM Values**	6:30	Diane Blake
IX.	**Public Relations Report**	6:40	Clint Strand
X.	**Old Business**	6:45	
	a. Team-based Care		Whitney Lak
	b. Billing statements		Marianne Vincent
	c. IT Update		Chad Schmitt
XI.	**Committee Reports**	7:05	
	a. Governance Committee		Bruce Williams
XII.	**Action Items**	7:15	
	a. **MOTION**: Approve Governance Charter		Commissioners
XIII.	**May Finance Report**	7:20	Marianne Vincent
XIV.	**Administrator Report**	7:35	Diane Blake
XV.	**Board Action Items**	7:50	Commissioners
XVI.	**Meeting Evaluation/Commissioner Comments** Roundtable discussion to evaluate meeting topics and identify opportunities for improvement.	7:55	Commissioners
XVII.	**Adjournment**	8:00	Bruce Williams

BOARD CALENDAR REMINDERS

July 2, 2023	Benevolent Night	Plain Cellars	4:00 PM
July 11, 2023	Open Forum	Arleen Blackburn Conference Room	12:30 PM
July 11, 2023	Benevolent Night	Squirrel Tree Resort	All Day
July 12, 2023	Open Forum	Arleen Blackburn Conference Room	5:15 PM
July 13, 2023	CM Financials	Administration Building Conference Room	7:00 AM
July 13, 2023	Open Forum	Arleen Blackburn Conference Room	11:30 AM
July 14, 2023	Open Forum	Arleen Blackburn Conference Room	12:00 PM
July 25, 2023	Finance Committee	Administration Building Conference Room	9:00 AM
July 26. 2023	Board Meeting	Arleen Blackburn Conference Room	5:30 PM

CASCADE MEDICAL
PARTNERS IN YOUR HEALTH

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 28, 2023

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.
- **Introduction of Dr. Wefel** – Dr. Mark Wefel has been a CM team member since June 1. We're excited to introduce him during the board meeting, so those commissioners who haven't yet met him have an opportunity to do so.
- **Financial Audit Report** – Kami Matzek, with Dingus Zarecor and Associates, the firm that performs our financial audit, will be in attendance to present CM's 2022 audited financial statements and financial indicators. Included in your packet is a letter for the board, the audited 2022 financials and financial indicators. A couple optional questions for Kami are included on this section of the agenda to help spark strategic discussion; feel free to use them to augment your questions, if you wish.
- **Discussion/Report: Old Business**
    - Team-based Care – We originally planned for Deb Williams to attend the June meeting with team members to provide a report on clinic transformation work. Due to a schedule conflict in June, we will instead plan to receive a report from Deb with a broader team in July. For June, Whitney Lak, Clinic Director, will be on hand to provide the board with a high-level summary of work and how that positively impacts our community. No documents are included in your packet for this topic.
    - Billing Statements – We continue to work to improve the layout and accuracy of billing statements patients receive. Marianne Vincent, CFO, will give a report on progress, challenges, and planned continued improvements. No documents are included in your packet for this topic.
    - IT Update – No documents are included in your packet for this topic. Chad Schmitt, VFCIO, will provide an update on ongoing technology work.
- **Committee Reports**
    - Governance – Included in your packet is an agenda from the most recent committee meeting, to inform Bruce's report. Also included, for informational purposes, is the board's 2023 education plan.
- **Action Items**
    - Governance Charter – Included in your packet, in track changes, is the Governance Charter with updates proposed by the Governance Committee.
- **May Finance Report** – Included in your packet are the May financials, to support Marianne's report.

<u>Further Notes</u>

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

- Dr. Wefel's introduction and the Foundation Report are listed on the agenda prior to the Financial Audit Report to allow those who may not wish to stay for the entire meeting to exit as soon as they desire after their report/introduction.
- You'll notice a few changes to the layout of the agenda. These changes are meant to support the board's desire for continuous improvement in governance; they have been reviewed by the Governance Committee members. Big thank you to Megan for her work in suggesting these changes!

CASCADE MEDICAL
PARTNERS IN YOUR HEALTH

Minutes of the Board of Commissioners Meeting
Chelan County Public Hospital District No. 1
Arleen Blackburn Conference Room & Video Conference Connection
May 24, 2023

Present: Tom Baranouskas, President; Bruce Williams, Vice President; Mall Boyd; Commissioner; Gustavo Montoya, Commissioner; Diane Blake, Chief Executive Officer; Pat Songer, Chief Operating Officer; Marianne Vincent, Chief Financial Officer; Melissa Grimm, Chief Human Resources Officer; Clint Strand, Director of Public Relations**;** Megan Baker, Executive Assistant

Excused: Jessica Kendall, Commissioner

Guests: Deborah Williams, DW Consulting; Natasha Piestrup, Director of Nursing**;** Anne MacPherson, CM Foundation**;** Jackie Jaszczyszyn, RN; Karl Kranz, Upper Valley Mend

Via Zoom: Stephanie Butcher, RN; Krista Camburn, RN; Taci Ellingson, RN; Katrina Rostedt, RN; Jessica Frost, RN; Mary Morse, Patient Services Representative; Duane Goehner, Community Member

Topics	Actions/Discussions
Call to Order	• President Tom Baranouskas called the meeting to order at 5:30 pm. He then led the pledge of allegiance.
Consent Agenda	• Tom moved to approve consent the agenda. • Bruce seconded the motion and the commissioners unanimously approved.
Community Input	• None
CM Values	• Diane Blake provided the CM Values report. • Tracy Stoddard, RN stopped and helped a police officer at the scene of an accident. She demonstrated excellent service and commitment to our community. • Robyn Wimmer, a rehab services PSR described Sarah Peery's dedication and commitment to her patients when she came in on an unscheduled day to see a patient. • Tracy and Sarah's actions reinforce the relationships our caregivers forge with our community.

Foundation Report	• Anne MacPherson provided the Foundation Report.
	• The CMF Golf Tournament will be hosted at Kahler Mountain Club on June 19, 2023
	  ○ All sponsorships were quickly filled, and they had more sponsors than sponsorships.
	  ○ CMF anticipates they will fill all 120 player spots this year.
	  ○ The golf tournament raised $43,000 last year. CMF hopes to raise more in support of the Cardiac Rehabilitation Program.
	• Upcoming opportunities to support the foundation:
	  ○ Ambassadorship with Rotary: July 15-16 & August 12-13
	  ○ Jive Time in the Cascades: September 16, 6:30-9:30 PM
	  ○ Benevolent Night @ Munchen Haus, June 8
	  ○ Benevolent Night @ Plain Cellars, July 2

	○ Benevolent Night @ Squirrel Tree, July 11 ○ Benevolent Night @ Wok About, August 16 • CMF plans to honor long-time member and past CM CEO, Mark Judy. • CMF is actively recruiting board members.
Public Relations Report	• Clint Strand provided the Public Relations Report. • Thanks to Bruce and Tom for attending Community Engagement Night. The event brought in around 200 community members. • Annual Report to our community should be in your inbox by the next board meeting. • Annual sports physical night: May 30th from 5-7pm. Clint is working with school district to get the word out. • June is PRIDE month. Employees enjoyed a tie-dye shirt event hosted by the DEI committee. CM will host a table at Wenatchee Pride on Saturday, June 3rd. • CM wrapped up healthcare week with social media highlights and full page adds in the Wenatchee world and Leavenworth echo. • The website refresh launch will occur in the next couple of weeks. • The Patient and Family Advisory Council has 7 members. • Cascade Medical Health and Safety Fair: Saturday, June 24 @ Alpine Lakes Elementary
Discussion/Report: Old Business	• IT Update • Chad Schmidt provided the IT update. ○ CM had whaling attempt directed toward executive team members. WSHA reported several hospitals have experienced similar threats. The team is practicing good hygiene and awareness campaigns to reduce cyber threats. ○ CM continues to work with Meditech and Cloud Wave to optimize connectivity. ○ Molly Bloss reported significant items that have clicked into place and noted that there are no barriers to patient care. ▪ Notable wins: • Improved patient portal capability with self-enrollment • Designated email for enrollment assistance • The build for new demographic data WA reporting requirement is complete. • EMS interface went live today which allows providers to review care that was provided to patients within Meditech. ▪ Christiane is focusing on clinic case management program. Robin Wolf reported overall lab testing improved with Meditech and great efficiencies occurred. ▪ WebPT interface is scheduled to go live on June 1. Billing statements are going out and the process needs to be optimized. The bad debt report is compiled. ○ Providers have access to weekly Meditech lunch and learn opportunities with the informatics team. Molly expressed a huge win for CM to have an informatics team that also includes Selma, Courtney, and Nicole. ○ HCIgroup contract is ending this month. ○ Molly is networking and connecting with other hospitals through MUSE membership.

Discussion/Report: New Business	• Kitchen Update and Repair
	• Diane Blake and Pat Songer provided the update.
	  ○ CM would like to move forward with this project to replace the kitchen flooring.
	  ○ Management will be working on a plan to adjust remaining capital purchase plans for the year to remain as close to planned budget as possible. $150K we budgeted for will be saved for next year.
	  ○ Bruce moved to approve the capital purchase.
	  ○ Mall seconded the motion and the commissioners unanimously approved.

Committee Reports	• **Quality Oversight Committee**
	• Mall Boyd provided the QOC update.
	  ○ CM has a new vendor for patient satisfaction surveys. The group is pleased to see both substantial increases in the quality and quantity of results.
	  ○ QOC is a new format that makes it easier to process data in a glance and they look forward to presenting to the entire board.
	  ○ Board rounding discussions occurred and that work is anticipated to begin in September.
	  ○ There have been many changes within the committee this year but on all track forward progress.
	• **Part Time Resident Advisory Council**
	• Mall Boyd provided the Part Time Resident Advisory Council report.
	  ○ The group meets twice a year to host a space for part-time residents to connect with CM and discuss hospital objectives, projects, and updates.
	  ○ A notable challenge within healthcare is the number of nurses leaving education for bedside jobs. Jim Elliott, a PTRAC member in the construction sector, recognized a similar issue. Construction leaders connected with educators to share and present construction career opportunities to children. There may be an opportunity for healthcare to mimic this effort.
	• **WSHA Board Meeting**
	• Bruce Williams provided the WSHA board meeting update.
	  ○ Legislators are expecting a tough session and polling data shows that respect for hospital systems is declining.
	  ○ New quality metrics required of all hospitals are coming.
	  ○ Rigid hospital nurse staffing rules were defeated this year, but WSHA anticipates the topic may come around next year. WSHA is working to emphasize the value of staffing committees within hospital systems.
	  ○ Rural hospitals may face challenges with higher-level care transfers.

Action Items: New Business	• Credentialing
	  ○ Mall moved to approve the motion and Gustavo seconded.
	  ○ The board unanimously approved the motion.
	• Appoint Part Time Resident Advisory Council Members
	  ○ Tom moved to approve the motion and Bruce seconded.
	  ○ The board unanimously approved the motion.
	• CHNA Work Plan

	○ *What gaps or areas of need remain unaddressed in the current plan, that we need to prepare for?* ○ The supplemental data was helpful to identify additional Latinx voices in the community. ○ *What should we be thinking about in the next 2-3 years?* ○ The commissioners asked if there is a specific focus area within the priorities identified. CM values all strategic objectives and plans to move forward all work in each area. ○ *What else would we like to know about the community?* ○ The commissioners discussed using the data we gathered to guide strategic objective work. ○ Bruce moved to approve, and Tom seconded the motion. ○ The board unanimously approved the motion. • Resolution 2023-04: Surplus Work Truck ○ Mall moved to approve, and Tom seconded the motion. ○ The board unanimously approved the motion. • Resolution 2023-05: Surplus Snowman Drag Plow ○ Tom moved to approve, and Gustavo seconded the motion. ○ The board unanimously approved the motion. • Resolution 2023-06: Surplus Snowmobile Trailer ○ Tom moved to approve, and Mall seconded the motion. ○ The board unanimously approved the motion. • Approve Chiller Purchase ○ Our chiller continues to be problematic with both heating and cooling issues. Currently there is a 42–44-week lead time on new chillers. Any delay would force us to go through 2 summers trying to keep our current chiller operating, and potentially costing an additional $71,000 due to price increases. ○ Bruce moved to approve, and Tom seconded the motion. ○ The board unanimously approved the motion. • Medical Staff Rules and Regulations ○ The update of the Medical Staff Rules and Regulations work was initiated by the addition of the hospitalists and has been approved by Med Staff. ○ Mall moved to approve the motion and Gustavo seconded. ○ The board unanimously approved the motion.
April Finance Report	• Marianne provided the finance report. ○ Clinic volumes are higher for second month in a row. ○ For the year 2023 our cash receipts on patient accounts are $1,452,000 greater than budgeted cash receipts. ○ Our balance sheet shows an increase in cash balances in April of $509,000. This increase in cash balances is largely due to April tax collections totaling $1,164,000. ○ The significant increases in cash balances seen in April will be partially offset in June when we make interest payments on our two bonds. ○ Chargemaster work will be implemented soon. ○ We are processing billing statements within Meditech which is connected to our higher than typical bad debt volume. ○ The first draft of the cost report was generated this week. CM will participate in an annual audit presentation next month.
Administrator Report	• Diane provided the administrator report. • WSHA

	○ WSHA Rural Advocacy Days will occur Sept 18-20th in Washington DC. Diane plans to attend and invited any commissioners who may be interested. • Demographic Data Collection ○ The Washington Legislature passed HB1272 that requires hospitals to report patient discharge information related to race, ethnicity, gender identity, sexual orientation, preferred language, any disability, and zip code of primary residence beginning January 1, 2023. ○ CM will begin collecting data on July 1, 2023. The team is preparing staff to answer questions about data collection posed by patients and community members. Participation is elective and will be noted at the time of inquiry. • Physician Update ○ Dr. Wefel is arriving June 1st. ○ Kudos to Melissa for preparing a robust onboarding program. ○ CM will be welcoming two hospitalists in late June and early July. We look forward to their arrival. • Team-based Care ○ Thanks to Deb for her work to prepare and support our team. ○ There was a hold on clinic scheduling until new provider templates were set. We will open schedules at the end of this week. ○ There is work around standardizing scheduling and creating parameters and continuity of appointment slots. There will be a couple of team member office moves to best fill and maximize pods and support staff ratios. ○ We anticipate this work will continue for some time. • Emergency Department/ Nursing ○ CM is adding a patient care tech 10-1030 M-Sat to accommodate busier ED volumes. ○ CRN's will again begin fulfilling the duties of their existing job description. ○ The department is eliminating the nurse manger role. That staff member will be transitioning to the Operational Safety Manager. This role will lead disaster and safety planning efforts. ○ Kudos to Natasha for her work within the nursing department to implement these changes. • Thriving Together (North Central Accountable Communities of Health) ○ The original purpose of the organization was to connect Medicaid patients to resources. The group recently received funding to implement telemedicine kiosks in local libraries, including the Leavenworth library. They hope to connect folks to substance use disorder and mental health services via telemedicine. ○ Their goal is not to replicate any services we have at CM. ○ CM administration is working closely with Thriving Together to understand the scope of their project and there is more to come. • Cost Based Reimbursement for Ambulances

	○ There was recently a change in federal regulation to get cost-based reimbursement for ambulance services. Because we are the sole provider for our area, we may be eligible and are likely to apply for cost-based reimbursement. ○ Receiving cost-based reimbursement for ambulance costs would help us continue to sustain quality services. • DOH Approval: Peds/OT Space ○ CM received DOH approval and now is moving forward with efforts to convert a specific space for rehab services' pediatric and occupational therapy.
Board Action Items	• Check your email and Verge queue.
Strategic Question/Meeting Evaluation/ Commissioner Comments	• The commissioners are looking forward to Deb's next practice-share presentation. • Bruce will chair the June meeting in Tom's planned absence. • The group plans to discuss long-term strategic planning goals at the retreat.
Adjournment	• Tom made a motion to adjourn the meeting at 7:35. Mall seconded the motion and the commissioners unanimously agreed.

Tom Baranouskas, President

Mall Boyd, Secretary

FINANCIAL ACCOUNTING
WARRANTS / EFTS ISSUED

Commissioner Meeting: June 28, 2023

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	10119344 - 10119614	$861,303.70	05/18/2023 – 06/19/2023
Accounts Payable EFT Transactions	20220245 - 20220262	$719,313.48	05/18/2023 – 06/19/2023
Payroll EFT Transactions	14236 – 14602	$782,803.40	06/02/2023 – 06/16/2023
	Grand Total	$2,363,420.58	

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Prepared by:

Kathy Jo Evans
Director of Accounting

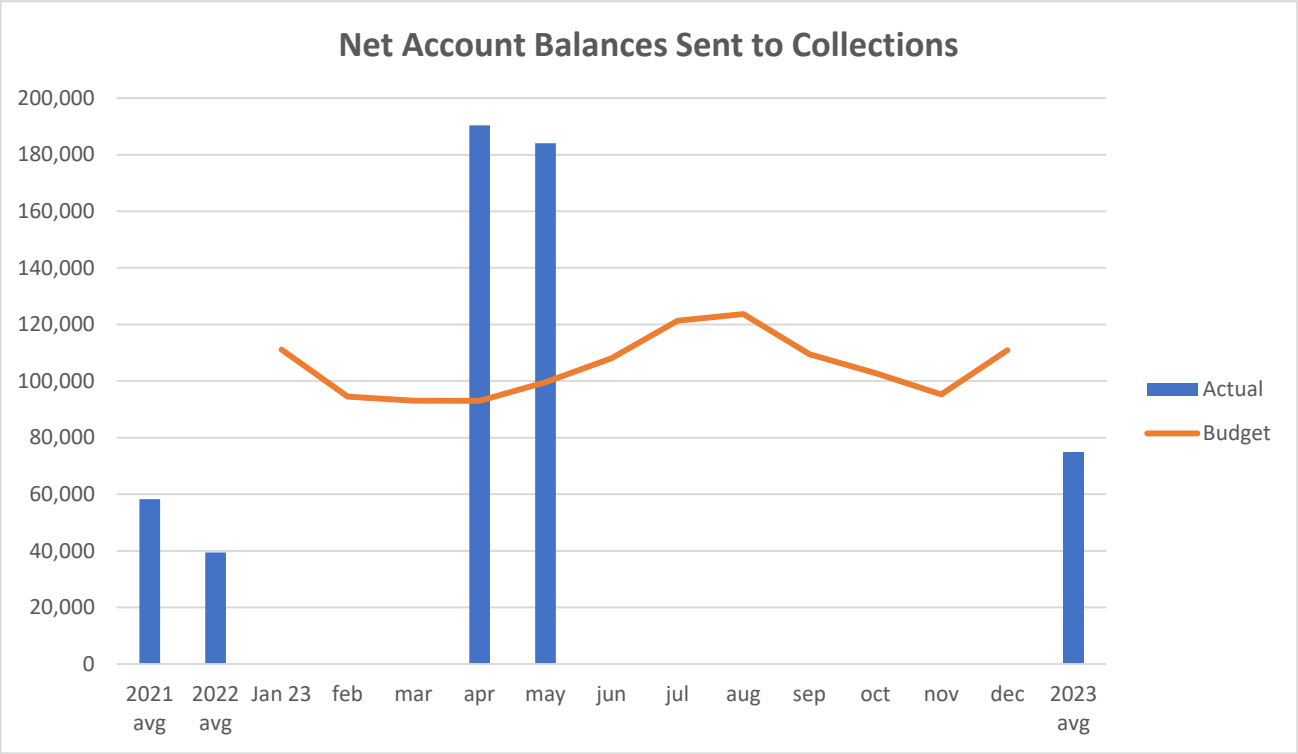
Cascade Medical

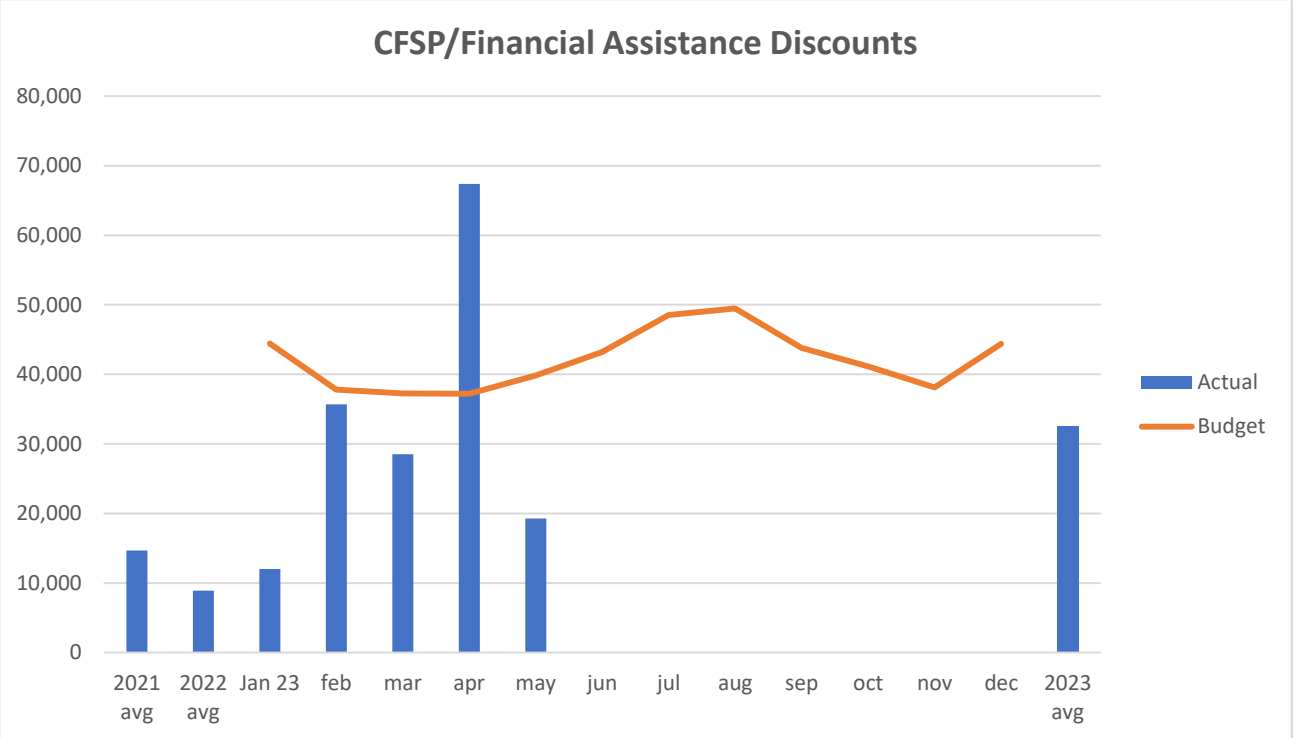
Bad Debt Write Offs
Financial Assistance Program Discounts

Month of May, 2023

Net Bad Debt Write-Offs for Board Approval	**$**	**184,015.78**
CFSP/Financial Assistance Program Discounts for Board Approval	**$**	**19,248.62**

Bad Debt/ Financial Assistance Supplemental Information		
Bad Debt Write-Offs	Sent to Collection Agency	184,048.88
	less: pullback from Agency due to receipt of payments	(33.10)
	Net Bad Debt Write-Offs	184,015.78
CFSP/Financial Assistance Applications - Discounts Approved		19,248.62
	Total	203,264.40


Net Account Balances Sent to Collections
200,000
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
2021 avg
2022 avg
Jan 23
feb
mar
apr
may
jun
jul
aug
sep
oct
nov
dec
2023 avg
Actual
Budget


CFSP/Financial Assistance Discounts
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
0
2021 avg
2022 avg
Jan 23
feb
mar
apr
may
jun
jul
aug
sep
oct
nov
dec
2023 avg
Actual
Budget

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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, 2022. 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 November 15, 2022 and June 9, 2023. 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. 87, *Leases*, in 2022. 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, 2022, were approximately $390,000.

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 16, 2023.

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.

We have identified the following significant risks of material misstatement as part of our audit planning:

- 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. 87, *Leases*.

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.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
June 16, 2023

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

Basic Financial Statements and
Independent Auditors' Reports

December 31, 2022 and 2021

DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

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

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, 2022 and 2021, 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, 2022 and 2021, 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 2022 the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. 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.

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of 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 37-39 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 16, 2023, 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, 2022. We issued a similar report for the year ended December 31, 2021, dated June 9, 2022, which has not been included with the 2022 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.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
June 16, 2023

Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Statements of Net Position
December 31, 2022 and 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2022	2021
Current assets		
Cash and cash equivalents	**$ 9,922,464**	$ 10,920,806
Receivables:		
Patient accounts	**3,452,558**	3,091,078
Taxes	**171,182**	301,022
Estimated third-party payor settlements	**1,551,806**	1,072,626
Other	**126,514**	39,826
Taxes restricted as to use	**11,494**	12,633
Inventories	**330,879**	251,400
Prepaid expenses	**327,191**	166,476
Cash and cash equivalents restricted or limited as to use	**1,785,457**	681,291
Total current assets	**17,679,545**	16,537,158
Noncurrent assets		
Cash and cash equivalents limited as to use	**1,314,457**	1,292,985
Law enforcement officers' and fire fighters' benefits net pension asset	**730,164**	1,274,192
Capital assets, net of accumulated depreciation	**10,037,379**	11,406,874
Total noncurrent assets	**12,082,000**	13,974,051
Total assets	**29,761,545**	30,511,209
Deferred outflows of resources		
Financing costs	**322,465**	343,695
Law enforcement officers' and fire fighters' benefits	**400,613**	104,633
Other postemployment benefits	**463,553**	492,632
Total deferred outflows of resources	**1,186,631**	940,960
Total assets and deferred outflows of resources	**$ 30,948,176**	$ 31,452,169

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, 2022 and 2021

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**2022**	2021
Current liabilities		
Accounts payable	**$ 467,545**	$ 400,346
Accrued compensation and related liabilities	**1,227,892**	1,195,917
Accrued interest payable	**27,214**	28,959
Electronic health records incentive payback	**741,000**	741,000
Current maturities of long-term debt and lease liabilities	**779,601**	686,660
Total current liabilities	**3,243,252**	3,052,882
Noncurrent liabilities		
Long-term debt and lease liabilities, less current maturities	**9,799,451**	10,509,407
Other postemployment benefits liability	**1,957,866**	1,681,574
Total noncurrent liabilities	**11,757,317**	12,190,981
Total liabilities	**15,000,569**	15,243,863
Deferred inflows of resources		
Law enforcement officers' and fire fighters' benefits	**586,421**	837,992
Other postemployment benefits	**1,286,503**	1,460,603
Total deferred inflows of resources	**1,872,924**	2,298,595
Net position		
Net investment in capital assets	**(246,422)**	525,543
Restricted for debt service and emergency medical services	**347,278**	349,994
Unrestricted	**13,973,827**	13,034,174
Total net position	**14,074,683**	13,909,711
Total liabilities, deferred inflows of resources, and net position	**$ 30,948,176**	$ 31,452,169

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, 2022 and 2021

	2022	2021
Operating revenues		
Net patient service revenue	**$ 22,244,842**	$ 21,779,389
Grants	**365,116**	232,319
Other	**159,253**	134,141
Total operating revenues	**22,769,211**	22,145,849
Operating expenses		
Salaries and wages	**13,441,278**	12,462,498
Employee benefits	**2,910,002**	2,335,950
Other postemployment benefits	**135,036**	93,173
Depreciation and amortization	**1,932,014**	1,546,532
Supplies	**1,805,873**	1,745,221
Professional fees and other purchased services	**3,235,529**	2,067,767
Utilities	**278,584**	252,749
Insurance	**244,099**	222,143
Leases and rentals	**124,563**	179,516
Repairs and maintenance	**271,725**	188,715
Other	**1,099,248**	1,456,770
Total operating expenses	**25,477,951**	22,551,034
Operating loss	**(2,708,740)**	(405,185)
Nonoperating revenues (expenses)		
Taxation for maintenance and operations and emergency medical services	**2,296,803**	2,177,263
Taxation for bond principal and interest	**631,764**	594,313
Investment income	**166,882**	11,720
Gain on sale of assets	**(698)**	35,805
Interest expense	**(387,360)**	(421,555)
CARES Act Provider Relief Fund	**-**	3,159,901
Contributions and other nonoperating revenues	**1,550**	2,000
Total nonoperating revenues, net	**2,708,941**	5,559,447
Excess of revenues over expenses before capital grants and contributions and gain on forgiveness of Paycheck Protection Program loan	**201**	5,154,262
Capital grants and contributions	**164,771**	347,303
Gain on forgiveness of Paycheck Protection Program loan	**-**	2,225,136
Change in net position	**164,972**	7,726,701
Net position, beginning of year	**13,909,711**	6,183,010
Net position, end of year	**$ 14,074,683**	$ 13,909,711

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, 2022 and 2021

	2022	2021
Change in Cash and Cash Equivalents		
Cash flows from operating activities		
Receipts from and on behalf of patients	**$ 21,404,182**	$ 21,076,540
Other receipts	**72,565**	269,587
Receipts from grants	**365,116**	232,319
Payments to and on behalf of employees	**(16,326,593)**	(15,126,521)
Payments to suppliers and contractors	**(7,232,616)**	(6,164,750)
Net cash from operating activities	**(1,717,346)**	287,175
Cash flows from noncapital financing activities		
Taxation for maintenance and operations and emergency medical services	**2,426,643**	2,299,585
CARES Act Provider Relief Fund	**-**	389,412
Contributions	**1,550**	2,000
Net cash from noncapital financing activities	**2,428,193**	2,690,997
Cash flows from capital and related financing activities		
Taxation for bond principal and interest	**632,903**	594,558
Capital grants and contributions	**164,771**	347,303
Purchase of capital assets	**(457,163)**	(2,850,578)
Principal paid on long-term debt and lease liabilities	**(717,456)**	(716,682)
Interest paid on long-term debt and lease liabilities	**(373,488)**	(382,571)
Net cash from capital and related financing activities	**(750,433)**	(3,007,970)
Cash flows from investing activities, investment income	**166,882**	11,720
Net change in cash and cash equivalents	**127,296**	(18,078)
Cash and cash equivalents, beginning of year	**12,895,082**	12,913,160
Cash and cash equivalents, end of year	**$ 13,022,378**	$ 12,895,082

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, 2022 and 2021

	2022	2021
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Current assets		
Cash and cash equivalents	**$ 9,922,464**	$ 10,920,806
Cash and cash equivalents restricted or limited as to use	**1,785,457**	681,291
Noncurrent assets		
Cash and cash equivalents limited as to use	**1,314,457**	1,292,985
Total cash and cash equivalents	**$ 13,022,378**	$ 12,895,082
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	**$ (2,708,740)**	$ (405,185)
Adjustments to reconcile operating loss to net cash from operating activities		
Depreciation and amortization	**1,932,014**	1,546,532
Provision for bad debts	**563,432**	776,270
(Increase) decrease in assets:		
Patient accounts receivable	**(924,912)**	(956,698)
Estimated third-party payor settlements	**(479,180)**	(522,421)
Other receivables	**(86,688)**	135,446
Inventories	**(79,479)**	15,793
Prepaid expenses	**(160,715)**	(13,763)
Law enforcement officers' and fire fighters' benefits net pension asset	**544,028**	(817,632)
Deferred outflows of resources, law enforcement officers' and fire fighters' benefits	**(295,980)**	(3,708)
Deferred outflows of resources, other postemployment benefits	**29,079**	(2,410)
Increase (decrease) in liabilities:		
Accounts payable	**67,199**	(53,899)
Accrued compensation and related liabilities	**31,975**	(71,064)
Other postemployment benefits liability	**276,292**	191,606
Deferred inflows of resources, law enforcement officers' and fire fighters' benefits	**(251,571)**	566,307
Deferred inflows of resources, other postemployment benefits	**(174,100)**	(97,999)
Net cash from operating activities	**$ (1,717,346)**	$ 287,175

Noncash Investing, Capital, and Financing Activities

During the year ended December 31, 2022, the District implemented Government Accounting Standards Board Statement No. 87, *Leases*, which resulted in recognizing two lease assets totaling $32,230 as of January 1, 2022.

During the year ended December 31, 2022, the District entered into a new lease agreement for rental apartments in the amount of $69,824.

See accompanying notes to basic financial statements.

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 $127,000 and $183,000 to the District in 2022 and 2021, 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.

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 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, including capital leases 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 are amortized over the shorter of the estimated useful life or the length of the lease.

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
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.

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.*

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

b. Summary of Significant Accounting Policies (continued)

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.

Reclassifications – Certain items included in the accompanying 2021 financial statements have been reclassified to conform to the 2022 presentation, with no effect on the previously reported change in net position.

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

b. Summary of Significant Accounting Policies (continued)

Change in accounting principle – In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases* (GASB No. 87), which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases previously classified as operating leases. Under this statement, a lessee is required to recognize a lease liability and an intangible asset representing the lessee's right to use the leased asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. See Note 6 for additional information on the leases and related right-of-use assets recorded by the District. The District adopted GASB No. 87 during the year ended December 31, 2022. The District elected the transition option to apply the new guidance as of that effective date without adjusting comparative periods presented. The District did not restate the financial statements for the year ended December 31, 2021, for GASB No. 87 due to insufficient resources available to do so and due to management's determination that the restatement would not provide significant benefit to the financial statement users.

Upcoming accounting standard pronouncements – In May 2020, the 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 ending December 31, 2023. Management is currently evaluating the effect this statement will have on the financial statements and related disclosures.

Subsequent events – Subsequent events have been reviewed through June 16, 2023, 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, 2022 and 2021, were $10,715,466 and $11,652,741, respectively.

3. Patient Accounts Receivable:

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

The District's allowance for uncollectible accounts for self-pay patients has not 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:

		2022		2021
Receivables from patients and their insurance carriers	**$**	**3,002,331**	$	2,218,206
Receivables from Medicare		**1,411,991**		1,161,165
Receivables from Medicaid		**137,129**		463,650
Total patient accounts receivable		**4,551,451**		3,843,021
Less allowance for uncollectible accounts		**1,098,893**		751,943
Patient accounts receivable, net	**$**	**3,452,558**	$	3,091,078

4. Assets Restricted or Limited as to Use:

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

	2022	2021
Current assets		
Cash and cash equivalents		
Internally designated by Board:		
Third-party payor cost settlements	**$ 163,108**	$ 160,444
Memorial fund	**125,812**	123,777
Emergency medical services	**1,160,753**	72,342
Restricted by bond agreement for bond principal and interest payment, cash and cash equivalents	**335,784**	324,728
Total cash equivalents	**1,785,457**	681,291
Taxes receivable restricted for debt service and emergency medical services	**11,494**	12,633
Total current assets limited as to use	**1,796,951**	693,924
Noncurrent assets		
Internally designated by Board for capital additions and replacements	**1,314,457**	1,292,985
Total assets restricted or limited as to use	**$ 3,111,408**	$ 1,986,909

5. Capital Assets:

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

	Balance December 31, 2021	Additions	Retirements	Transfers	Balance December 31, 2022
Capital assets not being depreciated or amortized					
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**
Capital assets being depreciated or amortized					
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**
Less accumulated depreciation and amortization for					
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)**
Total capital assets being depreciated or amortized, net	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**

5. Capital Assets (continued):

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

	Balance December 31, 2020	Additions	Retirements	Transfers	Balance December 31, 2021
Capital assets not being depreciated or amortized					
Land	$ 522,015	$ -	$ -	$ -	**$ 522,015**
Construction in progress	7,072	739,867	-	-	**746,939**
Total capital assets not being depreciated or amortized	529,087	739,867	-	-	**1,268,954**
Capital assets being depreciated or amortized					
Land improvements	1,367,240	-	-	-	**1,367,240**
Buildings and improvements	10,502,549	-	-	-	**10,502,549**
Fixed equipment	8,476,426	206,261	-	-	**8,682,687**
Major movable equipment	5,012,114	1,954,832	(27,716)	-	**6,939,230**
Total capital assets being depreciated or amortized	25,358,329	2,161,093	(27,716)	-	**27,491,706**
Less accumulated depreciation and amortization for					
Land improvements	(803,484)	(87,066)	-	-	**(890,550)**
Buildings and improvements	(6,162,623)	(526,287)	-	-	**(6,688,910)**
Fixed equipment	(5,234,347)	(518,788)	-	-	**(5,753,135)**
Major movable equipment	(3,619,939)	(414,391)	13,139	-	**(4,021,191)**
Total accumulated depreciation and amortization	(15,820,393)	(1,546,532)	13,139	-	**(17,353,786)**
Total capital assets being depreciated or amortized, net	9,537,936	614,561	(14,577)	-	**10,137,920**
Capital assets, net	**$ 10,067,023**	**$ 1,354,428**	**$ (14,577)**	**$ -**	**$ 11,406,874**

6. Long-term Debt and Lease Liabilities:

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

	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Amounts Due Within One Year
Long-term debt					
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	**$ 11,196,067**	**$ 106,054**	**$ (723,069)**	**$ 10,579,052**	**$ 779,601**

	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Amounts Due Within One Year
Long-term debt					
Parking lot note	$ 227,514	$ -	$ (6,166)	$ 221,348	$ 6,660
2017 UTGO bonds	6,455,000	-	(435,000)	6,020,000	475,000
2017 LTGO bonds	5,060,000	-	(200,000)	4,860,000	205,000
2017 LTGO bond premium	100,332	-	(5,613)	94,719	-
Total long-term debt	11,842,846	-	(646,779)	11,196,067	686,660
Lease liabilities	75,516	-	(75,516)	-	-
Total long-term debt and lease liabilities	**$ 11,918,362**	**$ -**	**$ (722,295)**	**$ 11,196,067**	**$ 686,660**

Long-term debt - The terms and due dates of the District's long-term debt and other noncurrent liabilities follow:

- 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 $524,000 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.

6. Long-term Debt and Lease Liabilities (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 of $215,000 in 2022 ranging to $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 2022 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 $2,100, at an interest rate of 5.42 percent, for the period of January 2023, through December 2023, and $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 lease liabilities are reflected in the District's assets and liabilities. The District's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

6. Long-term Debt and Lease 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
2023	$ 524,000	$ 148,606
2024	561,000	134,563
2025	612,000	119,528
2026	662,000	103,126
2027	715,000	85,385
2028-2030	2,471,000	135,608
	$ 5,545,000	**$ 726,816**

Years Ending December 31,	Other Long-term Debt	
	Principal	Interest
2023	$ 222,195	$ 194,444
2024	232,670	185,274
2025	238,286	175,658
2026	248,952	165,792
2027	264,671	155,473
2028-2032	1,476,329	605,897
2033-2037	1,785,244	293,270
2038	401,341	15,211
	$ 4,869,688	**$ 1,791,019**

Years Ending December 31,	Lease Liabilities	
	Principal	Interest
2023	$ 33,406	$ 3,257
2024	36,493	1,371
2025	5,359	83
	$ 75,258	**$ 4,711**

7. Paycheck Protection Program Loan:

In May 2020, the District was granted a loan from North Cascades Bank in the aggregate amount of $2,200,300 pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The District applied for PPP loan forgiveness during fiscal year 2021 and forgiveness was approved on June 16, 2021. The loan forgiveness is recorded as a gain on forgiveness of Paycheck Protection Program note payable in the statement of revenues, expenses, and changes in net position for the year ended December 31, 2021.

8. Net Patient Service Revenue:

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

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:

		2022		2021
Patient service revenue (net of contractual adjustments and discounts):				
Medicare	**$**	**10,179,489**	$	11,644,218
Medicaid		**2,033,415**		2,956,507
Other third-party payors		**9,737,529**		6,787,899
Patients		**881,406**		859,469
340B contract pharmacy		**332,264**		582,065
		23,164,103		22,830,158
Less:				
Charity care		**355,829**		274,499
Provision for bad debts		**563,432**		776,270
Net patient service revenue	**$**	**22,244,842**	$	21,779,389

8. 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 $4,000 and $-0- for the years ended December 31, 2022 and 2021, 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 $142,000 and $201,000 for the years ended December 31, 2022 and 2021, respectively.

9. 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.

10. 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 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.

For 2021, the District's regular tax levy was approximately $0.180 per $1,000 on a total assessed valuation of $3,400,152,044 for a total regular levy of $612,196. The District's Emergency Medical Services (EMS) tax levy was $0.500 per $1,000 on a total assessed valuation of $3,400,152,044, for a total EMS tax levy of $1,700,076. The District's bond levy was approximately $0.178 per $1,000 on a total assessed valuation of $3,367,926,276, for a total bond levy of $600,324.

In 2020, the EMS was under-levied by $382,893, which will be paid to the District over three years, beginning with the year ended December 31, 2021. The amount will be paid via an increased EMS levy rate. The balance of the EMS receivable was $127,631 as of December 31, 2022.

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.

11. 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 contribution requirement. Employee contributions to the 403(b) Plan were approximately $601,000 and $532,000 for the years ended December 31, 2022 and 2021, respectively. Employer pension contributions were approximately $183,000 and $177,000 for the years ended December 31, 2022 and 2021, 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 $256,000 and $188,000 for the years ended December 31, 2022 and 2021, respectively. Benefit terms including contribution requirements are established by and may be amended by the District.

12. 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

12. 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, 2022 and 2021, the following employees were covered by the benefit terms:

Plan Members	**2022**	**2021**
Inactive employees or beneficiaries currently receiving benefit payments	0	0
Active plan members	116	116
Total members	**116**	**116**

Total OPEB liability – The District's total OPEB liability of $1,957,866 and $1,681,574 were measured as of December 31, 2021 and 2020, respectively, and were determined by an actuarial valuation as of July 1, 2020.

12. 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 – 2.75 percent
Salary increases – 3.50 percent average, including inflation
Healthcare cost trend rates – As follows:

Year	Pre-65	Post-65 Claims	Post-65 Contributions
2021	6.10%	5.70%	8.70%
2022	5.40%	8.90%	13.40%
2023	5.20%	8.90%	12.20%
2024	5.10%	5.10%	5.30%
2025	5.10%	5.10%	5.30%
2035	5.20%	5.10%	5.20%
2045	5.30%	5.20%	5.30%
2055	5.10%	5.10%	5.20%
2065	5.00%	4.90%	4.90%
2075	4.30%	4.30%	4.30%
2085	4.30%	4.30%	4.30%
2095	4.30%	4.30%	4.30%
2096+	4.30%	4.30%	4.30%

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.

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

Actuarial assumptions and other inputs (continued) – The actuarial assumptions used in the December 31, 2022, valuation are based on the results of an actuarial experience study for the period January 1, 2020 through December 31, 2020.

Changes in the total OPEB liability:

	Total OPEB Liability 2022	Total OPEB Liability 2021
Balance, at beginning of year	$ 1,681,574	$ 1,489,968
Service cost	210,551	165,749
Interest	40,092	45,314
Differences between expected and actual experience	-	(76,101)
Changes of assumptions or other inputs	27,622	60,513
Benefit payments	(1,973)	(3,869)
Net changes	276,292	191,606
Balance, at end of year	$ 1,957,866	$ 1,681,574
Covered-employee payroll	$ 11,157,591	$ 11,181,912
Total OPEB liability as a percentage of covered-employee payroll	18%	15%

Changes of assumptions and other inputs reflect changes in the discount rate from 2.12 percent to 2.06 percent for the year ended December 31, 2022, and 2.74 percent to 2.12 percent for the year ended December 31, 2021.

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 (1.06 percent) or one percentage point higher (3.06 percent) than the current discount rate:

	2022		
	1% Decrease 1.06	Discount Rate 2.06	1% Increase 3.06
Total OPEB liability	$ 2,466,125	$ 1,957,866	$ 1,568,486

	2021		
	1% Decrease 1.12	Discount Rate 2.12	1% Increase 3.12
Total OPEB liability	$ 2,124,039	$ 1,681,574	$ 1,343,009

12. 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:

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

2021			
	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 1,260,921	$ 1,681,574	$ 2,274,793

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB – For the year ended December 31, 2022, the District recognized OPEB expense of $135,036. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

2021		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions and other inputs	$ 492,632	$ (1,460,603)

12. 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,		
2022	$	(115,607)
2023		(115,607)
2024		(115,607)
2025		(115,607)
2026		(115,607)
Thereafter		(244,915)

13. 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, 2022, the date of the latest valuation, is as follows:

Plan Members	2022
Inactive employees or beneficiaries currently receiving benefit payments	9,102
Inactive plan members entitled to but not yet receiving benefits	1,449
Active plan members	18,608
Total members	**29,159**

13. 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 3.40 percent in 2022.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2022 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 $55,622 and $49,108 for the years ended December 31, 2022 and 2021, 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, 2022, the state contributed $81,388,085 to LEOFF Plan 2. The amount recognized by the District as its proportionate share of this amount is $36,031.

13. 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, 2021, with the results rolled forward to June 30, 2022, 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 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, 2021, valuation were based on the results of the *2013-2018 Demographic Experience Study Report* and the *2021 Economic Experience Study*. Additions assumptions for subsequent events and law changes are current as of the 2021 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 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.

13. 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, 2022, 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	$ (33,623)	$ (730,164)	$ (1,300,223)

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.

13. 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, 2022, the District reported a total pension asset of $730,164 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)	
	2022	**2021**
Employer's proportionate share	$ (730,164)	$ (1,274,192)
State's proportionate share of the net pension asset associated with the employer	(472,984)	(821,993)
Total	**$ (1,203,148)**	**$ (2,096,185)**

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

	Proportionate Share 2022	**Proportionate Share 2021**
LEOFF 2	0.026867%	0.021937%

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 2022, 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, 2022, and the actuarial valuation date on which the total pension asset is based was as of June 30, 2021, with update procedures used to roll forward the total pension asset to the measurement date.

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

Pension expense – For the years ended December 31, 2022 and 2021, the District recognized pension expense related to LEOFF of $88,130 and $174,252, 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:

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)**

2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 57,792	$ (6,734)
Net difference between projected and actual investment earnings on pension plan investments	-	(607,544)
Changes in assumptions	551	(60,600)
Changes in proportion and differences between contributions and proportionate share of contributions	18,629	(163,114)
Contributions subsequent to the measurement date	27,661	-
Total	**$ 104,633**	**$ (837,992)**

13. 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, 2022. 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,	
2022	$ (114,027)
2023	(103,802)
2024	(125,822)
2025	68,217
2026	(7,148)
Thereafter	71,162

14. 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 2022 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.

14. 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.

15. 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:

	2022	2021
Medicare	**29 %**	34 %
Medicaid	**5**	10
Other third-party payors	**33**	33
Patients	**33**	23
	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 February 6, 2022, the District renewed the collective bargaining agreement with the Washington State Nurses Association. The contract is effective through September 30, 2023. As of December 31, 2022 and 2021, approximately 36 percent and 30 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, 2022 and 2021, approximately 10 percent and 10 percent, respectively, of the District's employees were represented by this union under the collective bargaining agreement.

16. CARES Act Provider Relief Fund:

The District received $4,323,254 of funding from the CARES Act Provider Relief Fund during prior fiscal years and recognized $3,159,901 and $1,163,353 during the years ended December 31, 2021 and 2020, respectively. The District had $-0- remaining funds as of December 31, 2022, to use for healthcare-related expenses or lost revenues that are attributable to coronavirus during the fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Years Ended December 31, 2022 and 2021

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	$ 210,551	$ 165,749	$ 121,787	$ 273,557	$ 238,466	$ 244,526
Interest on total OPEB liability	40,092	45,314	47,715	91,180	80,035	68,087
Changes in benefit terms	-	-	-	-	-	-
Effect of economic/demographic gains or (losses)	-	(76,101)	-	118,746	-	-
Effect of assumptions changes or other inputs	27,622	60,513	279,472	(1,815,512)	182,318	(95,824)
Expected benefit payments	(1,973)	(3,869)	(1,998)	(3,997)	(1,264)	-
Net change in total OPEB liability	276,292	191,606	446,976	(1,336,026)	499,555	216,789
Total OPEB liability – beginning	1,681,574	1,489,968	1,042,992	2,379,018	1,879,463	1,662,674
Total OPEB liability – ending	$ 1,957,866	$ 1,681,574	$ 1,489,968	$ 1,042,992	$ 2,379,018	$ 1,879,463
Covered-employee payroll	$ 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	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, 2022 and 2021

	2022	2021	2020	2019	2018
Employer's proportion of the net pension asset	0.0268670%	0.0219370%	0.0223820%	0.0231600%	0.0210900%
Employer's proportionate share of the net pension asset	$ 730,164	$ 1,274,192	$ 456,560	$ 536,546	$ 428,173
State's proportionate share of the net pension asset associated with the employer	472,984	821,993	291,936	351,366	277,234
Total	$ 1,203,148	$ 2,096,185	$ 748,496	$ 887,912	$ 705,407
Covered payroll	$ 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	69.78%	133.22%	51.40%	64.90%	52.73%
Plan fiduciary net position as a percentage of the total pension asset	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, 2022 and 2021

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

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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, 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, and have issued our report thereon dated June 16, 2023.

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.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, 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.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
June 16, 2023

Chelan County Public Hospital District No. 1
doing business as Cascade Medical Center
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2022

The audit for the year ended December 31, 2021, reported no audit findings, nor were there any unresolved prior year audit findings from periods ended December 31, 2020, or prior. Therefore, there are no matters to report in this schedule for the year ended December 31, 2022.

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

Financial Indicators

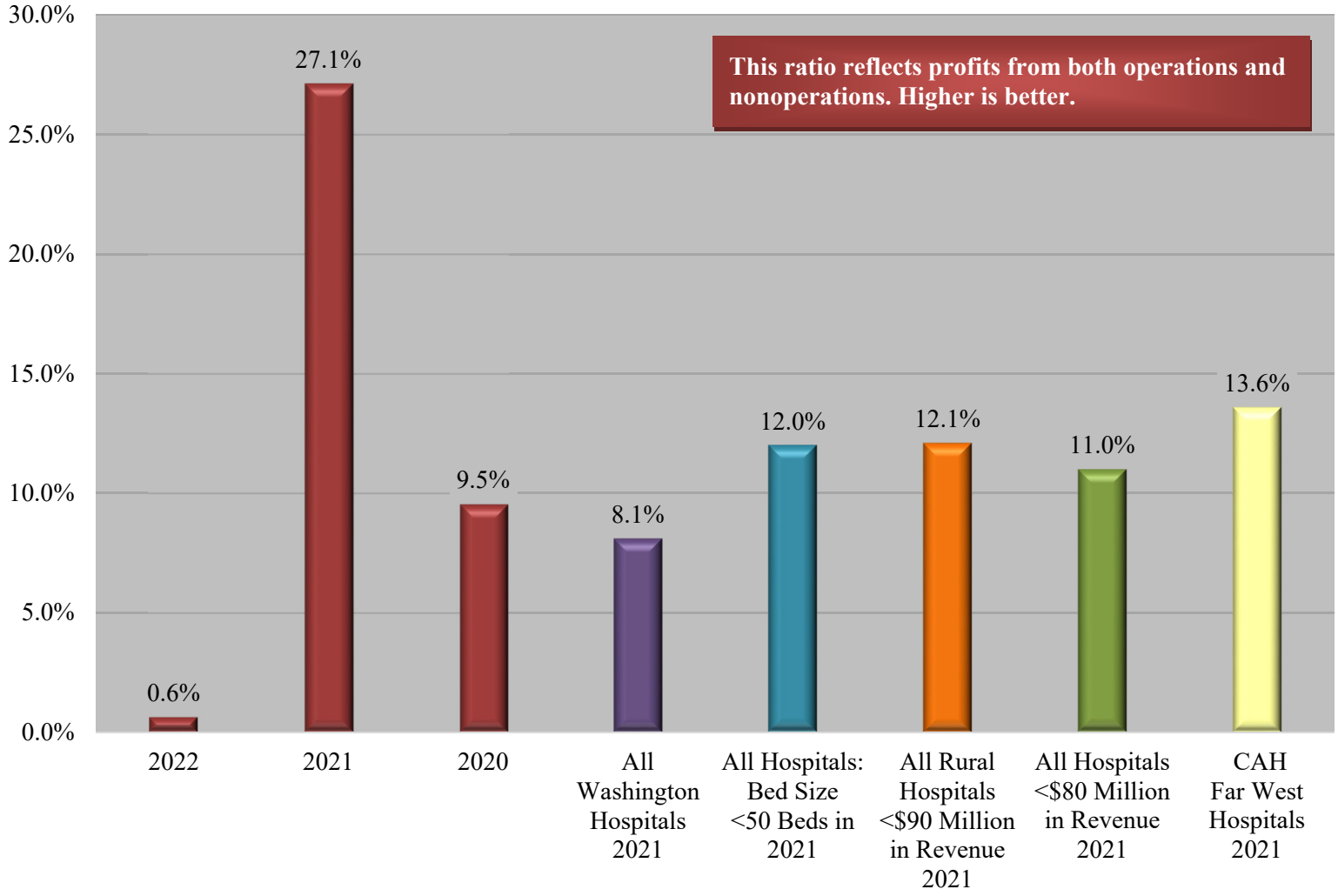
December 31, 2022

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

Total Margin

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

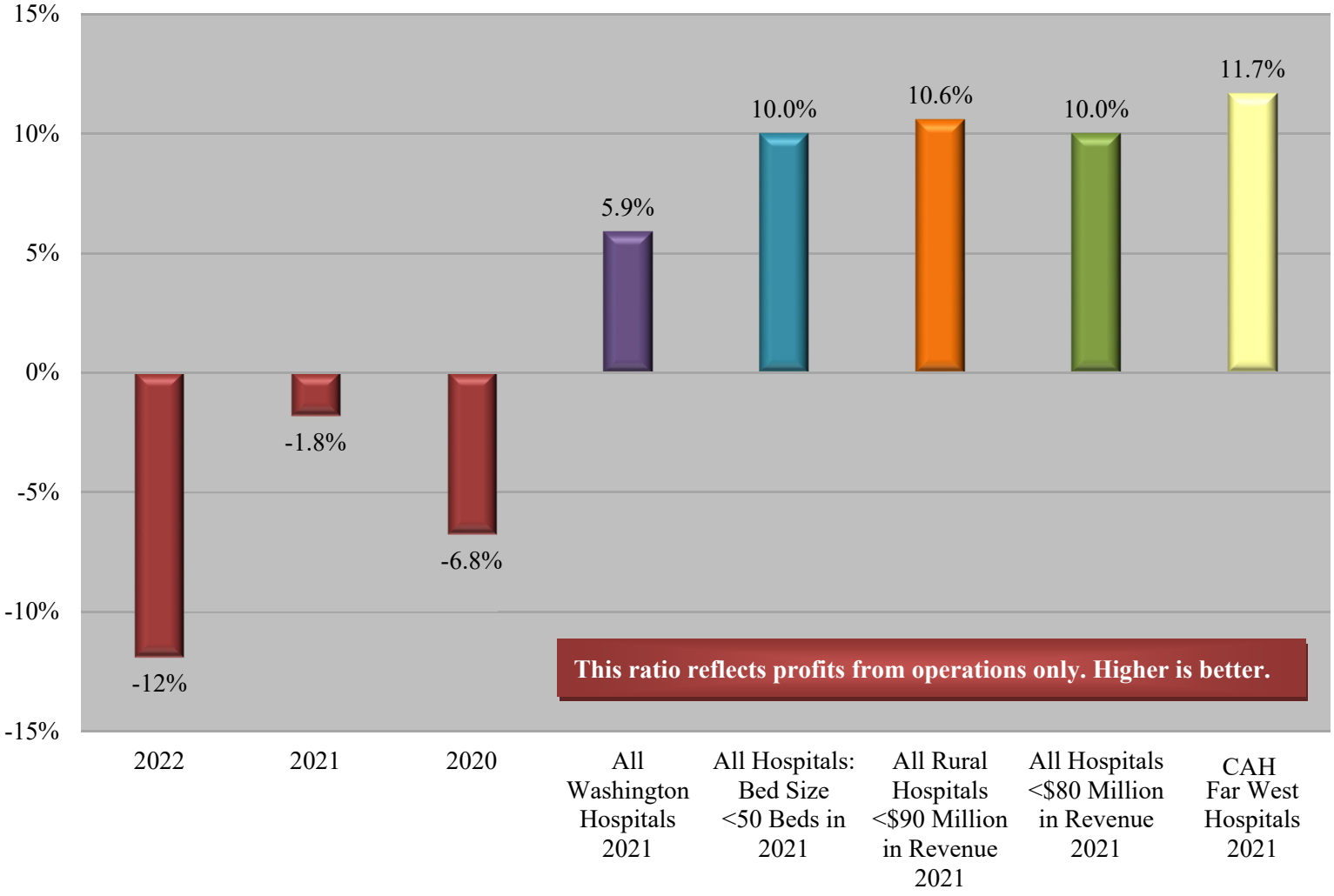


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Chelan County Public Hospital District No. 1
doing business as
Cascade Medical Center

Operating Margin

Operating Income (Loss)
Total Operating Revenues

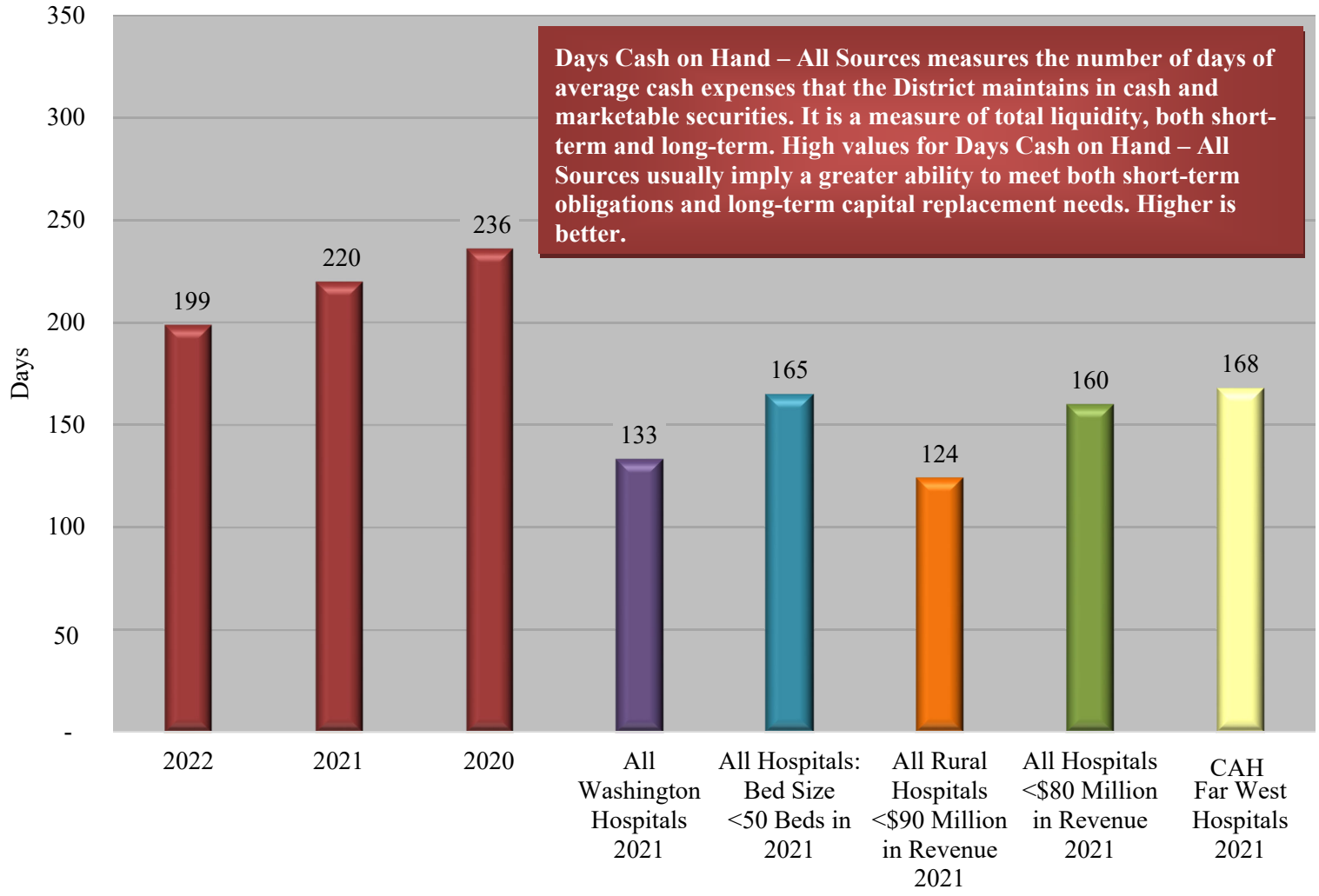


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Chelan County Public Hospital District No. 1
doing business as
Cascade Medical Center

Days Cash on Hand – All Sources

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

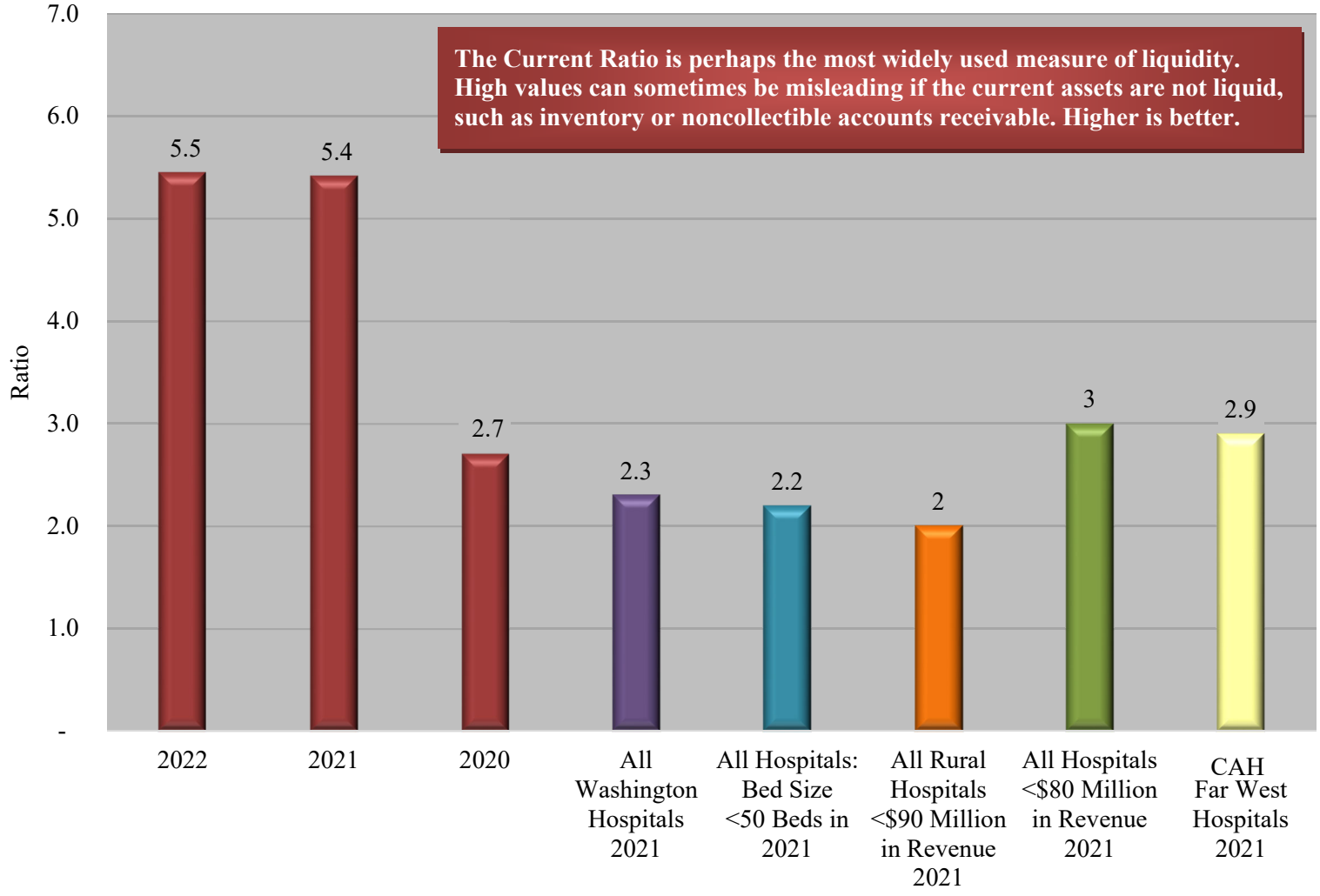


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Chelan County Public Hospital District No. 1
doing business as
Cascade Medical Center

Current Ratio

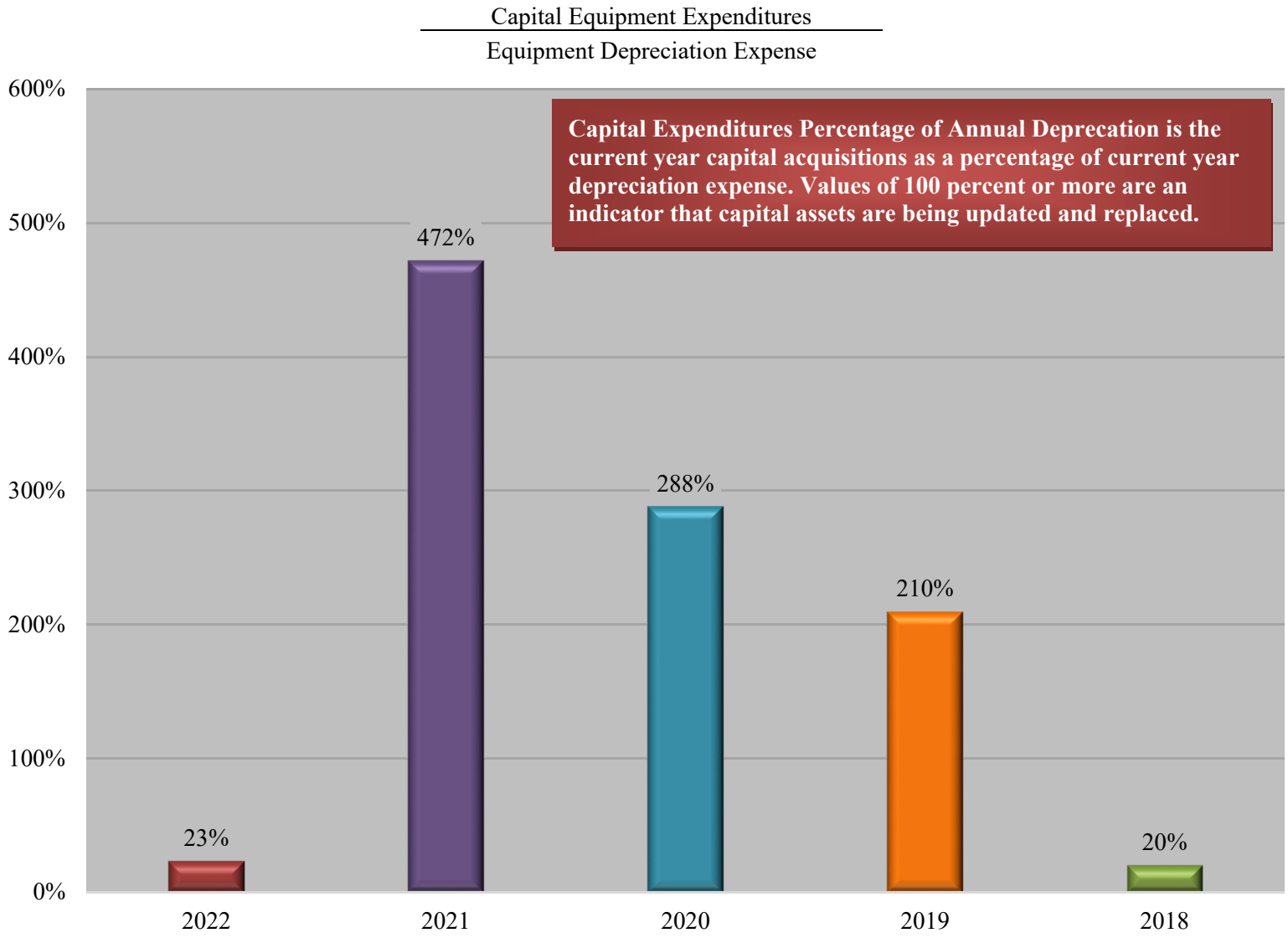
$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$



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

Capital Expenditures Percentage of Annual Depreciation

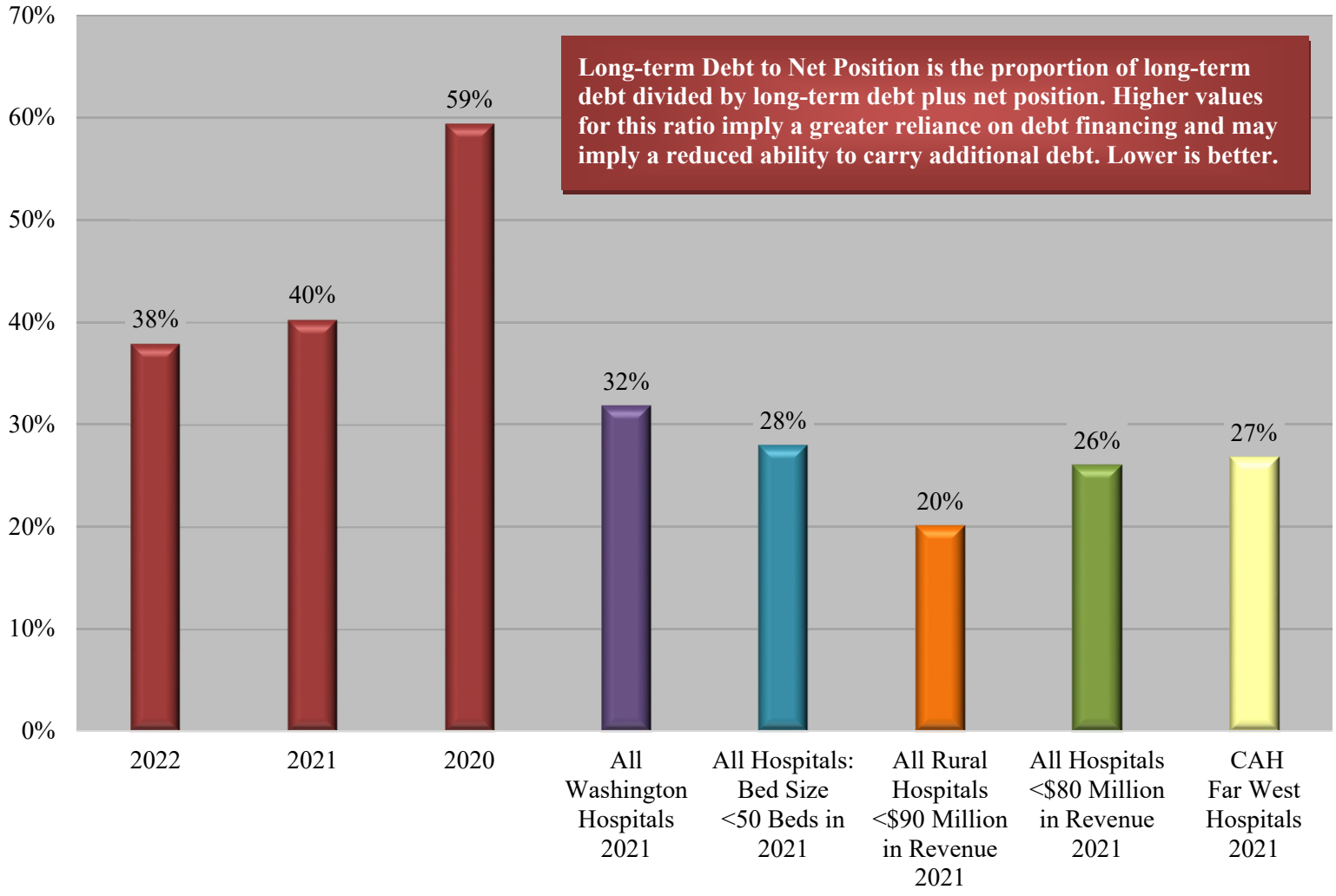


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Chelan County Public Hospital District No. 1
doing business as
Cascade Medical Center

Long-term Debt to Net Position

$$\frac{\text{Long-term Debt}}{\text{Long-term Debt + Net Position}}$$

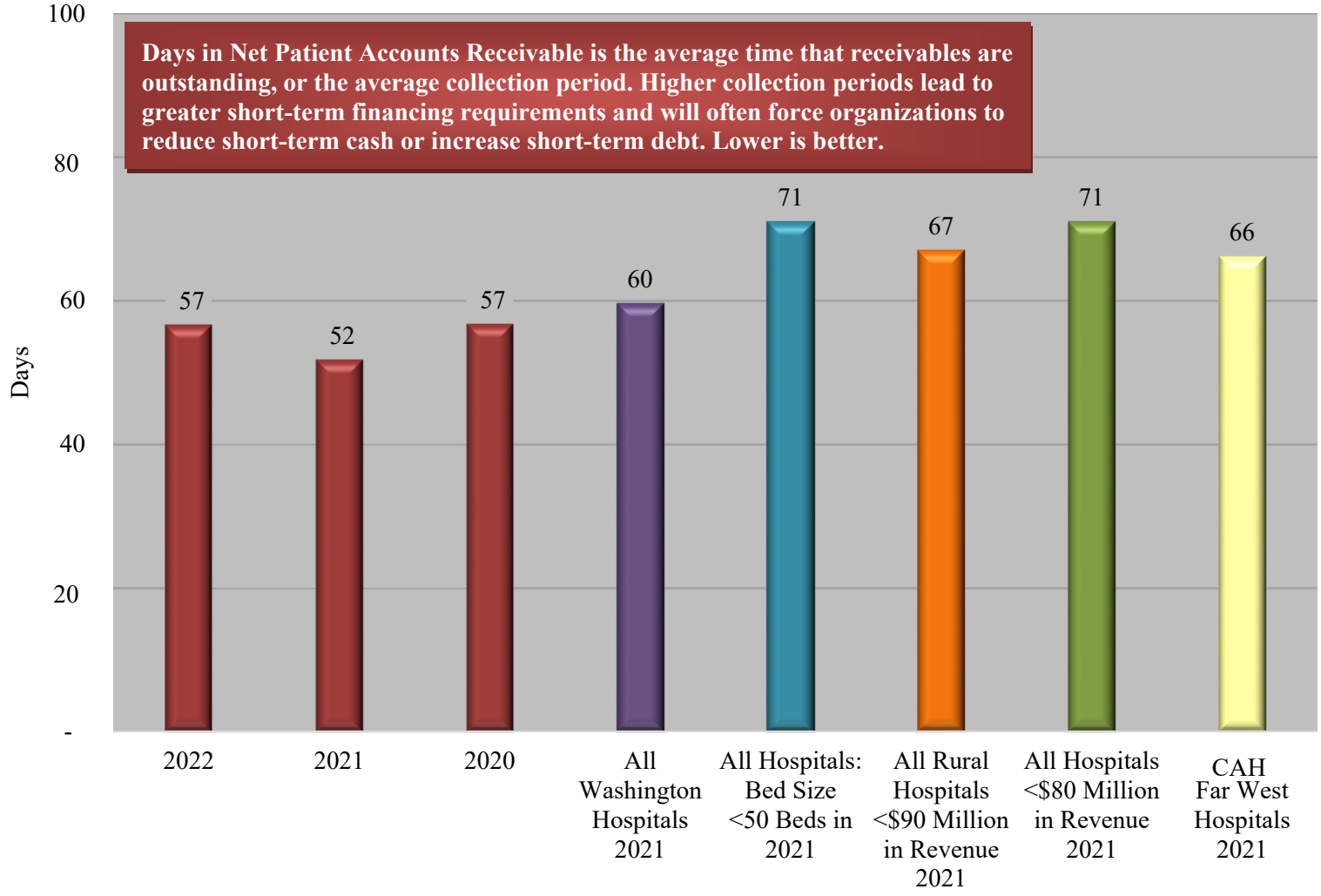


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Chelan County Public Hospital District No. 1
doing business as
Cascade Medical Center

Days in Net Patient Accounts Receivable

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

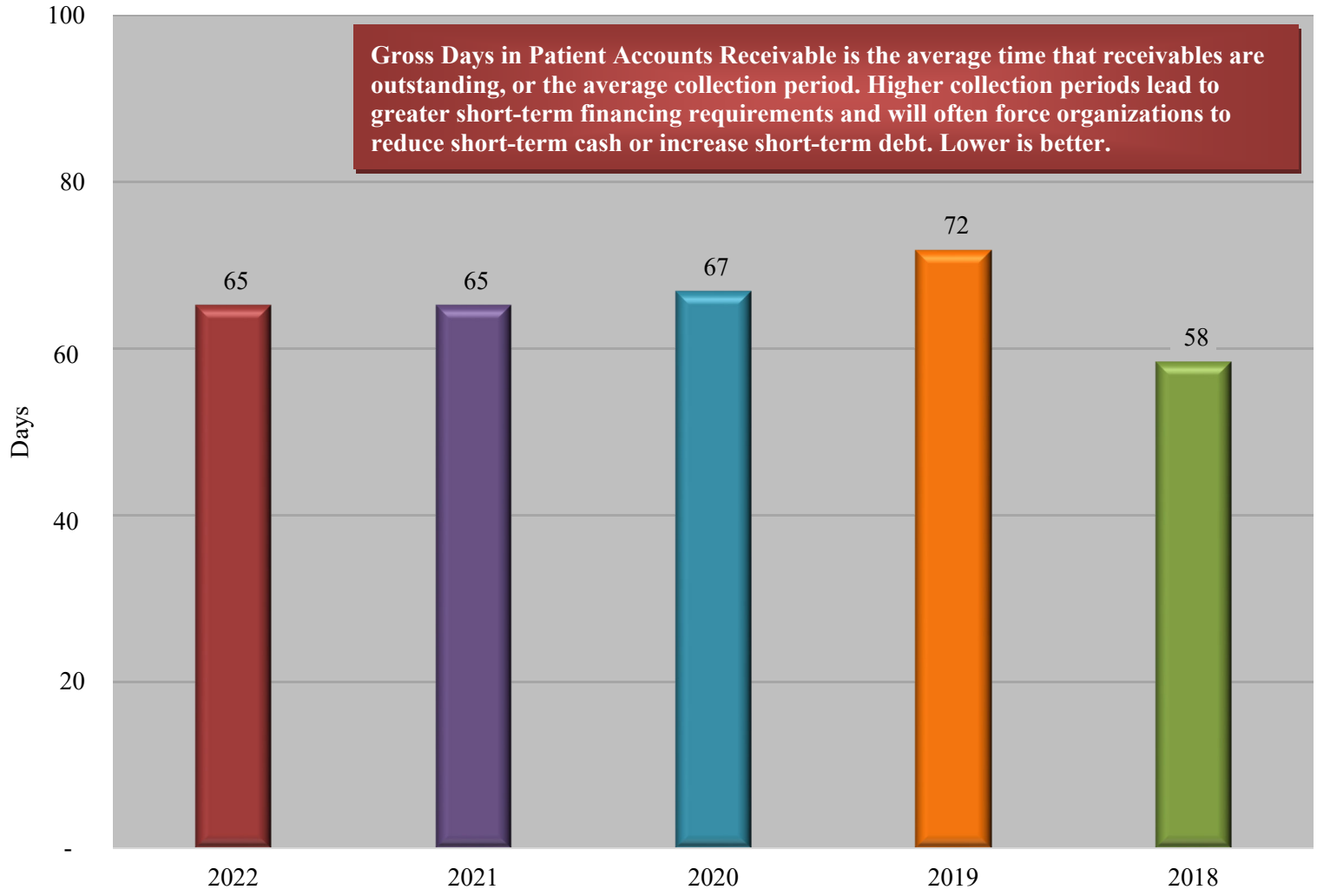


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Chelan County Public Hospital District No. 1
doing business as
Cascade Medical Center

Gross Days in Patient Accounts Receivable

Gross Patient Accounts Receivable
Gross Patient Service Revenues / 365

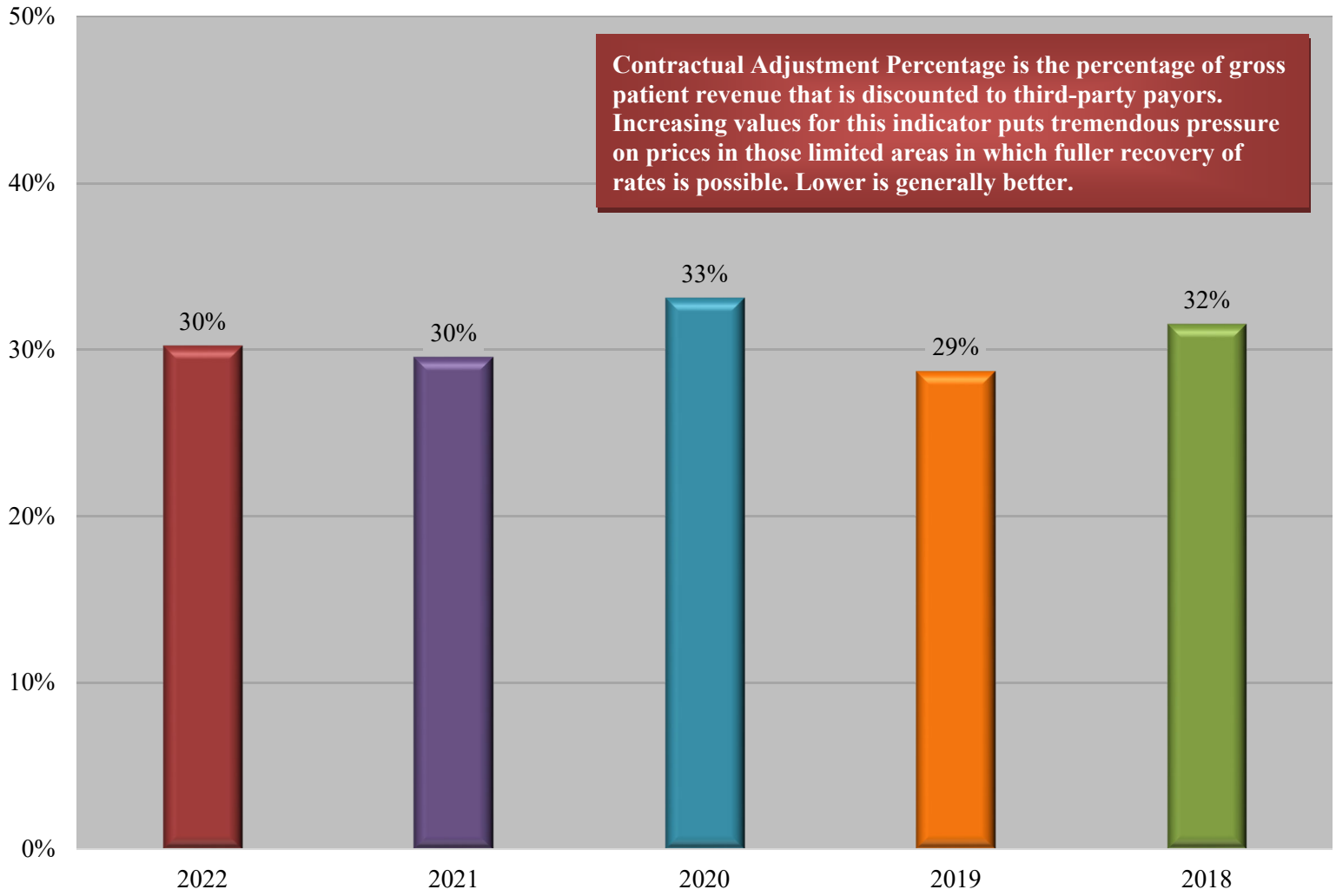


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Chelan County Public Hospital District No. 1
doing business as
Cascade Medical Center

Contractual Adjustment Percentage

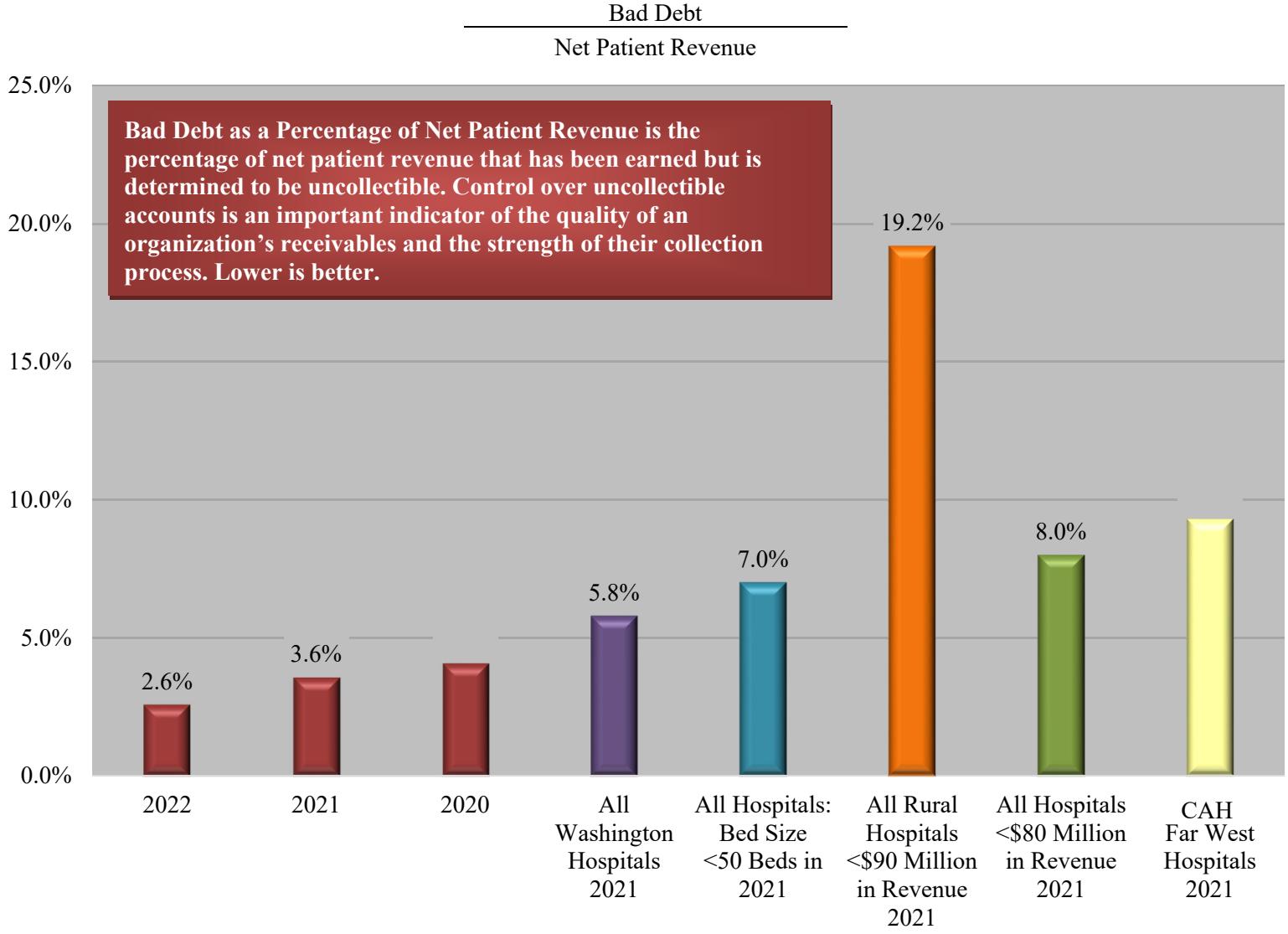
$$\frac{\text{Contractual Adjustments}}{\text{Gross Patient Revenues}}$$



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

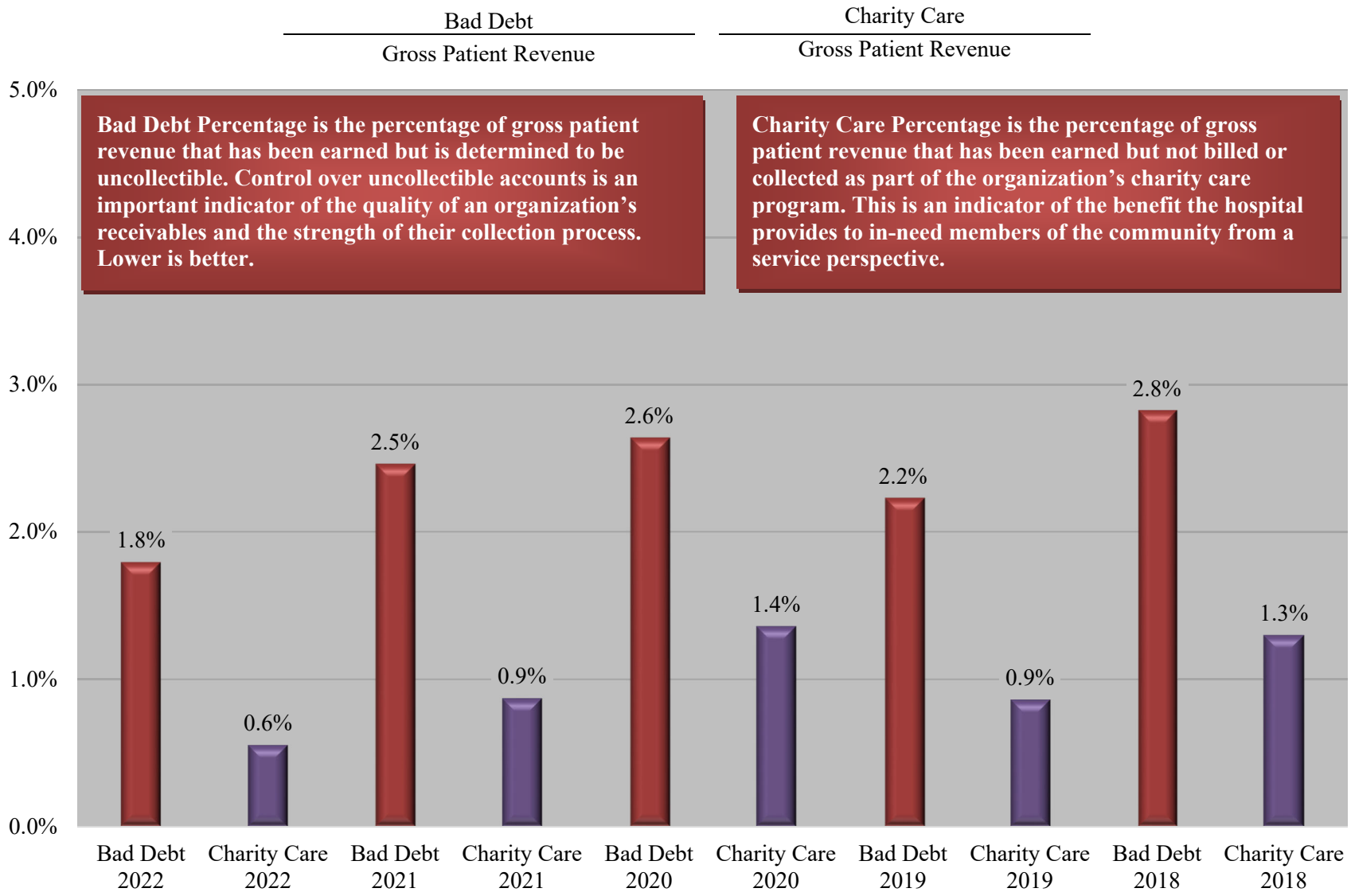
Bad Debt as a Percentage Net Patient Revenue



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

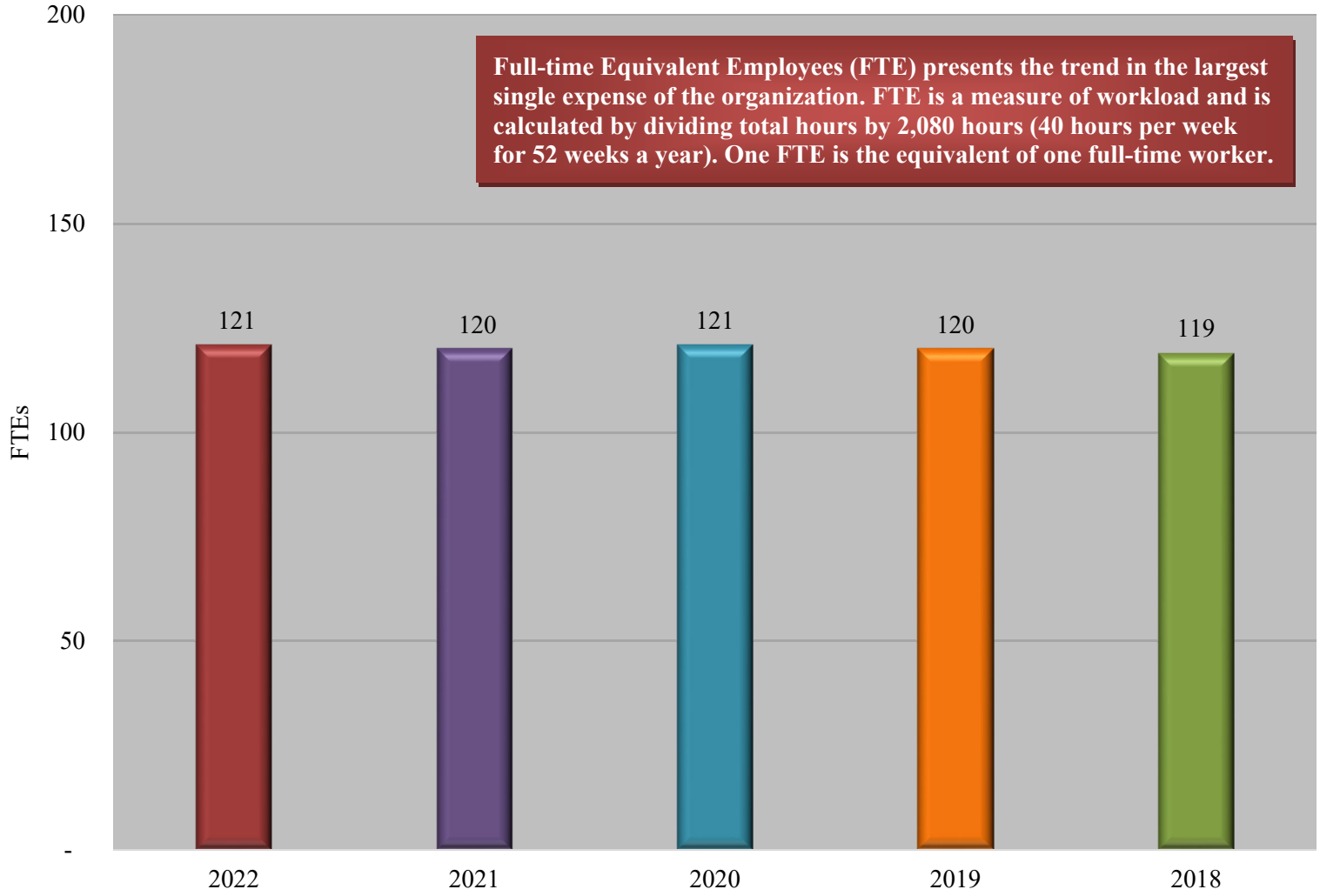
Bad Debt and Charity Care Percentage



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

Full-time Equivalent Employees (FTE)

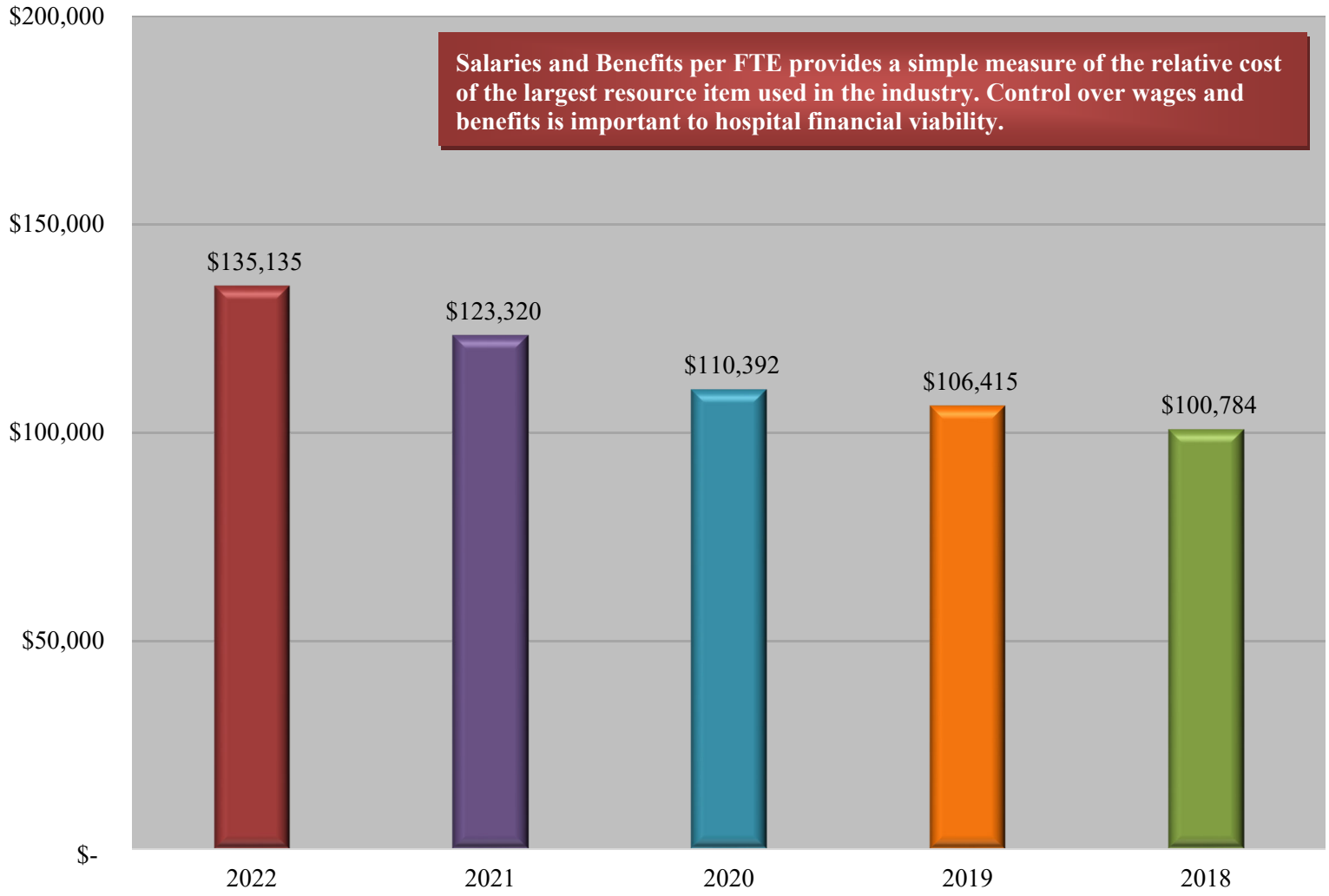


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Chelan County Public Hospital District No. 1
doing business as
Cascade Medical Center

Salaries and Benefits per FTE

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

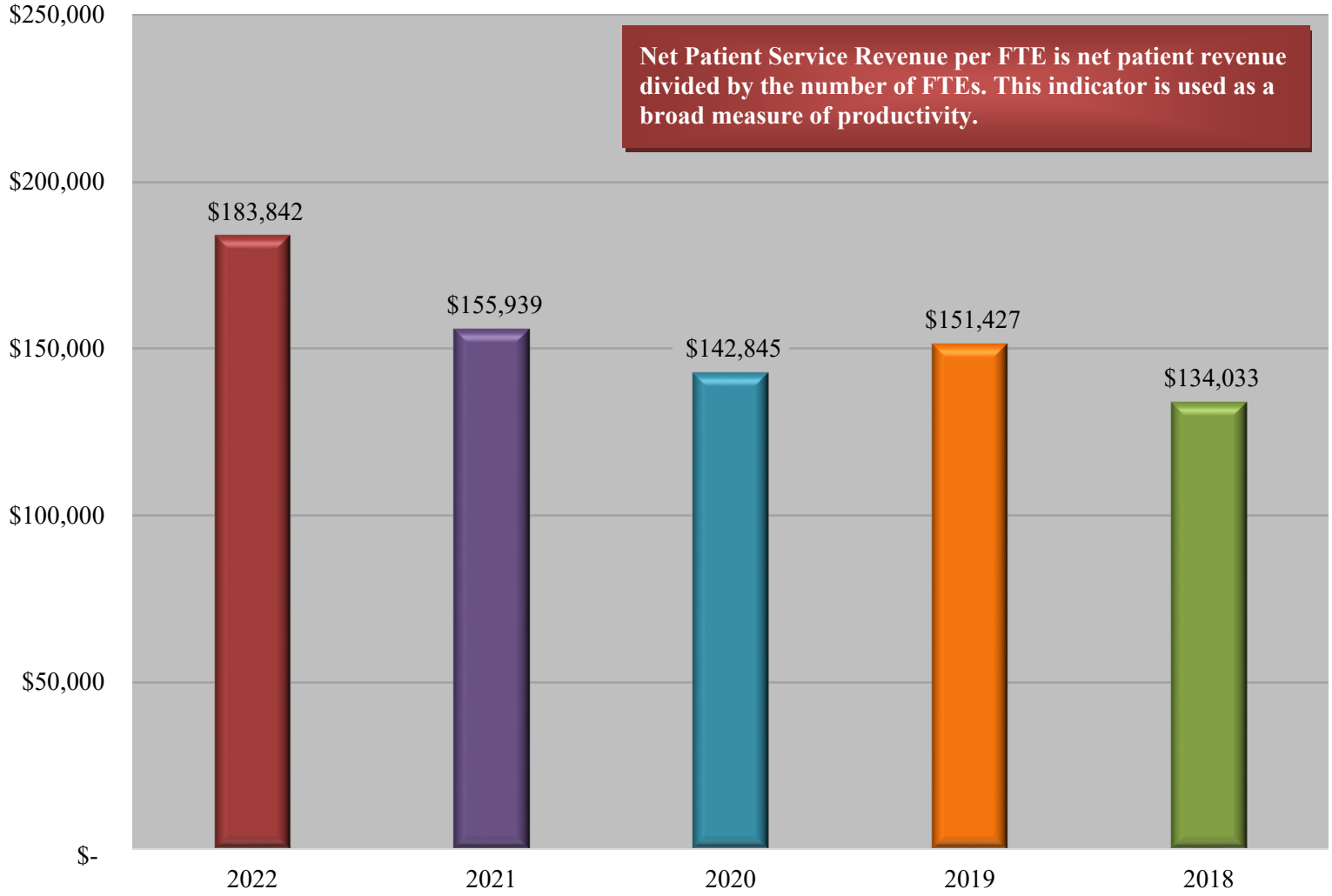


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Chelan County Public Hospital District No. 1
doing business as
Cascade Medical Center

Net Patient Service Revenue per FTE

Net Patient Service Revenue
FTEs



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CASCADE MEDICAL
PARTNERS IN YOUR HEALTH

A G E N D A

Board Governance Committee
June 8, 2023
2:30 PM – 4:30 PM
Administration Conference Room

Agenda Item		Time
1.	Call to Order	2:30 PM
2.	Consent Agenda Approval • June 8, 2023 Agenda • April 20, 2023 Minutes	2:30 PM
Committee Work		
1.	Review Board Education plan	2:30 PM
2.	Check-in on progress of Board's 2023 objectives work	2:40 PM
3.	Refine board retreat plan and general timing	2:50 PM
4.	Finalize board self-assessment survey document and implementation timeline	3:20 PM
5.	Board future / succession planning • Review commissioner mentorship document • Update charter to include mentorship expectations • Finalize refreshed commissioner time commitment document • Review updated matrix language • Strategy for 2024 officers and committees and committee chairs	3:35 PM
6.	Check in on periodic CEO review process	4:10 PM
7.	Discuss ways to continue to grow the Board's approach to thinking strategically	4:15 PM
8.	Set meeting dates for remainder of the year	4:25 PM
Adjournment		
1.	Adjournment	4:30 PM

Materials provided in advance of meeting along with agenda:

1) Minutes from April 20, 2023
2) 2023 Education Plan
3) Board objectives
4) Updated board self-assessment survey
5) Commissioner mentorship document
6) Governance Charter
7) Refreshed commissioner time commitment document
8) Modified board matrix (updated board leadership description)
9) List of current board officers and committee members

CASCADE MEDICAL
PARTNERS IN YOUR HEALTH

Education Plan
Cascade Medical Board of Commissioners
For 2023

Date	Location	Topic	Comments
January 25, 2023	ABC Room	NA	
February 15, 2023	ABC Room	NA	
March 21, 2023	Virtual	Workplace Trauma	WSHA Education
March 22, 2023	ABC Room	TBD	
April 5, 2023	Virtual	Governance in Uncertain Times	WSHA Education
April 25, 2023	ABC Room	TBD	
May 10, 2023	Virtual	Board Efficiency	WSHA Education
May 16, 2023	Virtual	Board Self-Assessments	AWPHD/WSHA Education
May 24, 2023	ABC Room	TBD	
June 27 – 28	Chelan	Rural Leadership	WSHA & AWPHD Conference
June 28, 2023	ABC Room	TBD	
July 12, 2023	Virtual	CEO Succession Planning	WSHA Education
July 26, 2023	ABC Room	TBD	Notes from WSHA conf & meeting discussion?
August 24, 2023	ABC Room	TBD	
Sept 27, 2023	ABC Room	TBD	
October 22 – 23	Seattle, WA	Various Healthcare	WSHA Annual Meeting
October 25, 2023	ABC Room	TBD	
November 15, 2023	ABC Room	TBD	
December 20, 2023	ABC Room	TBD	

Potential Topics

- Governance: education on advocacy how-to's, does board want to set expectations for current and incoming Commissioners?? (WSHA presenter?)
- Updates on Patient Centered Medical Home (Whitney, Christiane or third party?)
- Patient and Family Centered Care – what does it look like and where are we on the continuum of achieving it? (someone from WSHA present on this topic?)
- Strategic Question: Do we have the right mission and vision statements to appropriately guide the direction of the organization? Revise mission and vision statements.
- Quality
- Compliance Training
- IT Security / Cybersecurity
- AHA educational videos
- Consider which topics might benefit from an external speaker/guest
- Rural Health Clinic payment cap

Last Updated: June 2, 2023

Upcoming WSHA Governance Topics for independent viewing 2023

- The Board's Role in CEO Succession Planning; July 12; 12:00 – 1:00 PM

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

Last Updated: June 2, 2023

CASCADE MEDICAL
PARTNERS IN YOUR HEALTH

Governance Committee Charter
Cascade Medical Board of Commissioners

Purpose

To provide for the Board's effectiveness and continuing development as well as to continuously enhance the effectiveness of communication between the Board and Administration.

Responsibilities

- At least annually, review Committee Charter.
- Review policies related to Governance work on an at least annual basis.
    a. Conflict of Interest
    b. New Commissioner Orientation
    c. Procedure for receiving legal documents from a process server
    d. Open Public Meetings
    e. Policy Creation, Review, and Approval
- Define Committee work plan and goals annually at first meeting of the year.
- Perform an annual committee self-assessment by November 30.
- Define how new committee members will be efficiently oriented to the committee.
- Recommend an ad hoc committee for review of Bylaws as needed
- Develop and refine process for CEO review
- Work with Administration to plan annual Board retreat
- Recommend to the Board processes designed to provide for effective and efficient governance, including:
    - Developing and monitoring an annual education plan for the Board
    - Reviewing and recommending position descriptions detailing responsibilities of and expectations for Board members and Board President
    - Leading commissioner succession planning and Board recruitment efforts
    - Leading Board's self-assessment work on an at least biennial basis
- Oversee and ensure a robust board mentorship program
- Recommends to the full Board annual Board Objectives and monitors for success

Membership

The Governance Committee will be made up of two Commissioners, one of whom will be designated Chair of the committee; Cascade Medical's CEO; Cascade Medical's CHRO; and the Executive Assistant. Ideally, the President of the Board will chair the Governance Committee and the second Commissioner comprising the committee will be the Vice President of the Board. Other non-Commissioners will be invited on an ad hoc basis. The CEO shall be considered the staff liaison to the Governance Committee.

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Annually at the January Board meeting, Board will select a chairperson and one other Board member to serve on each committee. The full Board will ratify these appointments via vote.

It is preferred that Commissioners serving on the Governance Committee have experience serving on other boards as well as the CM Board of Commissioners.

Meetings

The Governance Committee meets at least five times per year.

Before each meeting, the CEO will send a draft agenda to the committee chair for review and amendment. The CEO and committee chair will work together in this fashion to develop the final agenda, in advance, for each committee meeting. Preferably, all meeting materials will be sent to committee members five calendar days in advance.

- Every agenda will include an estimated time frame for each agenda item.

Ideally every committee meeting should be attended by two commissioners. If a commissioner who is a regular member of the committee is unavailable to attend a meeting, the committee chair and CEO will decide together whether to reschedule the meeting or invite another commissioner to attend.

- Cascade Medical is a public entity. As such, the Board of Commissioners must follow the Open Public Meetings Act. This act requires that all ordinances, resolutions, rules, regulations, orders and directives, in order to be valid, be adopted at open public meetings. The committee meetings are not open public meetings and, as such, committees are not able to take official action on behalf of the Board of Commissioners. As a result, there is no quorum requirement at the committee level.

Minutes will be taken by the Executive Assistant. In his or her absence, the CEO will take minutes.

Reporting

The committee chair will provide a verbal report at the full board meeting subsequent to each committee meeting.

- The committee meeting agenda will go out in the full board packet for the meeting at which the committee chair reports.

Accompanying Notes for the May 2023 Financial Statements

May Financial Statements – Current Month Summary

May Gross patient revenue of $2,908,000 is $64,000 more than the budgeted amount of $2,844,000. The contractual allowance for May is $1,052,000, which is $106,000 less than the budgeted amount of $1,158,000. We posted a net margin of ($306,000) for May, which is ($133,000) less than the budgeted net margin of ($173,000). Our cash receipts totaled $2,030,000 in May compared to a budgeted cash receipt total of $2,068,000.

May Year-To-Date Summary

Our year-to-date net margin of ($920,000) is ($250,000) below the budgeted net margin of ($670,000). Through May, Swing Bed, Ambulance and Laboratory, and Clinic volumes are below year-to-date budgeted volumes. Radiology, Acute and Rehab Services see volumes higher than budgeted. Cash receipts year-to-date total $12,138,000 compared to a budgeted amount of $10,438,000. The May month end cash balance of $13,852,000 was ahead of the budgeted cash balance of $13,150,000 by $702,000.

Specific Revenue and Expense Variances

1. Professional fees are over budget by ($135,000) in May due to Meditech consulting fees, Nurse Registry Fees, and Clinic Provider fees due to Locum PA.
2. Purchased Services and Repairs & Maintenance expenses are over budget ($82,000) and of ($42,000) respectively in May due to Pharmacy reclassification of expenses from Professional Fees to Purchased Services of $38,000, Business Office support services of $15,000, and Plant Expenses for Chiller repairs of $42,000.

Patient Statistics

Except for Swing Bed volumes that were well under budgeted volumes and Clinic volumes very slightly below budgeted volumes, most departments saw May volumes higher than budgeted.

Cash Receipts

Cash collections of $1,666,000 in May on patient accounts were above the budgeted patient account collections of $1,602,000 by $64,000. For the year 2023 our cash receipts on patient accounts are $1,515,000 greater than budgeted cash receipts.

Balance Sheet

Our Balance Sheet shows a decrease in cash balances in May of $927,000. This large decrease in cash balances is due to the timing of posting of the June 2 payroll and the down payment of $258,000 for the new chiller to be installed in 2024.

Accounts Receivable

Days in Net Accounts Receivable increased from 60.3 days in April to 62.2 days in May and Gross Accounts Receivable has increased by $287,000 from April.

Contractual Allowances

Our Contractual Allowance for May is 36.2% of Gross Revenues, while our overall Contractual Allowance is 43% of Gross Accounts Receivable. As in April, we saw higher Bad Debt Expense in

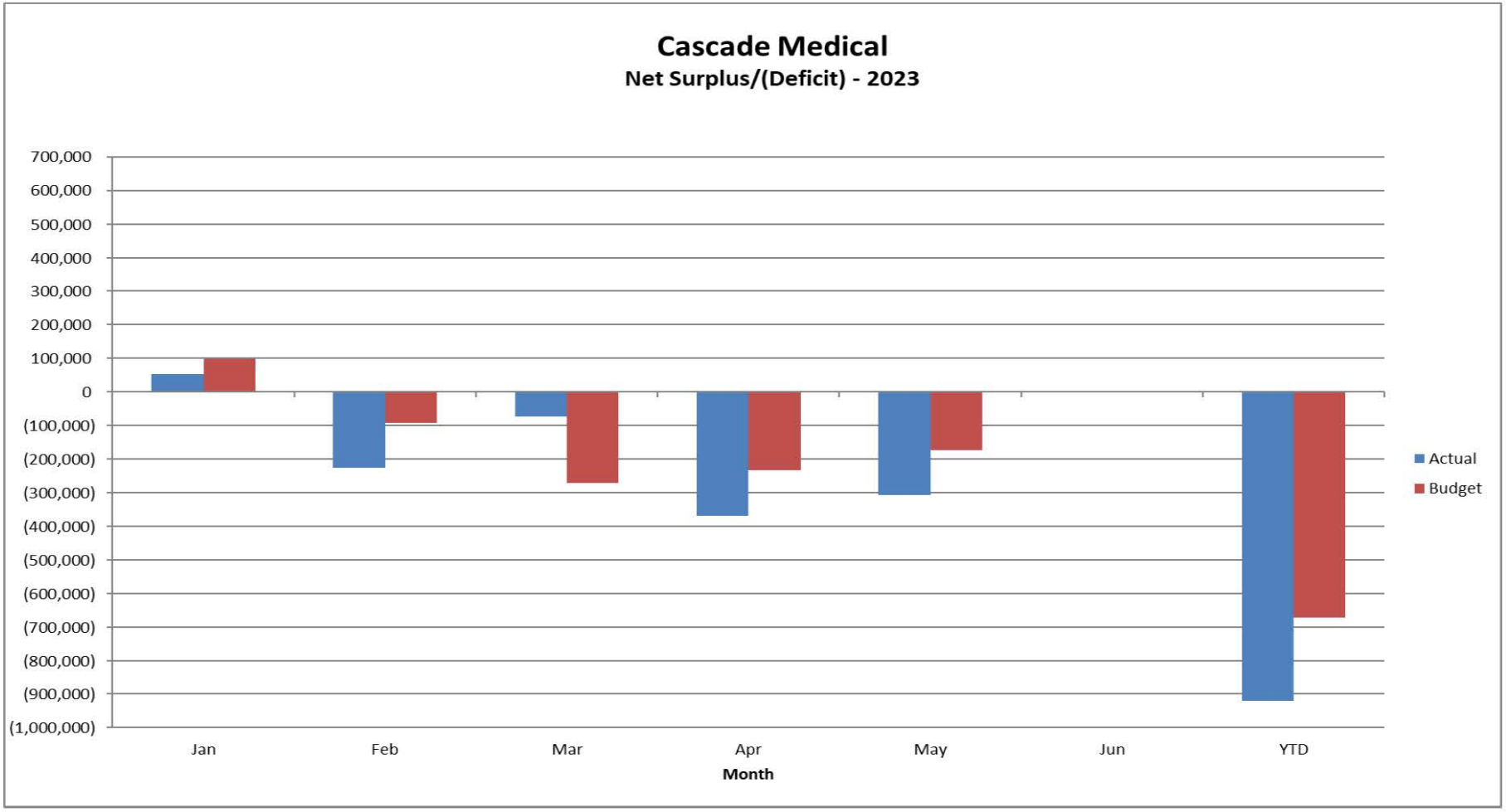
May, totaling $185,000, as we continued to work through accounts with patient balances that we had been unable to write-off in the months after our EMR conversion.

Final comments

With our 2022 audit and cost report complete, work has begun to implement recommendations that resulted from the Chargemaster Review, and we continue to collaborate with a consultant on updating our payer contracts. We have been working through a review of our patient billing services and hope to make updates to those processes in the coming months.

Overall, we have had two larger unbudgeted expenses incurred in 2023. Those two items are the consultant hired to help with our Meditech build, which has resulted in many improvements across the facility, as well as the work in the Clinic to move to a Practice Share model of care. With the exception of these larger expenses, we are tracking close to budget for the year.

As we come to the midpoint of the year, we are beginning to work on our 2024 Budget. Directors will begin work on the Capital budget in the coming weeks, with preparation of our Operating Budget slated to begin in July.


Cascade Medical
Net Surplus/(Deficit) - 2023
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
(100,000)
(200,000)
(300,000)
(400,000)
(500,000)
(600,000)
(700,000)
(800,000)
(900,000)
(1,000,000)
Jan
Feb
Mar
Apr
May
Jun
YTD
Month
Actual
Budget

Cascade Medical Center
Financial Performance Summary
Year-to-Date - May, 2023

000's omitted

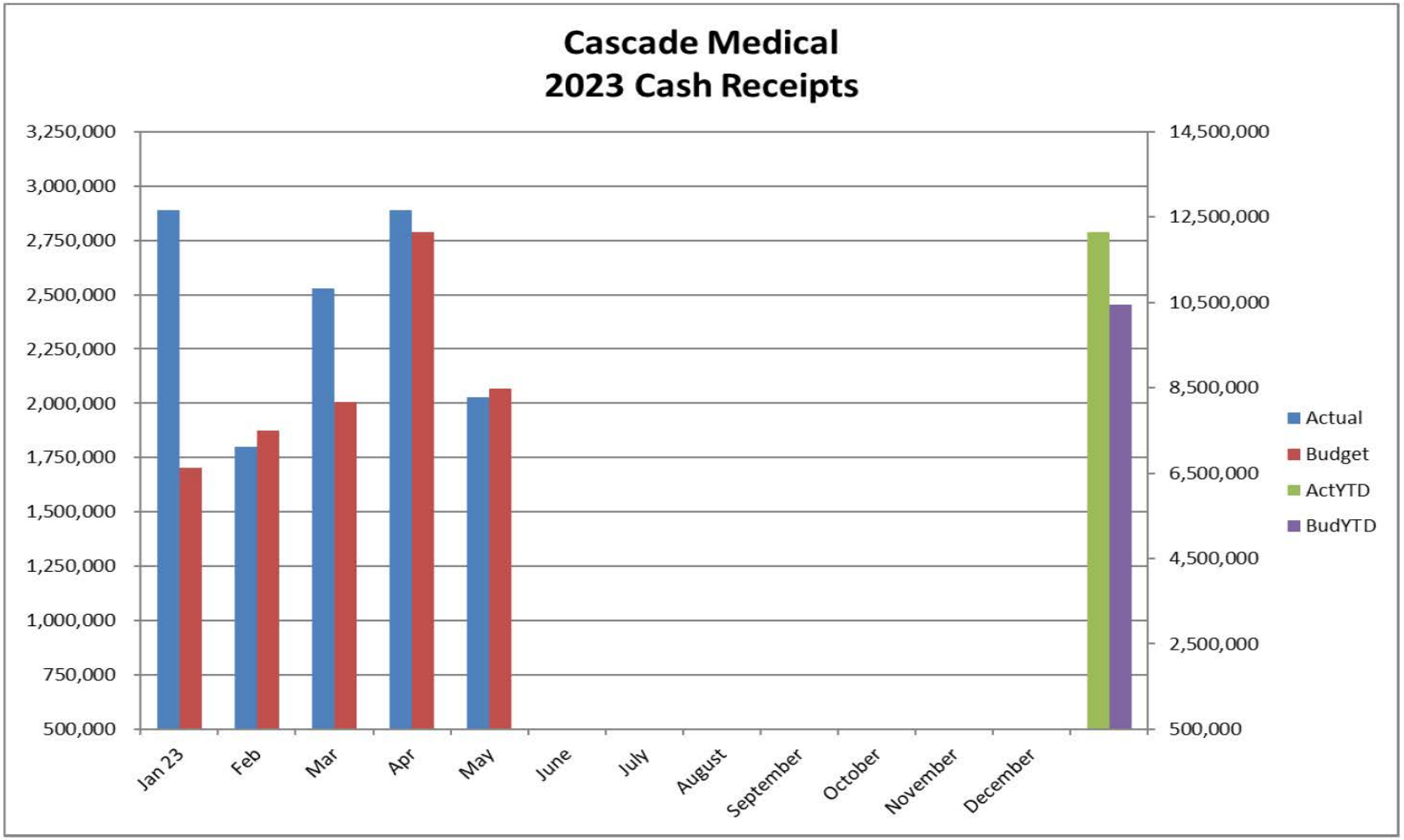
	YTD May
Net Margin	
Actual	(920)
Budget	(670)
Better (Worse) than Budget	(250)
Variance Analysis - favorable vs (unfavorable)	
Gross Revenue - SBed ($278); Amb ($218); Lab ($208); Clin ($161); RX $111	(721)
Contractual Allowances	1,017
Net Patient Revenue	296
Other Operating Revenue	156
Total Operating Revenue	452
Expenses	
Salaries & Benefits	(17)
Prof. Fees - Informatics ($248); Admin ($75); ED Prov ($27)	(398)
Supplies	7
Purchased Services/Repairs - Plant ($76);IT ($71); Rad ($63); BusOff ($52); HR ($33); Lab $45	(286)
Other Operating Expenses	(12)
Total Operating Expenses	(705)
Non-Operating Revenues & Expenses	3
Actuals Better/(worse) than Budget	(250)

Cascade Medical Center
Statement of Revenues, Expenses and Net Income
For the Month Ending May 31, 2023

	Current Period			Year-to-Date			
	Actual	Budget	Variance	Actual	Budget	Variance	Prior YTD
Operating revenues							
Net Patient Revenue	1,856,451	1,686,482	169,969	8,928,773	8,632,824	295,949	-
Grants, Contribs, Other Op Revenue	89,000	62,263	26,737	491,593	335,923	155,670	-
Tax Levies, unrestricted	149,665	149,665	-	748,325	748,325	-	-
Total Operating Revenue	2,095,116	1,898,410	196,706	10,168,691	9,717,072	451,619	-
Operating expenses							
Salaries & Benefits	1,544,271	1,497,395	(46,876)	7,309,094	7,292,350	(16,744)	-
Professional fees	220,270	84,930	(135,340)	894,111	496,357	(397,754)	-
Supplies	153,915	153,987	72	763,291	770,552	7,261	-
Purchased services	223,710	99,455	(124,255)	835,617	550,068	(285,549)	-
Depreciation	166,550	169,956	3,406	832,761	849,780	17,019	-
Other Operating Expenses	173,341	145,229	(28,112)	853,775	824,791	(28,984)	-
Total operating expenses	2,482,057	2,150,952	(331,105)	11,488,649	10,783,898	(704,751)	-
Operating gain / (loss)	(386,941)	(252,542)	(134,399)	(1,319,958)	(1,066,826)	(253,132)	-
Nonoperating revenues (expenses)							
Tax Levies, restricted	108,294	108,294	-	541,470	541,470	-	-
Interest expense on bonds	(27,214)	(27,214)	-	(136,070)	(136,070)	-	-
Other Non-Operating rev (exp)	(108)	(1,673)	1,565	(5,229)	(8,365)	3,136	-
Total nonoperating rev (exp), net	80,972	79,407	1,565	400,171	397,035	3,136	-
Net Income	(305,968)	(173,135)	(132,833)	(919,787)	(669,791)	(249,996)	-

Cascade Medical Center
Statement of Revenues, Expenses and Net Income
For the Month Ending May 31, 2023

	Current Period			Year-to-Date			
	Actual	Budget	Variance	Actual	Budget	Variance	Prior YTD
Operating revenues							
Gross Patient Revenue	2,908,348	2,844,209	64,139	13,315,315	14,036,692	(721,377)	-
less:							
Contractual Allowances	901,083	1,018,361	117,278	3,757,601	4,716,069	958,469	-
Reserve for Bad Debts	107,310	99,547	(7,763)	447,495	491,285	43,791	-
Reserve for Financial Assistance	43,504	39,819	(3,685)	181,447	196,514	15,067	-
Total Deductions from Revenue	1,051,897	1,157,727	105,830	4,386,542	5,403,868	1,017,326	-
Net Patient Revenue	1,856,451	1,686,482	169,969	8,928,773	8,632,824	295,949	-
Grants, Contributions	-	32,698	(32,698)	36,547	119,098	(82,551)	-
Other Operating Revenue	89,000	29,565	59,435	455,046	216,825	238,221	-
Tax Levies, unrestricted	149,665	149,665	-	748,325	748,325	-	-
Total Operating Revenue	2,095,116	1,898,410	196,706	10,168,691	9,717,072	451,619	-
Operating expenses							
Salaries and wages	1,240,901	1,217,857	(23,044)	5,935,016	5,909,222	(25,794)	-
Employee benefits	303,370	279,538	(23,832)	1,374,078	1,383,128	9,050	-
Professional fees	220,270	84,930	(135,340)	894,111	496,357	(397,754)	-
Supplies	153,915	153,987	72	763,291	770,552	7,261	-
Utilities	15,124	22,803	7,679	111,778	120,870	9,092	-
Repairs and maintenance	57,039	15,473	(41,566)	174,418	109,515	(64,903)	-
Purchased services	166,671	83,982	(82,689)	661,199	440,553	(220,646)	-
Continuing medical education	1,490	1,417	(73)	4,585	7,081	2,496	-
Other expenses	11,241	4,188	(7,053)	54,461	51,847	(2,614)	-
Dues and subscriptions	75,441	61,909	(13,532)	331,464	328,417	(3,047)	-
Travel / training / meetings	14,364	3,309	(11,055)	81,715	44,953	(36,762)	-
Leases and rentals	11,912	13,108	1,196	86,407	69,053	(17,354)	-
Depreciation	166,550	169,956	3,406	832,761	849,780	17,019	-
Licenses and taxes	20,971	17,469	(3,502)	79,093	99,780	20,687	-
Insurance	21,472	19,659	(1,813)	97,642	95,955	(1,687)	-
Interest	1,326	1,367	41	6,630	6,835	205	-
Total operating expenses	2,482,057	2,150,952	(331,105)	11,488,649	10,783,898	(704,751)	-
Operating gain / (loss)	(386,941)	(252,542)	(134,399)	(1,319,958)	(1,066,826)	(253,132)	-
Nonoperating revenues (expenses)							
Tax Levies, restricted	108,294	108,294	-	541,470	541,470	-	-
Interest expense on bond financing	(27,214)	(27,214)	-	(136,070)	(136,070)	-	-
Gain (loss) on disposal of equipment	-	-	-	500	-	500	-
Investment income	1,661	96	1,565	3,117	480	2,637	-
Net of bond premium/amortization	(1,769)	(1,769)	(0)	(8,846)	(8,845)	(1)	-
CARES Funds	-	-	-	-	-	-	-
PPP Loan Proceeds	-	-	-	-	-	-	-
Total nonoperating revenues (expenses), net	80,972	79,407	1,565	400,171	397,035	3,136	-
Net Income	(305,968)	(173,135)	(132,833)	(919,787)	(669,791)	(249,996)	-


Cascade Medical
2023 Cash Receipts
3,250,000
3,000,000
2,750,000
2,500,000
2,250,000
2,000,000
1,750,000
1,500,000
1,250,000
1,000,000
750,000
500,000
14,500,000
12,500,000
10,500,000
8,500,000
6,500,000
4,500,000
2,500,000
500,000
Actual
Budget
ActYTD
BudYTD
Jan 23
Feb
Mar
Apr
May
June
July
August
September
October
November
December

Cascade Medical
Statistics Summary - 2023

	YTD 2022 avg/mo	Jan 23	feb	mar	apr	may	2023 Act mo	2023 Bud mo	Act/Bud % var	2023 Act YTD Tot	2023 Act avg/mo	2023 Bud YTD Tot	2023 Bud avg/mo	Act/Bud % var
Acute Care	15	32	6	15	24	25	25	14	82.1%	102	20	97	19	5.5%
Swing Bed	87	75	98	49	66	59	59	72	-17.8%	347	69	446	89	-22.2%
Laboratory tests	2,623	2,875	2,395	2,285	3,001	3,110	3,110	2,912	6.8%	13,666	2,733	14,560	2,912	-6.1%
Radiology exams	258	305	280	301	306	356	356	284	25.4%	1,548	310	1,421	284	8.9%
CT scans	90	112	82	115	89	125	125	100	25.0%	523	105	516	103	1.4%
ED visits	266	324	253	244	283	371	371	340	9.1%	1,475	295	1,455	291	1.4%
Ambulance runs	63	88	61	57	54	69	69	65	6.2%	329	66	358	72	-8.1%
Clinic visits	962	1,059	984	1,197	1,091	1,167	1,167	1,173	-0.5%	5,498	1,100	5,695	1,139	-3.5%
Rehab procedures	2,060	2,363	2,157	2,169	2,227	2,232	2,232	2,165	3.1%	11,148	2,230	10,719	2,144	4.0%

Patient Statistics

	2022	2023												2023
Admits	**YTD Mo Avg**	**Jan**	**Feb**	**March**	**April**	**May**	**June**	**July**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**YTD Mo Avg**
Acute Care	2.2	5	2	5	7	6								5.0
Short Stay	1.4	-	4	5	3	4								3.2
Swing Bed	5.2	5	4	5	5	6								5.0
Respite Care	0.6	2	-	-	1	1								0.8
Total Admits	9.4	12	10	15	16	17								14.0
Patient Days														
Acute Care	7.8	19	6	15	24	25								17.8
Short Stay	1.5	1.2	5.1	4.5	4.5									3.8
Swing Bed	83.8	75	98	49	66	59								69.4
Respite Care	14.0	13	20	-	5	20								11.6
Total Patient Days	107.1	108.2	129.1	68.5	99.5	104.0								101.9
Average Length of Stay	11.4	9.0	12.9	4.6	6.2	6.1								7.8
Average Patients per Day	3.5	3.5	4.5	2.2	3.3	3.4								3.4
Worked FTEs	-													#DIV/0!
FTEs (W/ Non-Working Pay*)	-													#DIV/0!
Laboratory (tests)	2,623	2,875	2,395	2,285	3,001	3,110								2,733
Radiology (tests)	225	253	245	231	254	292								255
Mammography (tests)	26	35	28	42	32	49								37
Cardiac Diagnostics	68	84	74	79	102	114								91
CT (Scans)	90	112	82	115	89	125								105
DXA (Scans)	7	17	7	28	20	15								17
PT (services billed)	1,630	1,778	1,645	1,764	1,686	1,735								1,722
ER (visits/procedures)	270	324	253	244	283	371								295
Ambulance (runs)	63	88	61	57	54	69								66
Clinic (visits)	943	1,051	976	1,197	1,091	1,167								1,096
Occupational Therapy	402	516	446	364	469	445								448
Speech Therapy	28	69	66	41	72	52								60
Endoscopy Procedures	4	7	22	20	13	12								15

REVENUE COMPARISON	2022	2023												2023
	YTD Mo Avg	**Jan**	**Feb**	**March**	**April**	**May**	**June**	**July**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**YTD Mo Avg**
Acute Care	$ 44,702	$ 122,267	$ (28,105)	$ 44,978	$ 104,755	$ 25,923								$ 53,964
Short Stay	4,929	3,846	15,659	14,765	13,764	13,795								12,366
Respite Care	1,344	5,785	14,960	-	445	9,180								6,074
Swing Bed	193,303	144,900	272,895	118,335	113,505	176,295								165,186
Central Supply	31,521	18,694	13,789	15,385	20,622	26,042								18,906
Laboratory	310,411	323,582	273,385	356,070	356,554	343,528								330,624
Cardiac Diagnostics	17,729	24,824	23,326	25,498	33,963	38,007								29,124
CT	290,288	382,550	289,072	376,137	340,517	414,505								360,556
Radiology	105,672	126,184	121,002	126,516	141,478	148,047								132,645
Mammography	14,668	17,620	18,493	25,513	20,365	26,363								21,671
Pharmacy	116,102	132,753	87,704	193,768	150,174	157,323								144,344
Respiratory Therapy	83	-	-	-	-	-								-
Physical Therapy	166,600	179,529	180,871	178,606	186,602	187,312								182,584
Emergency Room	493,055	595,285	566,371	592,177	573,591	705,793								606,643
Ambulance	203,771	164,881	244,598	225,217	178,209	239,989								210,579
Clinic	228,935	206,005	249,653	282,355	310,787	259,199								261,600
Occupational Therapy	47,018	52,920	59,886	44,284	52,754	54,713								52,911
Outpatient Diagnostic Svcs	14,805	14,952	44,461	62,002	60,911	56,994								47,864
Speech/Contracted Svcs	9,679	20,019	25,402	13,392	20,241	21,366								20,084
Dietary/Contracted Svcs	1,378	5,366	3,407	8,471	5,469	3,974								5,337
Total Patient Revenue	**$ 2,295,993**	**$ 2,541,962**	**$ 2,476,829**	**$ 2,703,469**	**$ 2,684,706**	**$ 2,908,348**								$ 2,663,063

Increase (Decrease) in Cash and Cash Equivalents

Cascade Medical Center

For the Month Ending May 31, 2023

	May-23	2023 YTD	2022 YTD
Cash flows from operating activities			
Receipts from and on behalf of patients	$ 1,665,806	$ 9,924,488	$ 7,202,269
Other receipts	$ 41,662	$ 224,764	$ 233,486
Payments to & on behalf of employees	$ (1,721,468)	$ (6,327,414)	$ (5,649,281)
Payments to suppliers and contractors	$ (974,932)	$ (4,583,144)	$ (3,721,624)
Net cash gained / (used) in operating activities	$ (988,933)	$ (761,305)	$ (1,935,151)
Cash flows from noncapital financing activities			
Taxation for maintenance and operations, EMS	$ 212,449	$ 1,358,847	$ 1,353,826
Noncapital grants and contributions	$ -	$ 36,547	$ 252,684
Net cash provided by noncapital financing activities	$ 212,449	$ 1,395,395	$ 1,606,510
Cash flows from capital and related financing activities			
Taxation for bond principal and interest	$ 58,829	$ 367,810	$ 353,962
Purchase of capital assets	$ -	$ (12,222)	$ (120,903)
Payments toward construction in progress	$ (260,438)	$ (282,083)	$ (155,447)
Proceeds from disposal of capital assets	$ -	$ 500	$ -
Proceeds from long-term debt	$ -	$ -	$ -
Principle & Interest paid on long-term debt	$ -	$ -	$ -
Bond maintenance & issuance costs	$ -	$ -	$ -
Capital grants and contributions	$ -	$ -	$ 37,495
Net cash provided by capital and related financing activities	$ (201,609)	$ 74,005	$ 115,107
Cash flows from investing activities			
Investment Income	$ 51,486	$ 225,108	$ 12,515
Net increase (decrease) in cash and cash equivalents	$ (926,607)	$ 933,202	$ (201,019)
Cash and Cash equivalents, beginning of period	$ 14,779,014	$ 12,919,205	$ 12,895,031
Cash and cash equivalents, end of period	$ 13,852,407	$ 13,852,407	$ 12,694,012

Forecasted Statement of Cash Flows
Cascade Medical Center
For the year ending May 31, 2023

	Actual 1st Qtr	Actual April	Actual May	Forecast June	Forecast 2nd Qtr	Forecast 3rd Qtr	Forecast 4th Qtr	Actual/Forecast Year End 2023	Budget 2023
Cash balance, beginning of period	$ 12,919,205	$ 14,269,736	$ 14,779,014	$ 13,852,407	$ 14,269,736	$ 12,913,946	$ 12,920,458	$ 12,919,205	$ 12,919,205
Cash available for operating needs	$ 12,707,225	$ 13,935,775	$ 13,956,012	$ 12,914,584	$ 13,935,775	$ 12,142,985	$ 12,106,349	$ 12,707,225	12,707,225
Cash restricted to debt service, other restricted funds	$ 211,980	$ 333,961	$ 823,002	$ 937,823	$ 333,961	$ 770,960	$ 814,109	$ 211,980	211,980
Cash flows from operating activities									
Receipts from and on behalf of patients	$ 6,595,932	$ 1,662,750	$ 1,665,806	$ 1,489,735	$ 4,818,291	$ 5,317,289	$ 6,872,431	$ 23,603,943	$ 21,346,379
Grant receipts	$ 35,993	$ 554	$ -	$ 23,985	$ 24,539	$ 52,642	$ 2,090	$ 115,264	$ 133,798
Other receipts	$ 168,890	$ 14,712	$ 41,662	$ 61,347	$ 117,720	$ 58,378	$ 89,939	$ 434,927	$ 403,985
Payments to or on behalf of employees	$ (3,442,158)	$ (1,163,788)	$ (1,721,468)	$ (1,567,413)	$ (4,452,669)	$ (3,373,645)	$ (3,948,637)	$ (15,217,109)	$ (16,977,604)
Payments to suppliers and contractors	$ (2,413,564)	$ (1,194,647)	$ (974,932)	$ (787,422)	$ (2,957,002)	$ (2,153,381)	$ (2,308,131)	$ (9,832,078)	$ (6,239,189)
Net cash provided by operating activities	$ 945,094	$ (680,419)	$ (988,933)	$ (779,768)	$ (2,449,120)	$ (98,718)	$ 707,691	$ (895,053)	$ (1,332,631)
Cash flows from noncapital financing activities									
Unencumbered M & O taxation	$ -	$ -	$ -	$ -	$ -	$ -	$ 246,325	$ 246,325	$ 243,957
Taxation for Emergency Medical Services	$ 169,499	$ 674,859	$ 156,457	$ 9,163	$ 840,479	$ 58,685	$ 722,608	$ 1,791,271	$ 1,795,981
Investment Income	$ 126,178	$ 47,443	$ 51,486	$ 7,961	$ 106,890	$ 48,778	$ 90,954	$ 372,800	$ 44,952
Donations	$ -	$ -		$ -	$ -	$ -	$ 67,269	$ 67,269	$ 90,000
Net cash provided by noncapital financing activities	$ 295,678	$ 722,302	$ 207,943	$ 17,124	$ 947,369	$ 107,463	$ 1,127,155	$ 2,477,664	$ 2,174,890
Proceeds from Long Term Debt	$ -				$ -	$ -	$ -	$ -	$ -
Less Funds Expended for Capital Purchases	$ (12,222)	$ (21,646)	$ (260,438)	$ (8,954)	$ (291,038)	$ (45,381)	$ (93,804)	$ (442,445)	$ (554,448)
Increase/(decrease) in cash available for operations	$ 1,228,550	$ 20,237	$ (1,041,428)	$ (771,599)	$ (1,792,789)	$ (36,637)	$ 1,741,042	$ 1,140,166	$ 287,811
Cash available for operating needs	**$ 13,935,775**	**$ 13,956,012**	**$ 12,914,584**	**$ 12,142,985**	**$ 12,142,985**	**$ 12,106,349**	**$ 13,847,391**	**$ 13,847,391**	**$ 12,995,036**
Taxation for bond prin & int (incl encumbd M&O)	$ 121,981	$ 489,040	114,821	$ 6,887	$ 610,748	$ 43,149	$ 270,318	$ 1,046,197	$ 1,055,568
Principle & Interest paid on long-term debt				$ (173,749)	$ (173,749)	$ -	$ (854,219)	$ (1,027,969)	$ (1,065,568)
Restricted grants and contributions	$ -				$ -	$ -	$ -	$ -	
Increase/(decrease) in restricted cash	$ 121,981	$ 489,040	$ 114,821	$ (166,862)	$ 436,999	$ 43,149	$ (583,901)	$ 18,228	$ (10,000)
Cash restricted to debt service, other restricted funds	**$ 333,961**	**$ 823,002**	**$ 937,823**	**$ 770,960**	**$ 770,960**	**$ 814,109**	**$ 230,208**	**$ 230,208**	**$ 201,980**
Cash balance, end of period	**$ 14,269,736**	**$ 14,779,014**	**$ 13,852,407**	**$ 12,913,946**	**$ 12,913,946**	**$ 12,920,458**	**$ 14,077,599**	**$ 14,077,599**	**$ 13,197,016**

CASCADE MEDICAL CENTER

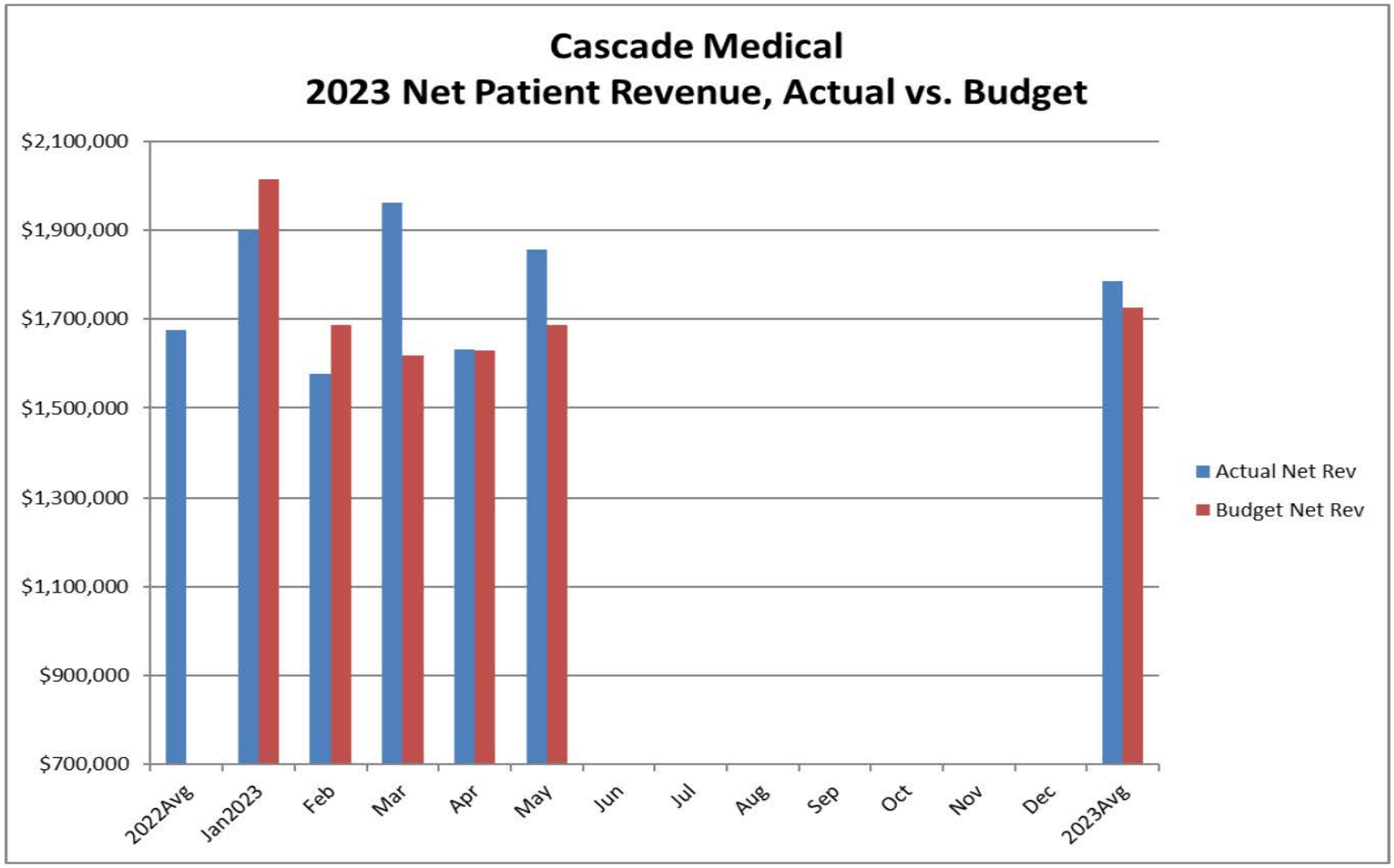
EMERGENCY MEDICAL SERVICES - MAY, 2023

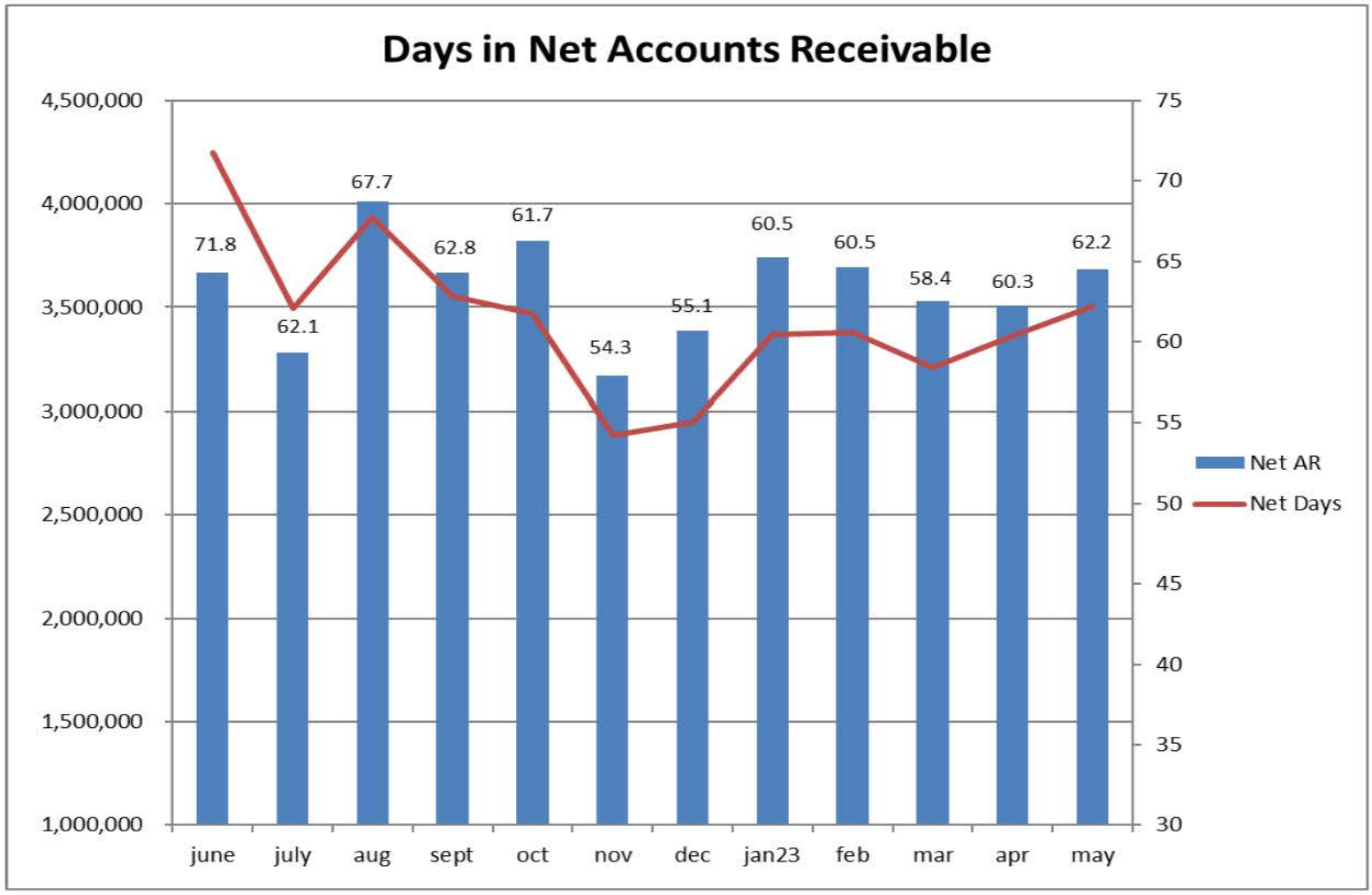
REVENUE	EMERGENCY ROOM 5/31/23	EMERGENCY ROOM 5/31/23 YTD	AMBULANCE 5/31/23	AMBULANCE 5/31/23 YTD	COMBINED EMERGENCY MEDICAL SERVICES 5/31/23	COMBINED EMERGENCY MEDICAL SERVICES 5/31/23 YTD	COMBINED EMERGENCY MEDICAL SERVICES 5/31/2022 YTD
PATIENT REVENUE	705,794	3,033,224	239,989	1,052,894	$945,783	$4,086,117	$0
DEDUCTIONS FROM REVENUE CONTRACTUAL ALLOWANCE, BAD DEBT & CHARITY CARE	$410,631	$1,764,729	$157,289	$690,066	$567,920	$2,454,796	$0
NET PATIENT REVENUE	**$295,163**	**$1,268,494**	**$82,700**	**$362,827**	**$377,863**	**$1,631,322**	**$0**
OTHER OPERATING REVENUE	$0	$0	-	-	$0	$0	$0
TOTAL OPERATING REVENUE	**$295,163**	**$1,268,494**	**$82,700**	**$362,827**	**$377,863**	**$1,631,322**	**$0**
OPERATING EXPENSES							
SALARIES AND WAGES	168,613	838,823	110,846	524,777	$279,458	$1,363,600	$0
EMPLOYEE BENEFITS	25,470	130,257	29,179	129,770	$54,649	$260,027	$0
PROFESSIONAL FEES	20,310	102,408	-	1,500	$20,310	$103,908	$0
SUPPLIES	4,958	29,044	13,527	47,123	$18,485	$76,166	$0
FUEL	-	-	2,128	9,797	$2,128	$9,797	$0
REPAIRS AND MAINT.	-	-	680	15,348	$680	$15,348	$0
PURCHASED SERVICES	2,500	13,400	15,944	77,094	$18,444	$90,494	$0
CONTINUING MEDICAL EDUCATION	27	902	710	7,559	$737	$8,461	$0
DUES	944	4,722	1,886	10,840	$2,830	$15,562	$0
OTHER EXPENSES	159	794	881	6,557	$1,040	$7,350	$0
LEASES / RENTALS	245	1,666	2,100	12,200	$2,345	$13,866	$0
DEPRECIATION	4,522	22,609	17,920	89,602	$22,442	$112,210	$0
TAXES AND LICENSES	-	1,338	-	-	$0	$1,338	$0
INSURANCE	1,113	5,567	4,238	21,191	$5,352	$26,758	$0
OVERHEAD COSTS	213,856	966,630	101,252	457,656	$315,108	$1,424,286	$0
TOTAL OPERATING EXPENSES	**$442,717**	**$2,118,158**	**$301,291**	**$1,411,013**	**$744,007**	**$3,529,170**	**$0**
MARGIN ON OPERATIONS	**($147,553)**	**($849,665)**	**($218,590)**	**($1,048,186)**	**($366,144)**	**($1,897,848)**	**$0**
TAX REVENUE					**$149,665**	**$748,325**	**$0**
NET MARGIN WITH TAX REVENUE					**($216,479)**	**($1,149,523)**	**$0**
STATISTICS (ER - visits/procedures, AMB - billed runs) - 2023	**371**	**1,475**	**69**	**329**			
Total Ambulance Runs (includes unbillable runs)			**98**	**481**			
STATISTICS (ER - visits/procedures, AMB - billed runs) - 2022	**323**	**1,348**	**75**	**317**			
Total Ambulance Runs (includes unbillable runs)			**100**	**468**			

Cascade Medical Center
Balance Sheet
As of May 31, 2023 and December 31, 2022

	May 2023	Dec 2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	1,226,343	879,569
Savings Account	10,536,304	9,042,895
Patient Account Receivable	6,465,344	6,045,511
less: Reserves for Contractual Allowances	(2,780,098)	(2,592,952)
Inventories and Prepaid Expenses	333,762	330,878
Taxes Receivable - M&O Levy	(79,614)	11,777
- EMS Levy	(89,567)	159,405
Other Assets	(624,303)	458,839
Total Current Assets	14,988,171	14,335,921
Assets Limited as to Use		
Cash and Cash Equivalents		
Funded Depreciation	1,340,464	1,314,457
CVB Memorial Fund	1,274	1,273
UTGO Bond Payable Fund	438,277	70,467
LTGO Bond Payable Fund	265,317	265,317
Investment Memorial Fund	127,003	124,539
Settlement Account	166,336	163,108
Paycheck Protection Loan Proceeds	-	-
Cash - EMS	311,568	1,160,753
	2,650,239	3,099,915
Taxes Receivable - Construction Bond Levy	(76,767)	11,494
Total Assets Limited as to Use	2,573,472	3,111,409
Property, Plant and Equipment		
Land	522,015	522,015
Land Improvements	1,392,089	1,392,089
Buildings & Improvements	10,502,550	10,502,549
Fixed Equip - Hospital	8,759,776	8,747,554
Major Movable Equipment Hospital	8,029,111	8,036,544
Construction in Progress	299,155	17,072
Total Property, Plant and Equipment	29,504,696	29,217,823
Less: Accumulated Depreciation	(20,080,332)	(19,255,003)
	9,424,364	9,962,820
Other Assets		
Long Term Pension Assets	1,274,192	1,274,192
Deferred OPEB/Pension Costs	597,265	597,265
Deferred Bond Costs	313,618	322,464
TOTAL ASSETS	29,171,082	29,604,072

	May 2023	Dec 2022
LIABILITIES & FUND BALANCE		
Current Liabilities		
Accounts Payable	205,641	592,145
Accrued Payroll	925,240	423,350
Refunds Payable	(15,925)	8,112
Accrued PTO	871,510	763,093
Payroll Taxes & Benefits Payable	8,983	(91,262)
Accrued Interest Payable	163,284	27,214
Current Long Term Debt	742,999	746,195
Current OPEB Liability	917,446	861,196
Settlement Payable	741,000	741,000
Total Current Liabilities	4,560,178	4,071,042
Long Term Liabilities		
Notes Payable	207,493	207,493
Covid SHIP Funding	-	-
PPP Note Payable	-	-
CARES Act Funds Reserve	-	-
UTGO Bond Payable	5,021,000	5,021,000
LTGO Bond Payable	4,440,000	4,440,000
Deferred Revenue/Bond Premium	86,767	89,106
Long Term OPEB/Pension Liability	3,212,153	3,212,153
Total Long Term Liabilities	12,967,412	12,969,752
Total Liabilities	17,527,591	17,040,794
Fund Balance - Prior Years	12,563,278	12,563,278
Fund Balance - Current Year	(919,787)	-
Total Fund Balance	11,643,491	12,563,278
TOTAL LIABILITIES & FUND BALANCE	29,171,082	29,604,072


Cascade Medical
2023 Net Patient Revenue, Actual vs. Budget
$2,100,000
$1,900,000
$1,700,000
$1,500,000
$1,300,000
$1,100,000
$900,000
$700,000
2022Avg
Jan2023
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2023Avg
Actual Net Rev
Budget Net Rev


Days in Net Accounts Receivable
4,500,000
4,000,000
3,500,000
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
75
70
65
60
55
50
45
40
35
30
71.8
62.1
67.7
62.8
61.7
54.3
55.1
60.5
60.5
58.4
60.3
62.2
june
july
aug
sept
oct
nov
dec
jan23
feb
mar
apr
may
Net AR
Net Days

Cascade Medical
Accounts Receivable Trending Report - 2023

Total Facility	Dec 2020	Dec 2021	Dec 2022	Jan 2023	Feb	Mar	Apr	May	Jun
0 - 30 days	2,902,699	2,437,008	2,660,733						
31-60 days	546,254	863,160	545,432						
61-90 days	547,840	332,252	349,290						
91-180 days	570,339	991,256	1,129,065						
over 180 days	728,885	1,016,613	1,360,992						
Total Balance	5,296,017	5,640,289	6,045,511	6,345,113	6,369,204	6,302,232	6,178,319	6,465,344	
Credit bals as % of AR	5.5%	2.5%	6.8%						
% >90 w/o installs	22.0%	33.6%	41.2%						