

BROADLAWNS MEDICAL CENTER
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2024 AND 2023



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**BROADLAWNS MEDICAL CENTER
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Broadlawns Medical Center
Des Moines, Iowa

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Broadlawns Medical Center (Medical Center), and Broadlawns Medical Center Foundation (Foundation), a discretely presented component unit, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise Broadlawns Medical Center's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Broadlawns Medical Center and its discretely presented component unit, Broadlawns Medical Center Foundation, as of June 30, 2024 and 2023, and the respective changes in financial position and 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 found 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 Broadlawns Medical Center and its discretely presented component unit, Broadlawns Medical Center Foundation, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Broadlawns Medical Center's and its discretely presented component unit, Broadlawns Medical Center Foundation, ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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 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 Broadlawns Medical Center's and its discretely presented component unit, Broadlawns Medical Center Foundation'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 Broadlawns Medical Center's and its discretely presented component unit, Broadlawns Medical Center Foundation'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.

Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 – 13 and the required supplementary information as listed in the table of contents, on pages 47 – 51 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for that portion marked "unaudited," has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it. In our opinion, except for that portion marked "unaudited", the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2024, on our consideration of Broadlawns Medical Center'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. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Broadlawns Medical Center's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Des Moines, Iowa
December 3, 2024

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

Introduction

This section of the Broadlawns Medical Center (Medical Center) annual financial report presents management's discussion and analysis of the Medical Center's financial performance during the years ended June 30, 2024 and 2023. The purpose is to provide an objective analysis of the financial activities of the Medical Center based on currently known facts, decisions, and conditions. Please read it in conjunction with the Medical Center's basic financial statements and the notes to basic financial statements.

Overview of the Financial Statements

This annual report consists of two parts - management's discussion and analysis and the basic financial statements.

Required Financial Statements

The statement of net position, which is also referred to as the balance sheet, offers short-term and long-term financial information about the Medical Center's activities. The balance sheet includes all of the Medical Center's assets, liabilities, deferred outflows and deferred inflows and provides information about the nature and amounts of investments in resources (assets) and the obligations to Medical Center creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Medical Center and assessing the liquidity and financial flexibility of the Medical Center. All of the current year's revenue and expenses are accounted for in the statement of revenue, expenses, and changes in net position. This statement measures the results from the Medical Center's operations over the past year and can be used to determine whether the Medical Center has been able to recover all of its costs through its patient service revenue and other revenue sources. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide answers to such questions as, "Where did cash come from?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

Financial Analysis of the Medical Center

The statement of net position and the statement of revenue, expenses, and changes in net position report information about the Medical Center's activities. These two statements report the net position of the Medical Center and changes in them. Increases or decreases in the Medical Center's net position are one indication of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in the health care industry, changes in Medicare and Medicaid regulations and changes in managed care contracting should be considered.

Management's discussion and analysis of Broadlawns Medical Center's financial performance provides an overview of the Medical Center's financial activities for the fiscal years ended June 30, 2024, 2023, and 2022.

Organization

Broadlawns Medical Center is organized under Chapter 347 of the Iowa Code, not subject to taxes on income or property. The Medical Center is a county public hospital and receives tax support from the property tax levy. A seven-member elected Board of Trustees is responsible for establishing governance policies that ensure effective Medical Center operations.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

Organization (Continued)

Broadlawns Medical Center Foundation (Foundation) is a legally separate, tax exempt, discretely presented component unit of Broadlawns Medical Center. The Foundation was formed to, among other things, raise funds for the general welfare, maintenance, and improvement of the Medical Center. The Board of the Foundation is self-perpetuating and consists of citizens of the greater Des Moines Area. Although the Medical Center does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds are contributed to the Medical Center. Because these resources held by the Foundation have historically been for the benefit of the Medical Center, the Foundation is considered a component unit of the Medical Center and is discretely presented in the Medical Center's financial statements. Complete financial statements for the Foundation can be obtained from Jim Lynch, Broadlawns Medical Center, 1801 Hickman Road, Des Moines, Iowa 50314.

Financial Highlights

- For the year the Medical Center's change in net position is \$34,049,111, which is an increase of \$8,908,799 from last fiscal year, which ended with a change in net position of \$25,140,312.
- Total operating expenses for the current fiscal year were \$42,432,752 more than last fiscal year.
- Total operating revenue for the year was \$224,683,378, which is an increase of \$44,388,855.
- Net nonoperating revenue, which includes revenue from the property tax levy, increased \$6,383,790.
- During the fiscal year, the Medical Center made capital investments totaling \$7,318,694. Capital investments were less than depreciation expense of \$12,302,965 by \$4,984,271. The following is a list of significant purchases and improvements placed in service during the fiscal year:

Capital Investments	Vendor	Department	Amount
Drake Clinic Construction	Various	Drake Clinic	\$ 2,342,816
Medical Beds	Stryker	Med/Surg & ICU	907,009
HR Information System	Various	Human Resources	799,191
Remodel Sterile Processing Decon	Various	SPD	566,600

The source of funding of these projects is derived from operations and donations.

Net Position

June 30, 2024: Total current assets are \$329,275,426, which is \$53,822,710 more than last year. The difference is mainly due to an increase in cash and cash equivalents of \$35,627,826, an increase in amounts due from Third-Party Payors of \$26,365,272. Total noncurrent assets are \$128,990,993, which is \$3,772,416 less than last year. The decrease in non-depreciable capital assets of \$11,213,568 is offset by an increase in net depreciable capital assets of \$7,569,981.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

Net Position (Continued)

Deferred outflows related to pension are \$22,873,822 which is \$7,712,296 more than last year. Deferred outflows related to postemployment benefits are \$1,004,844, which is \$64,646 less than last year. Deferred outflows relate to the adoption of GASB Statement Nos. 68, 71, and 75 and are discussed in Notes 7 and 10.

Total current liabilities of \$51,507,701 are \$21,757,948 more than last fiscal year. The change is mainly due to an increase in accounts payable and other accrued expenses of \$4,827,570, an increase in accrued employee compensation and payroll taxes of \$2,196,777, and an increase in due to third-party payors of \$14,073,388. Noncurrent liabilities of \$58,573,557 are \$8,340,572 more than last fiscal year. The increase is due to an increase in net pension liability of \$7,932,058.

Deferred inflow of resources totaled \$76,214,942, which is \$6,449,687 less than last fiscal year. The portion that relates to pension due to GASB Statement Nos. 68 and 71 described In Note 7, is \$334,861 which is \$5,003,203 less than last year. Revenue for succeeding year property taxes decreased \$1,365,795.

Net position totaled \$295,848,885, which is \$34,049,111 more than last fiscal year.

June 30, 2023: Total current assets are \$275,452,716, which is \$10,973,900 more than last year. The difference is mainly due to an increase in cash and cash equivalents of \$2,683,232, an increase in short-term investments of \$1,890,210, an increase in patient receivables of \$1,558,954, an increase in succeeding year property taxes of \$3,254,920, an increase in other receivables of \$1,216,656, and an increase in due from third-party payors of \$468,611. Total noncurrent assets are \$132,763,409, which is \$13,390,874 more than last year. The increase in non-depreciable capital assets of \$16,119,548, offset by a decrease in net depreciable capital assets of \$2,935,336.

Deferred outflows related to pension are \$15,161,526 which is \$911,388 more than last year. Deferred outflows related to postemployment benefits are \$1,069,490, which is \$64,647 less than last year. Deferred outflows relate to the adoption of GASB Statement Nos. 68, 71, and 75 and are discussed in Notes 7 and 10.

Total current liabilities of \$29,749,753 are \$3,867,060 more than last fiscal year. The change is mainly due to an increase in accounts payable and other accrued expenses of \$2,575,886, an increase in accrued employee compensation and payroll taxes of \$1,526,985, offset by a decrease in deferred revenue of \$301,093 and a decrease in due to third-party payors of \$114,428. Noncurrent liabilities of \$50,232,985 are \$40,188,733 more than last fiscal year. The increase is due to an increase in net pension liability of \$41,282,127 offset by a decrease in long-term debt, less current maturities of \$300,254.

Deferred inflow of resources totaled \$82,664,629, which is \$43,984,590 less than last fiscal year. The portion that relates to pension due to GASB Statement Nos. 68 and 71 described In Note 7, is \$5,338,064 which is \$48,118,287 less than last year. Revenue for succeeding year property taxes increased \$3,254,920.

Net position totaled \$261,799,774, which is \$25,140,312 more than last fiscal year.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

Net Position (Continued)

A summary of the Medical Center's statements of net position are presented in Table 1 below:

Table 1: Condensed Statements of Net Position

	June 30,		
	2024	2023	2022
Total Current Assets	\$ 329,275,426	\$ 275,452,716	\$ 264,478,816
Capital Assets, Net	119,178,311	122,821,898	109,637,686
Other Assets	9,812,682	9,941,511	9,734,849
Total Assets	458,266,419	408,216,125	383,851,351
Deferred Outflows	23,878,666	16,231,016	15,384,275
Total Assets and Deferred Outflows	<u>\$ 482,145,085</u>	<u>\$ 424,447,141</u>	<u>\$ 399,235,626</u>
Current Liabilities	\$ 51,507,701	\$ 29,749,753	\$ 25,882,693
Long-Term Debt Outstanding and Other			
Long-Term Liabilities	58,573,557	50,232,985	10,044,252
Total Liabilities	110,081,258	79,982,738	35,926,945
Deferred Inflows:			
Related to Pension	334,861	5,338,064	53,456,351
Related to Postemployment Benefits	1,559,972	1,640,661	761,884
Revenue for Succeeding Year Property Taxes	74,320,109	75,685,904	72,430,984
Total Deferred Inflows	76,214,942	82,664,629	126,649,219
Net Investment in Capital Assets	114,462,075	118,327,113	105,187,951
Restricted	132,816	217,264	215,542
Unrestricted	181,253,994	143,255,397	131,255,969
Total Net Position	<u>295,848,885</u>	<u>261,799,774</u>	<u>236,659,462</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 482,145,085</u>	<u>\$ 424,447,141</u>	<u>\$ 399,235,626</u>

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

Summary of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2024: Net patient revenue is \$215,493,525, which is \$44,157,135 or 25.8% more than last fiscal year. Grants and contract revenue is \$4,193,299, which is \$141,390 more than last fiscal year. Other revenue is \$4,996,554, which is \$90,330 more than last year. Salaries increased \$14,754,401 or 13.2% due to cost of regular market wage rate increases and an increase of approximately 65 FTEs. Pension expense increased \$4,351,251 or 273.2% (see Note 7). Employee benefits excluding pension expense increased \$2,746,509 or 11.9%, which is mainly driven by the increase in FTE's. Physician fees and outside services increased \$982,781 or 13.4%. Supplies and other expenses increased \$18,314,529 or 22.9% due mainly to the increase in drug costs, supply costs, and Medicaid Direct Payment assessment. Property tax revenue is \$80,107,785, which is \$3,982,814 more than last fiscal year. Noncapital grants and contributions are \$50,294, which is \$10,469 less than last fiscal year.

Year Ended June 30, 2023: Net patient revenue is \$171,336,390, which is \$17,202,807 or 11.2% more than last fiscal year. Grants and contract revenue is \$4,051,909 which is \$963,752 less than last fiscal year. Other revenue is \$4,906,224, which is \$228,794 more than last year. Salaries increased \$6,443,787 or 6.1% due to cost of regular market wage rate increases and an increase of 25 FTEs. Pension expense increased \$4,446,466 or 155.8% (see Note 7). Employee benefits excluding pension expense decreased \$355,809 or 1.5% due mainly to a decrease in health insurance claims. Physician fees and outside services increased \$670,789 or 10.1%. Supplies and other expenses increased \$5,047,238 or 6.7% due mainly to the increase in temporary services, drug costs, service supplies, and purchased services cost. Property tax revenue is \$76,124,971, which is \$3,821,009 more than last fiscal year. Noncapital grants and contributions are \$60,763, which is \$20,527 less than last fiscal year.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

Summary of Revenue, Expenses, and Changes in Net Position (Continued)

The following table presents a summary of the Medical Center's revenue, expenses, and changes in net position for the fiscal years ended June 30, 2024, 2023 and 2022.

Table 2: Revenue, Expenses, and Changes in Net Position

	Year Ended June 30,		
	2024	2023	2022
Revenue:			
Net Patient Service Revenue	\$ 215,493,525	\$ 171,336,390	\$ 154,133,583
Grants and Contracts	4,193,299	4,051,909	5,015,661
Other	4,995,300	4,906,224	4,677,430
Total Operating Revenue	224,682,124	180,294,523	163,826,674
Expenses:			
Salaries and Employee Benefits	158,093,546	136,241,385	125,706,941
Supplies and Other Expenses	98,430,341	80,115,812	75,068,574
Physician Fees and Outside Services	8,315,276	7,332,495	6,661,706
Depreciation and Amortization	12,302,965	11,019,684	9,724,738
Operating Expenses	277,142,128	234,709,376	217,161,959
Operating Loss	(52,460,004)	(54,414,853)	(53,335,285)
Nonoperating Revenue, Net	85,909,561	79,524,517	72,256,247
Capital Contributions	599,554	30,648	441,600
Increase in Net Position	\$ 34,049,111	\$ 25,140,312	\$ 19,362,562
Total Revenue	\$ 311,331,213	\$ 260,425,265	\$ 236,568,195
Total Expenses	\$ 277,282,102	\$ 235,284,953	\$ 217,205,633

Patient and Medical Center Statistical Data

Year Ended June 30, 2024: Acute admissions of 3,088 patients for the current fiscal year are 244 more than last fiscal year. Average length of stay for acute patients is 4.6 days, which is 0.2 days less than last fiscal year. Average length of stay for mental health patients is 21.8 days, which is 4.1 days more than last fiscal year. Acute patient days of 26,576 days for the current fiscal year is 1,477 days more than last fiscal year.

Emergency department visits of 25,426 for the current year is 1,075 visits more than last fiscal year. Clinic visits of 277,592 for current year is 3,575 visits more than last fiscal year.

Year Ended June 30, 2023: Acute admissions of 2,844 patients for the current fiscal year are 43 less than last fiscal year. Average length of stay for acute patients is 4.8 days, which is 0.1 days less than last fiscal year. Average length of stay for mental health patients is 17.7 days, which is 1.1 days more than last fiscal year. Acute patient days of 25,099 days for the current fiscal year is 336 days more than last fiscal year.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

Patient and Medical Center Statistical Data (Continued)

Emergency department visits of 24,351 for the current year is 1,567 visits more than last fiscal year. Clinic visits of 274,017 for current year is 10,918 visits more than last fiscal year.

Table 3: Patient and Medical Center Statistical Data

	Year Ended June 30,		
	2024	2023	2022
Acute Patient Days	26,576	25,099	24,763
Acute Admissions	3,088	2,844	2,887
Acute Discharges	3,057	2,824	2,833
Residential Patient Days	5,808	6,118	6,692
Residential Admissions	228	110	123
Residential Discharges	228	113	122
Average Length of Stay (Days):			
Acute	4.6	4.8	4.9
Mental Health	21.8	17.7	16.6
Outpatient Visits:			
Emergency Room	25,426	24,351	22,784
Main Campus Urgent Care	23,114	23,291	22,040
Off Campus Urgent Care	33,272	31,305	27,182
Main Campus Primary Care	47,553	45,800	43,598
Off Campus Primary Care	26,648	19,000	20,405
Women's Health Clinic	17,276	14,844	12,330
Specialty Clinics	73,012	79,396	81,154
Oral Medicine	9,234	8,402	9,708
Mental Health	44,788	49,648	44,107
Addiction Medicine	2,695	2,331	2,575
Total Outpatient Visits	<u>303,018</u>	<u>298,368</u>	<u>285,883</u>

Sources of Revenue

Net Patient Revenue

Year Ended June 30, 2024: The Medical Center is the safety net for the indigent uninsured and underinsured of Polk County and is dependent on two major sources of revenue, which are net patient revenue and property taxes. During fiscal year 2024, the Medical Center recorded \$215,493,525 in net patient revenue representing 69.2% of total revenue. The \$215,493,525 in net patient revenue represents 46.2% of gross patient charges, which is an increase from last fiscal year. The majority of net patient revenue is paid by Medicare, Medicaid, and third-party payors based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Patients that fall under 300% of the Federal Poverty Guidelines and are otherwise eligible under the Broadlawns Community Care program would receive a 100% discount. Patients that fall between 301% and 400% of the Federal Poverty Guidelines and are otherwise eligible under the Broadlawns Community Care program would receive a discount up to the calculated Amounts Generally Billed.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

Sources of Revenue (Continued)

Net Patient Revenue (Continued)

Year Ended June 30, 2023: The Medical Center is the safety net for the indigent uninsured and underinsured of Polk County and is dependent on two major sources of revenue, which are net patient revenue and property taxes. During fiscal year 2023, the Medical Center recorded \$171,336,390 in net patient revenue representing 65.9% of total revenue. The \$171,336,390 in net patient revenue represents 39.6% of gross patient charges, which is consistent with last fiscal year. The majority of net patient revenue is paid by Medicare, Medicaid, and third-party payors based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Patients that fall under 300% of the Federal Poverty Guidelines and are otherwise eligible under the Broadlawns Community Care program would receive a 100% discount. Patients that fall between 301% and 400% of the Federal Poverty Guidelines and are otherwise eligible under the Broadlawns Community Care program would receive a discount up to the calculated Amounts Generally Billed.

Table 4: Payor Mix by Percentages

	Year Ended June 30,		
	2024	2023	2022
Medicare	26 %	29 %	30 %
Medicaid	47	39	38
Commercial	9	15	17
Wellmark	10	14	12
Self Pay, Including Charity Care and Bad Debts	8	3	3
Total	100 %	100 %	100 %

Year Ended June 30, 2024: Deductions from revenue consist of charity care totaling \$12,297,015, contractual adjustments totaling \$216,055,561 and bad debts totaling \$22,476,096. As a percentage of gross patient charges, charity care decreased 0.1% to 2.6%, contractual adjustments decreased by 8.2% to 46.3%, and bad debts increased 1.5% to 4.8%, resulting in an increase of 6.6% for net patient revenue as compared to gross patient charges.

Year Ended June 30, 2023: Deductions from revenue consist of charity care totaling \$11,521,490, contractual adjustments totaling \$235,798,275 and bad debts totaling \$14,064,216. As a percentage of gross patient charges, charity care decreased 0.3% to 2.7%, contractual adjustments remained consistent at 54.5% and bad debts increased 0.4% to 3.3%, resulting in an increase of 0.1% for net patient revenue as compared to gross patient charges.

Grant/Contract Revenue

Year Ended June 30, 2024: Grant and contract revenue for the year ended June 30, 2024, totaled \$3,449,202 and \$744,097, respectively, for a total of \$4,193,299, which represents 1.4% of total revenue compared to a total of \$4,051,909 in 2023.

Year Ended June 30, 2023: Grant and contract revenue for the year ended June 30, 2023, totaled \$3,326,987 and \$724,922, respectively, for a total of \$4,051,909, which represents 1.6% of total revenue compared to a total of \$5,015,661 in 2022.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

Other Revenue

Other revenue consists of sales of services provided to other entities, refunds and reimbursements. Other revenue totals \$4,996,554 and \$4,906,224, which represents 1.6% and 1.9% of total revenue for the years ended June 30, 2024 and 2023, respectively.

Tax Revenue

Year Ended June 30, 2024: Broadlawns Medical Center has the taxing authority under the Code of Iowa to support its operations. For the year ended June 30, 2024, the Medical Center's tax revenue totaled \$80,107,785, which is an increase of \$3,982,814 or 5.2% more than the prior year. The tax revenue represented 25.7% of total revenue. The fiscal year 2024 Medical Center Tax Levy utilization percentage remained consistent with fiscal year 2023 at approximately 77% of the total Tax Levy cap, while the absolute dollar amount of the levy has increased due to an increase in total assessed property values in Polk County.

Year Ended June 30, 2023: Broadlawns Medical Center has the taxing authority under the Code of Iowa to support its operations. For the year ended June 30, 2023, the Medical Center's tax revenue totaled \$76,124,971, which is an increase of \$3,821,009 or 5.3% more than the prior year. The tax revenue represented 29.2% of total revenue.

Table 5: Tax Receipts

	2024	2023	2022	Increase (Decrease)	Levied Taxes June 30, 2024
Improvement and Maintenance	\$ 62,217,873	\$ 60,552,144	\$ 57,508,777	\$ 1,665,729	\$ 63,650,433
FICA Fund	-	-	-	-	-
IPERS Fund	7,383,592	7,013,413	6,664,285	370,179	-
Unemployment	-	-	-	-	-
Tort (Insurance) Fund	10,506,320	8,559,414	8,130,900	1,946,906	10,669,676
Total Taxes	<u>\$ 80,107,785</u>	<u>\$ 76,124,971</u>	<u>\$ 72,303,962</u>	<u>\$ 3,982,814</u>	<u>\$ 74,320,109</u>

In addition to receiving the Levied Taxes of \$74,320,109 in the fiscal year ending June 30, 2025, the Medical Center expects to receive the Utility Tax Replacement Excise Tax and State Backfill Tax of \$3,232,176. The total tax receipts for 2025 is expected to be \$77,552,285.

Capital Assets

June 30, 2024: As of June 30, 2024, the Medical Center had \$119,178,311 invested in capital assets. Capital expenditures in 2024 were less than the 2024 depreciation expense, resulting in a decrease of \$3,643,587 in net capital assets from 2023 to 2024.

June 30, 2023: As of June 30, 2023, the Medical Center had \$122,821,898 invested in capital assets. Capital expenditures in 2023 were more than the 2023 depreciation expense, resulting in an increase of \$13,184,212 in net capital assets from 2022 to 2023.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2024 AND 2023**

Capital Assets (Continued)

Table 6: Capital Assets

	June 30,		
	2024	2023	2022
Capital Assets Not Being Depreciated:			
Land	\$ 2,096,975	\$ 2,096,975	\$ 2,096,975
Construction in Progress	6,602,558	17,816,126	1,696,578
Capital Assets Net of Depreciation			
Land Improvements	6,163,434	4,518,849	4,968,012
Buildings	40,261,790	38,620,379	40,497,573
Building Equipment	46,859,653	42,912,351	44,741,671
Fixed Equipment	99,427	109,794	101,007
Vehicles	43,399	-	9,462
Major Movable Equipment	17,051,075	16,747,424	15,526,407
Total Capital Assets, Net	<u>\$ 119,178,311</u>	<u>\$ 122,821,898</u>	<u>\$ 109,637,685</u>

Additional information relating to capital assets can be found in Note 5 to the basic financial statements.

Fiscal Year 2025 Outlook

The Board of Trustees has approved and set the budget for the 2025 fiscal year. The budget projects an increase in net position of \$12,249,100. The FY25 budget demonstrates Management's continued fiscal restraint in the management of the Tax Levy, including a voluntary reduction of the Tax Levy revenue to approximately 69% of the total Tax Levy cap.

The fiscal year 2025 budget reflects Management's conservative approach to the financial stewardship of the Medical Center. The health care industry and Broadlawns Medical Center are facing a number of regulatory and legislative challenges that can impact revenue, such as potential reductions to the Tax Levy, reductions to Disproportionate Share payments, reductions to 340B program, termination of Medicaid continuous enrollment, and funding shortfalls for behavioral health and other services. In addition, the industry and Broadlawns Medical Center are expected to face continued inflationary pressure on expenses.

Broadlawns Medical Center continues to engage in physician recruitment in the areas of family medicine, behavioral health, and other specialties in order to address the growing health care needs of the most vulnerable members of our community. Management will continue to evaluate existing and future services and facilities based on community need and seek economically viable means of providing these needed services to the people of Polk County. Management also anticipates continued investment in maintenance, modernization, and replacement of facilities and technology to meet the needs of the people of Polk County in the future. As such, Management anticipates reserving a percentage of current cash flows to fund future capital expenditures. Management believes this conservative long-term approach to the operations of the Medical Center will ensure the organization will remain financially viable far into the future.

Contacting the Medical Center's Financial Management

The financial report provides the citizens of Polk County, our patients, and creditors with a general overview of the Medical Center's finances and operations. If you have any questions about this report, contact Jim Lynch, CFO, Broadlawns Medical Center, 1801 Hickman Road, Des Moines, Iowa 50314.

**BROADLAWNS MEDICAL CENTER
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023**

	Medical Center		Component Unit (Foundation)	
	2024	2023	2024	2023
ASSETS AND DEFERRED OUTFLOWS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 97,711,099	\$ 62,083,273	\$ 282,840	\$ 232,194
Restricted Cash and Cash Equivalents	33,263,825	7,901,091	498,775	890,954
Pledges Receivable, Net	-	-	80,751	164,217
Short-Term Investments	59,471,020	70,526,884	-	-
Restricted Short-Term Investments	10,000,005	34,000,005	2,402,791	2,319,946
Receivables:				
Patients, Less Estimated Allowances for Uncollectibles, Charity and Contractuals				
2024 \$48,379,580; 2023 \$40,408,178	19,660,243	14,677,859	-	-
Property Taxes	350,843	276,111	-	-
Succeeding Year Property Taxes	74,320,109	75,685,904	-	-
Federal Grants	501,744	566,078	-	-
Nonfederal Grants	295,086	248,885	-	-
Other	846,206	3,060,975	3,598	2,386
Due from Third-Party Payors	27,557,240	1,191,968	-	-
Inventories	3,137,967	2,887,647	-	-
Prepaid Expenses and Other Assets	2,160,039	2,346,036	-	-
Total Current Assets	329,275,426	275,452,716	3,268,755	3,609,697
NONCURRENT ASSETS				
Noncurrent Cash and Investments, Net of Current Portion:				
Cash and Cash Equivalents	6,573,205	6,862,443	-	-
Investments	3,239,477	3,079,068	-	-
Total Noncurrent Cash and Investments	9,812,682	9,941,511	-	-
Pledges Receivable, Net of Current Portion	-	-	15,288	39,706
Other Assets	-	-	54,762	48,625
Total Noncurrent Assets	9,812,682	9,941,511	70,050	88,331
Capital Assets:				
Nondepreciable	8,699,533	19,913,101	-	-
Depreciable, Net	110,478,778	102,908,797	-	-
Total Capital Assets	119,178,311	122,821,898	-	-
Total Noncurrent Assets	128,990,993	132,763,409	70,050	88,331
Total Assets	458,266,419	408,216,125	3,338,805	3,698,028
DEFERRED OUTFLOWS				
Related to Pension	22,873,822	15,161,526	-	-
Related to Postemployment Benefits	1,004,844	1,069,490	-	-
Total Deferred Outflows	23,878,666	16,231,016	-	-
Total Assets and Deferred Outflows	\$ 482,145,085	\$ 424,447,141	\$ 3,338,805	\$ 3,698,028

See accompanying Notes to Basic Financial Statements.

BROADLAWNS MEDICAL CENTER
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2024 AND 2023

	Medical Center		Component Unit (Foundation)	
	2024	2023	2024	2023
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION				
CURRENT LIABILITIES				
Current Maturities of Long-Term Debt	\$ 862,281	\$ 819,046	\$ -	\$ -
Accounts Payable and Other Accrued Expenses	13,914,367	9,086,797	29,140	7,824
Accrued Employee Compensation and Payroll Taxes	19,914,976	17,718,199	-	-
Due to Third-Party Payors	14,126,725	53,337	-	-
Current Portion of Accrued Claims on Self-Insurance	2,689,352	2,072,374	-	-
Total Current Liabilities	51,507,701	29,749,753	29,140	7,824
NONCURRENT LIABILITIES				
Other Postemployment Benefits	1,480,816	1,373,960	-	-
Accrued Claims on Self-Insurance, Less Current Portion	3,638,316	2,892,968	-	-
Long-Term Debt, Less Current Maturities	2,801,563	3,245,253	-	-
Net Pension Liability	50,652,862	42,720,804	-	-
Total Noncurrent Liabilities	58,573,557	50,232,985	-	-
Total Liabilities	110,081,258	79,982,738	29,140	7,824
DEFERRED INFLOWS				
Related to Pension	334,861	5,338,064	-	-
Related to Postemployment Benefits	1,559,972	1,640,661	-	-
Revenue for Succeeding Year Property Taxes	74,320,109	75,685,904	-	-
Total Deferred Inflows	76,214,942	82,664,629	-	-
COMMITMENTS AND CONTINGENCIES				
NET POSITION				
Net Investment in Capital Assets	114,462,075	118,327,113	-	-
Restricted:				
For Enabling Legislation	79,444	97,605	-	-
For Specific Activities	53,372	119,659	3,026,825	3,458,010
Unrestricted	181,253,994	143,255,397	282,840	232,194
Total Net Position	295,848,885	261,799,774	3,309,665	3,690,204
Total Liabilities, Deferred Inflows, and Net Position	\$ 482,145,085	\$ 424,447,141	\$ 3,338,805	\$ 3,698,028

See accompanying Notes to Basic Financial Statements.

BROADLAWNS MEDICAL CENTER
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2024 AND 2023

	Medical Center		Component Unit (Foundation)	
	2024	2023	2024	2023
OPERATING REVENUE				
Net Patient Service Revenue	\$ 215,493,525	\$ 171,336,390	\$ -	\$ -
Contracts	744,097	724,922	-	-
Operating Grants	3,449,202	3,326,987	-	-
Other	4,995,300	4,906,224	-	-
Total Operating Revenue	224,682,124	180,294,523	-	-
OPERATING EXPENSES				
Salaries and Wages	126,316,131	111,561,730	-	-
Employee Benefits:				
Pension	5,943,927	1,592,676	-	-
All Others	25,833,488	23,086,979	-	-
Physician Fees and Outside Services	8,315,276	7,332,495	-	-
Supplies and Other Expenses	98,430,341	80,115,812	910,839	465,917
Depreciation and Amortization	12,302,965	11,019,684	-	-
Total Operating Expenses	277,142,128	234,709,376	910,839	465,917
OPERATING LOSS	(52,460,004)	(54,414,853)	(910,839)	(465,917)
NONOPERATING REVENUE (EXPENSE)				
Property Taxes Revenue	80,107,785	76,124,971	-	-
Property Taxes Expense	-	(500,000)	-	-
Noncapital Grants and Contributions	51,548	60,763	410,888	749,042
Investment Earnings	5,970,441	3,905,122	119,412	72,491
Interest Expense	(139,974)	(75,577)	-	-
Other, Net	(80,239)	9,238	-	-
Total Nonoperating Revenue, Net	85,909,561	79,524,517	530,300	821,533
CAPITAL CONTRIBUTIONS	599,554	30,648	-	-
CHANGE IN NET POSITION	34,049,111	25,140,312	(380,539)	355,616
Net Position - Beginning of Year	261,799,774	236,659,462	3,690,204	3,334,588
NET POSITION - END OF YEAR	<u>\$ 295,848,885</u>	<u>\$ 261,799,774</u>	<u>\$ 3,309,665</u>	<u>\$ 3,690,204</u>

See accompanying Notes to Financial Statements.

**BROADLAWNS MEDICAL CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023**

	Medical Center		Component Unit (Foundation)	
	2024	2023	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from and on Behalf of Patients	\$ 198,219,257	\$ 169,194,397	\$ -	\$ -
Payments to Suppliers and Contractors	(103,110,413)	(84,517,512)	-	-
Payments to Employees	(154,427,587)	(135,506,343)	-	-
Other Receipts and Payments, Net	6,691,418	933,990	(788,988)	(769,565)
Net Cash Used by Operating Activities	(52,627,325)	(49,895,468)	(788,988)	(769,565)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Property Taxes	80,033,053	75,592,401	-	-
Noncapital Grants and Contributions	51,548	60,763	410,888	749,042
Other	(80,239)	9,238	-	-
Net Cash Provided by Noncapital Financing Activities	80,004,362	75,662,402	410,888	749,042
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Payments on Long-Term Debt	(929,495)	(768,592)	-	-
Purchase of Capital Assets	(7,318,694)	(24,050,853)	-	-
Capital Contributions	599,554	30,648	-	-
Net Cash Used by Capital and Related Financing Activities	(7,541,611)	(24,788,797)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	5,970,441	3,905,122	119,412	72,491
Sales (Purchases) of Investments	34,895,455	(1,946,119)	(82,845)	(48,869)
Net Cash Provided by Investing Activities	40,865,896	1,959,003	36,567	23,622
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	60,701,322	2,937,140	(341,533)	3,099
Cash and Cash Equivalents - Beginning of Year	76,846,807	73,909,667	1,123,148	1,120,049
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 137,548,129</u>	<u>\$ 76,846,807</u>	<u>\$ 781,615</u>	<u>\$ 1,123,148</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION				
Cash and Cash Equivalents in Current Assets	\$ 97,711,099	\$ 62,083,273	\$ 282,840	\$ 232,194
Restricted Cash and Cash Equivalents	33,263,825	7,901,091	498,775	890,954
Noncurrent Cash and Cash Equivalents	6,573,205	6,862,443	-	-
Total Cash and Cash Equivalents	<u>\$ 137,548,129</u>	<u>\$ 76,846,807</u>	<u>\$ 781,615</u>	<u>\$ 1,123,148</u>

See accompanying Notes to Financial Statements.

BROADLAWNS MEDICAL CENTER
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023

	Medical Center		Component Unit (Foundation)	
	2024	2023	2024	2023
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES				
Operating Loss	\$ (52,460,004)	\$ (54,414,853)	\$ (910,839)	\$ (465,917)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:				
Depreciation and Amortization	12,302,965	11,019,684	-	-
Provisions for Bad Debts	22,446,980	14,064,216		
Loss on Disposal of Capital Assets	133,724	63,322	-	-
Changes in Assets and Liabilities:				
Patient Receivables	(27,429,364)	(15,623,170)	-	-
Pledges Receivable	-	-	107,884	148,415
Inventories, Prepaid Expenses, Other Assets, and Other Receivables	2,168,579	(982,248)	(7,349)	(6,703)
Due from/to Third-Party Payors	(12,291,884)	(583,039)	-	-
Accounts Payable and Accrued Expenses	7,301,163	3,364,744	21,316	(445,360)
Net Pension Liability	7,932,058	41,282,127	-	-
Deferred Outflows of Resources	(7,647,650)	(846,741)	-	-
Deferred Inflows of Resources	(5,083,892)	(47,239,510)	-	-
Net Cash Used by Operating Activities	<u>\$ (52,627,325)</u>	<u>\$ (49,895,468)</u>	<u>\$ (788,988)</u>	<u>\$ (769,565)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Change in Accounts Payable Related to Construction in Progress	<u>\$ 1,052,392</u>	<u>\$ 430,486</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Broadlawns Medical Center (Medical Center) is a county public hospital created in 1917 and organized under the provisions of Chapter 347 of the Code of Iowa. As a county public hospital, the Medical Center is a political subdivision of the state of Iowa. The Medical Center is controlled by a seven-member board of trustees elected from qualified residents of Polk County, Iowa, for terms of six years. The board of trustees has all the power and duties granted to it by the General Assembly of Iowa.

The Medical Center provides primary and secondary health care services through the operation of an acute care hospital, various clinics, and other comprehensive health care programs. Patients are primarily from Polk County, Iowa. Care is provided to any resident of Polk County, Iowa, including those lacking adequate financial resources.

Broadlawns Medical Center Foundation (Foundation) is a legally separate, tax exempt, discretely presented component unit of Broadlawns Medical Center. The Foundation was formed to, among other things, raise funds for the general welfare, maintenance, and improvement of the Medical Center. The Board of the Foundation is self-perpetuating and consists of citizens of Polk County. Although the Medical Center does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds are contributed to the Medical Center. Because these resources held by the Foundation have historically been for the benefit of the Medical Center, the Foundation is considered a component unit of the Medical Center and is discretely presented in the Medical Center's financial statements. The Foundation has a June 30 fiscal year-end. Individual financial statements can be obtained from the Foundation's office at 1801 Hickman Road, Des Moines, Iowa 50314.

Basis of Presentation

The financial statements include all funds of the above-mentioned entities. The Medical Center does not have any other component units, agencies or organizations for which it is financially accountable under criteria set forth by the Governmental Accounting Standards Board (GASB), other than the Foundation, which is discretely presented in these financial statements.

Accounting 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in estimates and assumptions in the near term would be material to the financial statements.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Accrual Basis of Accounting

The accrual basis of accounting is used by the Medical Center and Foundation. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when the liability has been incurred.

Cash and Cash Equivalents

Cash and cash equivalents include temporary cash investments whose use is not limited or restricted. The temporary cash investments have original maturities of three months or less at date of issuance.

Patient Receivables

Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors.

Patient accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Medical Center analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful 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 doubtful accounts.

For receivables associated with services provided to patients who have third-party coverage, the Medical Center analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with self-pay patients, the Medical Center 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 and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. The Medical Center's allowance for doubtful accounts for the years ended June 30, 2024 and 2023 is \$10,568,000 and \$6,805,000, respectively.

Receivables or payables related to estimated settlements on various risk contracts that the Medical Center participates in are reported as estimated third-party payor receivables or payables.

Inventories

Inventories are stated at lower of cost or market, with cost determined using the first-in, first-out, or average cost method. Inventories are recorded as an expenditure at the time of consumption.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Property Tax Levy Receivable/Succeeding Year Property Tax Levy Receivable

The property tax levy is recognized as a receivable on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors and is thereby an enforceable legal claim. Property taxes receivable represents unpaid taxes for the 2024 fiscal year. The succeeding year property tax levy receivable represents taxes certified by the Board of Supervisors to be collected in the 2025 fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the board of trustees is required to certify the budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year county property tax levy receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Investments

Noncurrent cash and investments are recorded at fair value. Interest-bearing investments are intended to be held until maturity. Investments whose use is not limited or restricted are available to satisfy current obligations and are, therefore, classified as current assets in the accompanying statements of net position. Donated investments are reported at fair value at date of receipt, which becomes the asset cost. Realized gains or losses are determined based on the specific identification method.

The Medical Center invests in Iowa Public Agency Investment Trust, which is a 2a-7-Like pool. The Iowa Public Agency Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The trust utilizes the amortized cost method for valuation purposes. There are no limitations or restrictions on withdrawals from the Iowa Public Agency Investment Trust.

Capital Assets

Capital assets in excess of \$5,000 are capitalized and recorded at cost or, if donated, at fair value at date of donation. Depreciation is computed by the straight-line method over the assets' estimated useful lives ranging from three to 40 years.

Deferred Outflows of Resources

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

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the statement of net position consists of other postemployment benefit and succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earning on Iowa Public Employees' Retirement System (IPERS) investments.

Pensions

For purposes of measuring that net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the IPERS and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Patient Service Revenue

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

Operating Income

The Medical Center distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from the primary purpose of the Medical Center, which is to provide medical services to the region. Other operating revenue consists of revenue from grants, contracts and other miscellaneous services. Operating expenses consist of salaries and wages, employee benefits, physician fees and outside services, depreciation and amortization, supplies and other. All revenue and expenses not meeting these criteria are considered nonoperating.

For the Foundation, operating revenue and expenses generally result from operations of the Foundation, which are to obtain contributions and use those funds to support the Medical Center according to the donor's intentions. Other operating revenue consists of contributions received. Operating expenses consist of salaries and wages, employee benefits, depreciation, supplies and other. All revenue and expenses not meeting these criteria are considered nonoperating.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Operating Grants Revenue

Grants are recognized as revenue when earned. Expense-driven grants are recognized as revenue when the qualifying expenses have been incurred and all other grant requirements have been met. Operating grants revenue for the years ended June 30, 2024 and 2023 were \$3,449,202 and \$3,326,987, respectively.

Contracts and Other Operating Revenue

The basic financial statements include contracts and other operating revenue which primarily represent contracts with Polk County and miscellaneous sales.

Noncapital Grants and Contributions

From time to time, the Medical Center receives grants and contributions from individuals, private organizations, and governmental organizations. Revenues from grants and contributions (including contributions of long-lived 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 that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues.

Regulatory Investigations

Congress passed the Medicare Modernization Act in 2003, which among other things established a demonstration of the Medicare Recovery Audit Contractor (RAC) program. During fiscal year 2007, the RACs identified and corrected a significant amount of improper overpayments to providers in the demonstration states, which did not include Iowa. In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states. The Medical Center has been subject to such audits and will continue to be subject to additional audits in the future. The Medical Center has recorded an estimated liability, which is included in Due to Third-Party Payors on the accompanying statements of net position as of June 30, 2024 and 2023, as a reserve for the RAC program. It is reasonably possible that the recorded estimates will change materially in the near term.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Net Position

Net position is classified in three components.

Net Investment in Capital Assets – this component of net position consists of capital assets net of accumulated depreciation and amortization

Restricted – this component of net position consists of constraints placed on net position when there are limitations imposed on their use either through the enabling legislation adopted by the Organization or through external constraints that must be used for a particular purpose, as specified by creditors, granters or contributors external to the Organization, including amounts deposited as required by debt agreements. Net position restricted through enabling legislation consists of \$79,444 and \$97,605 for unemployment funds as of June 30, 2024 and 2023, respectively.

Unrestricted – this component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted", above.

It is the Medical Center's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted are available.

Charity Care

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue. Charity care services rendered by the Medical Center at established rates totaled \$12,297,015 and \$11,521,490 for the years ended June 30, 2024 and 2023, respectively.

The cost of charity care provided was approximately \$5,357,000 and \$5,238,000 for the years ended June 30, 2024 and 2023, respectively. The cost of providing financial assistance is estimated by applying an overall cost-to-charge ratio to the financial assistance charges incurred.

The Affordable Care Act substantially increased the federally and state-funded Medicaid insurance program, and authorized states to establish federally subsidized non-Medicaid health plans for low-income residents not eligible for Medicaid. Patients that were previously in the IowaCare program or who were uninsured generally enrolled in the Iowa Marketplace program or other commercial insurance. The IowaCare program expired effective December 31, 2013.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Charity Care (Continued)

Broadlawns was a legislatively recognized and authorized provider under the IowaCare program that ended December 31, 2013, with the advent of the Iowa Marketplace program taking effect January 1, 2014. The Iowa General Assembly authorized Broadlawn's continued receipt of disproportionate share hospital (DSH) funding Broadlawns had been receiving pursuant to the IowaCare program. This continued DSH funding is required to be with local tax-based funding from the County to provide the nonfederal share for these DSH payments, instead of what has previously been state appropriated funds for the nonfederal share under the IowaCare program. During the year ended June 30, 2022, the Medical Center entered into an agreement provided for a DSH payment of \$14,600,000 for the year ended June 30, 2023 to the Medical Center in exchange for the Medical Center paying \$4,933,376. During the year ended June 30, 2024, the Medical Center shifted from the DSH program to the Medicaid Directed Payment program (DPP) that impacts hospitals in the State of Iowa. DPP allows the State to obtain additional federal dollars for Iowa Medicaid managed care members in exchange for contributing additional State dollars. To fund the additional State contributions to the Medicaid program, hospitals are assessed a tax based on their patient volume. DPP funds are then distributed to hospitals based on their proportionate share of the overall state Medicaid managed care patient volume as well as meeting certain quality metrics. A 2% administrative fee is also charged on the assessment amount to fund the program with an additional 1% charged by the Iowa Hospital Association (IHA) for administration. Proceeds are received on a quarterly basis net of the tax amount. A final settlement process occurs after the contract year based on final Medicaid and quality data.

During the year ended June 30, 2024, the Medical Center recognized approximately \$47,455,000 in revenue related to this program and approximately \$7,364,000 in corresponding fee assessments. The revenue and fee assessments are recognized in net patient revenue and supplies and other expenses, respectively, in the statements of revenues, expenses, and changes in net position. Net proceeds receivable for the last two quarters of fiscal year 2024 totaling \$26,660,784 at June 30, 2024 are included in due from third-party payors in the accompanying statements of net position. Any estimated reserve for final settlement on the DPP proceeds is included in due from third-party payors in the accompanying statements of net position.

Tax Revenue

The Medical Center may receive tax support for maintenance and operations, certain payroll and other expenses, and property and equipment improvements and replacements, subject to specified limits.

Income Taxes

The Medical Center and Foundation are organizations described in Section 501(c)(3) and 509(a)(3), respectively, of the Internal Revenue Code (the Code) and, therefore, are exempt from federal taxes on related income pursuant to Sections 501 (a) and 509(a) of the Code.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Subsequent Events

In preparing the financial statements, the Medical Center has considered events and transactions that have occurred through December 3, 2024, the date in which the financial statements were available to be issued.

NOTE 2 NET PATIENT SERVICE REVENUE

As a provider of health care services, the Medical Center generally grants credit to patients without requiring collateral or other securities; however, it routinely obtains assignments of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies that are considered third-party payors.

A significant portion of net patient service revenue relates to patients covered by Medicare, Medicaid, Commercial, and other reimbursement agreements. Patient revenue is recorded at the Medical Center's established rates when patient services are performed.

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

Medicare

Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare fiscal intermediary. The Medical Center's Medicare cost reports have been audited by the Medicare fiscal intermediary through the year ended June 30, 2022.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates. During the year ended June 30, 2023, the Medical Center received a disproportionate share payment (DSH) to supplement the short fall of Medicaid prospective payments to the Medical Center's costs to provide care for Medicaid and Uninsured beneficiaries. During the year ended June 30, 2024, the Medical Center shifted from the DSH program to the Medicaid Directed Payment program (DPP). DPP establishes uniform increases in payments rates for inpatient and outpatient services provided to Medicaid Managed Care beneficiaries. During the years ending June 30, 2024, and 2023, Iowa Medicaid is managed under managed care organizations (MCO's) including: Wellpoint (formerly known as Amerigroup), Iowa Total Care, and Molina Healthcare.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 2 NET PATIENT SERVICE REVENUE (CONTINUED)

The Medicare and Medicaid programs accounted for approximately 73% and 68% of the Medical Center's net patient service revenue for the years ended June 30, 2024 and 2023, respectively. 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.

The Medical Center is subject to the State of Iowa's Hospital Provider Tax Program. Under the Program, a hospital is required to pay a quarterly provider tax assessment. The tax assessments collected by the State are used to fund a health care access improvement fund and are used to obtain federal matching funds, all of which must be distributed to Iowa hospitals to help bring Medicaid reimbursement closer to the cost of providing care. The allocation of these funds to specific health care providers is based primarily on the amount of care provided to Medicaid recipients. The Program increases inpatient DRG reimbursement rates and also implements several supplemental inpatient and outpatient methodologies. The Medical Center's additional reimbursement has been recorded in the accompanying financial statements as a reduction of contractual adjustment expense. Total assessments incurred by the Medical Center related to this Program amounted to approximately \$243,000 for each of the years ended June 30, 2024 and 2023, which is included in other operating expenses.

Additionally, as part of the participation in the DPP program the Medical Center is assessed another tax as well as administrative fees of approximately \$7,364,000.

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

Reimbursement by third-party payor programs under the provisions of case payment and cost reimbursement programs in effect generally result in amounts received being less than the established billing rates of the Medical Center. Amounts due from and to third-party payors represent settlement amounts due from and to Medicare and other programs based upon the application of reimbursement formulas, applicable law, regulations, and program instructions.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 2 NET PATIENT SERVICE REVENUE (CONTINUED)

A reconciliation of gross patient service revenue to net patient service revenue for the years ended June 30, is as follows:

	2024	2023
Gross Patient Service Revenue:		
Inpatient	\$ 93,772,369	\$ 78,818,724
Outpatient	372,549,828	353,901,647
Total	466,322,197	432,720,371
Less: Charity Care	(12,297,015)	(11,521,490)
Gross Patient Service Revenue	454,025,182	421,198,881
Less: Provisions for Bad Debts	(22,476,096)	(14,064,216)
Less Contractual and Other Adjustments:		
Contractual Adjustments under Third-Party Reimbursement Programs:		
Medicare	(85,342,390)	(80,137,071)
Medicaid/MCO	(52,423,545)	(89,652,931)
Wellmark	(30,564,968)	(24,634,312)
Other Commercial Insurance	(20,782,449)	(18,219,223)
Other	(26,942,209)	(23,154,738)
Total	(216,055,561)	(235,798,275)
Net Patient Service Revenue	<u>\$ 215,493,525</u>	<u>\$ 171,336,390</u>

NOTE 3 CASH AND INVESTMENTS

The Medical Center uses the fair value hierarchy established by accounting principles generally accepted in the United States of America based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

As of June 30, 2024 and 2023, the Medical Center held cash and cash equivalents, certificates of deposits, and money market investments of \$210,258,631 and \$184,452,764, respectively, which are not measured at fair value and are deposits held at cost.

The Medical Center uses methods and assumptions described below in determining the fair value of its financial instruments. There have been no changes in valuation methodologies at June 30, 2024 compared to June 30, 2023.

Government Securities

U.S. treasury notes are reported at fair value based on the last sales price at current exchange rates.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Government Agencies

Fair value is based on quoted market prices of the underlying securities in active markets, when available.

The Medical Center had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement (GASBS) No. 72.

Interest Rate Risk

In accordance with the Organization's investment policy, the Medical Center and Foundation strive to obtain a reasonable return. Neither policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Iowa Code authorizes the Medical Center and Foundation to invest in obligations of the U.S. government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions; prime banker's acceptances that mature within 270 days and that are eligible for purchase by a federal reserve bank; commercial paper or other short-term corporate debt that matures within 270 days and that is rated within the two highest classifications, as established by at least one of the standard rating services approved by the superintendent of banking; repurchase agreements whose underlying collateral consists of obligations of the U.S. government, its agencies and instrumentalities; an open-end management investment company registered with federal securities and exchange commission under the Federal Investment Company Act of 1940; a joint investment trust organized pursuant to Chapter 28E prior to and existing in good standing on April 28, 1992, or is rated within the two highest classifications by at least one of the standard rating services approved by the superintendent of banking; and warrants or improvement certificates of a levee or drainage district. The Medical Center and Foundation's investment policies do not further limit its investment choices.

Concentration of Credit Risk

The Medical Center places no limit on the amount the Medical Center may invest in any one issuer. None of the Medical Center's investments are in Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corp and Federal National Mortgage Association as of June 30, 2024 and 2023. The Foundation places no limit on the amount the Foundation may invest in any one issuer.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. It is the Medical Center and Foundation's policy to avoid default risks with financial institutions with which the Chief Financial Officer deposits monies by determining in advance of the deposit that each depository in which monies are to be placed is an approved depository for purposes of Chapter 453 of Iowa Code. As of June 30, 2024, the Medical Center and Foundation's deposits and investments were not exposed to custodial credit risk.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 BOARD-DESIGNATED CASH AND INVESTMENTS

Board-designated cash and investments include assets set aside by the board of trustees for plant replacement and expansion, recognition of memorial contributions, funding of the Medical Center's self-insured retention fund, and by agreement with others. Noncurrent cash and investments restricted by the board of trustees may, at the Board's discretion, be subsequently used for other purposes. Board-designated cash and investments are classified as current assets, to the extent available, to meet current liabilities.

Board-designated cash and investments as of June 30, 2024 and 2023 were designated as follows:

	2024	2023
Board-Designated for:		
Building Projects	\$ 37,239,482	\$ 37,079,073
Bond Retirement	3,896,963	3,705,692
Self-Insured Retention Funds:		
Medical Malpractice	3,283,152	3,196,732
Workers' Compensation	570,810	727,393
Health Insurance Trust	7,522,121	6,520,752
Dental	510,612	493,306
Patient Trust Fund	385	66,100
Alumni Fund	52,987	53,559
Total	<u>\$ 53,076,512</u>	<u>\$ 51,842,607</u>

These balances are presented in the accompanying statements of net position as summarized below:

	2024	2023
Restricted Cash and Cash Equivalents	\$ 33,263,825	\$ 7,901,091
Restricted Short-Term Investments	10,000,005	34,000,005
Noncurrent Cash and Investments	9,812,682	9,941,511
Total	<u>\$ 53,076,512</u>	<u>\$ 51,842,607</u>

Board-designated cash and investments for the Foundation as of June 30, 2024 and 2023 of \$3,239,168 and \$3,491,719, respectively, are designated primarily for departments of the Medical Center and specific health care related causes.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 5 CAPITAL ASSETS

Activity in capital assets and accumulated depreciation and amortization for the years ended June 30 were as follows:

	Medical Center			
	June 30, 2023	Additions	Transfers and Disposals	June 30, 2024
Capital Assets Not Being Depreciated:				
Land	\$ 2,096,975	\$ -	\$ -	\$ 2,096,975
Construction in Progress	17,816,126	7,136,664	(18,350,232)	6,602,558
Total Capital Assets Not Being Depreciated	19,913,101	7,136,664	(18,350,232)	8,699,533
Capital Assets Being Depreciated:				
Land Improvements	10,774,988	-	2,179,715	12,954,703
Buildings	58,463,946	350,612	2,991,176	61,805,734
Building Improvements	75,961,359	209,153	7,183,291	83,353,803
Fixed Equipment	349,010	-	(1,095)	347,915
Vans	410,519	44,323	(50,214)	404,628
Major Moveable Equipment	44,958,434	2,725,219	1,781,223	49,464,876
Total Capital Assets Being Depreciated	190,918,256	3,329,307	14,084,096	208,331,659
Less Accumulated Depreciation for:				
Land Improvements	6,256,139	535,130	-	6,791,269
Buildings	19,843,567	1,953,863	(253,486)	21,543,944
Building Improvements	33,049,008	4,870,725	(1,425,583)	36,494,150
Fixed Equipment	239,216	10,366	(1,094)	248,488
Vans	410,519	924	(50,214)	361,229
Major Moveable Equipment	28,211,010	4,931,957	(729,166)	32,413,801
Total Accumulated Depreciation	88,009,459	12,302,965	(2,459,543)	97,852,881
Total Capital Assets, Being Depreciated, Net	102,908,797	(8,973,658)	16,543,639	110,478,778
Capital Assets, Net	<u>\$ 122,821,898</u>	<u>\$ (1,836,994)</u>	<u>\$ (1,806,593)</u>	<u>\$ 119,178,311</u>

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Medical Center			
	June 30, 2022	Additions	Transfers and Disposals	June 30, 2023
Capital Assets Not Being Depreciated:				
Land	\$ 2,096,975	\$ -	\$ -	\$ 2,096,975
Construction in Progress	1,696,578	22,891,323	(6,771,775)	17,816,126
Total Capital Assets Not Being Depreciated	3,793,553	22,891,323	(6,771,775)	19,913,101
Capital Assets Being Depreciated:				
Land Improvements	10,776,423	-	(1,435)	10,774,988
Buildings	62,075,284	-	(3,611,338)	58,463,946
Building Improvements	75,420,993	110,385	429,981	75,961,359
Fixed Equipment	347,288	20,488	(18,766)	349,010
Vans	410,519	-	-	410,519
Major Moveable Equipment	41,981,625	1,924,809	1,052,000	44,958,434
Total Capital Assets Being Depreciated	191,012,132	2,055,682	(2,149,558)	190,918,256
Less Accumulated Depreciation for:				
Land Improvements	5,808,411	449,163	(1,435)	6,256,139
Buildings	21,577,711	1,837,706	(3,571,850)	19,843,567
Building Improvements	30,679,322	4,370,059	(2,000,373)	33,049,008
Fixed Equipment	246,281	11,695	(18,760)	239,216
Vans	401,057	9,462	-	410,519
Major Moveable Equipment	26,455,218	4,341,599	(2,585,807)	28,211,010
Total Accumulated Depreciation	85,168,000	11,019,684	(8,178,225)	88,009,459
Total Capital Assets, Being Depreciated, Net	105,844,132	(8,964,002)	6,028,667	102,908,797
Capital Assets, Net	<u>\$ 109,637,685</u>	<u>\$ 13,927,321</u>	<u>\$ (743,108)</u>	<u>\$ 122,821,898</u>

During the year ended June 30, 2024, the Drake Clinic project was completed and capitalized for approximately \$13,322,000.

At June 30, 2024, construction in progress consists mainly of the NW Clinic project. Remaining cost of the NW Clinic is approximately \$5,000,000. Funding will come from the Medical Center's operations and current and noncurrent cash and investments restricted for building projects. The NW Clinic is expected to be completed in December of 2024.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 5 CAPITAL ASSETS (CONTINUED)

Finance lease assets and subscription-based information technology arrangements (SBITAs) are for building space and equipment and the original cost and accumulated depreciation is shown below:

	2024	2023
Buildings	\$ 4,588,319	\$ 4,511,494
Major Moveable Equipment	1,326,284	1,133,941
Total Finance Lease Assets	5,914,603	5,645,435
Less: Accumulated Amortization	(2,254,318)	(1,590,030)
Total Finance Lease Assets, Net	<u>\$ 3,660,285</u>	<u>\$ 4,055,405</u>

Depreciation expense related to finance lease assets and SBITAs total \$903,311 and \$770,970 for the years ended June 30, 2024 and 2023, respectively.

NOTE 6 LONG-TERM DEBT

The following is a summary of long-term debt obligations for the Medical Center for the years ended June 30, 2024 and 2023:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
Finance Leases	\$ 3,514,214	\$ 244,518	\$ (582,646)	\$ 3,176,086
SBITAs	550,085	284,520	(346,847)	487,758
Total Long-Term Debt	4,064,299	529,038	(929,493)	3,663,844
Less: Current Maturities				(862,281)
Total Long-Term Debt, Net of Current Maturities				<u>\$ 2,801,563</u>

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Finance Leases	\$ 3,899,385	\$ 184,360	\$ (569,531)	\$ 3,514,214
SBITAs	286,655	462,493	(199,063)	550,085
Total Long-Term Debt	4,186,040	646,853	(768,594)	4,064,299
Less: Current Maturities				(819,046)
Total Long-Term Debt, Net of Current Maturities				<u>\$ 3,245,253</u>

Finance Leases

The Medical Center leases buildings and equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through July 2063 and provide for varying renewal options. Interest rates on the finance leases range from 0.47% to 7.60%.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 6 LONG-TERM DEBT (CONTINUED)

Subscription-Based Information Technology Arrangements (SBITAs)

The Medical Center entered into subscription-based information technology arrangements (SBITAs). The SBITAs expire at various dates through March 2026 and provide for varying renewal options. Interest rates on the SBITAs range from 0.38% to 4.00%.

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

Year Ending June 30	Finance Leases		SBITAs		Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 526,971	\$ 59,112	\$ 335,310	\$ 7,478	\$ 862,281	\$ 66,590
2026	503,467	52,584	152,448	1,987	655,915	54,571
2027	74,799	47,772	-	-	74,799	47,772
2028	79,170	44,857	-	-	79,170	44,857
2029	83,772	41,736	-	-	83,772	41,736
Thereafter	1,907,907	771,682	-	-	1,907,907	771,682
Total	<u>\$ 3,176,086</u>	<u>\$ 1,017,743</u>	<u>\$ 487,758</u>	<u>\$ 9,465</u>	<u>\$ 3,663,844</u>	<u>\$ 1,027,208</u>

NOTE 7 PENSION PLAN

Plan Description

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

IPERS benefits are established under Iowa Code chapter 978 and the administrative rules thereunder. Chapter 978 and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits

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

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

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 7 PENSION PLAN (CONTINUED)

Pension Benefits (Continued)

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

- 60% of average salary after completion of 22 years of service, plus an additional 1.50% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

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

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

Disability and Death Benefits

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

Contributions

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

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 7 PENSION PLAN (CONTINUED)

Contributions (Continued)

In fiscal year 2024 and 2023, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Medical Center contributed 9.44% of covered payroll for a total rate of 15.73%.

The Medical Center's contribution to IPERS for the years ended June 30, 2024 and 2023 were \$10,727,368 and \$9,340,224, respectively.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2024 and 2023, the Medical Center reported a liability of approximately \$50,653,000 and \$42,721,000, respectively, for its proportionate share of the net pension liability. The Medical Center's net pension liability was measured as of June 30, 2024 and 2023, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Medical Center's proportion of the net pension liability was based on the Medical Center's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2024, the Medical Center's collective proportion was 1.097753%, which was an increase of 0.021417% from its proportion measured as of June 30, 2023.

For the years ended June 30, 2024 and 2023, the Medical Center recognized pension expense of approximately \$5,944,000 and \$1,593,000, respectively. At June 30, 2024 and 2023, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

June 30, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 4,285,301	\$ 208,201
Changes in Assumptions	-	803
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,691,068	-
Changes in Proportion and Differences Between Medical Center Contributions and Proportionate Share of Contributions	3,170,085	125,857
Medical Center Contributions Subsequent to the Measurement Date	10,727,368	-
Total	<u>\$ 22,873,822</u>	<u>\$ 334,861</u>

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 7 PENSION PLAN (CONTINUED)

**Net Pension Liability, Pension Expense, Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pension (Continued)**

June 30, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,893,809	\$ 585,180
Changes in Assumptions	34,487	1,021
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	4,573,124
Changes in Proportion and Differences Between Medical Center Contributions and Proportionate Share of Contributions	3,893,006	178,739
Medical Center Contributions Subsequent to the Measurement Date	9,340,224	-
Total	<u>\$ 15,161,526</u>	<u>\$ 5,338,064</u>

Deferred outflows of resources related to pensions resulting from the Medical Center's contributions subsequent to the measurement date of \$10,727,368 and \$9,340,224 will be recognized as a reduction of the net pension liability in the years ending June 30, 2024 and June 30, 2023, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	2024 Amount	2023 Amount
2024	\$ -	\$ (2,659,707)
2025	(2,926,387)	(2,068,547)
2026	12,095,162	(4,897,480)
2027	2,366,251	9,827,507
2028	276,567	281,465
Total	<u>\$ 11,811,593</u>	<u>\$ 483,238</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rate of salary increase (effective June 30, 2017)	3.25% to 16.25%, average, including inflation. Rates vary by membership group.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 7 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Long-term investment rate of return (effective June 30, 2017) 7.00%, compounding annually, net of investment expense, including inflation.

Wage growth (effective June 30, 2017) 3.25% per annum based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	21.0 %	4.56 %
International Equity	16.5	6.22
Global Smart Beta Equity	5.0	5.22
Core-plus Fixed Income	23.0	2.69
Public Credit	3.0	4.38
Cash	1.0	1.59
Private Equity	17.0	10.44
Private Real Assets	9.0	3.88
Private Credit	4.5	4.60
Total	<u>100.0 %</u>	

Discount Rate

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

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 7 PENSION PLAN (CONTINUED)

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

The following presents the Medical Center's proportionate share of the net pension liability as of June 30, 2024 and 2023, calculated using the discount rate of 7.00%, as well as what the Medical Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate.

	One Percent Decrease (6.00)%	Discount Rate (7.00)%	One Percent Increase (8.00)%
June 30, 2024			
Medical Center's Proportionate Share of the Net Pension Liability	<u>\$ 107,699,227</u>	<u>\$ 50,652,862</u>	<u>\$ 2,847,028</u>
June 30, 2023			
Medical Center's Proportionate Share of the Net Pension Liability	<u>\$ 79,593,995</u>	<u>\$ 42,720,804</u>	<u>\$ 10,225,388</u>

Pension Plan Fiduciary Net Position

Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan

At June 30, 2024 and 2023, the Medical Center reported payables to IPERS of approximately \$1,390,000 and \$1,200,000, respectively, for legally required employer contributions and approximately \$554,000 and \$489,000, respectively, for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS. These amounts are included in accrued employee compensation and payroll taxes on the statements of net position.

NOTE 8 RISK MANAGEMENT, SELF-INSURANCE, AND COMMITMENTS

Broadlawns Medical Center is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. These risks, except those self-insured by the Medical Center, are covered by the purchase of commercial insurance. Settled claims for these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 8 RISK MANAGEMENT, SELF-INSURANCE, AND COMMITMENTS (CONTINUED)

Self-Insurance

The Medical Center self-insures its professional liability with annual limits of \$1,000,000 per claim and \$3,000,000 in aggregate. Thereafter, excess liability insurance coverage is maintained on a claims-made basis with an annual aggregate limit of \$40,000,000. The Medical Center also carries workers' compensation insurance with a self-insured retention of \$600,000 per claim and an annual aggregate retention of \$3,000,000. The Medical Center carries insurance coverage for general liability, auto liability, and employers' liability with primary limits of \$1,000,000 and excess limits of \$40,000,000. The excess limits are shared with the professional liability coverage. The Medical Center is self-insured for dental insurance with a limit of \$1,750 per covered person per year. Within the dental plan orthodontics coverage has a lifetime limit of \$1,250 per covered person. The Medical Center is self-insured for health insurance with a specific stop loss deductible of \$300,000 per covered person. The Center maintains aggregate coverage on the entire covered group.

The Medical Center has a revocable trust for each self-insurance plan for the purpose of setting aside assets based on actuarial funding recommendations. Under the trust agreements, the trust assets can only be used for payment of professional liability losses, related expenses and the cost of administering the trust. Income earned on trust fund assets (primarily U.S. treasury securities and money market funds invested in government securities) is included in nonoperating revenue.

The annual provision for professional liability losses and expenses included in the accompanying statements of revenue, expenses, and changes in net position is based on the actuarially determined estimate of the present value of liabilities and related expenses resulting from asserted and unasserted incidents, discounted at 1.5% in both 2024 and 2023. The undiscounted liability as of June 30, 2024 and 2023 is approximately \$3,786,000 and \$2,974,000, respectively.

The Medical Center has accrued liabilities of \$7,808,484 and \$6,339,302 for self-insured losses as of June 30, 2024 and 2023, respectively. These accrued liabilities are based on management's evaluation of the merits of various claims, historical experience, and consultation with external insurance consultants and include estimates for incurred but not reported claims. Losses estimated to be settled within one year have been classified as current liabilities.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 8 RISK MANAGEMENT, SELF-INSURANCE, AND COMMITMENTS (CONTINUED)

Laws and Regulations

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. 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. These laws and regulations include, but are not limited to, accreditation, licensure, government health care program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. The Medical Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

Health Care Reform

The Affordable Care Act substantially increased the federally and state-funded Medicaid insurance program, and authorized states to establish federally subsidized non-Medicaid health plans for low-income residents not eligible for Medicaid. The ACA also called for changes to Disproportionate Share Payments that would be reduced over time. Congress has previously delayed enacting those payment reductions. However, the delays in these cuts have been temporary and for these payments to be permanently reinstated, Congressional legislative action would be required to permanently repeal the payment reductions. The Medical Center is currently eligible and receives Disproportionate Share Payments. Any changes to this program could have a significant impact on the Medical Center.

NOTE 9 CONCENTRATIONS OF CREDIT RISK

The Medical Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements or who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The mix of net receivables from patients and third-party payors as of June 30 was as follows:

	2024	2023
Medicare	26 %	36 %
Medicaid/MCO	28	34
Private Pay	18	10
Other	28	20
Total	<u>100 %</u>	<u>100 %</u>

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Medical Center sponsors a single-employer health care plan that provides self-insured medical, prescription drug and dental benefits to full- and part-time active and retired employees and their eligible dependents until age 65. Benefits terminate upon attaining Medicare eligibility.

Eligible retirees receive health care coverage through the Medical Center's self-insured plan. Contributions are required for both retiree and dependent coverage. The retiree contributions are based on the historical full cost of active members. Retiree expenses are then offset by monthly contributions.

Funding Policy

The Medical Center, with assistance from the third-party administrator, establishes and amends contribution requirements for both active and retiree members on an annual basis.

The current funding policy of the Medical Center is to pay health claims as they occur. This arrangement does not qualify as OPEB plan assets under GASB guidance for current GASB reporting.

The required contribution is based on projected pay-as-you-go financing. For fiscal years 2024 and 2023, the Medical Center contributed \$-0-. Retirees receiving benefits contributed \$138,104 and \$136,238, respectively, through their required contributions.

Net OPEB Liability (Asset)

The components of the net OPEB liability (asset) of the Medical Center at June 30, 2024 and 2023 are as follows:

	2024	2023
Total OPEB Liability	\$ 1,480,816	\$ 1,373,960
Plan Fiduciary Net Position	-	-
District's Net OPEB Liability (Asset)	<u>\$ 1,480,816</u>	<u>\$ 1,373,960</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	0%	0%

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Net OPEB Liability (Asset) (Continued)

The changes in net OPEB liability (asset) are as follows:

	Total OPEB Liability
Balances at June 30, 2023	\$ 1,373,960
Changes for the Year:	
Service Cost	216,903
Interest Cost	55,705
Differences Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	(36,336)
Contributions-Employer	-
Net Investment income	-
Benefit Payments	(129,416)
Administrative Expense	-
Net Changes	<u>106,856</u>
Balances at June 30, 2024	<u><u>\$ 1,480,816</u></u>
	Total OPEB Liability
Balances at June 30, 2022	\$ 2,092,817
Changes for the Year:	
Service Cost	295,544
Interest Cost	82,721
Differences Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	(879,510)
Contributions-Employer	(114,391)
Net Investment income	-
Benefit Payments	-
Administrative Expense	(103,221)
Net Changes	<u>(718,857)</u>
Balances at June 30, 2023	<u><u>\$ 1,373,960</u></u>

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Net OPEB Liability (Asset) (Continued)

The following presents the net OPEB liability (asset) of the Medical Center, as well as what the Medical Center's net OPEB liability (asset) would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	One Percent Decrease (2.93%)	Discount Rate (3.93%)	One Percent Increase (4.93%)
June 30, 2024			
Net OPEB Liability	<u>\$ 1,608,000</u>	<u>\$ 1,480,816</u>	<u>\$ 1,366,000</u>
June 30, 2023			
Net OPEB Liability	<u>\$ 1,491,798</u>	<u>\$ 1,373,960</u>	<u>\$ 1,267,730</u>

The following presents the total OPEB liability (asset) of the Medical Center, as well as what the Medical Center's total OPEB liability (asset) 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.

	One Percent Decrease (5.75%)	Trend Rate (6.75%)	One Percent Increase (7.75%)
June 30, 2024			
Net OPEB Liability	<u>\$ 1,309,000</u>	<u>\$ 1,480,816</u>	<u>\$ 1,690,000</u>
June 30, 2023			
Net OPEB Liability	<u>\$ 1,214,237</u>	<u>\$ 1,373,960</u>	<u>\$ 1,568,179</u>

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Net OPEB Liability (Asset) (Continued)

For the years ended June 30, 2024 and 2023, the Medical Center recognized OPEB expenses of \$220,229 and \$327,788, respectively. At June 30, 2024 and 2023, the Medical Center report deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>June 30, 2024</u>		
Difference Between Expected and Actual Liability	\$ 635,736	\$ 1,064,965
Change of Assumptions	369,108	495,007
Net Difference Between Projected and Actual Investment Earnings	-	-
Total	<u>\$ 1,004,844</u>	<u>\$ 1,559,972</u>
 <u>June 30, 2023</u>		
Difference Between Expected and Actual Liability	\$ 676,060	\$ 1,143,853
Change of Assumptions	393,430	496,808
Net Difference Between Projected and Actual Investment Earnings	-	-
Total	<u>\$ 1,069,490</u>	<u>\$ 1,640,661</u>

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

<u>Year Ending June 30.</u>	Future Recognition
2025	\$ (52,379)
2026	(52,379)
2027	(52,379)
2028	(52,379)
2029	(52,380)
Thereafter	(293,232)
Total	<u>\$ (555,128)</u>

Actuarial Methods and Assumptions

Based on the implementation of GASB 75, the actuarial cost method changed from using one of six different actuarial cost methods to the Entry Age Normal cost method on a level percentage of projected salary.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The total OPEB liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.00%
Discount Rate	3.93%
Health Care Trend Rates	6.75%
	Decreasing to
	4.00% Over
	11 Years

Mortality rates are from the SOA Public Plan 2010 and projected forward using SOA scale MP-2020. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Discount rate is used to reflect the time value of money. Discount rates are used in determining the present value as of the valuation date of future cash flows currently expected to be required to satisfy the postretirement benefit obligation

Experience gains and losses are amortized over a closed period of 14 years starting on July 1, 2016, equal to the average remaining service of active and inactive plan members.

Funded Status and Funding Progress

As of June 30, 2024 and 2023, the most recent valuation date, the plan was 0% funded. As of June 30, 2024 and 2023, the actuarial accrued liability for benefits was \$1,480,816 and \$1,373,960, respectively, and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$1,480,816 and \$1,373,960, respectively. The covered payroll was \$96,085,000 and \$93,286,158, respectively, and the ratio of the UAAL to the covered payroll was 1.54% and 1.47%, respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**BROADLAWNS MEDICAL CENTER
BUDGET AND BUDGETARY ACCOUNTING (UNAUDITED)
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)**

In accordance with the Code of Iowa, the board of trustees annually adopts a budget following required public notice and hearings for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. The budgetary basis is non-GAAP basis adjusted for depreciation and amortization, equipment improvements, lease payments, and restricted expenses.

The following is a comparison of actual expenses to budget for the year ended June 30, 2024:

<u>GAAP Expenses</u>	<u>Adjustments to Budgetary Basis</u>	<u>Budgetary Basis</u>	<u>Adopted Budget</u>	<u>Budget to Actual Variance Over (Under) Budget</u>
\$ 277,142,128	\$ (3,914,802)	\$ 273,227,326	\$ 285,998,379	\$ (12,771,053)

BROADLAWNS MEDICAL CENTER
OTHER POSTEMPLOYMENT BENEFIT PLAN (UNAUDITED)
YEARS ENDED JUNE 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, AND 2017
(SEE INDEPENDENT AUDITORS' REPORT)

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service Cost	\$ 216,903	\$ 295,544	\$ 350,834	\$ 123,972	\$ 151,224	\$ 146,110	\$ 146,110	\$ 140,666
Interest	55,705	82,721	51,050	18,389	28,689	42,219	36,766	32,540
Changes of Benefit Terms	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	-	(879,510)	-	797,032	-	(474,592)	-	-
Changes of Assumptions	(36,336)	(114,391)	(280,801)	441,957	(92,139)	28,368	(20,573)	(114,991)
Benefit Payments	(129,416)	(103,221)	(81,756)	(71,955)	(24,285)	(12,646)	(30,161)	(14,489)
Net Change in Total OPEB Liability	106,856	(718,857)	39,327	1,309,395	63,489	(270,541)	132,142	43,726
Total OPEB Liability - Beginning	1,373,960	2,092,817	2,053,490	744,095	680,606	951,147	819,005	775,279
Total OPEB Liability - Ending (a)	<u>\$ 1,480,816</u>	<u>\$ 1,373,960</u>	<u>\$ 2,092,817</u>	<u>\$ 2,053,490</u>	<u>\$ 744,095</u>	<u>\$ 680,606</u>	<u>\$ 951,147</u>	<u>\$ 819,005</u>
Plan Fiduciary Net Position								
Contributions - Employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Investment Income	-	-	-	-	-	-	-	-
Benefit Payments	-	-	-	-	-	-	-	-
Administrative Expense	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 1,480,816</u>	<u>\$ 1,373,960</u>	<u>\$ 2,092,817</u>	<u>\$ 2,053,490</u>	<u>\$ 744,095</u>	<u>\$ 680,606</u>	<u>\$ 951,147</u>	<u>\$ 819,005</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	<u>\$ 96,085,000</u>	<u>\$ 93,286,158</u>	<u>\$ 90,285,414</u>	<u>\$ 87,655,742</u>	<u>\$ 78,369,000</u>	<u>\$ 75,718,967</u>	<u>\$ 75,565,000</u>	<u>\$ 73,009,785</u>
District's Net OPEB Liability as a Percentage of Covered Payroll	1.54%	1.47%	2.32%	2.34%	0.95%	0.90%	1.26%	1.12%

The Medical Center implemented GASB Statement No. 75 in fiscal year 2017, and the above table will be expanded to 10 years of information as the information becomes available.

BROADLAWNS MEDICAL CENTER
SCHEDULE OF THE MEDICAL CENTER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
YEARS ENDED JUNE 30, 2024, 2023, 2022, 2021, 2019, 2018, 2017, 2016, AND 2015
(SEE INDEPENDENT AUDITORS' REPORT)

Iowa Public Employees' Retirement System Last Fiscal Year*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Medical Center's Proportion of the Net Pension Liability	1.097753%	1.076336%	1.026226%	1.030683%	0.991486%	0.959746%	0.881642%	0.825597%	0.819028%	0.784310%
Medical Center's Proportionate Share of the Net Pension Liability	\$ 50,652,862	\$ 42,720,804	\$ 1,438,677	\$ 71,897,867	\$ 57,798,268	\$ 60,715,017	\$ 58,203,903	\$ 51,486,901	\$ 40,463,961	\$ 31,105,015
Medical Center's Covered Payroll	\$ 113,637,373	\$ 98,943,051	\$ 91,842,263	\$ 83,296,289	\$ 81,339,399	\$ 76,026,901	\$ 72,234,982	\$ 65,288,646	\$ 58,774,222	\$ 56,206,660
Medical Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	44.57%	43.18%	1.57%	86.32%	71.06%	79.86%	80.58%	78.86%	68.85%	55.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.18 %	90.34 %	99.65 %	84.38 %	84.38 %	8257.00%	81.99%	81.82%	85.19%	87.61%

*The amounts presented for the fiscal years ended June 30, 2024 and 2023 were determined as of June 30, 2023 and 2022, respectively.

**BROADLAWNS MEDICAL CENTER
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM,
SCHEDULE OF MEDICAL CENTER CONTRIBUTIONS (UNAUDITED)
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)**

Schedule of Medical Center Contributions					
Fiscal Year Ended	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Medical Center's Covered Payroll (c)	Contribution as a Percentage of Covered Payroll (a/c)
2024	\$ 10,727,368	\$ 10,727,368	\$ -	\$ 113,637,373	9.44 %
2023	9,340,224	9,340,224	-	98,943,051	9.44
2022	8,669,910	8,669,910	-	91,842,263	9.44
2021	7,863,170	7,863,170	-	83,296,289	9.44
2020	7,678,440	7,678,440	-	81,339,399	9.44
2019	7,176,940	7,176,940	-	76,026,901	8.93
2018	6,450,584	6,450,584	-	72,234,982	9.43
2017	6,154,297	6,154,297	-	65,288,646	8.99
2016	5,284,871	5,284,871	-	58,774,222	8.65
2015	4,860,272	4,860,272	-	56,206,660	8.96

BROADLAWNS MEDICAL CENTER
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, PENSION LIABILITY (UNAUDITED)
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

NOTE 1 PENSION LIABILITY

Changes of Benefit Terms

There were no significant changes in benefit terms.

Changes of Assumptions

The 2023 valuation implemented the following changes of assumptions:

- The discount rate was updated from 3.54% to 3.65%.
- The termination and retirement rates were updated based on the 2022 Iowa Public Employees' Retirement System (IPERS) Actuarial Valuation.
- The trend rates were reset to an initial rate of 6.75%, grading down by 0.25% per year until reaching the ultimate rate of 4.00% based on current Gallagher Healthcare Analytics (HCA) Consulting trend study; current economic environment suggests a longer period until reaching the ultimate rate.
- The mortality projection scale was updated from MP-2020 to MP-2021 to reflect the Society of Actuaries' recent mortality study.

BROADLAWNS MEDICAL CENTER
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, OPEB LIABILITY (UNAUDITED)
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

NOTE 1 OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY

Changes of Benefit Terms

There were no significant changes in benefit terms.

Changes of Assumptions

The discount rate was updated from 3.65% to 3.93%. All underlying census data, actuarial assumptions, methods, and plan provisions were the same as the 2023 valuation.

BROADLAWNS MEDICAL CENTER
COMBINING STATEMENT OF NET POSITION – BY DEPARTMENT
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
ASSETS AND DEFERRED OUTFLOWS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 94,651,898	\$ 1,940,483	\$ 1,118,718	\$ -	\$ 97,711,099
Restricted Cash and Cash Equivalents	33,263,440	385	-	-	33,263,825
Short-Term Investments	59,471,020	-	-	-	59,471,020
Restricted Short-Term Investments	10,000,005	-	-	-	10,000,005
Receivables:					
Patients, Net	18,885,782	738,272	36,189	-	19,660,243
Property Taxes	350,843	-	-	-	350,843
Succeeding Year Property Taxes	74,320,109	-	-	-	74,320,109
Federal Grants	501,744	-	-	-	501,744
Nonfederal Grants	295,086	-	-	-	295,086
Other	2,574,824	-	-	1,728,618 (1)	846,206
Due from Third-Party Payors	27,557,240	-	-	-	27,557,240
Inventories	3,137,967	-	-	-	3,137,967
Prepaid Expenses and Other Assets	2,158,188	1,851	-	-	2,160,039
Total Current Assets	327,168,146	2,680,991	1,154,907	1,728,618	329,275,426
NONCURRENT ASSETS					
Noncurrent Cash and Investments, Net of Current Portion:					
Cash and Cash Equivalents	6,573,205	-	-	-	6,573,205
Investments	3,239,477	-	-	-	3,239,477
Total Noncurrent Cash and Investments	9,812,682	-	-	-	9,812,682
Capital Assets:					
Nondepreciable	8,699,533	-	-	-	8,699,533
Depreciable, Net	110,435,379	-	43,399	-	110,478,778
Total Capital Assets	119,134,912	-	43,399	-	119,178,311
Total Noncurrent Assets	128,947,594	-	43,399	-	128,990,993
Total Assets	456,115,740	2,680,991	1,198,306	1,728,618	458,266,419
DEFERRED OUTFLOWS					
Related to Pension	22,873,822	-	-	-	22,873,822
Related to Postemployment Benefits	1,004,844	-	-	-	1,004,844
Total Deferred Outflows	23,878,666	-	-	-	23,878,666
Total Assets and Deferred Outflows	\$ 479,994,406	\$ 2,680,991	\$ 1,198,306	\$ 1,728,618	\$ 482,145,085

(1) To eliminate interdepartmental receivables and payables.

BROADLAWNS MEDICAL CENTER
COMBINING STATEMENT OF NET POSITION – BY DEPARTMENT (CONTINUED)
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION					
CURRENT LIABILITIES					
Current Maturities of Long-Term Debt	\$ 862,281	\$ -	\$ -	\$ -	\$ 862,281
Accounts Payable and Other Accrued Expenses	13,929,755	1,448,675	264,555	1,728,618 (1)	13,914,367
Accrued Employee Compensation and Payroll Taxes	19,783,187	61,580	70,209	-	19,914,976
Due to Third-Party Payors	14,126,725	-	-	-	14,126,725
Current Portion of Accrued Claims on Self-Insurance	2,689,352	-	-	-	2,689,352
Total Current Liabilities	51,391,300	1,510,255	334,764	1,728,618	51,507,701
NONCURRENT LIABILITIES					
Other Postemployment Benefits	1,480,816	-	-	-	1,480,816
Accrued Claims on Self-Insurance, Less Current Portion	3,638,316	-	-	-	3,638,316
Long-Term Debt, Less Current Maturities	2,801,563	-	-	-	2,801,563
Net Pension Liability	50,652,862	-	-	-	50,652,862
Total Noncurrent Liabilities	58,573,557	-	-	-	58,573,557
Total Liabilities	109,964,857	1,510,255	334,764	1,728,618	110,081,258
DEFERRED INFLOWS					
Related to Pension	334,861	-	-	-	334,861
Related to Postemployment Benefits	1,559,972	-	-	-	1,559,972
Revenue for Succeeding Year Property Taxes	74,320,109	-	-	-	74,320,109
Total Deferred Inflows	76,214,942	-	-	-	76,214,942
NET POSITION					
Net Investment in Capital Assets	114,418,676	-	43,399	-	114,462,075
Restricted:					
For Enabling Legislation	79,444	-	-	-	79,444
For Specific Activities	52,987	385	-	-	53,372
Unrestricted	179,263,500	1,170,351	820,143	-	181,253,994
Total Net Position	293,814,607	1,170,736	863,542	-	295,848,885
Total Liabilities, Deferred Inflows, and Net Position	\$ 479,994,406	\$ 2,680,991	\$ 1,198,306	\$ 1,728,618	\$ 482,145,085

BROADLAWNS MEDICAL CENTER
COMBINING STATEMENT OF NET POSITION – BY DEPARTMENT
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
ASSETS AND DEFERRED OUTFLOWS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 59,784,015	\$ 1,003,340	\$ 1,295,918	\$ -	\$ 62,083,273
Restricted Cash and Cash Equivalents	7,834,991	66,100	-	-	7,901,091
Short-Term Investments	70,526,884	-	-	-	70,526,884
Restricted Short-Term Investments	34,000,005	-	-	-	34,000,005
Receivables:					
Patients, Net	14,491,622	161,866	24,371	-	14,677,859
Property Taxes	276,111	-	-	-	276,111
Succeeding Year Property Taxes	75,685,904	-	-	-	75,685,904
Federal Grants	566,078	-	-	-	566,078
Nonfederal Grants	248,885	-	-	-	248,885
Other	4,240,908	-	-	1,179,933 (1)	3,060,975
Due from Third-Party Payors	1,191,968	-	-	-	1,191,968
Inventories	2,887,647	-	-	-	2,887,647
Prepaid Expenses and Other Assets	2,343,359	2,677	-	-	2,346,036
Total Current Assets	274,078,377	1,233,983	1,320,289	1,179,933	275,452,716
NONCURRENT ASSETS					
Assets Limited as to Use or Restricted, Net of Current Portion:					
Cash and Cash Equivalents	6,862,443	-	-	-	6,862,443
Investments	3,079,068	-	-	-	3,079,068
Total Assets Limited as to Use or Restricted	9,941,511	-	-	-	9,941,511
Capital Assets:					
Nondepreciable	19,913,101	-	-	-	19,913,101
Depreciable, Net	102,908,797	-	-	-	102,908,797
Total Capital Assets	122,821,898	-	-	-	122,821,898
Total Noncurrent Assets	132,763,409	-	-	-	132,763,409
Total Assets	406,841,786	1,233,983	1,320,289	1,179,933	408,216,125
DEFERRED OUTFLOWS					
Related to Pension	15,161,526	-	-	-	15,161,526
Related to Postemployment Benefits	1,069,490	-	-	-	1,069,490
Total Deferred Outflows	16,231,016	-	-	-	16,231,016
Total Assets	\$ 423,072,802	\$ 1,233,983	\$ 1,320,289	\$ 1,179,933	\$ 424,447,141

(1) To eliminate interdepartmental receivables and payables.

BROADLAWNS MEDICAL CENTER
COMBINING STATEMENT OF NET POSITION – BY DEPARTMENT (CONTINUED)
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION					
CURRENT LIABILITIES					
Current Maturities of Long-Term Debt	\$ 819,046	\$ -	\$ -	\$ -	\$ 819,046
Accounts Payable and Other Accrued Expenses	9,028,439	896,954	341,337	1,179,933 (1)	9,086,797
Accrued Employee Compensation and Payroll Taxes	17,618,775	32,619	66,805	-	17,718,199
Deferred Revenue	-	-	-	-	-
Due to Third-Party Payors	53,337	-	-	-	53,337
Current Portion of Accrued Claims on Self-Insurance	2,072,374	-	-	-	2,072,374
Total Current Liabilities	29,591,971	929,573	408,142	1,179,933	29,749,753
NONCURRENT LIABILITIES					
Other Postemployment Benefits	1,373,960	-	-	-	1,373,960
Accrued Claims on Self-Insurance, Less Current Portion	2,892,968	-	-	-	2,892,968
Long-Term Debt, Less Current Maturities	3,245,253	-	-	-	3,245,253
Net Pension Liability	42,720,804	-	-	-	42,720,804
Total Noncurrent Liabilities	50,232,985	-	-	-	50,232,985
Total Liabilities	79,824,956	929,573	408,142	1,179,933	79,982,738
DEFERRED INFLOWS					
Related to Pension	5,338,064	-	-	-	5,338,064
Related to Postemployment Benefits Revenue for Succeeding Year Property Taxes	1,640,661	-	-	-	1,640,661
	75,685,904	-	-	-	75,685,904
Total Deferred Inflows	82,664,629	-	-	-	82,664,629
NET POSITION					
Net Investment in Capital Assets	118,327,113	-	-	-	118,327,113
Restricted:					
For Enabling Legislation	97,605	-	-	-	97,605
For Specific Activities	53,559	66,100	-	-	119,659
Unrestricted	142,104,940	238,310	912,147	-	143,255,397
Total Net Position	260,583,217	304,410	912,147	-	261,799,774
Total Liabilities, Deferred Inflows, and Net Position	\$ 423,072,802	\$ 1,233,983	\$ 1,320,289	\$ 1,179,933	\$ 424,447,141

BROADLAWNS MEDICAL CENTER
COMBINING STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION – BY DEPARTMENT
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
OPERATING REVENUE					
Net Patient Service Revenue	\$ 212,023,228	\$ 1,875,679	\$ 1,594,618	\$ -	\$ 215,493,525
Contracts	744,097	-	-	-	744,097
Operating Grants	3,449,202	-	-	-	3,449,202
Other	5,082,978	-	-	87,678 (1)	4,995,300
Total Operating Revenue	221,299,505	1,875,679	1,594,618	87,678	224,682,124
OPERATING EXPENSES					
Salaries and Wages	124,027,588	1,269,574	1,018,969	-	126,316,131
Employee Benefits:					
Pension	5,779,358	77,898	86,671	-	5,943,927
All Others	25,311,138	219,301	303,049	-	25,833,488
Physician Fees and Outside Services	8,315,276	-	-	-	8,315,276
Supplies and Other Expenses	97,995,227	284,881	237,911	87,678 (1)	98,430,341
Depreciation and Amortization	12,302,042	-	923	-	12,302,965
Total Operating Expenses	273,730,629	1,851,654	1,647,523	87,678	277,142,128
OPERATING Gain (LOSS)	(52,431,124)	24,025	(52,905)	-	(52,460,004)
NONOPERATING REVENUE (EXPENSE)					
Property Taxes Revenue	80,107,785	-	-	-	80,107,785
Noncapital Grants and Contributions	51,548	-	-	-	51,548
Investment Earnings	5,970,441	-	-	-	5,970,441
Interest Expense	(139,974)	-	-	-	(139,974)
Other, Net	(84,539)	-	4,300	-	(80,239)
Total Nonoperating Revenue, Net	85,905,261	-	4,300	-	85,909,561
EQUITY TRANSFER	(842,301)	842,301	-	-	-
CAPITAL CONTRIBUTIONS	599,554	-	-	-	599,554
CHANGE IN NET POSITION	33,231,390	866,326	(48,605)	-	34,049,111
Net Position - Beginning of Year	260,583,217	304,410	912,147	-	261,799,774
NET POSITION - END OF YEAR	<u>\$ 293,814,607</u>	<u>\$ 1,170,736</u>	<u>\$ 863,542</u>	<u>\$ -</u>	<u>\$ 295,848,885</u>

(1) To eliminate interdepartmental transactions.

BROADLAWNS MEDICAL CENTER
COMBINING STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION – BY DEPARTMENT
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
OPERATING REVENUE					
Net Patient Service Revenue	\$ 169,061,472	\$ 860,670	\$ 1,414,248	\$ -	\$ 171,336,390
Contracts	724,922	-	-	-	724,922
Operating Grants	3,326,987	-	-	-	3,326,987
Other	4,992,567	-	-	86,343 (1)	4,906,224
Total Operating Revenue	178,105,948	860,670	1,414,248	86,343	180,294,523
OPERATING EXPENSES					
Salaries and Wages	110,060,935	551,062	949,733	-	111,561,730
Employee Benefits:					
Pension	1,463,832	48,576	80,268	-	1,592,676
All Others	22,634,900	180,798	271,281	-	23,086,979
Physician Fees and Outside Services	7,332,495	-	-	-	7,332,495
Supplies and Other Expenses	79,719,822	209,329	273,004	86,343 (1)	80,115,812
Depreciation and Amortization	11,010,222	0	9,462	-	11,019,684
Total Operating Expenses	232,222,206	989,765	1,583,748	86,343	234,709,376
OPERATING LOSS	(54,116,258)	(129,095)	(169,500)	-	(54,414,853)
NONOPERATING REVENUE (EXPENSE)					
Property Taxes Revenue	76,124,971	-	-	-	76,124,971
Property Taxes Expense	(500,000)	-	-	-	(500,000)
Noncapital Grants and Contributions	60,763	-	-	-	60,763
Investment Earnings	3,905,122	-	-	-	3,905,122
Interest Expense	(75,577)	-	-	-	(75,577)
Other, Net	7,538	-	1,700	-	9,238
Total Nonoperating Revenue, Net	79,522,817	-	1,700	-	79,524,517
EQUITY TRANSFER	(830,395)	830,395	-	-	-
CAPITAL CONTRIBUTIONS	30,648	-	-	-	30,648
CHANGE IN NET POSITION	24,606,812	701,300	(167,800)	-	25,140,312
Net Position - Beginning of Year	235,976,405	(396,890)	1,079,947	-	236,659,462
NET POSITION - END OF YEAR	<u>\$ 260,583,217</u>	<u>\$ 304,410</u>	<u>\$ 912,147</u>	<u>\$ -</u>	<u>\$ 261,799,774</u>

(1) To eliminate interdepartmental transactions.

BROADLAWNS MEDICAL CENTER
ANALYSIS OF NET PATIENT RECEIVABLES
JUNE 30, 2024 AND 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	2024		2023	
	Amounts	Percent to Total	Amounts	Percent to Total
0 - 30 (In-House and Unbilled)	\$ 34,381,005	50 %	\$ 33,152,525	60 %
31 - 60	11,366,660	17	7,572,570	14
61 - 90	6,165,920	9	3,586,183	7
91 - 120	3,176,678	5	2,638,326	5
121 - 150	3,290,615	5	1,347,955	2
151 and over	9,658,945	14	6,788,478	12
	<u>68,039,823</u>	<u>100 %</u>	<u>55,086,037</u>	<u>100 %</u>
Allowance for Doubtful Accounts	(10,568,000)		(6,805,000)	
Allowance for Charity Care	(6,383,000)		(5,705,000)	
Allowance for Contractual and Other Adjustments	<u>(31,428,580)</u>		<u>(27,898,178)</u>	
Total	<u>\$ 19,660,243</u>		<u>\$ 14,677,859</u>	
Medicare	\$ 5,176,353	26 %	\$ 5,259,711	36 %
Medicaid	5,401,699	28	4,917,885	34
Private Pay	3,611,152	18	1,527,867	10
Other	<u>5,471,039</u>	<u>28</u>	<u>2,972,396</u>	<u>20</u>
Total	<u>\$ 19,660,243</u>	<u>100 %</u>	<u>\$ 14,677,859</u>	<u>100 %</u>

BROADLAWNS MEDICAL CENTER
CHANGES IN CAPITAL ASSETS AND ACCUMULATED
DEPRECIATION AND AMORTIZATION
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Capital Assets				Accumulated Depreciation and Amortization			
	June 30, 2023	Additions	Transfers and Disposals	June 30, 2024	June 30, 2023	Current Provision	Deductions	June 30, 2024
Medical Center:								
Land	\$ 2,076,909	\$ -	\$ -	\$ 2,076,909	\$ -	\$ -	\$ -	\$ -
Land Improvements	10,562,566	-	2,179,715	12,742,281	6,051,600	529,218	-	6,580,818
Buildings	51,595,365	350,612	2,991,176	54,937,153	13,526,497	1,887,682	(253,486)	15,160,693
Building Equipment	74,255,267	209,153	7,183,291	81,647,711	31,650,108	4,679,706	(1,425,583)	34,904,231
Fixed Equipment	349,010	-	(1,095)	347,915	239,216	10,366	(1,094)	248,488
Major Moveable Equipment	43,796,171	2,440,699	1,873,400	48,110,270	27,789,448	4,931,957	(729,166)	31,992,239
Construction in Progress	17,816,126	7,136,664	(18,350,232)	6,602,558	-	-	-	-
Total	200,451,414	10,137,128	(4,123,745)	206,464,797	79,256,869	12,038,929	(2,409,329)	88,886,469
Mental Health Facility:								
Land	20,066	-	-	20,066	-	-	-	-
Land Improvements	212,422	-	-	212,422	204,539	5,912	-	210,451
Buildings	6,868,581	-	-	6,868,581	6,317,070	66,181	-	6,383,251
Building Equipment	1,706,092	-	-	1,706,092	1,398,900	191,019	-	1,589,919
Major Moveable Equipment	1,162,263	284,520	(92,177)	1,354,606	421,562	-	-	421,562
Total	9,969,424	284,520	(92,177)	10,161,767	8,342,071	263,112	-	8,605,183
Total Medical Center	210,420,838	10,421,648	(4,215,922)	216,626,564	87,598,940	12,302,041	(2,409,329)	97,491,652
Residential Facilities:								
Vehicles	38,752	-	-	38,752	38,752	-	-	38,752
Total Residential Facilities	38,752	-	-	38,752	38,752	-	-	38,752
Positive Alternative to Hospitalization (PATH):								
Vehicles	371,767	44,323	(50,214)	365,876	371,767	924	(50,214)	322,477
Total PATH	371,767	44,323	(50,214)	365,876	371,767	924	(50,214)	322,477
Total	\$ 210,831,357	\$ 10,465,971	\$ (4,266,136)	\$ 217,031,192	\$ 88,009,459	\$ 12,302,965	\$ (2,459,543)	\$ 97,852,881

**BROADLAWNS MEDICAL CENTER
CHANGES IN CAPITAL ASSETS AND ACCUMULATED
DEPRECIATION AND AMORTIZATION
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	Capital Assets				Accumulated Depreciation and Amortization			
	June 30, 2022	Additions	Transfers and Disposals	June 30, 2023	June 30, 2022	Current Provision	Deductions	June 30, 2023
Medical Center:								
Land	\$ 2,076,909	\$ -	\$ -	\$ 2,076,909	\$ -	\$ -	\$ -	\$ -
Land Improvements	10,564,001	-	(1,435)	10,562,566	5,609,784	443,251	(1,435)	6,051,600
Buildings	55,206,703	-	(3,611,338)	51,595,365	15,326,821	1,771,525	(3,571,849)	13,526,497
Building Equipment	73,714,901	110,385	429,981	74,255,267	29,409,989	4,179,040	(1,938,921)	31,650,108
Fixed Equipment	347,288	20,488	(18,766)	349,010	246,281	11,695	(18,760)	239,216
Major Moveable Equipment	41,466,215	1,277,956	1,052,000	43,796,171	26,328,168	4,108,538	(2,647,258)	27,789,448
Construction in Progress	1,696,578	22,891,323	(6,771,775)	17,816,126	-	-	-	-
Total	185,072,595	24,300,152	(8,921,333)	200,451,414	76,921,043	10,514,049	(8,178,223)	79,256,869
Mental Health Facility:								
Land	20,066	-	-	20,066	-	-	-	-
Land Improvements	212,422	-	-	212,422	198,627	5,912	-	204,539
Buildings	6,868,581	-	-	6,868,581	6,250,889	66,181	-	6,317,070
Building Equipment	1,706,092	-	-	1,706,092	1,207,881	191,019	-	1,398,900
Major Moveable Equipment	515,410	646,853	-	1,162,263	127,050	233,061	61,451	421,562
Total	9,322,571	646,853	-	9,969,424	7,784,447	496,173	61,451	8,342,071
Total Medical Center	194,395,166	24,947,005	(8,921,333)	210,420,838	84,705,490	11,010,222	(8,116,772)	87,598,940
Residential Facilities:								
Vehicles	38,752	-	-	38,752	38,752	-	-	38,752
Total Residential Facilities	38,752	-	-	38,752	38,752	-	-	38,752
Positive Alternative to Hospitalization (PATH):								
Vehicles	371,767	-	-	371,767	362,305	9,462	-	371,767
Total PATH	371,767	-	-	371,767	362,305	9,462	-	371,767
Total	<u>\$ 194,805,685</u>	<u>\$ 24,947,005</u>	<u>\$ (8,921,333)</u>	<u>\$ 210,831,357</u>	<u>\$ 85,106,547</u>	<u>\$ 11,019,684</u>	<u>\$ (8,116,772)</u>	<u>\$ 88,009,459</u>

BROADLAWNS MEDICAL CENTER
PATIENT SERVICE REVENUE
YEARS ENDED JUNE 30, 2024 AND 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	2024			2023		
	Inpatients	Outpatients	Total	Inpatients	Outpatients	Total
Daily Patient Services:						
Medical, Surgical	\$ 12,766,763	\$ 9,217,990	\$ 21,984,753	\$ 10,796,106	\$ 9,221,338	\$ 20,017,444
Mental Health	24,681,148	138,709	24,819,857	23,916,419	106,112	24,022,531
Intensive Care	3,495,793	299,061	3,794,854	4,018,144	430,656	4,448,800
Family Birthing Center	6,720,049	397,772	7,117,821	5,770,628	407,754	6,178,382
Transitional Facilities	293,765	-	293,765	483,228	-	483,228
Residential Facilities	1,968,442	-	1,968,442	968,738	-	968,738
Total Daily Patient Services	49,925,960	10,053,532	59,979,492	45,953,263	10,165,860	56,119,123
Other Nursing Services:						
Surgical Services	8,822,048	66,714,988	75,537,036	3,488,998	59,711,834	63,200,832
Medical and Surgical Supplies	3,135,950	16,219,829	19,355,779	1,103,196	13,466,929	14,570,125
Ambulatory Care Services:						
Addiction Medicine	-	662,338	662,338	-	549,090	549,090
Crisis	183	1,509,243	1,509,426	-	1,913,667	1,913,667
Dental Clinic	-	2,360,522	2,360,522	-	1,245,492	1,245,492
Emergency	3,060,368	21,435,183	24,495,551	2,817,841	19,719,532	22,537,373
Endocrinology Clinic	-	213,395	213,395	-	415,426	415,426
Eye Clinic	6,963	2,301,815	2,308,778	419	2,293,491	2,293,910
Family Health Center	20	2,282,093	2,282,113	-	2,262,505	2,262,505
Geriatrics Clinic	-	373,278	373,278	-	455,314	455,314
Integrated Health Home	-	1,464,388	1,464,388	-	1,651,210	1,651,210
Internal Medicine Clinic	-	401,605	401,605	-	427,998	427,998
Neurology Clinic	-	688,549	688,549	-	606,948	606,948
Oncology Clinic	-	2,142,985	2,142,985	-	2,068,645	2,068,645
Optical Shop	-	427,570	427,570	-	407,470	407,470
Orthopedics Clinic	-	1,251,523	1,251,523	-	1,119,239	1,119,239
Outpatient Behavioral Health	1	8,639,879	8,639,880	712,171	8,658,019	9,370,190
Pain Management Center	-	5,673,914	5,673,914	-	6,699,435	6,699,435
Pediatric Clinic	-	985,997	985,997	-	1,024,389	1,024,389
Podiatry Clinic	-	2,886,953	2,886,953	-	2,495,428	2,495,428
Primary Care Clinic	20	3,762,754	3,762,774	-	3,718,306	3,718,306
Sleep Medicine and Allergy Clinic	-	592,387	592,387	-	818,236	818,236
Specialty Clinic	-	72,029	72,029	-	76,725	76,725
Surgery Clinic	24,944	2,122,904	2,147,848	31,585	2,097,566	2,129,151
Urology Clinic	-	2,712,771	2,712,771	-	3,053,334	3,053,334
Walk-In Clinic	20	3,314,451	3,314,471	20	3,442,123	3,442,143
Women's Health Clinic	-	2,102,451	2,102,451	-	2,005,816	2,005,816
PATH	-	1,596,706	1,596,706	-	1,433,464	1,433,464
Total Other Nursing Services	15,050,517	154,912,500	169,963,017	8,154,230	143,837,631	151,991,861

BROADLAWNS MEDICAL CENTER
PATIENT SERVICE REVENUE (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	2024			2023		
	Inpatients	Outpatients	Total	Inpatients	Outpatients	Total
Other Physician Services:						
Anesthesiology	\$ 1,663,121	\$ 6,981,578	\$ 8,644,699	\$ 1,261,971	\$ 6,773,553	\$ 8,035,524
Cardiology	-	175,664	175,664	17,180	220,081	237,261
Dallas Center Clinic	-	-	-	-	619,670	619,670
Downtown Clinic	-	2,374,692	2,374,692	-	2,172,408	2,172,408
Drake University Clinic	67,757	1,097,736	1,165,493	-	33,028	33,028
East University Clinic	-	6,933,935	6,933,935	-	6,665,922	6,665,922
Emergency Medicine	1,314,506	9,975,650	11,290,156	1,205,610	8,909,848	10,115,458
Endocrinology	-	161,897	161,897	-	298,533	298,533
ENT	1,418	1,652,744	1,654,162	1,333	2,112,443	2,113,776
Geriatrics	-	358,535	358,535	-	480,953	480,953
Internal Medicine	46,972	4,742,148	4,789,120	82,822	4,569,822	4,652,644
Medical Education	1,404,893	2,191,378	3,596,271	969,340	2,457,632	3,426,972
Neurology	12,509	445,064	457,573	10,795	475,748	486,543
Obstetrics and Gynecology	4,280,583	1,447,943	5,728,526	3,400,245	1,725,030	5,125,275
Oncology	-	365,714	365,714	-	361,677	361,677
Ophthalmology	4,687	3,353,692	3,358,379	3,383	3,162,108	3,165,491
Orthopedics	345,404	3,376,154	3,721,558	239,948	3,905,153	4,145,101
Pain Management Center	527	1,982,363	1,982,890	-	2,408,124	2,408,124
Pediatrics	27,623	1,172,552	1,200,175	18,346	1,128,248	1,146,594
Podiatry	207,453	1,718,558	1,926,011	102,971	1,544,862	1,647,833
Primary Care Clinic	2,202	2,620,206	2,622,408	6,219	2,473,602	2,479,821
Psychiatry	49,323	6,409,958	6,459,281	13,509	6,297,319	6,310,828
Sleep Medicine and Allergy	-	-	-	-	316,072	316,072
Surgery	208,386	1,360,658	1,569,044	224,150	1,310,510	1,534,660
Urology	118,055	2,122,211	2,240,266	100,564	1,835,442	1,936,006
Walk-In Clinic	-	1,823,736	1,823,736	-	2,092,173	2,092,173
Other Physician Services	-	55,992	55,992	-	55,194	55,194
Total Other Physician Services	9,755,419	64,900,758	74,656,177	7,658,386	64,405,155	72,063,541
Other Professional Services:						
Laboratory	6,413,351	26,778,892	33,192,243	5,888,886	25,905,340	31,794,226
Pharmacy	3,216,494	51,176,740	54,393,234	2,899,231	49,236,413	52,135,644
Radiology	6,888,583	58,215,270	65,103,853	5,982,296	53,572,851	59,555,147
Respiratory Therapy	2,165,899	2,216,307	4,382,206	1,929,006	2,151,648	4,080,654
Diagnostic Services	2,295	469,832	472,127	18,701	915,468	934,169
Physical and Occupational Therapy	283,995	3,418,662	3,702,657	259,890	3,297,499	3,557,389
Speech and Hearing Therapy	69,856	407,335	477,191	74,835	413,782	488,617
Total Other Professional Services	19,040,473	142,683,038	161,723,511	17,052,845	135,493,001	152,545,846
Gross Charges at Established Rates	<u>\$ 93,772,369</u>	<u>\$ 372,549,828</u>	466,322,197	<u>\$ 78,818,724</u>	<u>\$ 353,901,647</u>	432,720,371
Charity Care Charges Forgone, Based on Established Rates			(12,297,015)			(11,521,490)
Total Gross Patient Service Revenue			454,025,182			421,198,881
Provisions for Contractual and Other Adjustments			(216,055,561)			(235,798,275)
Provision for Bad Debts			(22,476,096)			(14,064,216)
Total Net Patient Service Revenue			<u>\$ 215,493,525</u>			<u>\$ 171,336,390</u>

**BROADLAWNS MEDICAL CENTER
OTHER OPERATING REVENUE
YEARS ENDED JUNE 30, 2024 AND 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	2024	2023
Grants:		
Broadlawns Medical Center:		
Women, Infants, and Children Program, State of Iowa, (IDPH)	\$ 3,166,034	\$ 2,828,989
WIC Breast Pump Program, State of Iowa, (IDPH)	46,450	38,837
Hospital Preparedness Program	2,300	19,456
Farmers Market Nutrition Program, State of Iowa (IDALS)	6,603	5,167
Breastfeeding Peer Counseling, State of Iowa, (IDPH)	158,773	155,537
HCBS American Rescue Plan Act Recruitment and Retention Grant, State of Iowa	-	276,501
Hypertension and Cholesterol Improvement Project, Iowa State Department of Public Health	5,000	2,500
Apprenticeship USA Expansion and Innovation, Iowa Workforce Development	64,042	-
Total Grants	<u>3,449,202</u>	<u>3,326,987</u>
Contracts:		
Polk County:		
Addiction Medicine	322,080	322,080
Annual Incentive	75,475	-
Other:		
Medical and Dental Education, University of Iowa	296,080	341,080
Medicare and Medicaid Innovation	-	11,086
Integrated Health Home	50,462	50,676
Total Contracts	<u>744,097</u>	<u>724,922</u>
Other:		
Family Practice Program, UnityPoint	29,436	173,358
Purchase Discounts	19,851	12,752
Refunds and Rebates	712,416	556,278
Sales and Supplies, Services, and Salvage	2,862,638	2,750,953
Des Moines Consortium Contribution	52,708	65,292
Psychiatry Education Foundation	786,982	867,013
Des Moines PD Mobile Crisis	328,466	328,464
Miscellaneous	202,803	152,114
Total Other	<u>4,995,300</u>	<u>4,906,224</u>
Total Other Operating Revenue	<u><u>\$ 9,188,599</u></u>	<u><u>\$ 8,958,133</u></u>

