

**Steele Memorial Medical Center  
A Component Unit of  
Lemhi County, Idaho**

Basic Financial Statements and  
Independent Auditors' Reports

September 30, 2014 and 2013



**DINGUS | ZARECOR & ASSOCIATES** PLLC  
Certified Public Accountants

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Steele Memorial Medical Center  
A Component Unit of Lemhi County, Idaho  
Salmon, Idaho

### ***Report on the Financial Statements***

We have audited the accompanying statements of net position and the related statements of revenues, expenses, and changes in net position and statements of cash flows of Steele Memorial Medical Center, a component unit of Lemhi County, Idaho (the Hospital) as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Hospital and the discretely presented component unit of the Hospital as of September 30, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter – Change in Accounting Principles***

As described in Note 2 to the basic financial statements, in 2014 the Hospital adopted new accounting guidance, *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2015, on our consideration of the Hospital'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 the Hospital's internal control over financial reporting and compliance.

***Dingus, Zarecor & Associates PLLC***

Spokane Valley, Washington  
February 11, 2015

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Statements of Net Position**  
**September 30, 2014 and 2013**

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2014</b>	<b>2013</b>
<i>Current assets</i>		
Cash and cash equivalents	\$ 3,243,011	\$ 5,148,127
Investments in certificates of deposit	348,393	649,658
Receivables:		
Patient, net of estimated uncollectibles of approximately \$1,388,000 and \$1,319,000, respectively	3,423,051	2,215,771
Other	32,769	13,062
Electronic health records incentive payment	1,044,776	267,392
Estimated third-party payor settlements	717,000	234,156
Cash and cash equivalents restricted for debt service	455,000	445,000
Inventories	701,308	653,846
Prepaid expenses	265,147	240,121
Total current assets	10,230,455	9,867,133
<i>Noncurrent assets</i>		
Cash and cash equivalents:		
Restricted for capital acquisitions	184,856	185,188
Restricted for debt service	192,123	182,483
Board designated for capital acquisitions	1,162,873	1,011,631
Investments in certificates of deposit	556,405	256,591
Investment in Yellowstone Insurance Exchange	274,944	180,939
Capital assets, net	11,736,757	10,962,650
Total noncurrent assets	14,107,958	12,779,482
Total assets	24,338,413	22,646,615
<i>Deferred outflows of resources, deferred charge on debt refunding</i>	577,861	622,599
<b>Total assets and deferred outflows of resources</b>	<b>\$ 24,916,274</b>	<b>\$ 23,269,214</b>

*See accompanying notes to basic financial statements.*

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Statements of Net Position (Continued)**  
**September 30, 2014 and 2013**

<b>LIABILITIES AND NET POSITION</b>	<b>2014</b>	<b>2013</b>
<i>Current liabilities</i>		
Current maturities of long-term debt	\$ 587,876	\$ 576,954
Accounts payable	1,441,875	898,383
Estimated third-party payor settlements	517,941	528,043
Accrued expenses:		
Payroll and related liabilities	967,187	895,771
Interest	23,975	24,717
Total current liabilities	<b>3,538,854</b>	2,923,868
<i>Long-term debt, less current maturities</i>	<b>7,880,695</b>	8,521,527
Total liabilities	<b>11,419,549</b>	11,445,395
<i>Net position, restated</i>		
Net investment in capital assets	3,429,067	2,024,640
Restricted for debt service	647,123	627,483
Unrestricted	9,420,535	9,171,696
Total net position, restated	<b>13,496,725</b>	11,823,819
<b>Total liabilities and net position</b>	<b>\$ 24,916,274</b>	<b>\$ 23,269,214</b>

*See accompanying notes to basic financial statements.*

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended September 30, 2014 and 2013**

	2014	2013
<i>Operating revenues</i>		
Net patient revenue, net of provision for bad debts of \$840,212 and \$955,244, respectively	\$ 18,531,422	\$ 18,172,331
Electronic health records incentive payment	1,044,776	267,392
Other	179,406	149,044
<b>Total operating revenues</b>	<b>19,755,604</b>	<b>18,588,767</b>
<i>Operating expenses</i>		
Salaries and wages	7,201,362	6,668,290
Employee benefits	1,696,130	1,522,840
Purchased services	3,653,673	3,534,983
Supplies	3,235,607	2,820,515
Leases and rent	245,073	278,627
Repairs and maintenance	219,680	196,616
Utilities	219,240	196,029
Insurance	226,586	221,319
Travel, dues, and education	277,561	252,528
Other	608,569	492,204
Depreciation and amortization	904,880	895,416
<b>Total operating expenses</b>	<b>18,488,361</b>	<b>17,079,367</b>
<i>Operating income</i>	<b>1,267,243</b>	<b>1,509,400</b>
<i>Nonoperating revenue (expense)</i>		
Interest income	9,504	12,525
Lemhi County appropriation	404,134	405,695
Gain on investment in Yellowstone Insurance Exchange	94,005	35,643
Contributions	23,553	27,463
Gain on disposal of assets	-	8,129
Interest expense	(307,382)	(313,502)
<b>Total nonoperating revenue, net</b>	<b>223,814</b>	<b>175,953</b>
Excess of revenues over expenses before capital contributions	<b>1,491,057</b>	<b>1,685,353</b>
<i>Capital contributions</i>	<b>181,849</b>	<b>128,000</b>
Change in net position	<b>1,672,906</b>	<b>1,813,353</b>
Net position, beginning of year, restated	<b>11,823,819</b>	<b>10,010,466</b>
<b>Net position, end of year, restated</b>	<b>\$ 13,496,725</b>	<b>\$ 11,823,819</b>

*See accompanying notes to basic financial statements.*

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Statements of Cash Flows**  
**Years Ended September 30, 2014 and 2013**

	2014	2013
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>		
<i>Cash flows from operating activities</i>		
Receipts from and on behalf of patients	\$ 16,831,196	\$ 18,259,990
Receipts from electronic health records incentive payment	267,392	-
Payments to and on behalf of employees	(8,845,783)	(8,113,837)
Payments to suppliers and contractors	(8,214,985)	(7,929,487)
Other receipts	179,406	149,044
Net cash provided by operating activities	217,226	2,365,710
<i>Cash flows from noncapital financing activities</i>		
Receipts from contributions	23,553	27,463
<i>Cash flows from capital and related financing activities</i>		
Lemhi County appropriations	404,134	405,695
Contributions from Foundation	181,849	128,000
Principal paid on long-term debt	(576,954)	(706,839)
Interest on long-term debt	(316,342)	(322,447)
Purchase of property and equipment	(1,678,987)	(708,944)
Net cash used in capital and related financing activities	(1,986,300)	(1,204,535)
<i>Cash flows from investing activities</i>		
Purchases of investments	(648,207)	(112,096)
Proceeds from sale of investments	649,658	108,906
Distribution of surplus capital from investment in Yellowstone Insurance Exchange	-	10,413
Interest received	9,504	12,525
Net cash provided by investing activities	10,955	19,748
Net increase (decrease) in cash and cash equivalents	(1,734,566)	1,208,386
Cash and cash equivalents, beginning of year	6,972,429	5,764,043
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,237,863</b>	<b>\$ 6,972,429</b>

*See accompanying notes to basic financial statements.*



**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Statements of Cash Flows (Continued)**  
**Years Ended September 30, 2014 and 2013**

	2014	2013
<b><i>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</i></b>		
Cash and cash equivalents in current assets:		
Cash and cash equivalents	\$ 3,243,011	\$ 5,148,127
Restricted for debt service	455,000	445,000
Cash and cash equivalents in noncurrent assets:		
Restricted for capital acquisitions	184,856	185,188
Restricted for debt service	192,123	182,483
Board designated for capital acquisitions	1,162,873	1,011,631
<b>Total cash and cash equivalents</b>	<b>\$ 5,237,863</b>	<b>\$ 6,972,429</b>
<b><i>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</i></b>		
Operating income	\$ 1,267,243	\$ 1,509,400
<i>Adjustments to reconcile operating income to net cash provided by operating activities</i>		
Depreciation and amortization	904,880	895,416
Provision for bad debts	840,212	955,244
Decrease (increase) in assets:		
Receivables:		
Patient accounts, net	(2,047,492)	(1,023,535)
Other	(19,707)	9,525
Electronic health record incentive payment	(777,384)	(267,392)
Estimated third-party payor settlements	(482,844)	118,907
Inventories	(47,462)	(127,560)
Prepaid expenses	(25,026)	(1,999)
Increase (decrease) in liabilities:		
Accounts payable	543,492	192,893
Estimated third-party payor settlements	(10,102)	37,043
Accrued payroll and related liabilities	71,416	67,768
<b>Total adjustments</b>	<b>(1,050,017)</b>	<b>856,310</b>
<b>Net cash provided by operating activities</b>	<b>\$ 217,226</b>	<b>\$ 2,365,710</b>

***Noncash Capital and Related Financing Activities***

During the year ended September 30, 2013, the Hospital entered into a capital lease obligation of \$675,350 for a CT scanner. The Hospital recognized a gain of \$9,705 from the forgiveness of the outstanding capital lease balance on the existing CT scanner that was replaced.

*See accompanying notes to basic financial statement*

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Notes to Basic Financial Statements**  
**Years Ended September 30, 2014 and 2013**

**1. Reporting Entity and Summary of Significant Accounting Policies:**

**a. Reporting Entity**

Steele Memorial Medical Center (the Hospital) operates an 18-bed critical access hospital and rural health clinic in Salmon, Idaho. The Board of County Commissioners of Lemhi County, Idaho (the County) appoints the Hospital Board of Directors, and the Hospital may not issue debt without the County's approval. For this reason, the Hospital is considered to be a component unit of the County. As organized, the Hospital is exempt from payment of federal and state income taxes.

As required by accounting principles generally accepted in the United States of America, the financial statements present the Hospital — the primary government — and its component unit. The component unit discussed below is included in the Hospital reporting entity because of the significance of its operations and financial relationships with the Hospital.

**b. Component Unit**

Steele Memorial Hospital Benefit Association doing business as Steele Memorial Foundation (the Foundation) is organized as an Idaho nonprofit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation was organized to solicit and accept charitable contributions in order to provide support to the Hospital.

The Foundation is a beneficiary of a \$3,000,000 grant from another private foundation. The grant will be paid semiannually until July 2022, and proceeds are to be used for the payment of interest and principal on the Steele Memorial Hospital outstanding bonds. Short-term installments due during the year ended September 30, 2014, have been recorded at fair value of \$125,000. The remaining installments are recorded based on the estimated present value of the payment stream over the term of the related agreement at the date the promise was received. Foundation contributions to the Hospital were \$180,000 and \$128,000 in the years ended September 30, 2014 and 2013, respectively.

The Foundation's condensed balance sheets are summarized as follows:

	<b>2014</b>	<b>2013</b>
<i>Assets</i>		
Cash and investments	\$ 138,590	\$ 118,774
Promise to give	125,000	125,000
Promise to give, net of discount	848,534	973,026
<b>Total assets</b>	<b>1,112,124</b>	<b>1,216,800</b>
<i>Net assets</i>		
Unrestricted	138,590	118,774
Temporarily restricted	973,534	1,098,026
<b>Total net assets</b>	<b>\$ 1,112,124</b>	<b>\$ 1,216,800</b>

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended September 30, 2014 and 2013**

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

**b. Component Unit (continued)**

The Foundation's condensed statements of revenues, expenses, and changes in net assets are summarized as follows:

	<b>2014</b>	<b>2013</b>
Total revenues	\$ 85,008	\$ 110,714
Total expenses	<b>189,684</b>	193,598
Change in net assets	<b>(104,676)</b>	(82,884)
Net assets, beginning of year	<b>1,216,800</b>	1,299,684
Net assets, end of year	<b>\$ 1,112,124</b>	\$ 1,216,800

**c. Summary of Significant Accounting Policies**

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

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

***Cash and cash equivalents*** – Cash and cash equivalents include highly liquid investments with an original maturity of three months or less.

***Inventories*** – Inventories are stated at cost on the first-in, first-out method. Inventories consist of pharmaceutical, medical-surgical, and other supplies used in the Hospital's operation.

***Property and equipment*** – Property and equipment acquisitions in excess of \$5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Equipment under capital leases is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Amortization is included in depreciation and amortization in the financial statements.

The estimated useful lives of property and equipment are as follows:

Building and improvements	5 to 40 years
Land improvements	8 to 12 years
Major movable equipment	3 to 20 years

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended September 30, 2014 and 2013**

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

**c. Summary of Significant Accounting Policies (continued)**

*Compensated absences* – The Hospital’s employees earn paid time off at varying rates depending on years of service. Employees are allowed to accrue a maximum of one and one half year’s accrual. Paid time off is expensed when earned by employees. Employees also earn extended illness bank benefits based on a standard accrual rate per hour worked up to a 300 hour maximum in bank. Unused extended illness bank hours are not paid out upon termination of employment. Extended illness benefits are expensed when taken.

*Net position* – Net position of the Hospital is classified into three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and deferred financing costs, reduced by current balances of any outstanding balances used to finance the purchase or construction of those assets. Restricted net position is net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Hospital, including amounts deposited with trustees as required by bond indentures. Unrestricted net position is remaining net position that does not meet the definition of invested in capital assets, net of related debt or restricted.

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

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

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

*Subsequent events* – The Hospital has evaluated subsequent events through February 11, 2015, the date on which the financial statements were available to be issued.

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended September 30, 2014 and 2013**

**2. Recent Accounting Pronouncements:**

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which establishes standards for reporting deferred outflows and deferred inflows of resources and net position. The statement requires reporting of deferred outflows of resources (consumption of net assets applicable to future periods) and deferred inflows of resources (acquisition of net assets applicable to future periods) in separate sections of the statement of net position following assets and liabilities. The difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources equals net position and net position should be displayed in three components as: net investment in capital assets, restricted, and unrestricted. GASB Statement No. 63 is effective for financial statement periods beginning after December 15, 2011. The District adopted the provisions of the statement in 2013 on a retroactive basis by reclassifying certain statement of net position elements for all periods presented.

In March 2011, the GASB issued Statement No. 65, *Items Previously reported as Assets and Liabilities*. Statement No. 65, which is effective for financial statements for periods beginning after December 15, 2012, amends or supersedes accounting and financial reporting guidance for certain items previously reported as assets or liabilities. The Hospital adopted GASB Statement No. 65 in 2014 and has retroactively restated the current year financial statements for all periods presented. Under this standard, debt issuance costs will need to be expensed as incurred.

The effect of the restatement on prior period's financial statements is as follows:

Net position at September 30, 2012, as previously reported	\$	10,221,087
Unamortized debt issuance costs previously reported as assets		(210,621)
<hr/>		
Net position at October 1, 2012, as restated		10,010,466
Increase in net position for the year ended		
September 30, 2013, as previously reported	\$	1,799,234
Unamortized debt issuance costs expensed in 2013	14,119	1,813,353
<hr/>		
<b>Net position at September 30, 2013, as restated</b>	<b>\$</b>	<b>11,823,819</b>

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended September 30, 2014 and 2013**

**3. Bank Deposits and Investments:**

Custodial credit risk is the risk that in the event of a depository institution's failure, the Hospital's deposits may not be refunded to it. The Hospital does not have a deposit policy for custodial credit risk. As of September 30, 2014 and 2013, the Hospital had uncollateralized deposit balances of \$2,418,674 and \$4,221,481, respectively.

**Interest rate risk** – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Hospital does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Idaho state statutes limit the investments in bonds, debentures, or notes of any corporation to be rated "A" or higher by nationally recognized statistical rating organizations.

The Hospital's investments included:

	<b>2014</b>			
	<b>Fair Value</b>	<b>Investment Maturities (in Years)</b>		<b>Investment Ratings</b>
		<b>Less Than One</b>	<b>One to Five</b>	
Certificates of deposit	\$ 904,798	\$ 348,393	\$ 556,405	Not applicable

  

	<b>2013</b>			
	<b>Fair Value</b>	<b>Investment Maturities (in Years)</b>		<b>Investment Ratings</b>
		<b>Less Than One</b>	<b>One to Five</b>	
Certificates of deposit	\$ 906,249	\$ 649,658	\$ 256,591	Not applicable

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended September 30, 2014 and 2013**

**4. Patient Accounts Receivable:**

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

The Hospital's allowance for uncollectible accounts for self-pay patients has not changed significantly from the prior years. The Hospital's provisions for bad debts and writeoffs have not changed significantly from the prior year. The Hospital changed their charity care policy to make it easier for patients with balances of less than \$1,000 to apply for charity care in fiscal year 2014. The Hospital does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant writeoffs from third-party payors.

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

	<b>2014</b>	<b>2013</b>
Receivables from patients and their insurance carriers	\$ 3,363,430	\$ 2,834,544
Receivables from Medicare	1,257,892	593,635
Receivables from Medicaid	190,116	106,992
Total patient accounts receivable	<b>4,811,438</b>	3,535,171
Less allowance for uncollectible accounts	<b>1,388,387</b>	1,319,400
<b>Patient accounts receivable, net</b>	<b>\$ 3,423,051</b>	<b>\$ 2,215,771</b>

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended September 30, 2014 and 2013**

**5. Capital Assets:**

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

	Balance September 30, 2013	Additions	Retirements	Transfers	Balance September 30, 2014
<i>Capital assets not being depreciated</i>					
Land	\$ 958,744	\$ -	\$ -	\$ -	\$ 958,744
Construction in progress	309,740	-	-	(110,412)	199,328
Total capital assets not being depreciated	1,268,484	-	-	(110,412)	1,158,072
<i>Capital assets being depreciated</i>					
Buildings and improvements	10,267,789	157,226	-	-	10,425,015
Land improvements	189,383	-	-	-	189,383
Major movable equipment	6,081,080	1,521,761	(530)	110,412	7,712,723
Total capital assets being depreciated	16,538,252	1,678,987	(530)	110,412	18,327,121
<i>Less accumulated depreciation for</i>					
Buildings and improvements	2,689,814	287,883	-	-	2,977,697
Land improvements	84,861	13,704	-	-	98,565
Major movable equipment	4,069,411	603,293	(530)	-	4,672,174
Total accumulated depreciation	6,844,086	904,880	(530)	-	7,748,436
<i>Total capital assets being depreciated, net</i>	9,694,166	774,107	-	110,412	10,578,685
<b>Capital assets, net</b>	<b>\$ 10,962,650</b>	<b>\$ 774,107</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,736,757</b>



**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended September 30, 2014 and 2013**

**5. Capital Assets (continued):**

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

	Balance September 30, 2012	Additions	Retirements	Transfers	Balance September 30, 2013
<i>Capital assets not being depreciated</i>					
Land	\$ 958,744	\$ -	\$ -	\$ -	\$ 958,744
Construction in progress	94,160	215,580	-	-	309,740
Total capital assets not being depreciated	1,052,904	215,580	-	-	1,268,484
<i>Capital assets being depreciated</i>					
Buildings and improvements	10,231,991	35,798	-	-	10,267,789
Land improvements	189,383	-	-	-	189,383
Major movable equipment	7,060,540	1,132,916	(2,112,376)	-	6,081,080
Total capital assets being depreciated	17,481,914	1,168,714	(2,112,376)	-	16,538,252
<i>Less accumulated depreciation for</i>					
Buildings and improvements	2,410,952	278,862	-	-	2,689,814
Land improvements	70,791	14,070	-	-	84,861
Major movable equipment	5,577,727	602,484	(2,110,800)	-	4,069,411
Total accumulated depreciation	8,059,470	895,416	(2,110,800)	-	6,844,086
<i>Total capital assets being depreciated, net</i>	9,422,444	273,298	(1,576)	-	9,694,166
<b>Capital assets, net</b>	<b>\$ 10,475,348</b>	<b>\$ 488,878</b>	<b>\$ (1,576)</b>	<b>\$ -</b>	<b>\$ 10,962,650</b>

Significant construction in progress as of September 30, 2014, consisted of the following:

- An Arthrex video tower, which was placed into service in October 2014 with a cost of approximately \$66,000.
- Plans to build a new medical office building, of which the estimated date or cost of completion cannot yet be estimated due to the preliminary nature of the project.

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended September 30, 2014 and 2013**

**6. Long-term Debt:**

A schedule of changes in the Hospital's noncurrent liabilities consisted of the following amounts:

	Balance September 30, 2013	Additions	Reductions	Balance September 30, 2014	Amounts Due Within One Year
General obligation bonds:					
2011	\$ 7,755,000	\$ -	\$ (445,000)	\$ 7,310,000	\$ 455,000
2011 bond premium	736,975	-	(52,956)	<b>684,019</b>	-
Capital lease obligations	606,506	-	(131,954)	<b>474,552</b>	132,876
<b>Total long-term debt</b>	<b>\$ 9,098,481</b>	<b>\$ -</b>	<b>\$ (629,910)</b>	<b>\$ 8,468,571</b>	<b>\$ 587,876</b>

	Balance September 30, 2012	Additions	Reductions	Balance September 30, 2013	Amounts Due Within One Year
General obligation bonds:					
2011	\$ 8,190,000	\$ -	\$ (435,000)	\$ 7,755,000	\$ 445,000
2011 bond premium	789,932	-	(52,957)	<b>736,975</b>	-
Capital lease obligations	212,700	675,350	(281,544)	<b>606,506</b>	131,954
<b>Total long-term debt</b>	<b>\$ 9,192,632</b>	<b>\$ 675,350</b>	<b>\$ (769,501)</b>	<b>\$ 9,098,481</b>	<b>\$ 576,954</b>

**General obligation bonds** – General Obligation Refunding Bonds, Series 2011 (the Refunding Bonds), were issued by Lemhi County in the amount of \$8,215,000. The bond proceeds were used to refund the Steele Memorial Hospital Project, General Obligation Bonds, Series 2003. Through September 2027, annual principal installments ranging from \$455,000 to \$705,000 are required, plus semiannual interest payments from 2% to 5%.

In conjunction with the bond issuance, the Board of Commissioners of Lemhi County and the Board of Trustees of the Hospital executed a Memorandum of Understanding (the Memorandum). The Memorandum states the debt service obligation on the bonds will be funded from four sources. The Foundation anticipates receiving grant funds as discussed in Note 1. The Hospital anticipates benefit of reimbursable depreciation and interest costs from the newly constructed facility and the corresponding bond interest costs on the Hospital's cost reports. The County and the Hospital have agreed that no more than 60% of this benefit may be used for debt service. Amounts from Hospital operations may be budgeted for debt service upon approval by the County. Lastly, the County shall levy and cause to be levied annually upon all taxable property within the limits of the County, in addition to all other authorized taxes and assessments, a tax or assessment sufficient to meet the debt service payments. Ultimately, the full faith and credit and all taxable property in Lemhi County are pledged as security on the Refunding Bonds.

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended September 30, 2014 and 2013**

**6. Long-term Debt (continued):**

*Capital lease obligations* – Capitalized lease obligations include varying rates of imputed interest from 3.6% to 4.5%, secured by leased assets. The lease for the Olympus scope was paid off in 2014.

The lease obligations are reflected in the Hospital’s assets and liabilities. The assets acquired under the capital lease had a capitalized cost of \$675,350 and \$777,826 and accumulated amortization of \$202,605 and \$166,595 as of September 30, 2014 and 2013, respectively.

Scheduled principal and interest repayments on the general obligation bonds are as follows:

Years Ending September 30,	Bonds		
	Principal	Interest	Total
2015	\$ 455,000	\$ 287,700	\$ 742,700
2016	460,000	278,600	738,600
2017	480,000	264,800	744,800
2018	490,000	250,400	740,400
2019	510,000	230,800	740,800
2020-2024	2,885,000	829,800	3,714,800
2025-2027	2,030,000	199,250	2,229,250
	<b>\$ 7,310,000</b>	<b>\$ 2,341,350</b>	<b>\$ 9,651,350</b>

Scheduled principal and interest repayments on capital lease obligations are as follows:

Years Ending September 30,	Capital Lease Obligations		
	Principal	Interest	Total
2015	\$ 132,876	\$ 15,001	\$ 147,877
2016	137,770	10,106	147,876
2017	142,845	5,031	147,876
2018	61,061	554	61,615
	<b>\$ 474,552</b>	<b>\$ 30,692</b>	<b>\$ 505,244</b>

**7. Line of Credit:**

The Hospital has one open line of credit with Wells Fargo at September 30, 2014, for \$1,000,000. There were no draws or payments associated with this loan during the year and no balance outstanding at year end.

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended September 30, 2014 and 2013**

**8. Net Patient Service Revenue:**

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	<b>2014</b>	<b>2013</b>
Patient service revenue (net of contractual adjustments and discounts):		
Medicare	\$ 7,990,669	\$ 6,408,879
Medicaid	1,229,546	1,557,706
Other third-party payors	8,399,587	9,314,220
Patients	1,864,519	1,756,610
	<b>19,484,321</b>	<b>19,037,415</b>
Upper Payment Limit	<b>12,633</b>	217,844
Less:		
Charity care	<b>125,320</b>	127,684
Provision for bad debts	<b>840,212</b>	955,244
<b>Net patient service revenue</b>	<b>\$ 18,531,422</b>	<b>\$ 18,172,331</b>

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

- *Medicare* – The Hospital is licensed as a critical access hospital and the clinic as a rural health clinic by Medicare and both are reimbursed for most inpatient, outpatient, and clinic services at cost with final settlement determined after submission of annual cost reports by the Hospital subject to audits thereof by the Medicare administrative contractor. Nonrural health clinic services are reimbursed on a fee schedule.
- *Medicaid* – Inpatient and outpatient services provided to Medicaid program beneficiaries are reimbursed under cost reimbursement methodologies through the Hospital's Medicare cost report, or rates as established by the Medicaid program. The Hospital is reimbursed at a tentative rate with final settlement determined by the Medicaid program based on the Hospital's final Medicare cost report.

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended September 30, 2014 and 2013**

**8. Net Patient Service Revenue (continued):**

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

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue increased by approximately \$45,000 in 2014, and decreased by approximately \$15,000 in 2013, due to differences between original estimates and final settlements or revised estimates.

The Hospital provides charity care to patients who are financially unable to pay for the healthcare services they receive. The Hospital's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the Hospital does not report these amounts in net operating revenues or in the allowance for doubtful accounts. The Hospital determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended September 30, 2014 and 2013, were approximately \$83,000 and \$85,000, respectively.

**9. Electronic Health Records Incentive Payment:**

The Hospital recognized Medicare and Medicaid electronic health records (EHR) incentive payments during the years ended September 30, 2014 and 2013. The EHR incentive payments are provided to incent hospitals to become meaningful users of EHR technology, not to reimburse providers for the cost of acquiring EHR assets. EHR incentive payments are therefore reported as operating revenue.

The Hospital recognizes the Medicare incentive payment on the date that the Hospital has successfully complied with meaningful use criteria during the entire EHR reporting period. The Hospital attested to meaningful use with Medicare in September 2014. The Medicare EHR reporting period is through September 30 of each year.

The Medicare incentive payment recognized is an estimate and subject to audit by Centers for Medicare and Medicaid Services (CMS). The Medicare EHR incentive payment is based on the days and charity care reported in the Medicare cost report and the undepreciated cost of the EHR equipment submitted to CMS. Medicare incentive revenue of \$830,863 was recognized in 2014.

The Medicaid incentive payments are recognized in the year that certified EHR technology is adopted, implemented, or upgraded, or when such technology was meaningfully used under the Medicare EHR incentive program. The Hospital received the first Medicaid EHR incentive payment in the amount of \$267,392 during the year ended September 30, 2013. A second Medicaid EHR payment in the amount of \$213,913 was recognized during the year ended September 30, 2014. A third and final payment of \$53,478 will be recognized in 2015.

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended September 30, 2014 and 2013**

**10. Employee Benefit Plan:**

The Hospital provides employees with a deferred compensation pension plan administered by Rudd & Company. The Steele Memorial Medical Center 457 Deferred Compensation Plan (the 457 Plan) covers all benefits-eligible employees. The employee contributions to this plan were approximately \$336,000 per year for the years ended September 30, 2014 and 2013, respectively. The Hospital does not make contributions to the employee 457 Plan.

The Hospital also sponsors the Steele Memorial Hospital Profit Sharing Plan (the Plan). Employees are eligible to enroll in and receive an allocation of employer contributions once they have completed one year of service and meet eligibility requirements. Each employee's share is based on individual compensation as a percentage of total compensation, up to a 3% total match. Hospital contributions to this plan for the years ended September 30, 2014 and 2013, were approximately \$131,000 and \$138,000, respectively. The Plan is administered by the Hospital.

**11. Commitment:**

The Hospital renewed a contract with QHR effective March 2013 for management and advisory services through March 2015. Compensation for salaries beginning March 2014 is approximately \$196,000 per year, which includes \$7,000 per year designated as severance pay. This severance pay is refundable at the end of the contract term if unused.

Total payments to QHR that include management fees, consulting engagements, and salaries and benefits pass-through for the years ended September 30, 2014 and 2013, were approximately \$596,000 and \$564,000, respectively.

For the years ended September 30, 2014 and 2013, the Hospital also had commitments under a noncancellable operating lease in the amount of approximately \$24,000 and \$37,000, respectively, through August 2016.

**12. Risk Management and Contingencies:**

**Risk management** – The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, accident, and unemployment benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

**Medical malpractice claims** – The Hospital has malpractice insurance coverage with Yellowstone Insurance Exchange (the Exchange) to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1,000,000 per claim and an annual limit of \$3,000,000. There is a \$10,000 deductible per claim. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured.

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended September 30, 2014 and 2013**

**12. Risk Management and Contingencies (continued):**

During the years ended September 30, 2014 and 2013, the Hospital made no capital contributions to the Exchange, a reciprocal risk retention group formed in the state of Vermont, pursuant to the Federal Liability Risk Retention Act of 1986, to help form a captive insurance company with several unrelated hospitals located in Idaho and other northwestern states. All profits and losses from the operation of the Exchange are allocated by the Exchange's Subscriber Advisory Committee, based on premiums paid, exposure rates, and ownership levels. For financial reporting purposes, the Hospital accounts for its investment in the Exchange under the equity method of accounting for investments in common stock. During the year ended September 30, 2014, the Hospital received a distribution of \$3,471. During the years ended September 30, 2014 and 2013 the Hospital recorded a gain on investment in the amount of \$94,005 and \$35,643, respectively.

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

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

**Litigation** – The Hospital is occasionally involved in litigation arising in the course of business. Management estimates that these matters will be resolved without a material adverse effect on the Hospital's future financial position or results of operations.

**Healthcare reform** – As a result of recently enacted federal healthcare reform legislation, substantial changes are anticipated in the United States of America's healthcare system. Such legislation includes numerous provisions affecting the delivery of healthcare services, the financing of healthcare costs, reimbursement of healthcare providers, and the legal obligations of health insurers, providers, and employers. These provisions are currently slated to take effect at specified times over approximately the next decade. The federal healthcare reform legislation does not affect the 2014 financial statements.

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Notes to Basic Financial Statements (Continued)**  
**Years Ended September 30, 2014 and 2013**

**13. Concentrations of Credit Risk:**

*Patient accounts receivable* – The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The majority of these patients are geographically concentrated in and around Salmon, Idaho.

The mix of receivables from patients was as follows:

	<b>2014</b>	<b>2013</b>
Medicare	37 %	24 %
Medicaid	4	4
Other commercial insurances	37	29
Patient	22	43
	<b>100 %</b>	<b>100 %</b>

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





DINGUS | ZARECOR & ASSOCIATES PLLC  
Certified Public Accountants

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

Board of Directors  
Steele Memorial Medical Center  
A Component Unit of Lemhi County, Idaho  
Salmon, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements and the discretely presented component unit of Steele Memorial Medical Center, a component unit of Lemhi County, Idaho (the Hospital), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements, and have issued our report thereon dated February 11, 2015.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in 2014-01 to be a material weakness.

## **Compliance and Other Matters**

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

## **Response to Findings**

The Hospital's response to the finding identified in our audit is described in the accompany schedule of findings and responses. The Hospital's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

*Dingus, Zarecor & Associates PLLC*

Spokane Valley, Washington  
February 11, 2015

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Schedule of Findings and Responses**  
**Year Ended September 30, 2014**

**2014-01 Allowance for Uncollectible Accounts and Contractual Allowances**

*Condition* The Hospital calculates allowances for uncollectible accounts and contractual adjustments for patient accounts receivable during the fiscal year. However, the allowance percentages utilized in the Hospital's calculation were not reflective of expected collection rates for the patient accounts receivable at September 30, 2014.

*Criteria*  Compliance Finding  Significant Deficiency  Material Weakness

*Context* This finding appears to be an isolated problem.

Allowance percentages utilized in the Hospital's calculation of allowances for uncollectible accounts and contractual adjustments were not reflective of expected collection rates for the patient accounts receivable at September 30, 2014.

*Effect* The allowance for uncollectible accounts and contractual adjustments for patient accounts receivable was understated and a material adjustment was required.

*Recommendation* We recommend management update the assumptions utilized in their allowance for uncollectible accounts and contractual adjustments calculation on a periodic basis throughout the year to reflect facility price increases, contractual payment rate changes, fluctuations in payor mix, and other collection trends.

*Management's Response* Management has updated the assumptions utilized in calculating the allowances for uncollectible accounts and contractual adjustments and will review those assumptions quarterly to reflect price increases, contractual payment rate changes, changes in payor mix, and collection trends.

**Steele Memorial Medical Center**  
**A Component Unit of Lemhi County, Idaho**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended September 30, 2014**

The audit for the year ended September 30, 2013, reported no findings.