



LAKE CHELAN HEALTH

BOARD PACKET

Chelan County Public Hospital District No. 2

10/28/2025



-
 Chelan County Public Hospital District No. 2
 Regular Meeting of the Board of Commissioners
 October 28, 2025, at 1:30 am via TEAMS
 Meeting ID: 298 885 195 850 Passcode:Jm3G8g7G

Agenda

Mission- "To provide the highest quality healthcare with compassion and respect to the community we serve."

FI – For Information; FD – For Discussion; FM – For Motion; FA – For Acceptance; FR-For Resolution

Time	Agenda Item	Facilitator	Topic/Action
1:30	1. Call to Order/ Changes to Agenda	J. LaPorte	
1:31	2. Public Comment		
1:40	3. Chair Report	J. LaPorte	
1:45	4. Consent Agenda	Commission	<ul style="list-style-type: none"> A. Regular Board Meeting Minutes 9/30/2025(FM) B. Special Board Meeting- Budget Workshop 10/16/2025 (FM) C. Warrants & Vouchers (FM) D. Bad Debt & Charity Care (FM) E. Finance Committee Minutes 10/23/2025 (FA)
1:50	5. Executive Session		<ul style="list-style-type: none"> A. RCW 42.30.110(1)(o) to consider information regarding staff privileges or quality improvement committees under RCW 70.41.205
2:05	6. Reports	J. Barich, S. Freed B. Truman A. Edwards S. Ottley Commissioners A. Benegas L. England	<ul style="list-style-type: none"> A. Med Staff Report & Credentialing (FM) B. Financial Committee Report (FA) <ul style="list-style-type: none"> i. Resolution 2025-14 2026 Budget (FM) ii. Medicare Open Enrollment (FI) iii. Patient Billing Proposal (FI) C. CEO Report (FI) D. Strat Plan KPI Report (FI) <ul style="list-style-type: none"> i. 2026 Strat Planning (FD) E. Community Connections (FD) F. Public Relations, Search Optimization (FI) G. Board Education Topic (FI)
3:30	7. Old Business	S. Ottley S. Ottley A. Edwards Commission Commission Commission	<ul style="list-style-type: none"> H. EMS Capital Project Update (FI) I. EMS Build Project Total Project Budget (FD) J. Workflow for contingency use and Change Order Approval (FD) K. CHNA Final Focus Areas (FD) L. Board Self Improvement Plan Review (FD) M. Board Job Description (FD)
4:30	8. New Business	B Mello Commission S. Ottley	<ul style="list-style-type: none"> A. IT Update (FI) B. Confirm date and presentation topic for Ruby U (FD) C. Resolution 2025-15 Disposal of Cardboard Baler (FM)
5:00	9. Public Comment		
5:10	10. Executive Session		<ul style="list-style-type: none"> A. RCW 42.30.110(1)(b) To consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price. B. RCW 42.30.110(1)(g) to evaluate the performance of a public employee.
5:40	11. Roundtable/Action Items	Commission	
5:45	12. Adjournment		

Board Calendar Reminders:

11/10/2025	TBA	Bragg Room/ TEAMS	9 am
11/13/2025	Med Staff (MSU & OB)	Bragg Room/ TEAMS	7-8:30
11/14/2025	Finance Committee	Bragg Room/ TEAMS	10 am
11/25/2025	Regular Board Meeting	Bragg Room/ TEAMS	1:30 pm

12/8/2025	TBA	Bragg Room/ TEAMS	9 am
12/11/2025	Med Staff	Bragg Room/ TEAMS	7:00-8:30am
12/11/2025	Quality Committee	Bragg Room/ TEAMS	1 – 3 pm
12/22/2025	Finance Committee	Bragg Room/ TEAMS	10 am
12/30/2025	Regular Board Meeting	Bragg Room/ TEAMS	1:30 pm



**Chelan County Public Hospital District No. 2
Regular Meeting of the Board of Commissioners
Meeting Minutes September 30, 2025 at 1:30 pm
in person and via Microsoft TEAMS**

Commission Attendance:

(not present present)

Jordana LaPorte, Chair
 Lori Withrow, Vice Chair

Mary Murphy, Secretary (Virtual)
 Doug Gibson

Len England

Staff Participants: A. Edwards B. Truman (virtual), R. Montgomery, J. Barich, S. Ottley, S. Freed, M. Miller, J. Phetteplace, A. Benegas, D. Ehlert

Guest: Dr. Harberd, Dr. Fleishman (Resident), Dr. Piper (Resident)

Community Members: Nate Mote, Anna Moroz, M. Navarro

Recorder: Wendy Kenck

Agenda Item	Topic/Action
Call to Order	<ul style="list-style-type: none"> • J. LaPorte called the meeting to order at 1:30 pm and recited the mission statement.
Public Comment	<ul style="list-style-type: none"> • No Public Comment
Chair’s Report	<ul style="list-style-type: none"> • J. Laporte expressed gratitude to everyone who helped organize the EMS/Admin Building Groundbreaking ceremony. It was great to see community members in attendance.
Consent Agenda	<ul style="list-style-type: none"> ○ <i>M. Murphy moved to approve the consent agenda, motion seconded, and motion carried.</i>
Executive Session	<ul style="list-style-type: none"> • J. LaPorte announced an Executive Session at 1:35 PM for 15 minutes, scheduled to end at 1:50 PM, citing RCW 70.44.062 and RCW 42.30.110(1)(o) to consider information regarding staff privileges and matters discussed by quality improvement committees. • Action Following Executive Session: <ul style="list-style-type: none"> ○ <i>L. Withrow after reviewing the medical recommendations from the Medical Executive Committee (MEC), motioned to approve the reappointments of Matthew Hillman (DO), Stephen Both (CRNA), Kurt Haisch (PA-C), and Craig Burns (MD); the initial appointments of Matthew Pappy (MD), Moamen Al Zoubi (MD), Mohammad Hajjiri (MD), and Mishath Naseem (MD); and the removal of privileges for Nicole Decker (DO), Brian Barstad (MD), Elizabeth Buch (MD), and Christian Van Kirk (MD) as they requested. The motion was seconded and carried.</i>
Reports	<ul style="list-style-type: none"> • Dr. Harberd, CVCH, introduced the two new second-year residents, Dr. Fleishman and Dr. Piper. Both shared background information about themselves, their residency experience, and their reasons for choosing the residency program in Chelan, WA. • Finance: <ul style="list-style-type: none"> ○ B. Truman presented the unaudited August 2025 finance report. <ul style="list-style-type: none"> ▪ <i>D. Gibson motioned to accept the unaudited August 2025 Finance Report; second motion approved.</i> ○ B. Truman presented an overview of the assumptions used for the 2026 budget and planning.

	<ul style="list-style-type: none"> ○ <i>D. Gibson motioned to adopt Resolution 2025-13 Unclaimed Property, seconded, motion approved.</i> ● CEO Report: A. Edwards presented the CEO Report and asked the Board for approval to join the WSHA Board to represent the Rural Healthcare community. The Board agreed that the CEO should join the WSHA Board if appointed. ● Strat Plan KPI Report: S. Ottley reviewed the KPI dashboard. <ul style="list-style-type: none"> ○ The DNV annual inspection took place last week, closing out all but three non-conformities from the previous year. There were exceptional commendations regarding the cleanliness of the building, as well as the efforts of the Quality Leader and the Infection Control Leader. ● Community Connection Opportunities: <ul style="list-style-type: none"> ○ The L&D video about OB in rural healthcare was noted as a valuable resource for sharing important stories with the community. The group discussed challenges facing the OB department at LCH, including the impact of unfactual rumors and the potential benefit of conducting community focus groups to gather feedback and build support. ○ Plans made to use Ruby U to host a more informal and informational community forum on February 19, with the subject to be determined, possibly a CHNA review. ○ A discussion about a community forum is underway, with plans to hold the event early next year and potentially include other local health-focused nonprofits. ● Board Education: <ul style="list-style-type: none"> ○ D. Gibson provided an educational presentation on Electronic Medical Records (EMR), covering their history, development to date, and the significance and impact of EMRs on patients and healthcare.
Old Business	<ul style="list-style-type: none"> ● EMS Capital Project Update: <ul style="list-style-type: none"> ○ Shawn stated that the groundbreaking ceremony today was a momentous and exciting start to the project ○ Ask Aaron regarding Change Order approval flow. <ul style="list-style-type: none"> ▪ Shawn will document a change order approval process and will present a proposed voting procedure to the Board at the next meeting. ● CHNA draft presentation by Wipfli ● Board Committee Charters <ul style="list-style-type: none"> ○ <i>L. Withrow motioned to approve the Board Credentialing Committee Charter as presented, seconded, motion approved</i>
New Business	<ul style="list-style-type: none"> ● Board Job Description J. LaPorte submitted a proposed addition to the Board Job Description to clarify the distinction between operational responsibilities and governance roles.
Public	<ul style="list-style-type: none"> ● Anna Moroz spoke during public comment to support OB services and the Board’s transparency regarding the OB department and services. She was happy to hear discussion regarding a focus group for OB.
Roundtable/Action Items	<ul style="list-style-type: none"> ● Dr. Freed (CMO) and R. Montgomery (CNO) will reach out to CVCH to collaborate on building an OB focus group, with the goal of working together to support the community and one another. ● Board members will compile their feedback on the CHNA and submit it to Shawn by October 9. The input will be reviewed and discussed during the Special Board Meeting on October 16. ● Board members to complete and submit the Self-Evaluation form to the Board Chair by October 16.
1. Executive Session	<ul style="list-style-type: none"> ● J. LaPorte announced an Executive Session at 5:30 PM for 30 minutes for RCW 42.30.110(1)(b) To consider the selection of a site or the acquisition of real estate by lease or purchase when

	<p>public knowledge regarding such consideration would cause a likelihood of increased price and RCW 42.30.110(1)(g) to evaluate the performance of a public employee.</p> <ul style="list-style-type: none"> ○ L. Withrow extended the Executive Session 10 minutes ○ Executive Session ended at 6:10 pm
1. Adjournment	<ul style="list-style-type: none"> ● No action was taken following the Executive Session. ● J. LaPorte adjourned the meeting at 6:17 pm

Attest:

M. Murphy, Secretary

Shawn Ottley, COO

Wendy Kenck, Executive Assistant



**Chelan County Public Hospital District No. 2
Special Meeting of the Board of Commissioners
Budget Workshop Meeting Minutes October 16, 2025 at 8am
in person and virtual**

Commission Attendance:

(not present present)

Jordana LaPorte, Chair
 Lori Withrow, Vice Chair

Mary Murphy,
Secretary
 Doug Gibson

Len England

Staff Participants: A. Edwards, B. Truman, S. Ottley, R. Montgomery, L. Sahlinger, Dr. Freed, M. Miller, A. Benegas

Community Members: Nat Mote

Recorder: Wendy Kenck

Agenda Item	Topic/Action
1. Call to Order	<ul style="list-style-type: none"> • J. LaPorte called the meeting to order at 8:05 AM
2. New Business	<ul style="list-style-type: none"> • S. Ottley presented key focus areas based on Board feedback following the draft CHNA report shared by Wipfli at the September Board Meeting. A total of 129 community surveys were completed. <ul style="list-style-type: none"> • Access to Specialty Care: The Board acknowledged a continuing shortage of specialty providers in Lake Chelan, especially in cardiology, neurology, dermatology, sleep medicine, oncology, behavioral health, substance use treatment, pediatrics, and dental/orthodontic care. Currently, orthopedics, dermatology, and pediatrics are offered, with cardiology services in development. Oncology is recognized as a need but limited by resources, and dental/orthodontic care typically falls outside hospital services. The Board emphasized stabilizing recent service expansions and recruiting culturally competent, bilingual providers. • Continuity of Care & Provider Turnover: The Board discussed the ongoing challenges related to provider turnover and gaps in continuity of care. Current efforts to improve provider retention were noted, including the planned implementation of a new Electronic Health Record (EHR) system in 2025 to enhance system integration. The group emphasized the importance of evaluating translation service vendors to better meet patient needs, investing in educational funding to support and retain long-term staff, and strengthening partnerships that assist patients in navigating care across the system. • Health Literacy, Education & Preventative Care: The Board discussed how social media misinformation has contributed to confusion within the community. Members emphasized the importance of improving outreach to underserved populations, strengthening partnerships with schools to enhance health education and access, and addressing barriers such as cost, transportation, and limited understanding of insurance options. • Discussion of Senior Healthcare & Social Services: The Board discussed the challenges

seniors face in accessing comprehensive healthcare, particularly due to low health literacy and limited case management for complex medical and social needs. Emphasis was placed on the need to partner with senior-serving organizations and in-home care programs, expand community paramedicine and preventive services, and strengthen collaboration with existing providers to improve continuity and quality of care for the aging population.

- **Additional CHNA Topics**

The Board highlighted housing as a critical factor influencing provider recruitment and retention, emphasizing its importance for long-term community integration. Cost of care remains a significant barrier, warranting further analysis and enhanced community education. Efforts to improve billing and insurance literacy were discussed, including promoting LCH’s SHEBA-certified Medicare consultant to better assist residents. Cultural and language barriers continue to be addressed through existing translation services, with plans to explore additional vendors and increase outreach to identify and close service gaps from the patient’s perspective.

- **J. LaPorte** called for a break at 10:07 am and the meeting resumed at 10:20 am
- **B. Truman** provided a comprehensive review of the 2026 budget, including assumptions, expenses, cash flow, and capital planning:
 - **Budget Assumptions:** Discussed anticipated increases in orthopedic services, bad debt and charity care, staffing needs due to L&I rest and meal break requirements, supplies, staffing costs, purchased services, community relations, rent/leases, travel and training. Also noted the recognition of approximately \$9.97 million from the Commerce Grant and incentive programs.
 - **Expenses:** Highlighted line-item increases as outlined in the budget assumptions and noted the removal of the \$10 million pass-through related to the EMS/Admin building project.
 - **Cash Flow:** Reviewed the Statement of Cash Flows, including a correction in depreciation from \$4.3M to \$4.7M, which will positively affect the bottom line. Noted that the \$650K for the EMR system is not yet included, which would create a \$250K negative impact if added.
 - **Capital Budget:** Confirmed that the \$650K for the EMR system will be added to both the cash flow statement and capital list. The MRI project is not included in the 2026 budget and is planned for inclusion in 2027.

3. Public Comment	<ul style="list-style-type: none"> • No Public Comment
4. Roundtable	<ul style="list-style-type: none"> • The Board will review the CHNA and submit their top topics of interest to Wipfli at the October Board meeting.
5. Adjournment	<ul style="list-style-type: none"> • J. LaPorte adjourned the meeting at 12:05 pm

Attest:

M. Murphy, Secretary

Aaron Edwards, CEO

W. Kenck, Executive Assistant

WARRANT #'S A/P	AMOUNT	CAPITAL	BOARD MTG - OCTOBER 2025	WARRANT#'S PAYROLL	AMOUNT	pay period
AP ACH	\$ 77,650.02			DIRECT DEPOSIT	\$ 643,984.94	9/20/2025
241322-241379	\$ 416,427.34			PAYROLL TAXES	\$ 234,569.46	9/20/2025
AP ACH	\$ 135,697.55			CHILD SUPPORT	\$ 306.92	9/20/2025
241381-341455	\$ 340,831.60			PAYROLL WARRANT	\$ 23,075.14	9/26/2025
AP ACH	\$ 136,418.69			PAYROLL TAXES #2	\$ 19,488.86	9/26/2025
241456-241541	\$ 535,143.78			DIRECT DEPOSIT	\$ 630,212.98	10/4/2025
241542-241609	\$ 382,779.43			PAYROLL TAXES	\$ 228,956.82	10/4/2025
AP ACH	\$ 181,692.09			CHILD SUPPORT	\$ 306.92	10/4/2025
DOR	\$ 28,333.70					
Retirement	\$ 67,628.13					
241610-241671	\$ 279,062.50					
AP ACH	\$ 78,791.11					
241672	\$ 45.07					
241673-241754	\$ 348,534.77					
AP ACH	\$ 181,275.91					
	\$ 3,190,311.69				\$ 1,780,902.04	

DATE September 2025

TOTAL BAD DEBTS - HOSPITAL \$246,286.05
TOTAL MEDICARE BAD DEBTS \$7,702.15
TOTAL BANKRUPTCY \$0
TOTAL CHARITY CARE – HOSPITAL \$48,901.46
TOTAL MEDICARE CHARITY CARE - \$19,611.18

TOTAL ATTESTATION \$322,500.84

I, The undersigned, do hereby certify that the accounts, as described on the attached “bad debt list”, have been duly examined and have been duly processed in accordance with the hospital credit/collection policies. It is hereby submitted and recommended to the Governing Board that the said accounts be turned over to outside professional collector (s) as indicated on the attached list.

BOARD DESIGNATED AUDITOR _____ DATE: _____

BOARD APPROVAL

DATE: _____

CHAIR _____

VICE CHAIR _____

SECRETARY _____

MEMBER _____

MEMBER _____

ATTEST. ADMINISTRATOR _____



MINUTES

Group: Finance Committee 10/23/25, 10AM in person and via Teams		
Facilitator: Jordana Laporte		Recorder: W. Kenck
Member Attendance:		
<input checked="" type="checkbox"/> Doug Gibson, BOC	<input checked="" type="checkbox"/> Shawn Ottley, COO	<input checked="" type="checkbox"/> Aaron Edwards, CEO
<input checked="" type="checkbox"/> Jordana LaPorte, BOC	<input checked="" type="checkbox"/> Brant Truman, CFO	
Participants: Vickie Bodle, M. Miller, R. Montgomery, C. Seaholm, B. Fields,		
Guests: Eric Wixom (Wix Corp)		

FI – For Information; FD – For Discussion; FR – For Recommendation

<i>Agenda Item</i>	<i>Topic/Action</i>
<ul style="list-style-type: none"> • Call to Order 	<ul style="list-style-type: none"> • J. LaPorte called meeting to order at 10:00 am
<ul style="list-style-type: none"> • Goals 	<ul style="list-style-type: none"> • The Committee has set an ambitious target of achieving a net income of \$2M. • Develop a 5-year Capital Budget.
<ul style="list-style-type: none"> • New Business 	<ul style="list-style-type: none"> • E. Wixom presented the new billing interface for the website, aimed at enhancing the patient's experience. The interface will allow patients to view itemized bills, make payments, and access other features with clear displays, including options for receiving information via text and email. • C. Seaholm discussed the 340B program, noting that Spend Med, the auditor, recently completed the 340B audit, which was the first since 2018. Due to the audit, suggested changes have been implemented to strengthen compliance processes, and LCH is currently HRSA compliant. Plans are in progress to transition to a new 340B program and to expand the pharmacy footprint as part of the 2026 strategic growth initiatives. • B. Fields provided a Revenue Cycle update, addressing patient concerns regarding returned phone calls. A new call tracking system has been implemented to record incoming calls, completed callbacks, and the reasons for each call. This system is designed to improve accountability among staff and enhance responsiveness to patients. The tracking will also help identify common call types and streamline processes to reduce the need for repeat patient inquiries. B. Fields also proposed implementing a 10 percent discount for self-pay patients, along with an additional discount for cash payments. • B. Truman prepared a letter for Medicare Open Enrollment to inform patients and to share with the insurance brokerage about the plans accepted by Lake Chelan Health. • S. Ottley reviewed the EMS/Admin Project totals, including construction costs, soft costs, and owner costs. • B. Truman provided an update and led a discussion on the EMS/Admin and Specialty Clinic Project, including the uses and sources of funds.

	<ul style="list-style-type: none"> B. Truman presented a draft of the 2026 budget, highlighting specific changes and updates.
<ul style="list-style-type: none"> Reports 	<ul style="list-style-type: none"> V. Bodle presented the unaudited September 2025 Financial Statement.
<ul style="list-style-type: none"> Adjournment 	<ul style="list-style-type: none"> J. LaPorte adjourned the meeting at 1:15 pm



LAKE CHELAN HEALTH

Unaudited Financial Statements

for

For the month ended September 30, 2025

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Balance Sheet
Lake Chelan Health

	<u>Current Month</u> 9/30/2025 <u>unaudited</u>	<u>Prior Year</u> 12/31/2024 <u>AUDITED</u>	<u>Prior Year</u> 9/30/2024 <u>Unaudited</u>
ASSETS:			
CASH	531,005	\$ 643,632	\$ 675,088
PATIENT RECEIVABLES	16,060,487	13,092,459	\$ 13,119,789
LESS: RESERVES FOR ALLOWANCES	(8,437,260)	(6,580,569)	\$ (7,095,447)
NET PATIENT ACCOUNTS RECEIVABLES	7,623,227	6,511,890	6,024,343
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	(284,318)	(83,101)	424,619
OTHER RECEIVABLES	1,260,194	620,190	1,082,914
INVENTORIES	333,081	334,014	321,213
PREPAID EXPENSES	463,030	366,593	337,146
TOTAL CURRENT ASSETS	<u>\$ 9,926,218</u>	<u>\$ 8,393,219</u>	<u>\$ 8,865,323</u>
GENERAL RESERVES	\$ 1,243,195	1,341,519	\$ 2,057,517
Unrestricted Reserves	\$ 5,231,056	6,405,615	\$ 5,303,877
Internally Restricted Reserves	\$ 4,139,524	4,139,524	\$ 4,139,524
2018 BONDS	0	0	\$ -
USDA 2023	410,400	410,400	\$ 273,600
Coastal Bank	50,009	50,002	\$ -
TOTAL LIMITED USE ASSETS	<u>\$ 11,074,184</u>	<u>\$ 12,347,060</u>	<u>\$ 11,774,518</u>
LAND	\$ 4,133,845	4,133,845	\$ 4,133,845
LAND IMPROVEMENTS	0	0	\$ -
BUILDINGS & IMPROVEMENTS	2,969,105	0	\$ -
EQUIPMENT	8,826,731	8,643,764	\$ 9,923,762
SOFTWARE	2,377,632	2,172,425	\$ 2,176,761
NEW HOSPITAL	44,757,019	44,757,019	\$ 44,763,709
LOCUM HOUSING	691,665	635,382	\$ 635,484
GASB 87 BUILDINGS AND EQUIPMENT	4,955,878	3,337,478	1,642,567
CONSTRUCTION-IN-PROGRESS - PROJECTS	1,598,594	908,664	\$ 497,650
CONSTRUCTION-IN-PROGRESS - HOSPITAL	76,588	8,750	\$ 10,030
GROSS PROPERTY, PLANT, & EQUIPMENT	70,387,057	64,597,328	63,783,808
LESS: ACCUMULATED DEPRECIATION	(16,087,470)	(13,690,671)	\$ (13,895,000)
GASB 87 AMORTIZATION	(1,651,186)	(1,176,062)	(522,446)
NET PROPERTY, PLANT, & EQUIPMENT	<u>\$ 52,648,401</u>	<u>\$ 49,730,594</u>	<u>\$ 49,366,363</u>
DEFERRED ITEMS	\$ 1,449,534	1,463,982	\$ 1,540,547
TOTAL ASSETS	<u>\$ 75,098,338</u>	<u>\$ 71,934,856</u>	<u>\$ 71,546,751</u>
LIABILITIES:			
ACCOUNTS PAYABLE	\$ 1,116,664	(284,049)	757,041
ACCRUED PAYROLL	619,245	1,378,103	403,228
ACCRUED VACATION/HOLIDAY/SICK PAY	620,940	559,865	914,201
PAYROLL TAXES PAYABLE	157,381	160,605	31,566
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	0	0	0
OTHER CURRENT LIABILITIES	1,048,027	2,427,285	906,186
INTEREST PAYABLE	358,434	91,605	366,925
CURRENT PORTION OF LTD (BONDS/MORTGAGES)	1,129,475	1,129,475	1,046,831
LINE OF CREDIT	0	0	0
TOTAL CURRENT LIABILITIES	<u>\$ 5,050,167</u>	<u>\$ 5,462,890</u>	<u>\$ 4,425,978</u>
CAPITALIZED LEASES	\$ -	\$ -	\$ -
2018 BONDS	\$ 18,347,435	18,358,310	18,710,381
2013 BONDS	4,287,303	4,283,436	4,662,147
USDA LOANS	18,218,339	17,682,789	17,818,904
LEASES	3,254,131	1,495,940	2,090,329
PAID LEAVE - LT PORTION	147,000	147,000	200,959
2025 BONDS	1,392,333	-	-
TOTAL LONG TERM LIABILITIES	<u>\$ 45,646,541</u>	<u>\$ 41,967,474</u>	<u>\$ 43,482,720</u>
DEFERRED ITEMS	\$ 3,927,682	4,337,938	3,364,205
TOTAL LIABILITIES	<u>\$ 54,624,390</u>	<u>\$ 51,768,302</u>	<u>\$ 51,272,902</u>
FUND BALANCE:			
UNRESTRICTED FUND BALANCE	\$ 20,166,552	17,126,756	17,126,757
TEMPORARY RESTRICTED FUND BALANCE	\$ -	0	0
YTD Net Revenue/(Expenses)	307,395	3,039,798	3,147,092
TOTAL NET ASSETS	<u>\$ 20,473,948</u>	<u>\$ 20,166,554</u>	<u>\$ 20,273,849</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 75,098,338</u>	<u>\$ 71,934,856</u>	<u>\$ 71,546,751</u>

property taxes are
accrued over 12
months

Statement of Revenue and Expense

Lake Chelan Health

For the month ended September 30, 2025

	CURRENT MONTH				Prior Year 09/30/24
	Actual 09/30/25	Budget 09/30/25	Positive (Negative) Variance		
GROSS PATIENT SERVICE REVENUES					
INPATIENT	\$ 521,796	\$ 696,020	(174,224)	-25%	\$ 434,206
OUTPATIENT	5,863,933	5,454,521	409,412	8%	4,888,485
TOTAL PATIENT SERVICE REVENUES	6,385,729	6,150,540	235,189	4%	5,322,692
DEDUCTIONS FROM REVENUE					
CONTRACTUAL ALLOWANCES	(2,857,699)	(2,544,034)	(313,665)	12%	(1,560,936)
BAD DEBT	(253,988)	0	(253,988)	0.00%	(139,454)
CHARITY	(68,513)	0	(68,513)	0.00%	(116,333)
TOTAL DEDUCTIONS FROM REVENUES	(3,180,200)	(2,544,034)	(636,166)	-25%	(1,816,723)
	49.8%	41.4%			34.1%
NET PATIENT SERVICE REVENUES	3,205,529	3,606,506	(400,977)	-11%	3,505,968
OTHER OPERATING REVENUES	19,706	22,417	(2,711)	-12%	20,828
TOTAL OPERATING REVENUES	3,225,235	3,628,923	(403,688)		3,526,796
OPERATING EXPENSES					
SALARIES/WAGES	1,967,301	1,860,208	(107,094)	-6%	1,495,312
EMPLOYEE BENEFITS	412,496	403,029	(9,467)	-2%	317,007
PROFESSIONAL SERVICES	343,576	261,209	(82,366)	-32%	273,464
FOOD SUPPLIES	22,695	19,329	(3,365)	-17%	17,523
MINOR EQUIPMENT	85,346	31,093	(54,252)	-174%	8,042
SUPPLIES	300,681	231,685	(68,996)	-30%	222,501
PLANT UTILITIES	35,017	30,254	(4,763)	-16%	22,241
PURCHASED SERVICES	354,330	327,951	(26,380)	-8%	306,280
REPAIR/MAINTENANCE	124,548	100,412	(24,136)	-24%	93,582
PUBLIC RELATIONS/RECRUITM	4,367	13,009	8,642	66%	5,478
RENT/LEASES	47,685	61,633	13,948	23%	80,203
INSURANCE	42,608	45,774	3,166	7%	32,185
LICENSES/TAXES	19,723	31,325	11,602	37%	3,062
DUES/SUBSCRIPTIONS/OTHER	10,749	67,200	56,450	84%	66,438
TRAVEL/TRAINING	11,254	14,736	3,482	24%	15,737
DEPRECIATION	292,349	362,973	70,623	19%	315,848
AMORTIZATION	63,184				
TOTAL OPERATING EXPENSES	4,137,910	3,861,821	(212,906)	-5.5%	3,274,905
NET OPERATING SURPLUS (LOSS)	(912,675)	(232,898)	(679,777)		251,891
NON-OPERATING REVENUES	282,594	256,233	26,362		444,767
TAXES					
INTEREST					
GIFTS & GRANTS	333,749		333,749		
OTHER	0	0	0		9,990
NET INCOME	(296,332)	23,335	(319,666)		706,648
margin	-9.2%	0.6%			20.0%
TOTAL NET INCOME (LOSS)	\$ (296,332)	\$ 23,335	(319,666)		\$ 706,648

Statement of Revenue and Expense Lake Chelan Health

For the month ended September 30, 2025

	YEAR-TO-DATE				Prior Year 09/30/24
	Actual 09/30/25	Budget 09/30/25	Positive (Negative) Variance		
GROSS PATIENT SERVICE REVENUES					
INPATIENT	\$ 5,910,170	\$ 6,468,330	(558,160)	-9%	\$ 5,385,168
OUTPATIENT	50,687,378	50,690,556	(3,179)	0%	44,080,265
TOTAL PATIENT SERVICE REVENUES	56,597,548	57,158,887	(561,339)	-1%	49,465,433
DEDUCTIONS FROM REVENUE					
TOTAL DEDUCTIONS FROM REVENUES	(22,922,669)	(23,642,504)	719,835	-3%	(18,253,345)
BAD DEBT	(1,564,551)	0	(1,564,551)	0.00%	(1,139,159)
CHARITY	(756,311)	0	(756,311)	0.00%	(790,086)
TOTAL DEDUCTIONS FROM REVENUES	(25,243,531)	(23,642,504)	(1,601,027)	-7%	(20,182,590)
	44.6%	41.4%			40.8%
NET PATIENT SERVICE REVENUES	31,354,017	33,516,383	(2,162,366)	-6%	29,282,844
OTHER OPERATING REVENUES	441,629	201,750	239,879	119%	295,546
TOTAL OPERATING REVENUES	31,795,646	33,718,133	(1,922,487)	-6%	29,578,390
OPERATING EXPENSES					
SALARIES/WAGES	16,708,393	16,927,892	219,499	1%	14,695,758
EMPLOYEE BENEFITS	3,525,403	3,667,564	142,162	4%	2,901,141
PROFESSIONAL SERVICES	2,802,905	2,350,883	(452,022)	-19%	1,339,657
FOOD SUPPLIES	196,440	173,963	(22,478)	-13%	165,805
MINOR EQUIPMENT	287,093	279,840	(7,253)	-3%	475,026
SUPPLIES	1,911,390	2,153,124	241,734	11%	1,915,016
PLANT UTILITIES	280,963	272,287	(8,676)	-3%	302,711
PURCHASED SERVICES	3,786,945	2,951,555	(835,389)	-28%	2,862,706
REPAIR/MAINTENANCE	911,962	903,710	(8,253)	-1%	828,640
PUBLIC RELATIONS/RECRUITMENT	68,512	117,080	48,567	41%	64,847
RENT/LEASES	380,578	554,699	174,121	31%	643,207
INSURANCE	371,619	411,969	40,350	10%	348,510
LICENSES/TAXES	232,887	281,927	49,040	17%	196,749
DUES/SUBSCRIPTIONS/OTHER	526,122	604,796	78,674	13%	433,621
TRAVEL/TRAINING	90,804	132,625	41,820	32%	95,898
DEPRECIATION	2,666,278	3,266,755	600,477	18%	2,857,459
AMORTIZATION	554,424	0	(554,424)		
TOTAL OPERATING EXPENSES	35,302,716	35,050,667	(252,049)	-0.7%	30,126,751
NET OPERATING SURPLUS (LOSS)	(3,507,070)	(1,332,534)	(2,174,536)		(548,361)
NON-OPERATING REVENUES					
PROPERTY TAXES FOR OPERATIONS	2,093,425				2,039,030
GRANTS/CONTRIBUTIONS	469,464				740,649
EMS COMMERCE GRANT	971,707				
INVESTMENT EARNINGS	291,012				317,375
OTHER EXPENSE		0	0		
TAXES FOR DEBT SVC PMTS	971,759				956,616
INTEREST EXPENSE	(1,397,208)				(1,356,920)
GAIN / (LOSS) ON ASSET DISPOSAL	414,307				998,702
TOTAL NON OPERATING REVENUES	3,814,465	2,306,096			3,695,453
NET INCOME	307,394	973,561	(666,167)		3,147,092
margin	1.0%	2.9%			10.6%
TOTAL NET INCOME (LOSS)	\$ 307,394	\$ 973,561	\$ (666,167)		\$ 3,147,092

Patient Statistics
Lake Chelan Health

For the month ended September 30, 2025



Current Month			Last Year Month			
Actual vs Budget	09/30/25	BUDGET	STATISTICS	Actual vs Budget	09/30/24	BUDGET
	99	120	Total Days Cash on Hand		122	120
	63	40	Net AR Days		48	40
	0.56	1.25	Debt Coverage Ratio		1.25	1.25
	233	208	Payroll FTEs		197	208

Current Month				Year-To-Date				
Actual vs Budget	Actual 09/30/25	Prior Year 09/30/24	BUDGET	STATISTICS	Actual vs Budget	Actual 09/30/25	Prior Year 09/30/24	BUDGET
Admissions								
NA	23	12 NA		medical	NA	183	154 NA	
NA	0	0 NA		surgical	NA	0	0 NA	
NA	7	9 NA		OB	NA	67	77 NA	
NA	30	21 NA		Acute	NA	250	231 NA	
NA	2	3 NA		Swing Bed	NA	43	49 NA	
NA	6	10 NA		Total Deliveries	NA	65	77 NA	

Patient Days								
	49	27	71	medical		530	437	656
NA	0	0 NA		surgical	NA	0	0 NA	
	14	16	15	OB		124	137	140
	63	43	86	Acute		654	574	796
	7	29	64	Swing Bed		389	535	596
	42	12	11	Total Newborn Days		123	103	100
	112	84	161	TOTAL PATIENT DAYS		1166	1212	1492

Average Length of Stay								
	2.1	2.0		Total Inpatient		2.6	2.5	
	3.5	9.7		Swing Bed		9.0	10.9	

Avg Daily Census - Hospital								
	2.1	1.4		Total Inpatient		2.4	2.1	
	0.2	1.0		Swing Bed		1.4	2.0	
	2.3	2.4		Total		3.8	4.0	

	513	552	579	ED Visits		4880	5301	5377
	51	49	85	Surgeries		477	586	789
	1297	1211	1331	Imaging Procedures		11541	10557	12374
	4193	3389	3228	Lab Tests		36656	28960	29998
	772	551	763	Rehab Visits		6907	6275	7093
	131	132	134	EMS Runs		1225	1247	1245
	992	736	1139	Total Clinic Visits		8044	7652	10587
	245	81	93	Specialty		1335	798	863
	169	109		Primary care		1369	1413	
	578	486	1046	Express Care (budget shows primary and express)		5340	5441	9724
	22	21		working days		195	195	

Note #1 Contractuals

AR decreased \$928k from August to September

Charity care was \$68,513 for September. Bad Debt was \$253,988

Charity and Bad Debt are 4.10% of gross charges ytd compared to 3.97% this same time last year.

Safety Net 1st Qtr \$358,342 2nd Qtr \$358,342 less 20% contingency -\$150,253 and third qtr less contingency \$272,326.39 = \$838,758 less fees = \$671,844

Medicare Cost Report Model Estimate YTD through July (\$454,515)

Note #2 PROFESSIONAL SERVICES

ED Pro Fees over budget \$200,451 due the increase need of use for locums

Dermatology is over budget \$157,815 (gross revenue is over budget \$412,602)

GenSurg is over budget by \$51,662 due to the need for a locum during summer.

Note #3 PURCHASED SERVICES

Med Surg is over budget \$134,418 due to increase use in travelers

Surgery is over budget by \$139,174. Whitman Partners was not budgeted.

Lab is over budget by \$202,956. Budget appears too low based on history.

Provider Based clinic is over budget by \$319,235 due to traveler agency expenses

Laundry is over budget by \$56,285 due to Vestis expenses

Note #4 NON OPERATING REVENUE

The sale of the old hospital resulted in a net gain of \$996,288

There were assets that had not been fully depreciated

Current gain recognized is \$228,651 for 2024 and \$410,256 for 2025

Grants/Contributions -

restricted contributions

WA ST Ecology 151,272

Misc 500

Nick of Time 1,250

Foundation 54,341

Grant - 10,000

AWPHD - CHNA 10,100

North Central Regional EMS 5,000

AZ Wells 32,849

WHS Top Performer 2,000

grants

Action Health Partners - 35,157

Community Choice 39,879 - CARES

CWH Grant 93,211

WA ST Health 778

WA ST ED Trauma 8,454

WA ST Health 12,373

Population Grant 8,000

North Central Emer 4,300

wa commerce grant

WA ST Commerce 971,707 - EMS Build

For the month ended September 30, 2025

8/31/2025	GL ACCOUNT #	ACCT DESCRIPTION	9/30/2025	EXPLANATION	
\$105,851	10002000	General Fund Cash In Bank (Wheatland)	\$322,408	\$216,557 \$4,072,878 deposits \$172,282 graham refund \$327,499 commerce grant (\$12,558) tsys/payplus fees (\$3,481) fees mckesson/cardinal (\$19) fees and interest rebates \$4,955 café sales (\$4,345,000) transfer to county	
\$867,573	10004000	General Fund Cash w/ Treasurer	\$1,016,798	\$149,225 (\$1,656,224) AP (\$144,329) Voids \$1,808,706 warrants issued (\$1,695,939) warrants redeemed \$4,345,000 Bank Transfers from 10002000 Bank Transfer to/from 10760000 (\$88,992) Bank Transfer for USDA pmt \$0 Bank Transfer for bond pmt (\$2,405,050) Payroll/Benefits (\$28,334) B&O taxes \$15,362 Property Taxes \$35 Leasehold Taxes & Misc Taxes safety net pmt transfer from rev bond fund pmts posted as remits received	
(\$55,352)	10009000	cash clearing	(\$87,554)	(\$12,203)	
(\$745,489)	20070000	warrants outstanding	(\$740,647)	\$4,842 (\$1,288,637) remits (payroll/benefits/b&O) \$1,695,939 warrants redeemed (\$1,808,706) warrants issued ap \$1,261,916 remits redeemed \$144,329 voids	
\$241,753	10106000	AMB RESERVE	\$270,026	\$28,273 \$0 transfer to reserves transfer from reserves (bond pmt & ops) \$28,201 property taxes \$64 leasehold taxes \$8 interest	
\$664,631	10910000	2018 GO BOND	\$684,949	\$20,318 \$20,318 property taxes \$0 bond pmt / fee	Days of Cash on Hand Cash: current assets 531,005 unrestricted reserves 1,243,195 unrestricted reserves 5,231,056 <u>7,005,255</u>
\$0	10911000	2018 CASH BOND	\$0	\$0 interest	reclassified to general fund
\$320,400	10916000		\$320,400	\$0 funded year 3 per LOC	USDA reserve 460,409
\$90,000	10917000		\$90,000	\$0 funded year 3 per LOC	restricted reserves - pending covid ca <u>4,139,524</u> 4,599,933
\$410,400			\$410,400	\$0	
\$0	10915000	CASH/TREAS LTGO BOND	\$0	\$0 paid bond interest	Expenses: total YTD 11,254 less depreciation <u>292,349</u> 303,603
\$288,220	10923000	HOSP 2025 REVENUE BONC	\$288,220	\$0 reimb for draws	
\$9,342,491	10760000	RESERVES	\$9,370,580	\$28,089 \$28,089 interest transfer to gen fund	number of days YTD 273
\$50,009	10764000	COASTAL BANK	\$50,009	(\$0) interest \$0 interest	
\$11,170,087			\$11,605,189	\$435,101	6 Days of Cash on Hand 59.6
					Restricted Days Cash on Hand 39.1
					Total Days Cash on Hand 98.8

CHELAN COUNTY PUBLIC HOSPITAL DISTRICT #2
Lake Chelan Health
Chelan County, WA

RESOLUTION No. 2025-14
2026 Budget

A **RESOLUTION** of the Board of Commissioners of Public Hospital District No. 2, Chelan County, Washington (the ‘District’), to approve and adopt the 2026 District budget; and

WHEREAS, the District is required to prepare an annual budget and file it in the records of the District

BE IT RESOLVED that the Board of Commissioners, Chelan County Public Hospital District No. 2, hereby approves the 2026 District Budget

ADOPTED AND APPROVED, by the Board of Commissioners, Chelan County Public Hospital District No. 2, at an open public meeting thereof this 28th day of October 2025, with the following Commissioners being present and voting in favor of the resolution.

CHAIRPERSON OF THE BOARD

SECRETARY

VICE CHAIRPERSON

MEMBER

MEMBER

CEO



Budget Assumptions

REVENUES/VOLUMES:

- * The 2026 budget volumes are based primarily on the annualized volumes for 2025
- * Additional surgical volume were budgeted as follows: Ortho volumes from 97 to 300 with a drastic increase in total joints (from 12 total joints to 74 total joints)
- * Plastic Surgery volume decreased due to very few changes in referral pattern. Scopes increased to accommodate expected increased demand
- * ER visits were increased by 3% as volumes are maintained and consistent
- * General Surgery increased 75% total surgeries based on increased general surgery access
- * Lab visits increased by 10% to accommodate new modalities expected
- * Radiology was increased due to expected increase in Echo's and stress test
- * Rehab department approx 4% increase for inclusion of a speech therapist
- * Increased IP days by 34 from 2025 budget due to increased surgical volumes
- * All other inpatient statistics are budgeted between 3% and 10% increase depending upon the service.
- * A total of 50 inpatient surgeries have been estimated based on additional Ortho, Gen and Plastic Surgery (up from 31 a year ago)
- * Adjustment related to marketplace plans was incorporated based on current loss of tax credit

CONTRACTUALS:

- * Contractuals are budgeted based on 2025 actuals and current historical. With a proposed rate at 44.5%
- * Revenue Cycle is working on Chargemaster increase that will aggregate to a 5% chargemaster increase
- * Safety Net increase estimated at \$1,100,000

OTHER OPERATING REVENUE:

- * Other Operating Revenue budget items include: cafeteria sales, 340B revenue and operating grants
- * 340b revenue estimated at approximately \$500k for next year due to additional pharmacies and advanced claim capture

SALARIES AND WAGES/BENEFITS:

- * The review of wages has been an ongoing process and the forecasted changes have been incorporated into the 2026 budget with an approx 3% increase applied also accounting for changes in clinical staff salaries and wages
- * New fte's added to show total cost of approximately 900k
- * Health Insurance is expected to increase by approximately 8%. With an increase of approx. 13% with new FTE's added

SUPPLIES:

- * Have been budgeted in combination with expected demand for services

MINOR EQUIPMENT:

- * \$250k was added for additional surgical equipment that will be needed

PURCHASED SERVICES:

- * The amounts budgeted by departments is tracking with 2025's budget
- * Additional CRNA added to accomadate increased surgical volumes

PROFESSIONAL FEES:

- * New providers include additional proposed specialities

REPAIRS AND MAINTENANCE:

- * Includes maintenance contracts for equipment. Lab, Radiology and IT are projecting increases in their contracted expenses related primarily to new equipment purchases

PUBLIC RELATIONS / ADVERTISING / RECRUITMENT:

- * Includes monies for public relations and recruitment for 2026

RENT/LEASES:

- * Included here are leases for equipment and buildings
- * Major change related to the clinic lease, will be moving to amortization next year due to the change in GASB 87

INSURANCE:

- * Insurance is accounted for properly in budget as we currently understand costs

LICENSES & TAXES

- * The main expense is for B&O (business and occupation taxes). As revenue increases, specifically in the area of commercial and private payors, so do the taxes

DUES/SUBSCRIPTIONS AND OTHER:

- * These expenses consist of items such as WSHA dues, subscriptions to systems such as Tsys for the ED, Kronos for HR and Payroll. IT subscriptions for Cyber and security related programs

TRAVEL AND TRAINING:

- * Travel and training was budgeted and comparable to 2025. Additions include contracted changes in clinical staff
- * We also have several new employees that need to obtain training for their positions
- * We continue to work with the foundation, who will often fund the tuition portion of these educational opportunities

DEPRECIATION:

- * Estimated depreciation falls in line with 2025 actuals and capital indicated has been accounted for

AMORTIZATION:

- * Expected amortization accounted for in budget

NON OPERATING REVENUE:

- * The majority of non operating revenue comes from the Regular Bond Levy, EMS Levy and the New Hospital Bond Levy
- * Interest expense primarily related to capital leases and the 2013 LTGO Bonds, new hospital capital lease interest budgeted under new hospital section
- * Restricted and Unrestricted Contributions - AZ Wells Foundation, donations for specified or unspecified purposes
- * Interest income budgeted at \$300k
- * **Approx \$9.97 million dollars added for recognizing Commerce Grant**

INCENTIVE PROGRAM

- * \$1000k put aside for two hospital wide measures, incentive is for all full time and part time employees if goals are met



2026 Capital Budget

Dept	Project Description	Year 2026 Budget
OB	Obix Perinatal System	\$ 23,649.84
Imaging	Pedia Poser Chair	\$ 9,653.90
Imaging	Epiq CVx Ultrasound System	\$ 189,047.67
EMS	Stryker Stair Chair	\$ 5,066.67
EMS	New Command Rig	\$ 115,561.10
Plant	Dumpster	\$ 11,819.71
MSU	Baxter IV Pumps	\$ 10,228.65
MSU	MSU Beds x 2	\$ 41,804.90
OB	OB Bed	\$ 21,101.89
Quality	Security Risk Assessment (HIPAA compliance platform)	\$ 9,019.93
Materials	Tall Doors in Materials	\$ 25,000.00
MSU	Acute Care Curtains, Call Lights and nursing station	\$ 10,000.00
ER	ED Workstation Area	\$ 40,000.00
ER	Barn Doors	\$ 100,000.00
EMS	EMS Side by Side	\$ 35,000.00
Admin	Trailer	\$ 10,000.00
Admin	Housing	\$ 600,000.00
Clinic	Clinic Flooring	\$ 100,000.00
Clinic	Clinic Millwork	\$ 120,000.00
Clinic	Exam Tables (5)	\$ 32,500.00
Lab	Chem Analyzer	\$ 150,000.00
Speciality Clinic	Audiology	\$ 20,000.00
Surgery	EGD	\$ 15,000.00
Surgery	Colonscope	\$ 25,000.00
IT	Virtual Desktop	\$ 50,000.00
Surgery	Med Water	\$ 100,000.00
	EMERGENCY CAPITAL	\$ 100,000.00
Admin	EHR Downpayment	\$ 650,000.00
	TOTAL CAPITAL	\$ 2,619,454

MRI TOTALS	2,600,000
MRI BUILDING	1,200,000
MRI SYSTEM	1,400,000

FACILITIES MASTER PLAN	10,000
HOSPITAL OFFICE MOVE	15,000
BO/FINANCE STAFF LOCATION	40,000



	2022 Audited	2023 Audited	2024 Audited	2025 thru 8/31	2025 Annualized	2025 BUDGET	2026 BUDGET	% Variance from 2025 Annualized
Inpatient Revenue	\$ 7,681,656	\$ 7,070,470	\$ 7,070,470	\$ 5,388,374	\$ 8,082,561	\$ 8,539,028	\$ 10,360,948	28%
Outpatient Revenue	\$ 33,307,872	\$ 47,442,133	\$ 47,442,133	\$ 44,823,445	\$ 67,235,168	\$ 66,918,061	\$ 85,778,726	28%
	\$ 40,989,528	\$ 54,512,603	\$ 54,512,603	\$ 50,211,819	\$ 75,317,729	\$ 75,457,089	\$ 96,139,674	28%
Contractual Adj Cost Based Depr & Int Exp Reimb (will show at year end)	\$ (15,726,308)	\$ (20,524,683)	\$ (20,524,683)	\$ (22,063,331)	\$ (33,094,997)	\$ (31,211,149)	\$ (42,782,155)	29%
Contractuals Adjustments				\$ (22,063,331)	\$ (33,094,997)	\$ (31,211,149)	\$ (42,782,155)	29%
Net Patient Revenue	\$ 25,263,220	\$ 33,987,920	\$ 33,987,920	\$ 28,148,488	\$ 42,222,732	\$ 44,245,940	\$ 53,357,519	26%
Other Operating Revenue	\$ 578,887	\$ 286,805	\$ 286,805	\$ 421,923	\$ 632,885	\$ 269,000	\$ 853,024	35%
Net Operating Revenue	\$ 25,842,107	\$ 34,274,725	\$ 34,274,725	\$ 28,570,411	\$ 42,855,617	\$ 44,514,940	\$ 54,210,543	26%
Salaries/Wages	\$ 15,077,520	\$ 17,107,116	\$ 17,107,116	\$ 14,741,091	\$ 22,111,637	\$ 22,632,530	\$ 25,743,456	16%
Employee Benefits	\$ 3,564,575	\$ 3,883,841	\$ 3,883,841	\$ 3,112,907	\$ 4,669,361	\$ 4,903,520	\$ 5,493,858	18%
Professional Services	\$ 1,290,036	\$ 1,136,706	\$ 1,136,706	\$ 2,459,329	\$ 3,688,994	\$ 2,989,910	\$ 6,179,051	67%
Food Supplies	\$ 173,029	\$ 180,339	\$ 180,339	\$ 173,746	\$ 260,619	\$ 231,950	\$ 279,115	7%
Minor Equipment	\$ 87,335	\$ 156,443	\$ 156,443	\$ 201,747	\$ 302,621	\$ 373,120	\$ 462,216	53%
Supplies	\$ 1,701,376	\$ 2,172,410	\$ 2,172,410	\$ 1,610,709	\$ 2,416,064	\$ 2,842,401	\$ 3,922,140	62%
Utilities	\$ 281,447	\$ 403,721	\$ 403,721	\$ 245,946	\$ 368,919	\$ 363,049	\$ 461,588	25%
Purchased Services	\$ 3,136,842	\$ 3,670,793	\$ 3,670,793	\$ 3,432,614	\$ 5,148,921	\$ 4,012,507	\$ 4,418,330	-14%
Repair/Maintenance	\$ 866,210	\$ 974,518	\$ 974,518	\$ 787,414	\$ 1,181,121	\$ 1,204,946	\$ 1,204,707	2%
Public Relations/Recruitment	\$ 310,280	\$ 103,574	\$ 103,574	\$ 64,145	\$ 96,218	\$ 223,606	\$ 125,435	30%
Rent/Leases	\$ 82,156	\$ 330,613	\$ 330,613	\$ 332,893	\$ 499,340	\$ 739,598	\$ 549,086	10%
Insurance	\$ 343,935	\$ 371,505	\$ 371,505	\$ 329,010	\$ 493,515	\$ 549,292	\$ 543,944	10%
Licenses & Taxes	\$ 141,441	\$ 204,334	\$ 204,334	\$ 213,164	\$ 319,746	\$ 375,903	\$ 441,523	38%
Dues/Subscriptions/Other	\$ 449,731	\$ 486,763	\$ 486,763	\$ 515,373	\$ 773,060	\$ 806,395	\$ 879,912	14%
Travel/Training	\$ 103,622	\$ 91,793	\$ 91,793	\$ 79,550	\$ 119,325	\$ 176,833	\$ 185,886	56%
Depreciation	\$ 1,405,179	\$ 4,073,661	\$ 4,073,661	\$ 2,865,169	\$ 4,297,754	\$ 4,355,673	\$ 4,389,936	2%
Amortization							\$ 775,000	
Total Expenses	\$ 29,014,714	\$ 35,348,130	\$ 35,348,130	\$ 31,164,807	\$ 46,747,211	\$ 46,781,233	\$ 56,055,183	20%
Incentive Program						500,000	1,000,000	
Income (Loss) From Operations	\$ (3,172,607)	\$ (1,073,405)	\$ (1,073,405)	\$ (2,594,396)	\$ (3,891,594)	\$ (2,766,293)	\$ (2,844,640)	-27%
Non Operating Revenue EMS Building	\$ 7,304,661	\$ 3,163,506	\$ 3,163,506	\$ 3,198,121	\$ 4,797,182	\$ 3,074,794	\$ 2,570,609 \$ 9,978,293	-46%
Interest Expense (Leases and other) Restricted and Unrestricted Contributions Contributions for Capital								
Total Non Operating Revenue	\$ 7,304,661	\$ 3,163,506	\$ 3,163,506	\$ 3,198,121	\$ 4,797,182	\$ 3,074,794	\$ 12,548,902	162%
Total Net Income (Loss)	\$ 4,132,054	\$ 2,090,101	\$ 2,090,101	\$ 603,725	\$ 905,588	\$ 308,501	\$ 9,704,262	-972%



Statement of Cash Flows (Cash and Investments)

	Fiscal Year 2026	Notes
Cash Flows from Operating Activities and Non-Operating Gains:		
Revenue and Gains in Excess of Expenses	\$ 9,704,262	Projected from 2026 Income Statement
<i>Adjustments to reconcile revenue and gains in excess of expenses to net cash provided by operating activities and gains:</i>		
Depreciation	\$ 4,389,936	Estimated depreciation for the year
(Increase) decrease in Net Patient Accounts Receivable	\$ 1,794,000	Decrease from 68 days to 55 days in Accounts Receivable
(Increase) decrease in Other Assets Accounts	\$ (98,996)	Inventory increase estimated for 2026
(Decrease) increase in Liabilities Accounts	\$ (191,000)	Estimated minor adjustments to AP and accrued compensation
Net Cash Provided (Used) by Operating Activities and Gains	\$ 15,598,202	
Cash Flows from Investing Activities:		
Acquisition of Property and Equipment, Net	\$ (16,519,454)	2026 Capital List and EMS Building Cost (expected \$2 million spent on EMS building in 2025), \$650k added for EMR do
Other Investing Activities	0	
Net Cash Provided (Used) by Investing Activities	\$ (16,519,454)	
Cash Flows from Financing Activities:		
Increase (Decrease) in Working Capital Debt	\$ 4,907,446	Everbank 2026 Bond repayment EMS/Speciality Clinic
Net Cash Provided (Used) by Financing Activities	\$ 4,907,446	
Cash and Investments at Beginning of Period	\$ 11,586,374	Currently \$11.586 million in cash
Cash and Investments at Ending of Period	\$ 15,572,568	Estimated Cash at end of year 2026
Net Increase (decrease) in Cash and Investments	<u>\$ 3,986,194</u>	Total change in estimated cash in 2026



CEO Board Report (as of 10/23/25)

People:

- Lake Chelan Health (LCH) has partnered with Lakeside Baby to bring lactation support to the hospital and clinic. Our Pediatrician, Dr. Emily Reynolds, has engaged with her to plan out how we improve our services to mothers, infants and children.
- The Ear Nose and Throat (ENT) doctor has also been working alongside our new pediatrician to meet the needs of our valley's children (as well as adults). This week she saw over 40 patients, across all ages.
- We are actively recruiting an Advanced Practice Provider (APP) to support the launch of our Urology program, which will serve both pediatric and adult patients. In the interim, we have secured two physicians who will provide monthly on-site visits as well as telephonic support for the APP. One of these physicians has completed a pediatric fellowship, enabling us to better meet the healthcare needs of children in our valley.
- We are developing 24/7 general surgery coverage, with two additional specialties to be announced shortly.
- OB nursing staffing has stabilized recently, which has helped to reduce days on OB divert.

Community:

- Guild B raised over \$50K during Paint the Town Pink event. Proceeds will be used to purchase a side by side vehicle to help our EMS team reach patients in difficult locations.
- I had two opportunities this past month to be in front of Governor Ferguson's healthcare team, I used both opportunities to advocate for better and improved funding of maternity care.
- This past month, I was appointed to the Washington State Hospital Association (WSHA) Board of Directors.
- I attended board meetings for the Rural Health Collaborative, Associated Public Hospital Districts of Washington, and WSHA this past month.
- I will assume the Chair role on the Board of Directors for the Rural Health Collaborative in the coming months.

Quality:


- The focus for the 2026 ISO will be standardizing of organizational processes.
- The medical staff organizational/credentialing software, Verge, is now live, which will improve processes around credentialing, tracking of licensure, etc.
- Executive Leadership and staff are enjoying having Dr. Stuart Freed serving as the CMO. He brings a wealth of knowledge and expertise to our organization and has been significant asset to our quality team.

Financial:

- WixCorp billing software is scheduled to go live in a few weeks. The platform will significantly enhance patients' ability to communicate with our billing team, view balances and charge details, make payments via mobile devices, and more.
- Our new Revenue Cycle Director has joined LCH and has hit the ground running. The Board will meet her via Teams at next week's meeting.

Building for the Future:

- EMS building construction is on track, with digging for building footings completed this past week; concrete work is coming soon!
- Painting has begun at the downtown clinic (Family practice/Express Care/Pediatrics). A rendering of the finished look will be presented at the Board Meeting.
- LCH is progressing toward establishing a Cardiology presence in the District, with a goal of starting the implementation by year end.

		2025 BOARD OF COMMISSIONERS KPI DASHBOARD											
		Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
KPI-3-1-1 - Employee Promoter Score (EPS) methodology will be developed by 1/1/2025 and implemented by 3/1/2025, with a survey to be distributed by 3/1/2025	LOUISE	EPS developed		Will deploy in April	Survey Sent								
KPI-4-1-1 - LCH administrative team will provide monthly informational updates to all district employees by 11/1/2025 - in the form of written / audio / video / or in person communication.	AARON	planing phase	planing phase	planing phase	planing phase	100%	0%	100%	100%	100%			
KPI-5-1-2 - Policy owners will complete and or update the following percentage of policies according to the new policy writing guidelines by July 31, 2025 <ul style="list-style-type: none"> • 1-10 policies - 100% • 11-20 policies - 65% • 21-30 policies - 45% • 31-40 policies - 30% • 41-50 policies - 25% • 51-60 policies - 20% • 61 + policies - 10% 	LOUISE							93%					
KPI-6-1-1 - The Aggregate Quality Score will be revised to include at least 2 new metrics for 2025 performance period by 12/1/2025. Tracking of new metrics to begin 1/1/2025.	LOUISE	65%	74%	44%	56%	72%	76%	80%	53%	TBA			
KPI-6-2-1 - Monthly Board Quality Rounding with scheduled departments completed	LOUISE	Radiology	Rehab/ Surgical Services	Lab/Radiology/ Patinet Access	Business Office/HIM Finance	N/A	N/A	N/A	N/A	N/A			
KPI-8-1-1 - The Master Facilities Plan will receive an update based on current projects with a focus on 5-10-year growth, completed by 6/1/2025	SHAWN						0%						
KPI-8-1-2 - Track progress on active projects per plan -	SHAWN												
SCC		track to plan	track to plan	track to plan	track to plan	transition	opening	OPEN					
EMS BUILDING		track to plan	track to plan	track to plan	track to plan	permit		ground breaking	ground breaking				
STAFF HOUSING		track to plan	track to plan	track to plan	Cliff house reno complete								
OTHER PROJECTS TBD -													
KPI-10-1-1 - Days in AR will decrease to 60 days by October 2024 and 50 days by end of 2025	BRANT	61	56	67	61	60	61	60	67	63			
KPI-10-2-1 - Report Days cash on hand Maintain 100-120 during capital projects through 2025.	BRANT	118	118	103	114	107	114	104	96	99			
KPI-10-3-1 - Monthly haul Reported to the Board on a Monthly basis	BRANT	\$ 248,320	\$ 430,314	\$ 136,782	\$ 32,543	\$ 223,330	\$ 808,299	\$ 975,577	\$2,977,655	\$ 2,973,672.00			

Lake Chelan Health
Hospital District Commissioner Position Description
Approved _____

Title: Hospital District Commissioner (Elected or Appointed) Position Description

Position Summary:

The Board of Commissioners as a whole are responsible for overseeing the Hospital District's mission, vision, values, policies and organization with respect to the operation of the District, including the delivery of quality patient care. In fulfilling its governance obligation, the Board's role is to adopt the necessary general direction and policies to achieve those ends and to delegate the day-to-day operational responsibility with respect to those policies to the Administrator/Chief Executive Officer. Commissioners accomplish their purpose by majority vote. An individual Commissioner has no authority except when a quorum of the Board takes action in a meeting open to the public. Elected Commissioners serve for a term of six years.

Principal Powers and Duties of elected commissioners in Washington State:

RCW 70.44.060 sets forth powers and duties of Public Hospital Districts through its governing body, the Commission, and include but are not limited to:

- Power to acquire, construct, maintain, operate, develop and sell real property;
- Power to assess property taxes;
- Power to employ Hospital Administrator/Chief Executive Officer.

Duty of Care- Elected officials have a duty of care to act in the best interests of the public they serve. This duty includes avoiding conflicts of interest, acting with integrity, and adhering to ethical standards in their official conduct. Failing to uphold this duty can lead to disciplinary actions, including potential removal from office. This duty requires officials to act with the level of competence expected of an ordinarily prudent person in a similar position, using diligence and independent judgment when making decisions within their official capacity.

Duty of Loyalty- Elected officials must act in the best interests of their constituents and the public agency they serve, prioritizing the public good over personal gain or self-interest.

Duty of Obedience- Elected officials must ensure the public agency complies with local, state, and federal laws and stays true to its mission and governing document.

Values Statement:

Supports the Mission and Vision of the Hospital District by basing decisions and actions on the following **Core Values:**

Relationships – Relationships form the foundation for our care and service.

Strives to develop, nurture, and enhance relationships with:

- patients and their families
- our community
- physicians and other healthcare providers
- other caregivers

Integrity – Our actions tell our community what LCH stands for and who we are. Strives to:

- do the right things for our patients, their families, and each other
- work to earn the trust of those we serve
- communicate openly, honestly, and with the highest ethical standards

Compassion – Every employee touches the lives of the patients and families we serve. Strives to:

- treat each patient, family member, and other caregivers with kindness and caring
- improve understanding of, and respond to the needs of, our diverse community
- respect and meet the physical, emotional and spiritual needs of our patients and their families
- recognize that compassion is essential to healing
- give each other grace by recognizing that we are human, and therefore not perfect, as we strive for excellence

Respect – We honor the dignity and worth of each individual. Strives to:

- treat everyone we serve, and those with whom we work, with the highest levels of professionalism, acceptance, and dignity
- be open to everyone who needs our care and time, recognizing that they have the right to our services
- be open-minded and appreciate the perspectives and life experiences that others bring to the table
- acknowledge and celebrate diversity in our community and our organization

Expectations:

- Have the motivation and ability to meet the time requirements associated with board membership;
- Possess a high level of personal and professional integrity;
- Act to advance organization's mission, vision and key goals;
- Ability to interpret financial statements and business cases and to analyze and apply health data;
- Foster healthy Board culture of active and respectful participation in discussions and deliberations to assist to move issues to a decision;
- Support board policies and decisions once they are formulated, even after voting against them;
- Be willing to serve on Board committees, and in a leadership role as board officer and/or committee chair;
- Prepare for meetings and learn about issues that impact the Hospital District; follow Roberts Rules of Order;
- Comply with Washington State and federal laws regarding health care and hospital governance. Be aware of potential legal liabilities associated with serving as a commissioner (including Fiduciary Duty, Open Public Meetings Act and Records Retention Act, HIPAA);

- Serve as an ambassador to the community;
- ~~Not serve as the advocate of narrow interests or interest groups;~~
- Declare conflicts of interest that could affect your ability to decide/act in the best interest of the district; Members cannot vote on or influence decisions where they have a personal or financial interest. For example, they can't award contracts to companies in which they or their family members have a stake. Cannot enter into contracts or agreements where they, or close family members, have a financial interest without disclosing and recusing where required under ethics laws.
- Follow District policies and procedures, including confidentiality policies; Members are prohibited from sharing confidential patient data (HIPAA violations) or sensitive board materials discussed in executive session. Members may not disclose or use any confidential information learned during our duties for personal benefit or for the benefit of others.
- Attend and actively participate in board education/development activities;
- Regularly evaluate and improve performance as a Board member and Board as a whole;
- Hold self and other Board members accountable for agreed upon behaviors and compliance with laws and District policies;
- Demonstrate understanding of the difference between governance and management;
- Analyze complex concepts, develop creative solutions, and evaluate policy and program decisions to enable the organization to achieve long-term objectives;
- Demonstrate high value for diversity and cultural dexterity, and a strong commitment to creating an inclusive environment within the organization;
- Proficient in basic use of computer, and other electronic communication devices.

Board Members do not:

- **Have undivided loyalty to a private or special Interest:** Commissioners must act in the public's interest, not as an agent or advocate for a private group. Acting primarily on behalf of a special interest group could be seen as a violation of their fiduciary duty to the district. Board members do not serve as the advocate of or present bias for narrow interests or special interest groups;
- **Make decisions as an individual for the Board or the organization.** Only the Board as a whole make decisions through a vote or resolution in an open public meeting. Board Committees make recommendations only to the Board. Committees are not authorized except in specific cases and in written form to make decisions for the Board.
- **Abuse resources:** Commissioners cannot use public resources – including staff time, equipment, vehicles, or office space – for private gain, or use title to endorse products or services.
- **Use official authority to influence elections.**
- **Make Medical or Operational Decisions Beyond Their Scope:** Commissioners oversee policy, budgeting, and oversight of Chief Executive Officer only—not day-to-day medical or operational decisions or other staff. Interfering in clinical decisions, operations or management roles violates governance boundaries.

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- Accept Bribes or Gifts That Influence Decision-Making: Ethics laws limit or prohibit gifts, meals, or favors from contractors, vendors, or others doing business with the hospital.

If unwilling/unable to fulfill these expectations, a commissioner should consider resigning. The Commission recognizes the high cost of training a Board member, and that a myriad of dysfunctions can temporarily affect human beings. Resignation is not encouraged except when no other avenue remains open or Board bylaws or laws require removal of a Board member. The Commission respects and deeply appreciates the efforts of all its members.

Board Members typically give 20-30 hours of service per month, including but not limited to:

- Board meetings
- Committee meetings
- Mandatory meeting preparation
- Mandatory training
- Continuing education

Attachment 1: Board Position Description

References:

Open Public Meetings Act: <https://www.atg.wa.gov/open-government-training>

Association of Washington Public Hospital Districts (AWPHD): <https://www.awphd.org/>

[RCW 70.44.060](https://app.leg.wa.gov/rcw/default.aspx?cite=70.44.060) Washington State Public Hospital Boards Powers and Duties:
<https://app.leg.wa.gov/rcw/default.aspx?cite=70.44.060>

**Lake Chelan Health Board Job Description
Attachment 1**

Information from Association of Washington Public Hospital Districts :

Role of Public Hospital District Commissioners

The board of hospital district commissioners is the governing body of a hospital district. The board is responsible for establishing hospital district policies with respect to the district's exercise of its powers as set out in RCW 70.44.060. This includes all decisions with respect to the operations of the district, including the delivery of quality patient care. In fulfilling this responsibility, the board's role is to adopt the necessary general policies and to delegate the district's day-to-day operations to the district superintendent.

Commissioner Compensation

Salary

By statute, hospital district commissioners receive compensation for service on the board at a rate pursuant to RCW 70.44.050. These rates are adjusted for inflation every five years. As of January 1, 2024, the rate is \$161 per day up to an annual compensation limit of \$15,456 (WSR 23-23-158).

For more on special purpose district compensation, please see the MRSC blog, [Salary Increases Coming in 2024 for Many Special Purpose District Officials](#). Hospital districts should strictly follow the statutory requirements and appropriately document the days for which commissioners are entitled to compensation.

Waiver of Salary

A commissioner may, by written waiver filed with the district, forego any or all of his/her compensation as to any month, prior to the date on which the compensation would otherwise have been paid (RCW 70.44.050).

CHELAN COUNTY PUBLIC HOSPITAL DISTRICT #2
Lake Chelan Health
Chelan County, WA

RESOLUTION No. 2025-15
Disposal of Cardboard Baler

A RESOLUTION of the Board of Commissioners of Public Hospital District No. 2, Chelan County, Washington (the 'District'), to authorize the disposal of hospital surplus items; and

WHEREAS, Lake Chelan Health (LCH) a public hospital in the State of Washington, is committed to the responsible management and disposal of assets; and

WHEREAS, the Facilities Department has identified the following items as surplus to departmental needs:

- Bramidan Cardboard Baler, Serial Number PBD463996, Asset Tag #10226

WHEREAS, an assessment has determined that this equipment is no longer needed for and should be disposed of in accordance with applicable laws and hospital policies;

BE IT RESOLVED, that the Board of Commissioners of Chelan County Public Hospital District No. 2 hereby adopts the following:

1. The items described above are declared surplus to the needs of the Facilities Department and are authorized for disposal.
2. The approved method of disposal is to sell the equipment, in accordance with hospital policy and applicable regulations, as it has been deemed unusable.

The Controller is authorized to oversee and document the disposal process in compliance with all applicable state and local regulations.

A record of the disposal, including method and justification, shall be maintained for auditing purposes.

ADOPTED AND APPROVED, by the Board of Commissioners, Chelan County Public Hospital District No. 2, at an open public meeting thereof this 28th day of October 2025, with the following Commissioners being present and voting in favor of the resolution.

CHAIRPERSON OF THE BOARD

SECRETARY

VICE CHAIRPERSON

MEMBER

MEMBER

CEO