
**Maricopa County Special Health Care District d/b/a
Valleywise Health**

**Financial Report
with Supplementary Information
June 30, 2025**

Maricopa County Special Health Care District d/b/a Valleywise Health

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Independent Auditor's Report

To the Board of Directors
Maricopa County Special Health Care District
d/b/a Valleywise Health

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Maricopa County Special Health Care District d/b/a Valleywise Health (the "District") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2025 and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Report on Prior Year Financial Statements

The financial statements of the District as of and for the year ended June 30, 2024 were audited by other auditors, who expressed an unmodified opinion on January 31, 2025.

Responsibilities of Management for the Financial Statements

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

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

To the Board of Directors
Maricopa County Special Health Care District
d/b/a Valleywise Health

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Directors
Maricopa County Special Health Care District
d/b/a Valleywise Health

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 19, 2025

Maricopa County Special Health Care District d/b/a Valleywise Health

Management's Discussion and Analysis (Continued)

The following discussion and analysis of the operational and financial performance of Maricopa County Special Health Care District d/b/a Valleywise Health (the District) provides an overview of the financial position and activities for the years ended June 30, 2025 and 2024. This discussion has been prepared by management and should be read in conjunction with the accompanying financial statements, as well as the notes to the financial statements, which follow this section. The financial statements discussed in this section offer short-term and long-term financial information about the District's activities, including:

Statements of Net Position: This statement includes all of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position and provides information about the nature and amounts of investments in resources (assets) and the obligations of the District to creditors (liabilities). It also provides the basis for evaluating the capital structure, and assessing the liquidity and financial flexibility of the District.

Statements of Revenues, Expenses and Changes in Net Position: This statement accounts for all of the current year's revenues and expenses, measures changes in operations over the past two years, and can be used to determine whether the District has been able to recover all of its costs through several revenue sources.

Statements of Cash Flows: The primary purpose of this statement is to answer questions such as where cash came from, what cash was used for, and what was the change in the cash balance during the reporting period.

Organizational Overview

Founded in 1877, the District has served as Maricopa County's public teaching hospital and safety net system, filling critical gaps in care for underserved populations. In partnership with District Medical Group, an unrelated not-for-profit entity, the District provides care throughout Maricopa County.

The District is an academic training center, a regional provider of primary and specialized medical services, and a leading provider of mental health services. It provides clinical rotations each year for allopathic and osteopathic medical students, nursing students, and allied health professionals.

Licensed for 658 beds, the District provides a full range of inpatient acute and intensive care, inpatient and outpatient behavioral health, and a full complement of ancillary, support, and ambulatory services. The facilities that are housed on the District's main campus include:

- Valleywise Health Medical Center
- Valleywise Health – Arizona Burn Center
- Valleywise Comprehensive Health Center – Phoenix
- Valleywise Behavioral Health Center – Phoenix

The facilities that are located external to the main campus include:

- Valleywise Behavioral Health Center – Maryvale
- Valleywise Behavioral Health Center – Mesa
- Valleywise Comprehensive Health Center – Peoria

Maricopa County Special Health Care District d/b/a Valleywise Health

Management's Discussion and Analysis (Continued)

Ambulatory care is also provided at nine Community Health Centers located throughout Maricopa County. In addition to ambulatory services, many of these locations offer outpatient behavioral health and dental services.

Care Reimagined

On November 4, 2014, the voters of Maricopa County approved Proposition 480. Proposition 480 allows the District to issue up to \$935,000,000 in general obligation bonds to be repaid in 30 years to fund outpatient health facilities, including improvement or replacement of existing outpatient health centers, a behavioral health hospital, and the construction of a new acute medical center.

In 2017, the District Board set a roadmap for our organization's future by receiving the final report resulting from the Proposition 480 implementation planning initiative. This plan, known as Care Reimagined, will ensure our organization continues to be recognized for high-quality care, innovation, and service. It creates a better model of patient care and medical education that improves access, quality, cost, and outcomes for patients and increases the supply of future health care professionals.

The implementation of this capital plan is well underway; through June 30, 2025, \$909,641,429 of the bond proceeds have been expended. During fiscal year 2025, the majority of project funds were expended on the main campus for the construction of the new hospital scheduled which was completed in April 2024. The Comprehensive Health Center-Peoria (Peoria) project has been completed and opened in January 2021. Peoria includes an outpatient surgery center, endoscopy suites, dialysis services, primary and specialty clinics, and a family learning center. Two new Community Health Centers, in Mesa and West Maryvale, opened during fiscal year 2022, replacing old clinics at Mesa and Maryvale locations.

The District was authorized to issue \$935,000,000, in aggregate, principal amount toward the Care Reimagined project. Through June 30, 2024, all of the District's authorized amount has been issued.

Maricopa County Special Health Care District d/b/a Valleywise Health

Management's Discussion and Analysis (Continued)

Financial Highlights

The District's condensed statement of net position at June 30, 2025, 2024 and 2023 are as follows:

Condensed Statement of Net Position			
	Year Ended June 30		
	2025	2024	2023
Assets			
Current assets	\$ 558,114,151	\$ 609,201,917	\$ 471,654,649
Other assets	41,439,833	63,329,134	125,536,461
Capital assets	821,007,243	863,304,027	796,596,154
Total assets	1,420,561,227	1,535,835,078	1,393,787,264
Deferred outflows of resources	71,317,031	43,536,472	56,462,313
Liabilities			
Current liabilities	222,695,855	426,628,486	232,589,943
Risk claims payable, less current portion	10,965,615	14,034,905	13,784,858
Net pension liability	363,184,565	358,171,429	356,444,643
Long-term debt	568,788,115	599,589,506	640,746,278
Other long-term liabilities	24,755,147	25,814,694	5,005,017
Total liabilities	1,190,389,297	1,424,239,020	1,248,570,739
Deferred inflows of resources	30,617,704	23,778,839	18,778,412
Net position			
Unrestricted deficit	(30,147,813)	(164,337,697)	(218,706,051)
Net investment in capital assets	228,535,725	232,673,830	235,102,285
Restricted for bonds	48,527,753	50,855,264	166,504,192
Restricted for other post employment benefits	13,984,018	12,162,294	-
Restricted for grants	9,971,574	-	-
Total net position	\$ 270,871,257	\$ 131,353,691	\$ 182,900,426

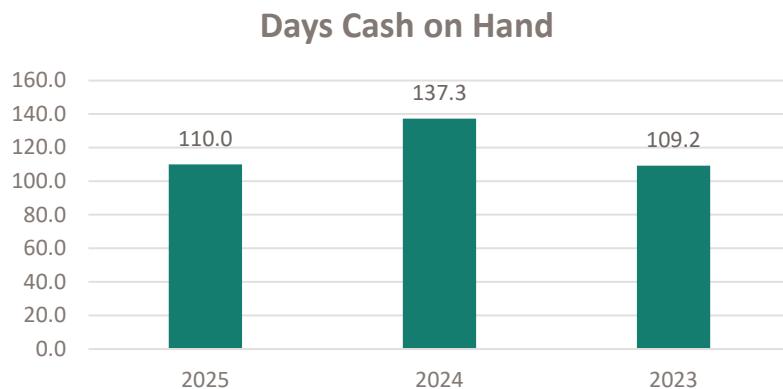
Cash and Cash Equivalents

Unrestricted cash and cash equivalents for fiscal year 2025 were approximately \$276.2 million, a decrease of approximately \$58.0 million from the \$334.2 million in fiscal year 2024. Days cash on hand decreased 27.3 days to 110 days in fiscal year 2025 from the fiscal year 2024 days of 137. This decrease in cash is due to the spending down of grant and donation related capital funds, as well as increases in non-Care Reimagined capital spending. Unrestricted cash and cash equivalents for fiscal year 2024 were approximately \$334.2 million, an increase of approximately \$93.0 million from the \$241.2 million in fiscal year 2023. Days cash on hand increased 28.1 days to 137 days in fiscal year 2024 from the fiscal year 2023 days of 109. This increase in cash is due to an increase in other operating revenue (SNSI).

Maricopa County Special Health Care District d/b/a Valleywise Health

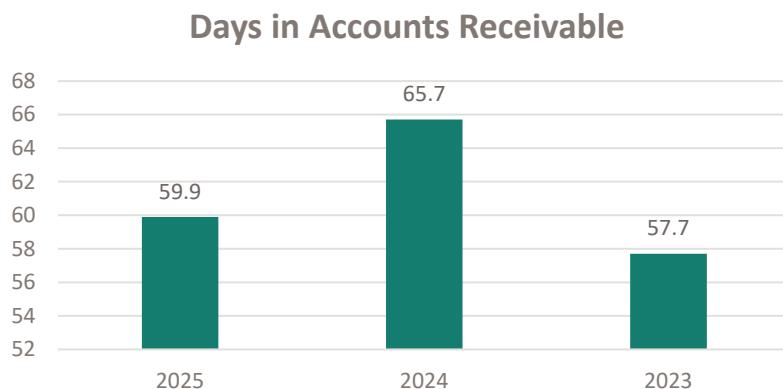
Management's Discussion and Analysis (Continued)

The District's days cash on hand for at June 30, 2025, 2024 and 2023 are as follows:



Net accounts receivable for fiscal year 2025 increased by approximately \$673 thousand from fiscal year 2024, net days in accounts receivable increased from fiscal year 2024 to fiscal year 2025 by approximately 8.8%, from 65.7 to 59.9 days. Net accounts receivable for fiscal year 2024 increased by approximately \$4.4 million from fiscal year 2023, net days in accounts receivable increased from fiscal year 2023 to fiscal year 2024 by approximately 13.9%, from 57.7 to 65.7 days. This was due to a decrease in Total Net Patient Service Revenue, which was the result of an intentional decrease in volumes prior to opening the new acute inpatient hospital in order to minimize the number of patients needing to be moved.

The District's days in accounts receivable at June 30, 2025, 2024 and 2023 are as follows:



Maricopa County Special Health Care District d/b/a Valleywise Health

Management's Discussion and Analysis (Continued)

Capital Assets

As of June 30, 2025, 2024 and 2023, the District had \$821.0 million, \$863.3 million and \$796.6 million, respectively, invested in capital assets, net of accumulated depreciation.

For the years ended June 30, 2025, 2024 and 2023, the District purchased capital assets amounting to \$14.5 million, \$111.6 million, and \$129.3 million, respectively. The organization has made significant investments in new facilities through the Care Reimagined project and plans to continue this investment within the coming years. These investments include:

- Valleywise Comprehensive Health Center – Peoria, which opened in January 2021 providing ambulatory care and outpatient surgery.
- New Community Health Centers providing ambulatory care in different cities of Maricopa County.
- New acute care hospital (Valleywise Health Medical Center), was completed in April 2024.

Debt

As of June 30, 2025, 2024, and 2023, the District had bonds payable of \$600.4 million, \$629.7 million, and \$666.9 million, respectively. As set forth in the voter-approved Proposition 480 language, bond proceeds are used to purchase various equipment and to fund various improvement projects on the District's existing acute behavioral health facilities and outpatient health centers.

Year Ended June 30, 2025, Compared to Year Ended June 30, 2024	Year Ended June 30, 2024, Compared to Year Ended June 30, 2023
Net patient services revenue increased by \$52.7 million or 10.5% from the prior year 2024. This increase is largely due to increased volumes because of the opening of the new acute hospital. Other operating revenue increased \$175.1 million, largely due to SNSI, which recognized four federal fiscal quarters during the year as opposed to three federal fiscal quarters in 2024, as the new program was effective October 1, 2023.	Net patient services revenue decreased by (\$7.4) million or (1.5%) from the prior year 2023. This is due mostly to a payor mix shift experienced after the ending of the federal emergency for Covid-19. Other operating revenue increased \$202.8 million, largely due to SNSI, an increase in the new Arizona Health Care Cost Containment System (AHCCCS) program, HEALTHII, GME, 340B and retail pharmacy sales, and grant program related revenues.
Operating expense increased from \$950.1 million in 2024 to \$989.7 million in 2025, a \$39.7 million or 4.2% increase from the prior year.	Operating expense increased from \$878.5 million in 2023 to \$950.1 million in 2024, a \$71.6 million or 8.2% increase from the prior year. These are largely due to the increase in salaries and outside contract labor usage due to staffing shortage and increase usage of supplies as part of higher cost of treating patients and related illnesses.
Non-operating revenues (expenses) increased by \$3.0M or 18.0% to \$19.3 million. This was driven by increases to some of the non-federal share payments, and higher non-capital grant revenue. Property tax revenue did increase due to a small, approved rate increase and increases in overall property values.	Non-operating revenue (expenses) saw a sharp decrease of \$119.8M or 88.0% due to the new non-federal share payment for the SNSI program.

Maricopa County Special Health Care District d/b/a Valleywise Health

Management's Discussion and Analysis (Continued)

Gross charges by major payor financial class for fiscal years 2025, 2024, and 2023 are as follows:

	Year Ended June 30		
	2025	2024	2023
Medicare	16.5%	16.8%	17.6%
Medicaid	36.5%	39.4%	44.2%
Commercial Insurance and Managed Care	17.9%	14.3%	12.1%
Other Government	10.7%	11.7%	10.8%
Self-Pay	18.4%	17.8%	15.4%
Total	100.0%	100.0%	100.0%

The District's payor mix has stayed relatively stable over the past two years prior to 2025. During fiscal year 2025, the District experience an increased number of self-pay/uninsured patients and significant decrease of Medicaid patients.

Maricopa County Special Health Care District d/b/a Valleywise Health

Management's Discussion and Analysis (Continued)

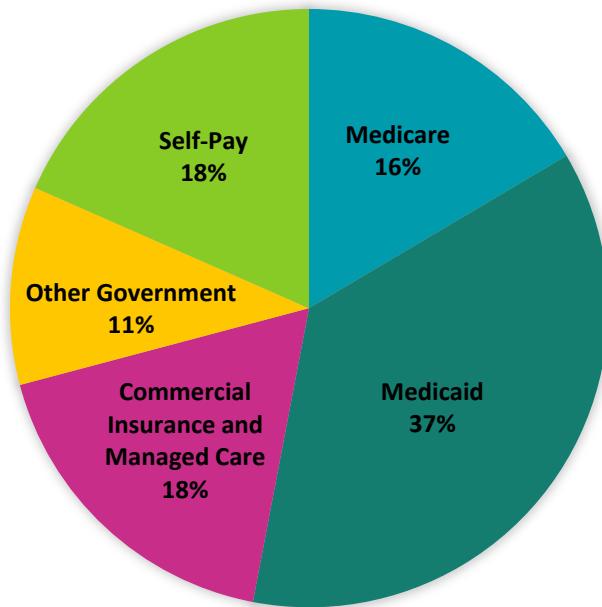
The District's statement of revenue, expenses and changes in net position for the fiscal years ending June 30, 2025, 2024 and 2023 is as follows:

Statement of Revenues, Expenses and Changes in Net Position

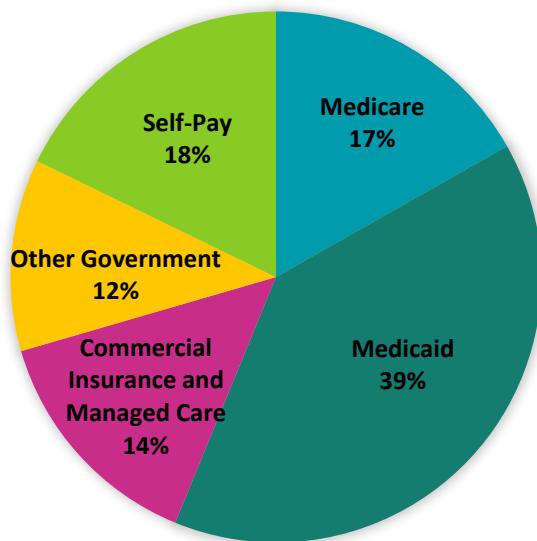
	Year Ended June 30		
	2025	2024	2023
Operating revenues:			
Net patient service revenue	\$ 554,667,076	\$ 501,982,011	\$ 509,398,504
SNSI revenue	355,730,802	198,548,101	-
HEALTHII revenue	52,630,186	37,268,235	33,661,057
AHCCCS medical education revenue	50,961,245	53,206,789	50,659,492
Other	95,942,863	91,155,498	93,042,278
Total operating revenues	1,109,932,172	882,160,634	686,761,331
Operating expenses			
Salaries and wages	378,789,733	332,412,178	296,737,796
Employee benefits	98,824,813	110,761,738	99,974,978
Purchased services	240,874,857	261,844,402	258,558,270
Other expenses	61,341,613	66,635,153	68,529,325
Supplies	139,547,775	119,042,983	98,744,775
Depreciation	70,353,393	59,374,902	55,921,558
Total operating expenses	989,732,184	950,071,356	878,466,702
Operating loss	120,199,988	(67,910,722)	(191,705,371)
Nonoperating revenues (expenses)			
Property tax receipts	154,610,232	138,728,906	138,392,868
Noncapital grants	18,567,929	11,415,618	9,263,795
Noncapital subsidies from State	3,547,896	3,547,896	3,547,896
Restricted contributions	25,746,786	1,011,920	-
Other nonoperating revenues (expenses), net	9,940,537	16,948,268	14,731,506
SNSI contributions	(182,663,554)	(145,609,922)	(18,978,191)
Investment income, net	8,103,567	7,865,697	7,601,696
Interest expense	(18,535,815)	(17,544,396)	(18,424,046)
Total nonoperating revenues, net	19,317,578	16,363,987	136,135,524
Decrease in net position	139,517,566	(51,546,735)	(55,569,847)
 Net position, beginning of year	 131,353,691	 182,900,426	 238,470,273
Net position, end of year	\$ 270,871,257	\$ 131,353,691	\$ 182,900,426

Maricopa County Special Health Care District d/b/a Valleywise Health
Management's Discussion and Analysis (Continued)

PAYOR MIX FOR FY2025

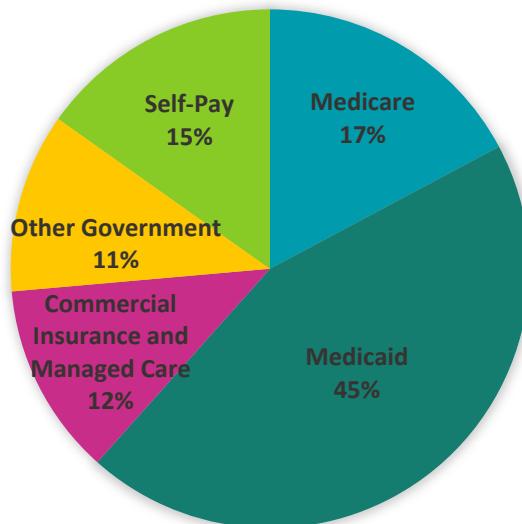


PAYOR MIX FOR FY2024



Maricopa County Special Health Care District d/b/a Valleywise Health
Management's Discussion and Analysis (Continued)

PAYOR MIX FOR FY2023



The composition of net patient services revenue at June 30, 2025, 2024 and 2023 is as follows:

	Year Ended June 30		
	2025	2024	Increase (Decrease)
Gross charges	3,118,009,680	2,791,576,144	11.7%
Contractual deductions	2,032,626,059	1,812,757,856	12.1%
As a percentage of gross charges	-65.2%	-64.9%	
Charity care	466,637,999	422,126,099	10.5%
As a percentage of gross charges	-15.0%	-15.1%	
Bad debt	64,078,546	54,710,178	17.1%
As a percentage of gross charges	-2.1%	-2.0%	
Net patient service revenue	\$ 554,667,076	\$ 501,982,011	10.5%
As a percentage of gross charges	17.8%	18.0%	

Maricopa County Special Health Care District d/b/a Valleywise Health

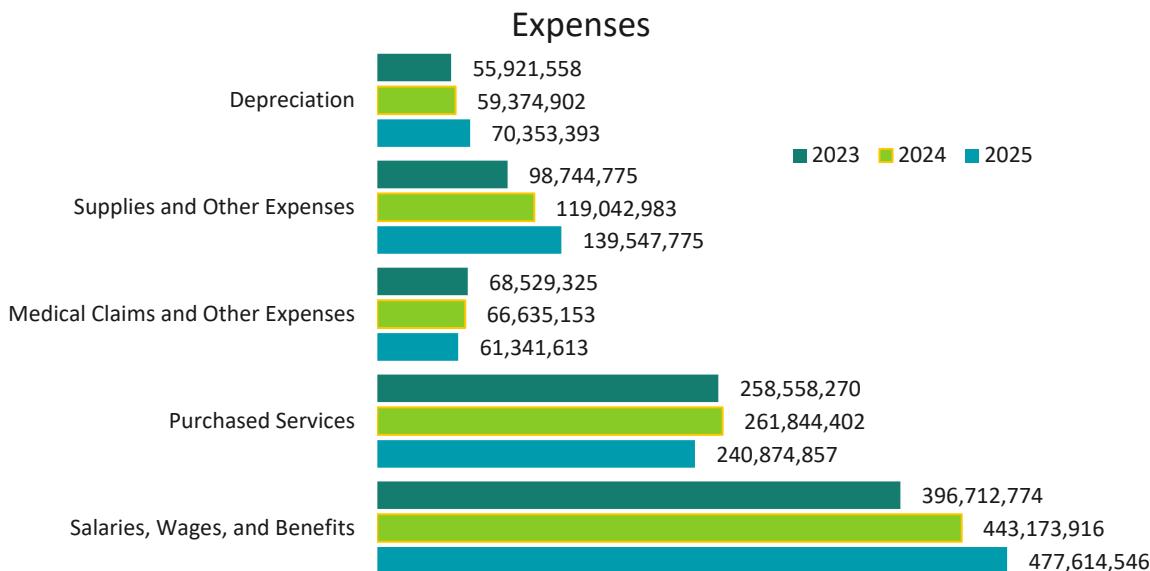
Management's Discussion and Analysis (Continued)

	Year Ended June 30		
	2024	2023	Increase (Decrease)
Gross charges	\$ 2,791,576,144	\$ 2,617,939,823	6.6%
Contractual deductions	1,812,757,856	1,873,553,660	-3.2%
As a percentage of gross charges	-64.9%	-71.6%	
Charity care	422,126,099	209,374,248	101.6%
As a percentage of gross charges	-15.1%	-8.0%	
Bad debt	54,710,178	25,613,410	113.6%
As a percentage of gross charges	-2.0%	-1.0%	
Net patient service revenue	\$ 501,982,011	\$ 509,398,504	-1.5%
As a percentage of gross charges	18.0%	19.5%	

Total operating revenues in fiscal year 2025 were \$1.1 billion in comparison with the prior year of \$882.2 million, with one third of the increase due to all four quarters of fiscal year 2025 qualifying for SNSI versus only three quarters in fiscal year 2024; the second third of the increase is due to the year-over-year increase in qualifying for a higher level of reimbursement for SNSI; and the final third spread among multiple other factors.

Operating Expenses

The primary driver of the year over year increases were driven by labor expenses, specifically salaries and wages.



Maricopa County Special Health Care District d/b/a Valleywise Health

Management's Discussion and Analysis (Continued)

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of property tax receipts, both for maintenance and operation, and bond debt service. These amounts were \$101.2 million, and \$53.4 million, respectively, for the year ended June 30, 2025, \$79.6 million, and \$59.1 million, respectively, for the year ended June 30, 2024, and \$89.5 million, and \$58.0 million, respectively, for the year ended June 30, 2023.

Also included in nonoperating revenues are noncapital grants and noncapital subsidies from the state. These amounts were \$18.6 million and \$3.5 million, respectively, for the year ended June 30, 2025, \$11.4 million and \$3.5 million, respectively, for the year ended June 30, 2024, and \$9.2 million and \$3.5 million, respectively, for the year ended June 30, 2023.

Other nonoperating revenues and expenses consisted primarily of SNSI contributions, other nonoperating revenue (expenses), restricted contributions, interest income, and interest expense. These amounts were (\$182.7) million, \$9.9 million, \$25.7 million, \$8.1 million and (\$18.5) million, respectively, for the year ended June 30, 2025, (\$145.6) million, \$16.9 million, \$1.0 million, \$7.9 million and (\$17.5) million, respectively, for the year ended June 30, 2024. Other nonoperating revenues and expenses consisted primarily of SNSI contributions, other nonoperating revenue (expenses), interest income, and interest expense of (\$19.0) million, \$17.7 million, \$7.6 million and (\$18.4) million, respectively, for the year ended June 30, 2023. A majority of the changes year over year in subsidies was due to the timing of payments received related to Provider Relief Funds and increases in SNSI contributions. The year over year changes in interest income was due to changes in prevailing market conditions that influenced increase in interest rates. The interest expense year over year fluctuates based on the bond amortization schedule.

Contacting the District's Financial Management

This financial report is designed to provide the District's patients, suppliers, community members, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to District Administration by telephoning (602) 344-8425.

Maricopa County Special Health Care District d/b/a Valleywise Health

Statement of Net Position

June 30, 2025 and 2024

	2025	2024
Assets and Deferred Outflows Of Resources		
Current Assets		
Cash and cash equivalents	\$ 276,231,442	\$ 334,246,529
Restricted cash (Note 2)	48,527,753	50,855,264
Patient accounts receivable (Note 5)	90,762,387	90,089,005
Receivable from AHCCCS for medical education (Note 6)	50,161,651	54,606,789
Other receivables (Note 8)	57,298,513	33,494,492
Inventory	13,727,670	12,498,828
Prepaid expenses	18,537,443	33,411,010
Due from related parties	2,867,292	-
Total current assets	558,114,151	609,201,917
Net OPEB Asset (Note 13)	13,984,018	12,162,294
Capital Assets - Net (Note 9)	821,007,243	863,304,027
Lease and Right-to-use Subscription Assets (Note 14)	27,455,815	25,003,210
Restricted Cash (Note 2)	-	26,163,630
Total assets	1,420,561,227	1,535,835,078
Deferred Outflows of Resources		
Pension (Note 13)	69,524,274	41,754,234
Postemployment benefits other than pensions (Note 13)	1,792,757	1,782,238
Total deferred outflows of resources	71,317,031	43,536,472
Total assets and deferred outflows of resources	\$ 1,491,878,258	\$ 1,579,371,550

Maricopa County Special Health Care District d/b/a Valleywise Health

Statement of Net Position (Continued)

June 30, 2025 and 2024

	2025	2024
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable	\$ 89,064,877	\$ 188,182,319
Current portion of long-term debt (Note 12)	31,575,000	30,070,000
Current portion of lease and subscription liabilities (Note 14)	11,939,978	6,568,725
Due to related parties	-	6,738,377
Estimated third-party payor settlements	30,859,788	12,648,717
Accrued liabilities and other:		
Accrued payroll and expenses	35,541,446	27,990,417
Risk claims payable - Current portion (Note 10)	4,413,699	353,308
Other accrued liabilities (Note 11)	<u>19,301,067</u>	<u>154,076,623</u>
Total current liabilities	222,695,855	426,628,486
Long-term Debt - Net of current portion (Note 12)	568,788,115	599,589,506
Lease and Subscription Liabilities - Net of current portion (Note 14)	17,949,240	19,041,117
Other Liabilities		
Other liabilities	6,805,907	6,773,577
Risk claims payable less current portion (Note 10)	10,965,615	14,034,905
Net pension liability (Note 13)	<u>363,184,565</u>	<u>358,171,429</u>
Total other liabilities	<u>380,956,087</u>	<u>378,979,911</u>
Total liabilities	1,190,389,297	1,424,239,020
Deferred Inflows of Resources		
Pension (Note 13)	25,353,551	17,817,030
Postemployment benefits other than pensions (Note 13)	<u>5,264,153</u>	<u>5,961,809</u>
Total deferred inflows of resources	<u>30,617,704</u>	<u>23,778,839</u>
Total liabilities and deferred inflows of resources	1,221,007,001	1,448,017,859
Net Position		
Unrestricted deficit	(30,147,813)	(164,337,697)
Net investment in capital assets	228,535,725	232,673,830
Restricted net position:		
Restricted for bonds	48,527,753	50,855,264
Restricted for other postemployment benefits	13,984,018	12,162,294
Restricted for grants	<u>9,971,574</u>	<u>-</u>
Total net position	<u>270,871,257</u>	<u>131,353,691</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,491,878,258</u>	<u>\$ 1,579,371,550</u>

Maricopa County Special Health Care District d/b/a Valleywise Health
Statement of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2025 and 2024

	2025	2024
Operating Revenue		
Net patient service revenue (Notes 2 and 4)	\$ 554,667,076	\$ 501,982,011
SNSI revenue (Note 3)	355,730,802	198,548,101
HEALTHII revenue (Note 3)	52,630,186	37,268,235
AHCCCS medical education revenue (Note 6)	50,961,245	53,206,789
Other revenue	<u>95,942,863</u>	<u>91,155,498</u>
Total operating revenue	1,109,932,172	882,160,634
Operating Expenses		
Salaries and wages	378,789,733	332,412,178
Employee benefits	98,824,813	110,761,738
Purchased services	240,874,857	261,844,402
Supplies	139,547,775	119,042,983
Other expenses	61,341,613	66,635,153
Depreciation and amortization	<u>70,353,393</u>	<u>59,374,902</u>
Total operating expenses	989,732,184	950,071,356
Operating Income (Loss)		
	120,199,988	(67,910,722)
Nonoperating Revenue (Expenses)		
Property tax receipts	154,610,232	138,728,906
Noncapital grants	18,567,929	11,415,618
Noncapital subsidies from State	3,547,896	3,547,896
Restricted contributions	25,746,786	1,011,920
Other nonoperating revenue - Net	9,940,537	16,948,268
SNSI contributions (Note 3)	(182,663,554)	(145,609,922)
Interest income	8,103,567	7,865,697
Interest expense	<u>(18,535,815)</u>	<u>(17,544,396)</u>
Total nonoperating revenue	19,317,578	16,363,987
Increase (Decrease) in Net Position		
Net Position - Beginning of year	139,517,566	(51,546,735)
Net Position - End of year	<u>131,353,691</u>	<u>182,900,426</u>
	\$ 270,871,257	\$ 131,353,691

Maricopa County Special Health Care District d/b/a Valleywise Health

Statement of Cash Flows

Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Receipts from and on behalf of patients	\$ 549,978,590	\$ 482,176,956
Cash payments to suppliers for services and goods	(657,036,470)	(290,491,856)
Cash payments to employees for services	(487,781,469)	(429,153,901)
Other operating receipts	85,971,289	91,155,498
Receipts for SNSI	355,730,802	198,548,101
Receipts for AHCCCS medical education	50,961,245	53,206,789
Receipts for HEALTHII	52,630,186	37,268,235
Net cash and cash equivalents (used in) provided by operating activities	(49,545,827)	142,709,822
Cash Flows from Noncapital Financing Activities		
Property tax receipts supporting operations	101,199,473	79,610,412
Noncapital grants and contributions received	18,567,929	11,415,618
Contributions to SNSI	(182,663,554)	(145,609,922)
Noncapital subsidies and other nonoperating payments	13,488,433	20,496,166
Issuance of long-term debt	10,325,000	-
Net cash and cash equivalents used in noncapital financing activities	(39,082,719)	(34,087,726)
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(14,486,331)	(111,581,088)
Property tax receipts for debt service	53,410,759	59,118,492
Restricted contributions	25,746,786	1,011,920
Interest paid	(19,287,565)	(18,197,646)
Principal payments on long-term debt	(39,621,391)	(37,216,772)
Principal payments on lease and subscription liabilities	(11,743,507)	(6,075,595)
Net cash and cash equivalents used in capital and related financing activities	(5,981,249)	(112,940,689)
Cash Flows Provided by Investing Activities - Interest from pooled funds	8,103,567	7,865,697
Net (Decrease) Increase in Cash and Cash Equivalents	(86,506,228)	3,547,104
Cash and Cash Equivalents - Beginning of year	411,265,423	407,718,319
Cash and Cash Equivalents - End of year	\$ 324,759,195	\$ 411,265,423
Statement of Net Position Classification of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 276,231,442	\$ 334,246,529
Restricted cash	48,527,753	77,018,894
Total cash and cash equivalents	\$ 324,759,195	\$ 411,265,423

Maricopa County Special Health Care District d/b/a Valleywise Health

Statement of Cash Flows (Continued)

Years Ended June 30, 2025 and 2024

	2025	2024
A reconciliation of operating income (loss) to net cash from operating activities is as follows:		
Cash Flows from Operating Activities		
Operating income (loss)	\$ 120,199,988	\$ (67,910,722)
Adjustments to reconcile operating income (loss) to net cash and cash equivalents from operating activities:		
Depreciation and amortization	70,353,393	59,374,902
Provision for uncollectible accounts	64,078,545	54,710,277
(Decrease) increase in assets and liabilities:		
Patient and other accounts receivable	(86,978,102)	(76,657,190)
Due to related parties	(6,738,377)	6,738,377
Inventory, prepaid expenses, and other assets	13,644,725	(13,519,612)
Estimated third-party payor settlements	18,211,071	2,141,858
Risk claims payable	991,101	89,499
Accounts payable	(99,117,442)	93,705,654
Accrued expenses and other liabilities	(134,254,638)	70,016,764
Deferred outflows and inflows of resources	(20,941,694)	17,926,268
Net pension liability	5,013,136	(10,908,263)
Net OPEB asset	(1,821,724)	687,634
Accrued payroll	7,814,191	6,314,376
Net cash and cash equivalents (used in) provided by operating activities	\$ (49,545,827)	\$ 142,709,822
Significant Noncash Transactions		
Assets obtained via lease during the year	\$ 1,342,816	\$ 24,164,018
Subscription-based information technology arrangements entered into during the year	21,600,810	-

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 1 - Nature of Business

Maricopa County Special Health Care District d/b/a Valleywise Health (the "District") is a health care district and political subdivision of the State of Arizona. The District is located in Phoenix, Arizona, and is governed by a five-member board of directors elected by voters within Maricopa County, Arizona (the "County").

The District was created in November 2003 by an election of the voters of the County. In November 2004, the voters first elected the District's governing board. An Intergovernmental Agreement (the "IGA") between the District and the County was entered into in November 2004, which, among other things, specified the terms by which the County transferred essentially all of the assets, liabilities, and financial responsibility of the medical center facility to the District effective January 1, 2005. The District operates a medical center facility (the "Medical Center"), which was formerly owned and operated by the County; three freestanding inpatient behavioral health facilities located on the Medical Center campus, in Maryvale, Arizona, and in Mesa, Arizona; a specialty clinic located on the Medical Center campus; and various outpatient health centers throughout Maricopa County. The District has the authority to levy ad valorem taxes. The District had no significant operations prior to January 1, 2005. In conjunction with the IGA, the County and the District entered into a 20-year lease for the Medical Center real estate.

On September 3, 2013, a second Amended and Restated Intergovernmental Agreement (the "Amended IGA") was entered into by the District, where all the land and real property located at the Maricopa Medical Center and Desert Vista campuses (the "Property") subject to the prior 20-year lease were donated to the District. The Property was recorded at its fair value at the date of donation, determined by a third-party valuation services firm, totaling \$117,075,000. The Property donated consisted of land of \$9,000,000, buildings of \$104,375,000, and land improvements of \$3,700,000. A significant portion of the originally donated building and land improvements was disposed of during 2024 as part of the closing of the legacy hospital and opening of the new hospital tower.

The Amended IGA also provided for the District's purchase of supplies from the County, the sublease of certain space to the County, and the County's ability to purchase supplies and utilize the District's services, among other items.

If the Property is not used for county hospital purposes, the Property shall (at the election of the County) revert to the County.

Effective October 1, 2019, as a part of a rebranding initiative, the District, which was formerly known as Maricopa Integrated Health System, is now officially called Valleywise Health.

Note 2 - Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared using the economic resource management focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries; medical malpractice; and natural disasters. The District participated in the County's self-insurance program through December 3, 2012. The IGA between the District and County was amended to reflect that the District would no longer participate in the County's self-insurance program effective December 4, 2012 except for workers' compensation claims. The Amended IGA also stipulated that the County would provide a mutually agreed-upon amount to fund estimated outstanding losses and estimated future claim payments for the period from January 1, 2005 through December 3, 2012. In return, the District accepted responsibility for the payment and management of these claims on an ongoing basis.

The District, through its risk management department, is now responsible for identifying and resolving exposures and claims that arise from employee work-related injury, third-party liability, property damage, regulatory compliance, and other exposures arising from the District's operations. Effective December 4, 2012, the District's board of directors approved and implemented risk management, self-insurance, and purchased insurance programs under the Maricopa Integrated Health System Risk Management Insurance and Self-Insurance Plan (the "Insurance Plan"). As authorized under the Insurance Plan, the District purchases excess insurance over the District's self-insured program to maintain adequate protection against the District's exposures and claims filed against the District. It is the District's policy to record the expense and related liability for professional liability, including medical malpractice and workers' compensation, based upon annual actuarial estimates, as discussed in Note 10.

Cash and Cash Equivalents

Cash and cash equivalents include cash and investments in highly liquid investments with an original maturity of three months or less when purchased. They also include amounts held with the Maricopa County Treasury. The County is responsible for the safekeeping of all moneys paid into the County. The District's portion of the County Treasury at June 30, 2025 and 2024 is indicated in the accompanying statement of net position as cash and cash equivalents. The District has deposits in financial institutions that are in excess of available depository insurance coverage, as disclosed in Note 7.

Restricted Cash

Restricted cash includes cash and cash equivalents that are restricted for use, tax proceeds restricted for debt service on the general obligation bonds, and bond proceeds restricted for use under the bond agreement for the purchase of long-term assets. At June 30, 2024, a portion of the restricted cash was classified as a long-term asset, as the funds were restricted for the purchase of long-term assets. As of June 30, 2025, there are no funds restricted for the purchase of long-term assets.

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Patient Accounts Receivable

Accounts receivable for patients, insurance companies, and governmental agencies are based on gross charges. An allowance for contractual adjustments is based on expected payment rates from payors based on current reimbursement methodologies. This amount also includes amounts received as interim payments against unpaid claims by certain payors. Accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of accounts receivable, the District analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for uncollectible accounts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for uncollectible accounts 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 District records a significant provision for uncollectible accounts 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 in the period they are determined to be uncollectible.

Inventory

Inventories, which consist of medical and office supplies and pharmaceutical products, are stated at the lower of cost or net realizable value on a first-in, first-out basis.

Capital Assets

Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The straight-line method is used for computing depreciation and amortization. Costs of maintenance and repairs are charged to expense when incurred.

Capital assets are depreciated over the following estimated useful lives:

	Depreciable Life - Years
Land improvements	2 - 25
Buildings and leasehold improvements	5 - 40
Equipment	3 - 20

Leases

The District has a policy to recognize a lease liability and a right-to-use lease asset (lease asset) in the financial statements. The District recognizes lease liabilities with an initial individual value of \$5,000 or more with a lease term greater than one year. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease liability.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

June 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service. Lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the District has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported as right-to-use assets and lease liabilities are reported within current and long-term liabilities on the statement of net position.

Subscriptions

The District has a policy to recognize a subscription-based liability and a right-to-use asset (subscription asset) in the financial statements. The District recognized subscription liabilities with an initial individual value of \$5,000 or more with a subscription term greater than one year. Variable payments based on future performance of the District, usage of the underlying IT asset, or number of user seats are not included in measurement of the subscription liability; rather, those variable payments are recognized as outflows of resources (expenses) in the period during which the obligation for those payments incurred.

At the commencement of the subscription-based information technology arrangement (SBITA), the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

Subscription assets are recorded at the amount of initial measurement of the subscription liabilities, less any payments made to the SBITA vendor before the commencement of the subscription term, and capitalizable initial implementation cost, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Costs associated with a SBITA, other than subscription payments, are accounted for as follows:

- **Preliminary Project Stage** - Outlays are expensed as incurred.
- **Initial Implementation Stage** - Outlays are capitalized as an addition to the subscription asset.
- **Operation and Additional Implementation Stage** - Outlays are expensed as incurred unless they meet specific capitalization criteria.

Subscription assets are reported in long-term assets and subscription liabilities are reported with current and long-term liabilities on the statement of net position.

June 30, 2025 and 2024**Note 2 - Significant Accounting Policies (Continued)**

Subscription assets are amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying IT asset, unless the subscription contains a purchase option that the District has determined is reasonably certain of being exercised. In this case, the subscription asset is amortized over the useful life of the underlying IT asset.

Key estimates and judgments related to SBITA include how the District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The District uses the interest rate listed within the subscription-based information technology arrangement as the discount rate. When the interest rate charged is not listed in the subscription-based information technology arrangement, the District uses its estimated incremental borrowing rate as the discount rate for the agreement.
- The subscription-based information technology arrangement term includes the noncancelable period of the agreement. Payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

Compensated Absences

District policies permit most employees to accumulate vacation and sick leave benefits (personal leave) that may be realized as paid time off or, in limited circumstances, as a cash payment. Personal leave time is paid upon separation if the employee has completed six months of employment, up to the cap limitation described below. In accordance with GASB Statement No. 101, *Compensated Absences*, expense and the related liability are recognized as personal leave benefits and are earned whether the employee is expected to realize the benefit as time off or as a cash payment. Employees may accumulate up to 240 hours of personal leave, depending on years of services, but any personal leave hours in excess of the maximum amount that are unused by the calendar year end are converted to the employee's extended leave bank (EIB).

Generally, EIB benefits are used by employees for extended illness or injury, or to care for an immediate family member with an extended illness or injury. EIB benefits are cumulative but do not vest. However, upon retirement, employees with accumulated EIB in excess of 1,000 hours are entitled to a \$3,000 bonus. The District has recognized a liability for the component of the EIB balance that is more likely than not to be used in accordance with GASB No. 101. The total compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as Social Security and Medicare taxes, computed using rates in effect at that date.

The District had compensated absences totaling \$11,911,364 as of July 1, 2023.

During 2024, net changes of \$1,881,534 were observed, resulting in an ending balance of \$13,792,898 at June 30, 2024. Of this amount, \$6,482,662 is recorded within accrued payroll and expenses and \$7,310,236 is recorded within other liabilities on the statement of net position.

During 2025, net changes in compensated absences balances of \$4,369,920 were observed, resulting in an ending balance of compensated absences of \$18,162,818 at June 30, 2025. Of this amount, \$11,416,994 is recorded within accrued payroll and expenses and \$6,745,824 is recorded within other liabilities on the statement of net position.

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Net Position

Net position of the District is classified into four components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Restricted for bonds consists of noncapital assets that must be used for a particular purpose as specified by creditors. Restricted for other postemployment benefits (OPEB) consists of noncapital assets to be utilized to fund OPEB obligations. Unrestricted net position consists of the remaining assets plus deferred outflows of resources less remaining liabilities plus deferred inflows of resources that do not meet the definition of net investment in capital assets or restricted net position.

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

Operating Revenue and Expenses

The District has defined its operating revenue and expenses as those relating to the provision of health care services. Those revenue and expenses relating to capital and related financing activities, noncapital financing activities, and investing activities are excluded from that definition.

Net Patient Service Revenue

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known.

The District participates in the Federally Qualified Health Center (FQHC) program and receives supplemental payments from Arizona Health Care Cost Containment System (AHCCCS). The payments are made based on information filed with AHCCCS on the Annual Reconciliation and Rebase Date (ARRD) report. The District is currently in the process of reconciling with AHCCCS and various health plans regarding the federal fiscal year 2024 ARRD report.

Approximately 52 percent and 54 percent of net patient service revenue was from participation in the Medicare and state-sponsored AHCCCS programs for the years ended June 30, 2025 and 2024, respectively. Laws and regulations governing the Medicare and AHCCCS programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

Charity Care

The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Charity care is determined based on established policies, using patient income and assets to determine payment ability. The amount reflects the cost of free or discounted health services, net of contributions and other revenue received, as direct assistance for the provision of charity care. The estimated cost of providing charity services is based on a calculation that applies a ratio of cost to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the District's total expenses divided by gross patient charges. The total net cost of charity care provided by the District was approximately \$104,039,000 and \$98,276,000 for the years ended June 30, 2025 and 2024, respectively. The net cost of charity care is total charity care cost less any payments received. Payments received were approximately \$13,579,000 and \$11,770,000 for the years ended June 30, 2025 and 2024, respectively.

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Property Taxes

On or before the third Monday in August, the County levies real property taxes and commercial personal property taxes on behalf of the District, which become due and payable in two equal installments. The first installment is due on the first day of October and becomes delinquent after the first business day of November. The second installment is due on the first day of March of the next year and becomes delinquent after the first business day of May.

The County also levies mobile home personal property taxes on behalf of the District that are due the second Monday of the month following receipt of the tax notice and become delinquent 30 days later. A lien assessed against real and personal property attaches on the first day of January after assessment and levy.

Proposition 480 allows the County to levy additional property taxes for principal and interest debt service related to general obligation bonds.

Income Taxes

The District is a health district and political subdivision of the State of Arizona and is exempt from federal and state income taxes.

Long-term Obligations

Other long-term operating liabilities are measured based on the estimated amount of the obligation and are reported net of any amounts expected to be paid within one year. The portion of each liability expected to be paid within one year is classified as a current liability. The significant items included in long-term operating liabilities include other liabilities, risk claims payable, and net pension liabilities at June 30, 2025 and 2024.

Estimated Third-party Payor Settlements

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the District's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available) or as years are settled or are no longer subject to such audits, reviews, and investigations.

Pension

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

Postretirement Benefits

For the purpose of measuring the net other postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the ASRS Trust Fund (ATF) and additions to/deductions from the ATF's fiduciary net position have been determined on the same basis as they are reported by the ATF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

June 30, 2025 and 2024**Note 2 - Significant Accounting Policies (Continued)*****Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the deferred outflows of resources related to the cost-sharing defined benefit pension plan and OPEB plan (see Note 13).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. They are the deferred inflows of resources related to the cost-sharing defined benefit pension plan and OPEB plan (see Note 13).

Change in Accounting Principle

During the current year, the District adopted GASB Statement No. 101, *Compensated Absences*. The objective of GASB 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The statement requires that liabilities for compensated absences for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means be recorded. The standard also establishes guidance for measuring a liability for leave that has not been used. The adoption of the standard had an insignificant impact on the financial statements of the District and was, therefore, applied prospectively.

Upcoming Accounting Pronouncements

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the District's financial statements for the year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the District's financial statements for the year ending June 30, 2026.

Error Correction

During fiscal year 2025, it was identified that amounts previously reported on the statement of net position as net pension and OPEB liabilities were improperly classified in fiscal year 2024. Balances for the OPEB plan are in a net asset position at June 30, 2024 and, therefore, should be reported within assets on the statement of net position. As a result, the net OPEB asset was understated by \$12,162,294 and the net pension liability was understated by \$12,162,294 for the fiscal year ended June 30, 2024.

In addition, it was identified that \$26,163,630 of bond funds to be utilized for future capital projects was classified within net position restricted for bonds and within net investment in capital assets in fiscal year 2024.

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

The effects of these error corrections resulted in a reclassification within the components of net position at June 30, 2024 by increasing unrestricted net position by \$14,001,336, decreasing net position restricted for bonds by \$26,163,630, and increasing restricted net position for OPEB by \$12,162,294.

These errors have been corrected by reclassifying the amounts in the fiscal year 2024 column in the financial statements.

Reclassification

Certain 2024 amounts have been reclassified to conform to the 2025 presentation.

Note 3 - Safety Net Funding

The District is the principal safety net provider for Maricopa County. Additionally, as the District is a Level I trauma center and home to the Diane & Bruce Halle Arizona Burn Center, the primary burn center in the state, it also has patient volumes from outside of Maricopa County. The District's payor mix is heavily influenced by care to Medicaid, Medicare, uninsured, and other governmental payor populations. In addition to net patient service revenue, as described in Note 2, the financing of the District's care for this critical population is provided through these key sources:

- When Maricopa County voters approved the creation of the Special Health Care District in the November 2003 election, the approval included authority to impose a secondary property tax. This property tax revenue can be used to pay for any operating costs. In November 2020, this property tax was approved by the voters through the passage of Proposition 449. For fiscal years 2025 and 2024, the District's board of directors approved this levy for \$116,569,467 and \$100,651,292, respectively. This levy requires annual approval by the District's board of directors.

June 30, 2025 and 2024**Note 3 - Safety Net Funding (Continued)**

- In March 2024, CMS approved Arizona's proposal for a delivery system and provider payment initiative under Medicaid managed care plan contracts, which directly benefits the District as the only eligible provider. This program, titled Safety Net Services Initiative (SNSI), provides a uniform increase for services provided by the eligible public safety net hospital established by the State for the federal fiscal year October through September, incorporated into the capitation rates through a separate payment term. Under an agreement with AHCCCS, the District contributes funds to be used by the State in the Medicaid program. Contributions to the SNSI program totaled \$182,663,554 and \$145,609,922 during the years ended June 30, 2025 and 2024, respectively, which are reported within nonoperating revenue (expenses) on the statement of revenue, expenses, and changes in net position. Contribution amounts are then supplemented by federal funds, the aggregate of which are often referred to as the consolidation dollars. The consolidation dollars are returned to the District as additional Medicaid reimbursement net of the required state premium tax of 2 percent. The premium tax is imposed pursuant to ARS 36-2905 and ARS 36-2944.01 and also included in AHCCCS Rule 304 on Premium Tax Reporting per the AHCCCS Contractor Operations Manual. These require the premium tax on reimbursement to an AHCCCS Managed Care Organization (MCO) Contractor to be paid to the Arizona Department of Insurance and Financial Institutions. The net annual amount was paid to the District by the MCOs in June 2024 for federal fiscal year 2024. In 2024, total SNSI payments made to the District totaled \$280,731,000, \$210,548,000 of which was recorded as SNSI revenue on the statement of revenue, expenses, and changes in net position. In addition, approximately \$70,183,000 was recorded as unearned revenue within other accrued liabilities on the statement of net position at June 30, 2024. In April 2025, CMS approved the SNSI program for the federal fiscal year October 2024 through September 2025. SNSI amounts for federal fiscal year 2025 are paid to the District quarterly. The net annual amount for federal fiscal year 2025 totals \$388,500,819, \$355,730,802 of which was recorded as other revenue on the statement of revenue, expenses, and changes in net position and \$21,087,244 was recorded within other receivables on the statement of net position at June 30, 2025.
- In response to the 2020 enactment into law of HB2668, AHCCCS established the Health Care Investment Fund (HCIF). HCIF expanded the existing Hospital Assessment Fund (HAF) assessment that had been created to finance the nonfederal share of Medicaid coverage for Proposition 204 (Childless Adults). Since October 2020, HCIF has funded the nonfederal share of the state-directed payment for hospitals under Medicaid managed care, called the HEALTHII payment program, along with other programs. The HCIF assessment revenue, when matched with federal funds, results in hospitals receiving quarterly directed payments named Hospital Enhanced Access Leading to Health Improvements Initiative (HEALTHII). Starting in federal fiscal year 2023, the Public Acute Hospital assessment class, of which the District is the only member, is exempt from the from both HCIF and HAF assessments. In fiscal year 2025 and 2024, the District received \$52,630,186 and \$37,268,235, respectively, in HEALTHII payments which are recorded in operating revenue on the statement of revenue, expenses, and changes in net position.

The SNSI and HEALTHII programs require annual approval by CMS. While AHCCCS has submitted to CMS for approval of these programs for federal fiscal year 2026, there can be no assurance that the specific funding levels associated with the District's future participation in these programs will be maintained at or near historical levels, or that the programs will not be ultimately discontinued or materially modified.

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 4 - Net Patient Service Revenue

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. These payment arrangements include the following:

- Medicare - Inpatient acute-care services, certain inpatient non-acute-care services, and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, acuity, and other factors. Inpatient psychiatric services are paid based on a blended cost reimbursement methodology and prospectively determined rates. The District is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The Medicare fiscal intermediary has audited the District's cost reports through June 30, 2019.
- AHCCCS - Inpatient acute services are paid at prospectively determined rates. Inpatient psychiatric services are paid on a per diem basis. Outpatient services rendered to AHCCCS program beneficiaries are primarily reimbursed under prospectively determined rates.
- The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Patient service revenue, net of contractual allowances and provision for bad debts, recognized in the periods ended June 30, 2025 and 2024 from these major payor sources are as follows:

	2025	2024
Gross patient service revenue - Net of charges forgone for charity	\$ 3,118,009,680	\$ 2,791,576,144
Contractual adjustments	(2,032,626,059)	(1,812,757,856)
Provision for bad debts	(530,716,545)	(476,836,277)
Total	\$ 554,667,076	\$ 501,982,011

Note 5 - Patient Accounts Receivable

The District grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. Patient accounts receivable are presented net of allowance for uncollectible accounts of \$115,348,142 and \$69,482,733 for the years ended June 30, 2025 and 2024, respectively.

As of June 30, 2025 and 2024, the District's mix of receivables was as follows:

	2025	2024
Commercial	37 %	31 %
Medicaid/AHCCCS	24	27
Medicare	24	25
Other governmental	10	12
Self-pay and other	5	5
Total	100 %	100 %

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 6 - AHCCCS for Medical Education

During the years ended June 30, 2025 and 2024, the District entered into intergovernmental agreements with AHCCCS such that AHCCCS provided available medical education funds from the Centers for Medicare & Medicaid Services (CMS). At June 30, 2025 and 2024, available funds from CMS for medical education totaled approximately \$75,750,000 and \$79,522,000, respectively. At June 30, 2025 and 2024, the amount due to the District is approximately \$50,162,000, and \$54,607,000, net of matching funds to be provided by the District. Matching funds to be provided by the District are approximately \$25,588,000 and \$24,915,000 as of June 30, 2025 and 2024, respectively. Medical education revenue, net of matching funds is recorded within AHCCCS medical education revenue on the statement of revenue, expenses, and changes in net position. Medical education receivable, net of matching funds, is recorded within receivable from AHCCCS for medical education on the statement of net position.

Note 7 - Deposits and Pooled Funds

The District's deposits are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy states that compliance with the provisions of the state law are required. The amount of uninsured and uncollateralized deposits totaled \$74,748,339 and \$22,342,911 at June 30, 2025 and 2024, respectively. Accordingly, these deposits were exposed to custodial credit risk. Custodial credit risk is the risk that, in the event of a financial institution failure, the District's deposits may not be returned to it. The District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the District evaluates each financial institution; only those institutions with an acceptable estimated risk level are used as depositories.

A substantial portion of the District's deposits are held by Maricopa County in conjunction with other county funds and are reported as cash and cash equivalents. The County has represented to the District that there is sufficient collateral to cover all of the County's deposits, including the District's deposits. The County issues an Annual Comprehensive Financial Report. Further information regarding county deposits and investments are contained within the basic financial statement notes to the Annual Comprehensive Financial Report. The most recent report can be obtained by writing to Maricopa County Department of Finance, 301 W. Jefferson, Suite 960, Phoenix, Arizona 85003 or at www.maricopa.gov.

Pooled Funds

By state statute, the County is required to ensure that all county funds are either insured by the Federal Deposit Insurance Corporation, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations. The District's cash held by the County is pooled with the funds of other county agencies and then, in accordance with statutory limitations, placed in banks or invested as the County may determine. The District's pooled funds are reported as part of cash and cash equivalents and restricted cash and were approximately \$253,605,000 and \$397,593,000 as of June 30, 2025 and 2024, respectively.

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 8 - Other Receivables

At June 30, 2025 and 2024, significant components of other receivables included amounts due from third-party payors, such as:

	2025	2024
Retail pharmacy accounts receivable	\$ 1,590,488	\$ 553,100
340B Program	948,604	3,173,590
Home Assist Health	-	4,500
Grants receivable	11,505,445	10,684,484
SNSI	21,087,244	-
Other	22,166,732	19,078,818
 Total other receivables	 \$ 57,298,513	 \$ 33,494,492

Note 9 - Capital Assets

Transactions in the capital asset accounts for the years ended June 30, 2025 and 2024 were as follows:

	Balance July 1, 2024	Additions	Disposals	Transfers	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 35,038,821	\$ -	\$ -	\$ (124)	\$ 35,038,697
Construction in progress	38,619,131	14,486,331	-	(19,415,957)	33,689,505
Subtotal	73,657,952	14,486,331	-	(19,416,081)	68,728,202
Capital assets being depreciated:					
Land improvements	3,934,224	-	(234,224)	-	3,700,000
Buildings and leasehold improvements	921,495,728	-	(5,689,143)	(35,707,376)	880,099,209
Equipment	167,062,382	-	(46,983,823)	55,123,457	175,202,016
Subtotal	1,092,492,334	-	(52,907,190)	19,416,081	1,059,001,225
Accumulated depreciation:					
Land improvements	3,602,299	377,693	(234,223)	-	3,745,769
Buildings and leasehold improvements	198,475,043	34,108,637	(1,853,878)	-	230,729,802
Equipment	100,768,917	22,296,785	(50,819,089)	-	72,246,613
Subtotal	302,846,259	56,783,115	(52,907,190)	-	306,722,184
Net capital assets being depreciated	789,646,075	(56,783,115)	-	19,416,081	752,279,041
Total	\$ 863,304,027	\$ (42,296,784)	\$ -	\$ -	\$ 821,007,243

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 9 - Capital Assets (Continued)

	Balance July 1, 2023	Additions	Disposals	Transfers	Balance June 30, 2024
Capital assets not being depreciated:					
Land	\$ 35,325,278	\$ -	\$ (370,000)	\$ 83,543	\$ 35,038,821
Construction in progress	444,767,516	126,343,848	-	(532,492,233)	38,619,131
Subtotal	480,092,794	126,343,848	(370,000)	(532,408,690)	73,657,952
Capital assets being depreciated:					
Land improvements	3,919,585	14,639	-	-	3,934,224
Buildings and leasehold improvements	458,004,307	94,288	(35,052,943)	498,450,076	921,495,728
Equipment	299,501,259	-	(166,397,491)	33,958,614	167,062,382
Subtotal	761,425,151	108,927	(201,450,434)	532,408,690	1,092,492,334
Accumulated depreciation:					
Land improvements	3,130,252	430,422	41,625	-	3,602,299
Buildings and leasehold improvements	189,603,350	44,947,496	(36,075,803)	-	198,475,043
Equipment	252,188,189	13,996,984	(165,416,256)	-	100,768,917
Subtotal	444,921,791	59,374,902	(201,450,434)	-	302,846,259
Net capital assets being depreciated	316,503,360	(59,265,975)	-	532,408,690	789,646,075
Total	\$ 796,596,154	\$ 67,077,873	\$ (370,000)	\$ -	\$ 863,304,027

The District recognized \$1,548,000 in accelerated depreciation expense during the year ended June 30, 2024, achieving full depreciation on the former or legacy medical center, administration building, and physician office building. On June 13, 2024, all patients were transferred from the former or legacy hospital tower to the new hospital tower. The legacy medical center was closed the following day and is in process of decommissioning.

Note 10 - Commitments and Contingencies

Professional Liability

The District maintains insurance through a combination of programs utilizing purchased commercial insurance and self-insurance for professional liability claims, including medical malpractice and workers' compensation claims. In connection with the aforementioned programs, the District has accrued estimates for asserted and incurred but not reported claims. The actuarially determined claims payable is approximately \$15,380,000 and \$14,388,000, of which approximately \$4,414,000 and \$353,000 has been recorded as a current liability and approximately \$10,966,000 and \$14,035,000 has been recorded as a noncurrent liability on the accompanying statement of net position as of June 30, 2025 and 2024, respectively. Risk claims payable are undiscounted.

As of June 30, 2025, the District maintained commercial insurance as follows:

Insurance	Limits	Self-insured Retention/Deductible
Workers' compensation	Statutory	\$750,000 each claim
Professional liability	\$15,000,000 each incident - First layer Additional \$15,000,000 - Second excess layer Additional \$10,000,000 - Third excess layer Additional \$10,000,000 - Fourth excess layer	\$2,000,000 each incident Additional \$2,000,000 one claim layer buffer

The insurance policies listed above became effective December 1, 2012 and remain current through June 30, 2025.

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 10 - Commitments and Contingencies (Continued)

The following is a reconciliation of the risk claims payable for the years ended June 30:

	2025	2024
Unpaid claims and claim adjustment expenses - Beginning of fiscal year	\$ 14,388,213	\$ 14,298,714
Incurred claims and claim adjustment expenses	8,210,471	6,752,031
Payments	7,219,370	6,662,532
Unpaid claims and claim adjustment expenses - End of fiscal year	<u>\$ 15,379,314</u>	<u>\$ 14,388,213</u>

Tax Anticipation Note

During 2025, the District was subject to a tax judgment in the Qasimyar vs Maricopa County, Arizona tax court case. The court ruled that Maricopa County overtaxed certain property tax owners during tax years 2015 through 2023, requiring repayment by the taxing entities. The District's share of the ruling required the District to repay \$10.2 million. The District issued a Tax Anticipation Note (see Note 12) to assist with the funding of the payment. The District has requested increased property tax levy and revenue in 2026 from the County for required debt service on the note.

Litigation

In the normal course of business, the District is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the County's risk management program (see Note 2) or by commercial insurance, for example, allegations regarding employment practices or performance of contracts. The District evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each allegation. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Note 11 - Other Accrued Liabilities

At June 30, 2025 and 2024, significant components of other accrued liabilities included amounts as follows:

	2025	2024
Interest payable	\$ 13,165,300	\$ 13,917,050
Unearned revenue - Grants and research	-	9,669,000
SNSI payable	-	70,182,700
Unearned revenue - Foundation	-	24,958,285
Health/Dental IBNR	5,939,530	5,459,759
Other current liabilities	196,237	29,889,829
Total	<u>\$ 19,301,067</u>	<u>\$ 154,076,623</u>

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 11 - Other Accrued Liabilities (Continued)

The grants and research unearned revenue included amounts received by the District as a subrecipient of American Rescue Plan Act (ARPA) funds that were not recognized as revenue for the year ended June 30, 2024. The Foundation unearned revenue includes amounts received by the District from the Valleywise Health Foundation to support the completion of the Care Reimagined project and other purposes that were not recognized as revenue for the year ended June 30, 2024.

Note 12 - Long-term Debt

Long-term debt activity for the years ended June 30, 2025 and 2024 can be summarized as follows:

	2025				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Direct borrowings and direct placements:					
General obligation bonds, Series C	\$ 383,418,713	-	\$ (20,147,054)	\$ 363,271,659	\$ 17,785,000
General obligation bonds, Series D	246,240,792	-	(19,474,336)	226,766,456	13,790,000
Tax Anticipation Note, Series 2025	-	10,325,000	-	10,325,000	-
Total direct borrowings and direct placements principal outstanding	\$ 629,659,505	\$ 10,325,000	\$ (39,621,390)	\$ 600,363,115	\$ 31,575,000
	2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Direct borrowings and direct placements:					
General obligation bonds, Series C	\$ 403,053,806	-	\$ (19,635,093)	\$ 383,418,713	\$ 16,935,000
General obligation bonds, Series D	263,822,472	-	(17,581,679)	246,240,793	13,135,000
Total direct borrowings and direct placements principal outstanding	\$ 666,876,278	-	\$ (37,216,772)	\$ 629,659,506	\$ 30,070,000

General Obligation Bonds

On November 4, 2014, the voters of the County approved Proposition 480. Proposition 480 allows the District to issue up to \$935,000,000 in general obligation bonds to provide funding for health facilities, including improvement or replacement of existing outpatient health centers; construction of new outpatient health centers in northern, eastern, and/or western Maricopa County; behavioral health hospital; and acute-care facilities, including replacement of the District's public teaching hospital Valleywise Health Medical Center and its Level I trauma center and Arizona burn center on the existing campus. The general obligation bond is to be repaid over 30 years. Through June 30, 2025, the District has issued the full amount of \$935,000,000 in general obligation bonds under Proposition 480.

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 12 - Long-term Debt (Continued)

On October 30, 2018, the District closed on general obligation bonds Series C in the amount of \$422,125,000 in order to fund various projects. The bonds were issued at a premium of \$42,870,000. The bonds bear coupon interest at the rate of 5.00 percent through maturity in fiscal year 2038. Financing for the District's Series C bonds were public direct placements.

On June 10, 2021, the District closed on general obligation bonds Series D in the amount of \$244,070,000 in order to continue the various improvement projects. The bonds were issued at a premium of \$60,939,000. The bonds bear coupon interest at the rate of 5.00 percent through maturity in fiscal year 2035. Financing for the District's Series D bonds were public direct placements.

Proposition 480 allows the County to levy property taxes for principal and interest debt service related to the general obligation bonds.

The bond purchase agreements also contain certain nonfinancial covenants, including the maintenance of property and annual reporting requirements. Management believes it is in compliance with these covenant requirements at June 30, 2025.

Credit Facility, Maricopa County

On June 25, 2020, the County agreed to extend the District a \$30,000,000 line of credit through its credit facility in response to the COVID-19 pandemic crisis. The District did not have any outstanding borrowings on the line of credit at June 30, 2025 and 2024.

Tax Anticipation Note

On February 20, 2025, the District issued a Tax Anticipation Note (TAN) to the Maricopa County Treasurer under Arizona House Bill 2909. Proceeds from the TAN were used to pay the tax judgment ordered in the Qasimyar vs. Maricopa County tax court case (see Note 10). The TAN is a direct borrowing note and bears an interest rate of 4.82 percent through maturity no later than fiscal year 2028. The District has requested increased property tax levy and revenue in 2026 to provide revenue needed to service the debt payments.

Annual debt service requirements to maturity for the above bonds, excluding a net premium of \$45,903,115 as of June 30, 2025, are as follows:

Years Ending June 30	General Obligation Bonds			TAN
	Principal	Interest	Principal	
2026	\$ 31,575,000	\$ 25,541,225	\$ -	
2027	33,150,000	23,923,100	10,325,000	
2028	34,810,000	22,224,100	-	
2029	36,550,000	20,440,100	-	
2030	38,380,000	18,566,850	-	
2031-2035	222,675,000	61,287,125	-	
2036-2039	146,995,000	11,298,150	-	
Total	<u>\$ 544,135,000</u>	<u>\$ 183,280,650</u>	<u>\$ 10,325,000</u>	

Note 13 - Pension Plan and Other Post Employment Benefit (OPEB) Plan

Plan Description

The District contributes to a cost-sharing, multiple-employer, defined benefit pension plan administered by the ASRS. Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. ASRS is governed by the ASRS board according to the provisions of Arizona Revised Statutes Title 38, Chapter 5, Article 2.

June 30, 2025 and 2024**Note 13 - Pension Plan and Other Post Employment Benefit (OPEB) Plan
(Continued)**

ASRS issues an Annual Comprehensive Financial Report that includes financial statements and required supplementary information. The most recent report may be obtained at www.azasrs.gov/content/annual-reports; by writing the Arizona State Retirement System, 3300 North Central Avenue, P.O. Box 33910, Phoenix, Arizona 85067-3910; or by telephoning (602) 240-2000 or (800) 621-3778.

The Arizona State Legislature establishes and may amend contribution rates for active plan members, including the District. For the years ended June 30, 2025 and 2024, active plan members, including the District, were required by statute to contribute at the actuarially determined rate of 12.27 percent (12.05 percent retirement, 0.07 percent health benefit supplement, and 0.15 percent long-term disability) and 12.29 percent (12.03 percent retirement, 0.11 percent health benefit supplement, and 0.15 percent long-term disability), respectively, of the members' annual covered payroll.

Benefits Provided

ASRS provides retirement, health care, and long-term disability benefits. The defined benefit plan provides monthly retirement benefits to members who have reached retirement eligibility criteria, terminated employment, and applied for retirement benefits. At retirement, members have seven different payment options to choose from, including a straight-life annuity that guarantees monthly payments only for the lifetime of the member, or term certain and joint and survivor annuities that will continue to make monthly payments to a beneficiary in the event of the member's death. The amount of a member's monthly benefit is calculated based on his or her age, his or her years of service, his or her salary at retirement, and the retirement option chosen. In the event a member dies before reaching retirement eligibility criteria, the defined benefit plan will pay a lump sum or annuity to the member's beneficiary(ies). The Retiree Health Benefit Supplement (also called Premium Benefit Supplement) provides health insurance coverage for retirees and a monthly health insurance premium benefit to offset the cost of retiree health insurance. Long-term disability provides a monthly disability benefit to partially replace income lost as a result of disability.

Contributions

The contribution rate for the pension and OPEB plans are calculated by an independent actuary at the end of each fiscal year based on the amount of investment assets the ASRS has on hand to pay benefits, liabilities associated with the benefits members have accrued to date, projected investment returns, and projected future liabilities.

Net Pension Liability, Deferrals, and Pension Expense Related to Pensions and OPEB

At June 30, 2025, the District reported a liability of \$363,184,565 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 and was rolled forward using generally accepted actuarial procedures to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, as actuarially determined. At June 30, 2024, the District's proportion was 2.27 percent, which represents a slight change from its proportion measured as of June 30, 2023.

At June 30, 2024, the District reported a liability of \$358,171,429 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 and was rolled forward using generally accepted actuarial procedures to June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the State, as actuarially determined. At June 30, 2023, the District's proportion was 2.21 percent, which represents a slight change from its proportion measured as of June 30, 2022.

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 13 - Pension Plan and Other Post Employment Benefit (OPEB) Plan (Continued)

At June 30, 2025, the District reported a net asset of \$13,984,018 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2024. The total amount used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2023 and was rolled forward using generally accepted actuarial procedures to June 30, 2024. The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers and the State, as actuarially determined. At June 30, 2024, the District's proportion was 2.31 percent.

At June 30, 2024, the District reported a net asset of \$12,162,294 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2023. The total amount used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2022 and was rolled forward using generally accepted actuarial procedures to June 30, 2023. The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers and the State, as actuarially determined. At June 30, 2023, the District's proportion was 2.25 percent.

Within employee benefits, the District recorded pension expense of \$32,545,367 and \$44,029,083 for the years ended June 30, 2025 and 2024, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions to the plan subsequent to the measurement date	\$ 43,251,784	\$ -	\$ 33,660,989	\$ -
Difference between expected and actual experience	20,272,623	-	8,093,245	-
Net difference between projected and actual earnings on pension plan investments	-	(23,193,309)	-	(12,672,416)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	5,999,867	(2,160,242)	-	(5,144,614)
Total	\$ 69,524,274	\$ (25,353,551)	\$ 41,754,234	\$ (17,817,030)

Of the amount reported as deferred outflows of resources as of June 30, 2024, \$43,251,784 related to pension results from district contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (benefit) as follows:

Years Ending June 30	Amount
2026	\$ (9,561,935)
2027	20,608,110
2028	(5,870,990)
2029	(4,256,246)

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 13 - Pension Plan and Other Post Employment Benefit (OPEB) Plan (Continued)

Within employee benefits, the District recorded OPEB benefit of \$1,716,955 and \$1,137,273 for the years ended June 30, 2025 and 2024, respectively. At June 30, 2025 and 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made after measurement date	\$ 977,716	\$ -	\$ 757,546	\$ -
Differences between expected and actual expenses	625,594	(3,536,602)	775,891	(4,699,360)
Changes in assumptions	43,474	(504,747)	76,773	(665,488)
Difference between projected and actual investments earnings	-	(1,026,892)	-	(557,476)
Change in proportion and differences between employer contributions and proportionate share of contributions	145,973	(195,912)	172,028	(39,485)
Total	\$ 1,792,757	\$ (5,264,153)	\$ 1,782,238	\$ (5,961,809)

Of the amount reported as deferred outflows of resources, \$977,716 related to OPEB results from district contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB benefit as follows:

Years Ending June 30	Amount
2026	\$ (2,690,497)
2027	(604,656)
2028	(690,406)
2029	(383,032)
2023	(102,149)
Thereafter	21,628

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 13 - Pension Plan and Other Post Employment Benefit (OPEB) Plan (Continued)

Actuarial Assumptions

The June 30, 2023 and 2022 actuarial valuation of the total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2025	2024
Inflation	2.30%	2.30%
Investment rate of return	7.00%	7.00%
Salary increases (including inflation)	2.90% - 8.40%	2.90% - 8.40%
Discount rate	7.00%	7.00%

Rates are based on the 2017 State Retirees of Arizona (SRA) mortality table. Generational mortality improvements in accordance with the Ultimate MP scales (beginning in 2020) and projected from the year 2017.

The June 30, 2023 and 2022 actuarial valuation of the total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2025	2024
Inflation	2.30%	2.30%
Investment rate of return	7.00%	7.00%
Mortality rates	2017 SRA Scale	2017 SRA Scale
	U-MP	U-MP
Discount rate	7.00%	7.00%
Health care trend rate	N/A	N/A

Rates are based on the 2017 State Retirees of Arizona (SRA) mortality table. Generational mortality improvements in accordance with the Ultimate MP scales (beginning in 2020) and projected from the year 2017.

The benefits paid by the plan are not impacted by health care cost trend rates. As a result, changes in the health care cost trend rate assumption will have no impact on the net OPEB asset.

The actuarial assumptions used in the June 30, 2023 and 2022 pension and OPEB valuations were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020. The ASRS board adopted the experience study, which recommended changes, and those changes were effective as of the June 30, 2021 actuarial valuation. The actuarial assumptions used in the June 30, 2020 pension and OPEB valuations were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. The ASRS board adopted the experience study, which recommended changes, and those changes were effective as of the June 30, 2017 actuarial valuation.

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

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 13 - Pension Plan and Other Post Employment Benefit (OPEB) Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2025 and 2024 was 7.0 percent, and the discount rate used to measure the total OPEB liability as of June 30, 2025 and 2024 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, contributions from the District will be made at contractually required rates (actuarially determined), and contributions from the participating employers will be made at current statutorily required rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability of return by the target asset allocation percentage and by adding expected inflation.

Investment Rate of Return

The target allocation and best estimates of geometric real rates of return for each major asset class for the pension and OPEB plans measured as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Expected Rate of Return
Public equity	44.00 %	1.97 %
Credit	23.00	1.01
Real estate	17.00	1.03
Private equity	10.00	0.61
Interest rate sensitive	6.00	(0.03)
Total	100.00 %	4.59 %

The target allocation and best estimates of geometric real rates of return for each major asset class for the pension and OPEB plans measured as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Expected Rate of Return
Public equity	44.00 %	1.54 %
Credit	23.00	1.36
Real estate	17.00	1.00
Private equity	10.00	0.67
Interest rate sensitive	6.00	0.09
Total	100.00 %	4.66 %

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 13 - Pension Plan and Other Post Employment Benefit (OPEB) Plan (Continued)

Sensitivity of the Net Pension Liability and Net OPEB Asset to Changes in the Discount Rate

The following presents the net pension and OPEB asset of the District, calculated using the discount rate of 7.0 percent, as well as what the District's net pension liability and OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percentage Point Increase (8.0%)
District's proportionate share of the net pension liability - June 30, 2025	\$ 556,109,834	\$ 363,184,565	\$ 202,398,197
District's proportionate share of the net pension liability - June 30, 2024	536,488,197	358,171,429	209,486,789
District's proportionate share of the net OPEB asset - June 30, 2025	(10,166,283)	(13,984,018)	(17,229,843)
District's proportionate share of the net OPEB asset - June 30, 2024	(8,075,499)	(12,162,294)	(15,115,047)
Total	\$ 1,074,356,249	\$ 695,209,682	\$ 379,540,096

Pension Plan Fiduciary Net Position

Detailed information about the pension and OPEB plans' fiduciary net position are available in the separately issued ASRS Annual Comprehensive Financial Report.

Note 14 - Leases and Subscriptions

The District leases certain assets from various third parties. The assets leased include equipment, subscription-based information technology arrangements, and buildings. The following is a summary of right-to-use and subscription assets for the District for the years ended June 30:

	2025			
	Beginning Balance	Additions	Reductions	Ending Balance
Right-to-use lease and subscription assets	\$ 34,131,946	\$ 25,388,347	\$ (3,110,011)	\$ 56,410,282
Right-to-use lease and subscription assets accumulated amortization	(9,128,736)	(22,935,742)	3,110,011	(28,954,467)
Total	\$ 25,003,210	\$ 2,452,605	\$ -	\$ 27,455,815
	2024			
	Beginning Balance	Additions	Reductions	Ending Balance
Right-to-use lease and subscription assets	\$ 14,275,967	\$ 24,164,018	\$ (4,308,039)	\$ 34,131,946
Right-to-use lease and subscription assets accumulated amortization	(6,754,548)	(6,682,227)	4,308,039	(9,128,736)
Total	\$ 7,521,419	\$ 17,481,791	\$ -	\$ 25,003,210

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 14 - Leases and Subscriptions (Continued)

The following is a summary of operating lease and subscription liabilities for the District for the years ended June 30:

	2025				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Operating lease and subscription liabilities	\$ 25,609,842	\$ 17,483,111	\$ (13,203,735)	\$ 29,889,218	\$ 11,939,978
2024					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
	Operating lease and subscription liabilities	\$ 7,521,419	\$ 22,957,664	\$ (4,869,241)	\$ 25,609,842
					\$ 6,568,725

Future principal and interest payment requirements related to the District's lease and subscription liabilities at June 30, 2025 are as follows:

Years Ending	Principal	Interest	Total
2026	\$ 11,939,978	\$ 1,161,845	\$ 13,101,823
2027	8,960,118	668,127	9,628,245
2028	6,113,363	302,800	6,416,163
2029	2,582,326	58,284	2,640,610
2030	293,433	11,289	304,722
Total	<u>\$ 29,889,218</u>	<u>\$ 2,202,345</u>	<u>\$ 32,091,563</u>

Note 15 - Related Party Transactions

During the years ended June 30, 2025 and 2024, net patient service revenue included approximately \$3,579,000 and \$4,193,000, respectively, of payments received from Maricopa County Correctional Health for medical services rendered, and approximately \$12,211,000 and \$6,844,000, respectively, in grant funds from the Maricopa County Department of Public Health.

During the year June 30, 2024, nonoperating revenue included approximately \$1,327,000 in payments received from Maricopa County Industrial Development Authority (MCIDA) for program support in the District's Simulation and Training Center in fiscal year 2024. Program support for the MCIDA ceased in fiscal year 2024.

Maricopa County Special Health Care District d/b/a Valleywise Health

Notes to Financial Statements

June 30, 2025 and 2024

Note 16 - Subsequent Events

Effective July 1, 2025, the District elected to levy three separate property tax amounts: a secondary property tax on all taxable property in the defined surrounding area at the rate necessary to generate approximately \$116,569,000 of annual tax revenue, which is to be used to support operations of the District; a property tax on all taxable property in the defined surrounding area, in the amounts of \$19,230,000 and \$16,345,000 for the fifth year principal and interest debt service, respectively, related to the \$422,125,000 third bond offering; and a property tax on all taxable property in the defined surrounding area, in the amounts of \$14,914,000 and \$9,149,000 for the third year principal and interest debt service, respectively, related to the \$244,070,000 fourth bond offering.

On November 4, 2025, voters of the Maricopa County Special Health Care District approved Proposition 409, authorizing the issuance of up to \$898 million in general obligation bonds to fund health care facility improvements. The bonds will be repaid through secondary property taxes estimated at \$0.11 per \$100 of net assessed limited property value. This measure does not affect the financial position of the District as of June 30, 2025 but is expected to significantly impact future capital expenditures and taxpayer obligations. Management is evaluating the financial implications of this measure for upcoming fiscal years.

On November 20, 2025, the District received approval from AHCCCS via the Centers for Medicare & Medicaid Services (CMS) for participation in the State Directed Payment Program – Safety Net Services Initiative for Federal Fiscal Year 2026 (FFY2026). This program provides supplemental funding to qualifying safety net hospitals for services rendered to Medicaid beneficiaries. The approval is expected to result in a net year-over-year increase of approximately \$106.3 million in program-related payments compared to the prior fiscal year.

Required Supplementary Information

Maricopa County Special Health Care District d/b/a Valleywise Health

Required Supplementary Information Schedule of the District's Proportionate Share of the Net Pension Liability Arizona State Retirement System

Last Ten Plan Years

For the Plan Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	2.27000 %	2.21000 %	2.26000 %	2.27000 %	2.27000 %	2.14000 %	2.15000 %	1.96000 %	2.11000 %	2.15000 %
District's proportionate share of the net pension liability	\$ 363,184,565	\$ 358,171,429	\$ 369,079,692	\$ 297,857,967	\$ 394,058,778	\$ 311,132,978	\$ 300,238,443	\$ 304,619,435	\$ 339,937,627	\$ 334,641,881
District's covered payroll	\$ 315,629,627	\$ 293,206,501	\$ 270,682,087	\$ 252,938,151	\$ 236,809,991	\$ 225,450,955	\$ 211,945,416	\$ 188,850,966	\$ 195,634,317	\$ 196,475,917
District's proportionate share of the net pension liability as a percentage of its covered payroll	115.07 %	122.16 %	136.35 %	117.76 %	166.40 %	138.00 %	141.66 %	161.30 %	173.76 %	170.32 %
Plan fiduciary net position as a percentage of total pension liability	76.93 %	75.47 %	74.26 %	78.58 %	69.33 %	73.24 %	73.40 %	69.92 %	67.06 %	68.35 %

Maricopa County Special Health Care District d/b/a Valleywise Health

Required Supplementary Information Schedule of Pension Contributions Arizona State Retirement System

	Last Ten Fiscal Years Years Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 43,251,784	\$ 33,660,989	\$ 33,719,162	\$ 32,711,475	\$ 29,724,443	\$ 28,321,667	\$ 25,950,721	\$ 22,402,719	\$ 20,360,215	\$ 21,226,490
Contributions in relation to the statutorily required contribution	43,251,784	33,660,989	33,719,162	32,711,475	29,724,443	28,321,667	25,950,721	22,402,719	22,259,196	21,387,917
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,898,981	\$ 161,427
District's Covered Payroll	\$ 360,720,568	\$ 315,629,627	\$ 293,206,501	\$ 270,682,087	\$ 252,938,151	\$ 236,809,991	\$ 225,450,955	\$ 211,945,416	\$ 188,850,966	\$ 195,634,317
Contributions as a Percentage of Covered Payroll	11.99 %	10.66 %	11.50 %	12.08 %	11.75 %	11.96 %	11.51 %	10.57 %	11.79 %	10.93 %

Maricopa County Special Health Care District d/b/a Valleywise Health

Required Supplementary Information Schedule of the District's Proportionate Share of the Net OPEB Liability Arizona State Retirement System

Last Eight Plan Years

For the Plan Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB (asset) liability	2.31000 %	2.25000 %	2.30000 %	2.31000 %	2.30000 %	2.17000 %	2.14000 %	2.14000 %
District's proportionate share of the net OPEB (asset) liability	\$ (13,984,018)	\$ (11,871,379)	\$ (12,635,048)	\$ (10,767,083)	\$ 116,339	\$ 812,445	\$ 347,486	\$ (361,250)
District's covered-employee payroll	\$ 315,629,627	\$ 293,206,501	\$ 270,682,087	\$ 252,938,151	\$ 236,809,991	\$ 225,450,955	\$ 211,945,416	\$ 188,850,966
District's proportionate share of the net OPEB (asset) liability as a percentage of its covered-employee payroll	(4.43)%	(4.05)%	(4.67)%	(4.26)%	0.05 %	0.36 %	0.16 %	(0.19)%
Plan fiduciary net position as a percentage of total OPEB liability	137.51 %	129.62 %	132.71 %	125.56 %	99.73 %	98.07 %	99.13 %	101.03 %

Maricopa County Special Health Care District d/b/a Valleywise Health

Required Supplementary Information Schedule of OPEB Contributions Arizona State Retirement System

	Last Ten Fiscal Years Years Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 977,716	\$ 1,598,603	\$ 748,358	\$ 1,536,765	\$ 1,375,302	\$ 1,579,258	\$ 1,396,082	\$ 1,273,313	\$ 1,321,018	\$ 1,213,587
Contributions in relation to the statutorily required contribution	977,716	1,598,603	748,358	1,536,765	1,375,302	1,579,258	1,396,082	1,273,313	1,321,018	1,213,587
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered-employee Payroll	\$ 360,720,568	\$ 315,629,627	\$ 293,206,501	\$ 270,682,087	\$ 252,938,151	\$ 236,809,991	\$ 225,450,955	\$ 211,945,416	\$ 188,850,966	\$ 195,634,317
Contributions as a Percentage of Covered-employee Payroll	0.27 %	0.51 %	0.26 %	0.57 %	0.54 %	0.67 %	0.62 %	0.60 %	0.70 %	0.62 %