Northern Inyo Healthcare District

2023 Audit Results and Report to the Board of Directors

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Executive Summary

Results of Professional Services

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Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Results of Professional Services

Significant Events and Transactions

- Disclaimer of opinion on Inventory and related expense and cash flows line items
- Single Audit for FY2023 for Provider Relief Funds
- Implementation of GASB No. 96 and 94

Audit Adjustments

- No passed adjustments
- Prior period Adjustments – GASB 96, GASB 87, & Loan Amortization

Subsequent Events

- No significant subsequent events affecting the financial statements

Internal Controls

- Material weaknesses identified

Other Matters

- Debt Compliance

Your Business

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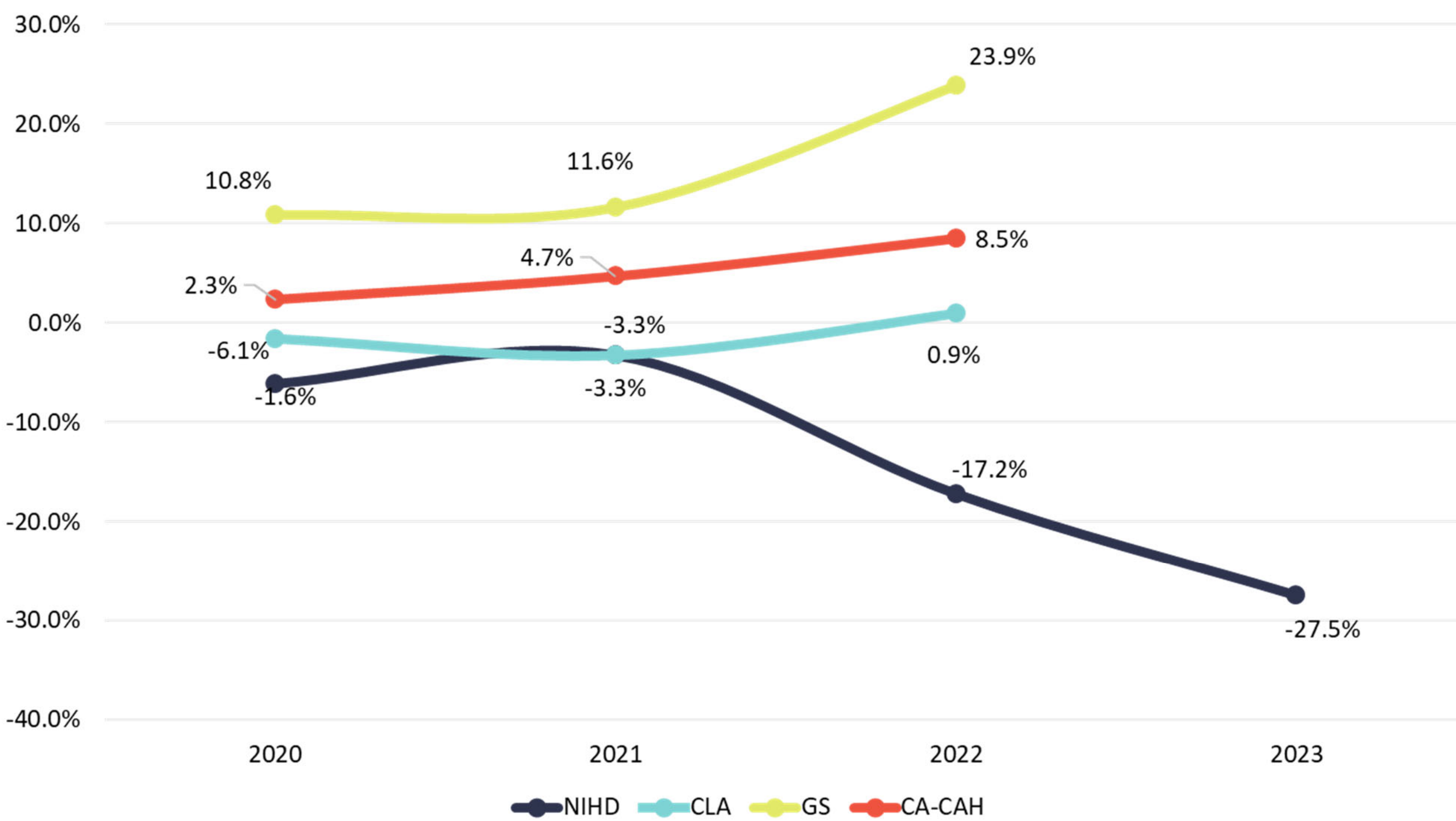
Comparative Data Used

- Northern Inyo Healthcare District
  - 2020 to 2023
- CLA Benchmark
  - Selected CAH Hospitals between $25 and $100M in Net Patient Revenue
- S&P Rating (BBB+ to BBB-)

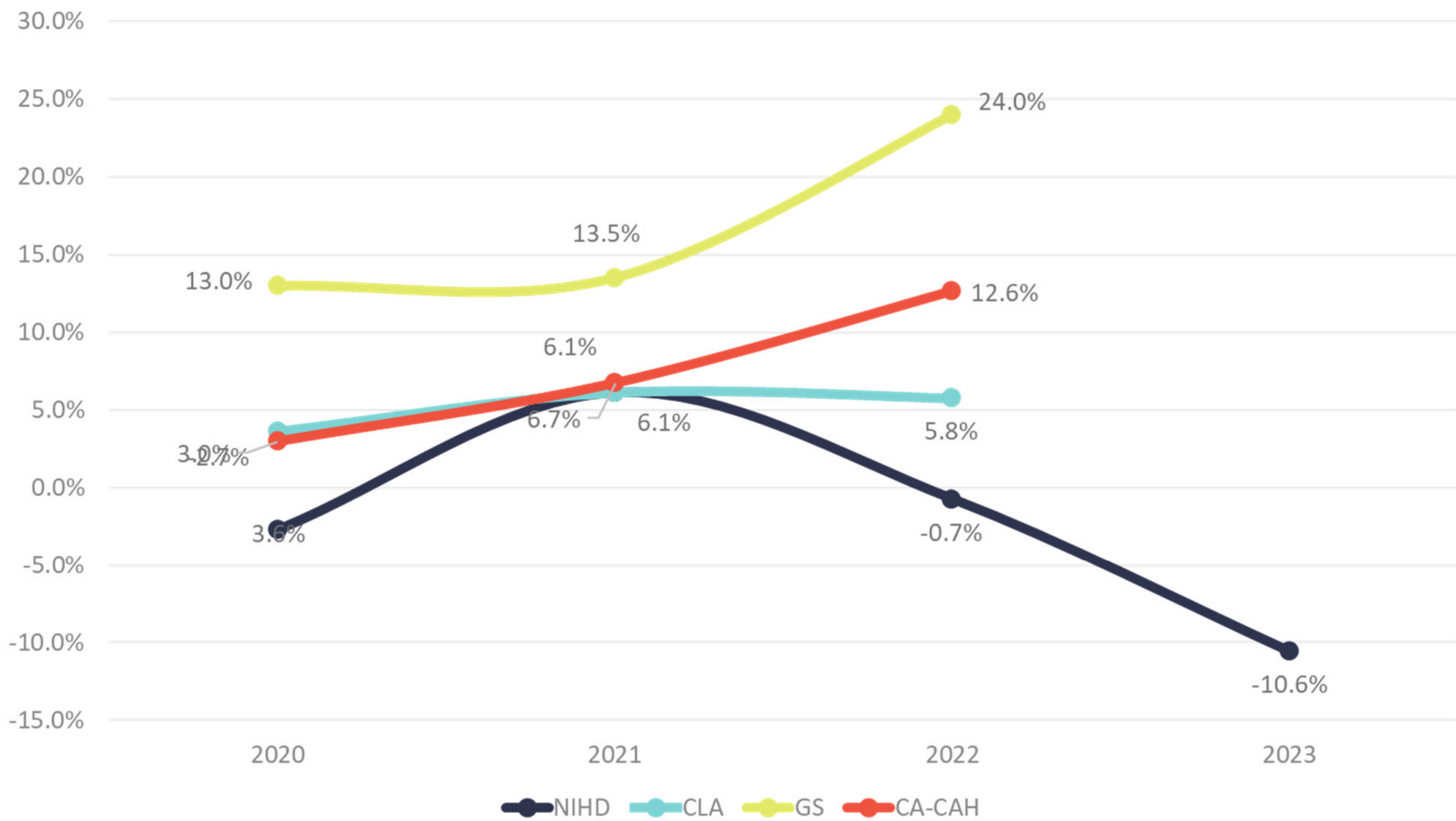
Financial Highlights

Operating Margin



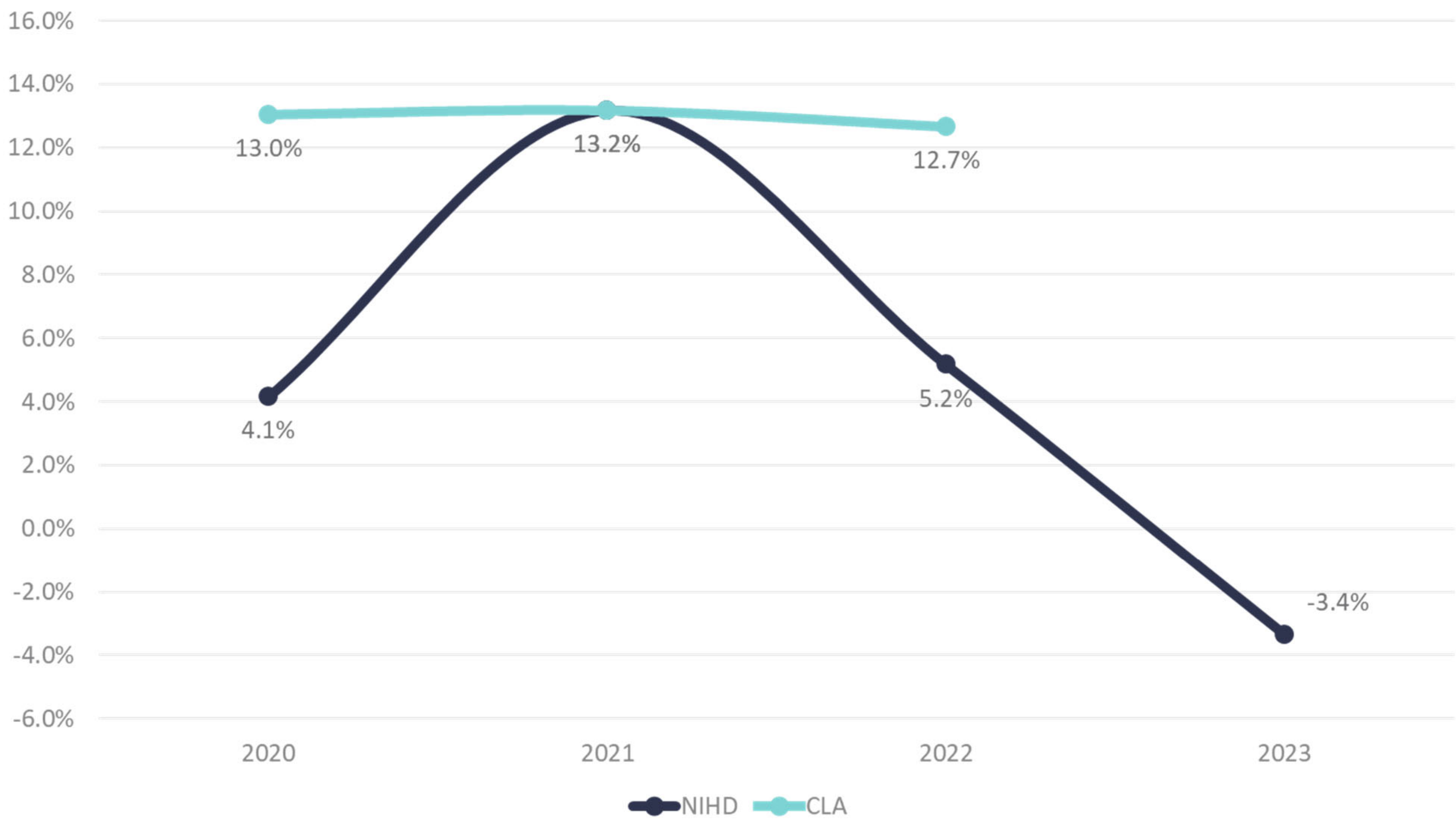
Financial Highlights

Total Margin



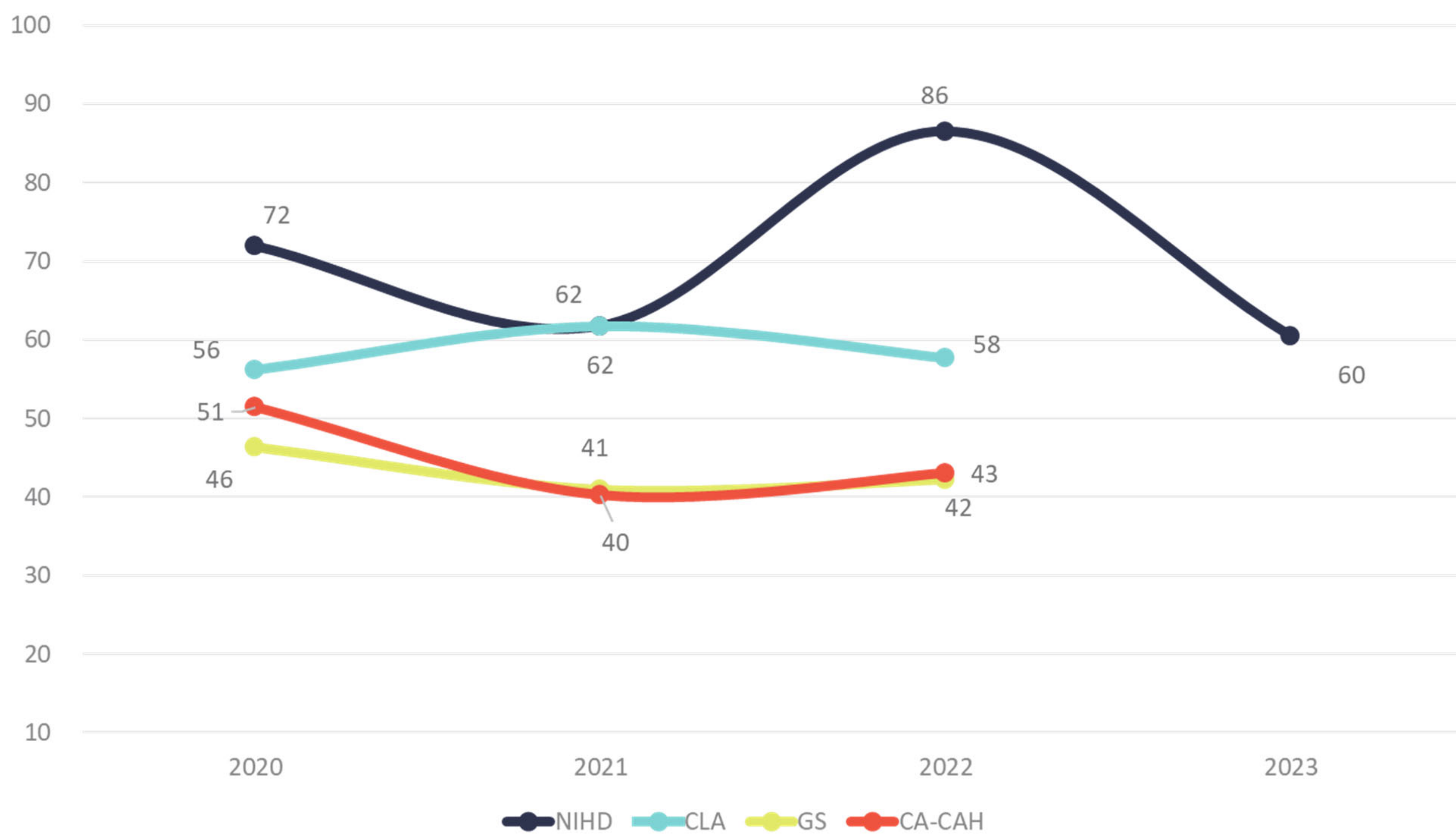
Financial Highlights

Total EBIDA Margin



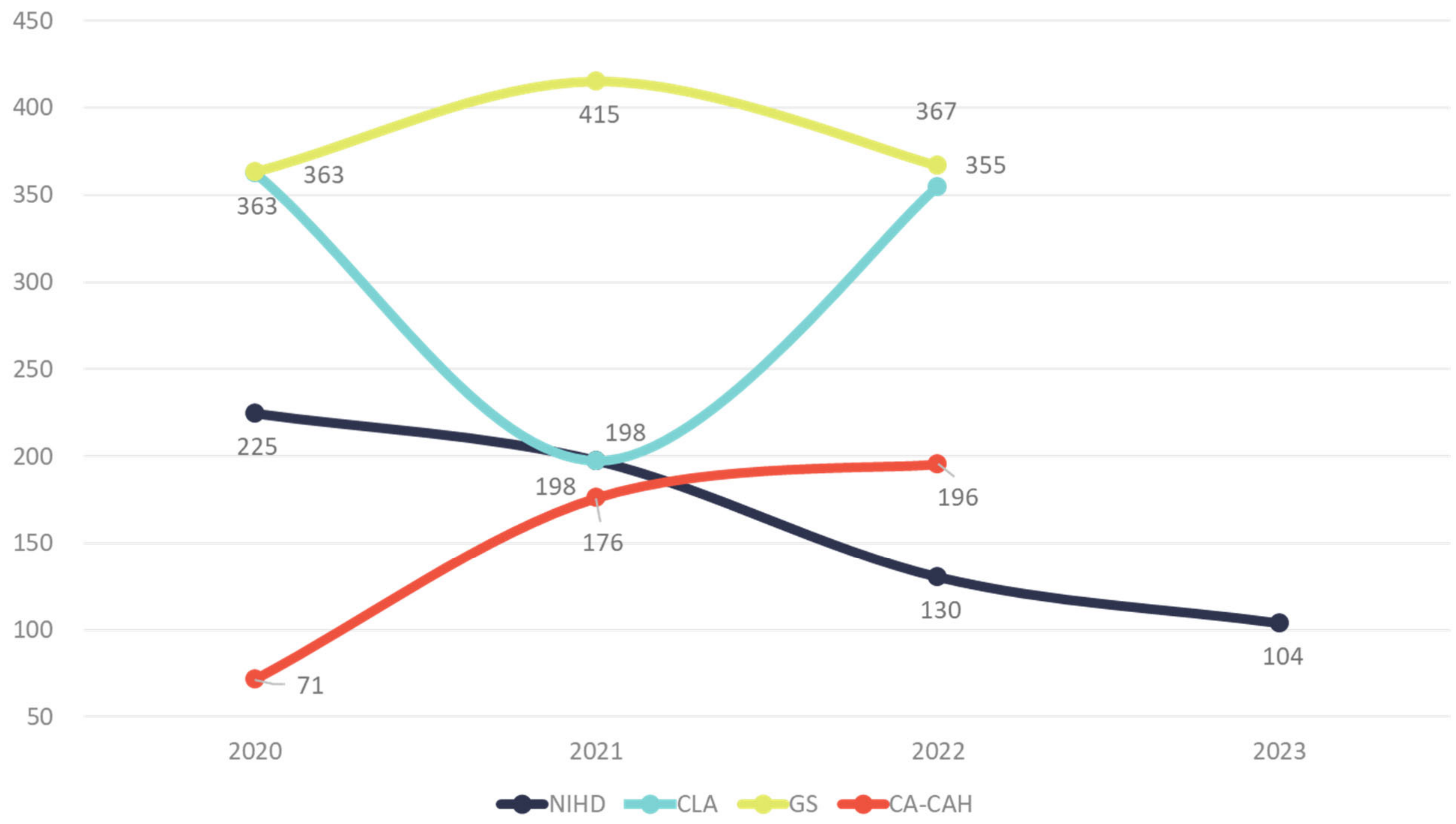
Financial Highlights

Net Days in Accounts Receivable



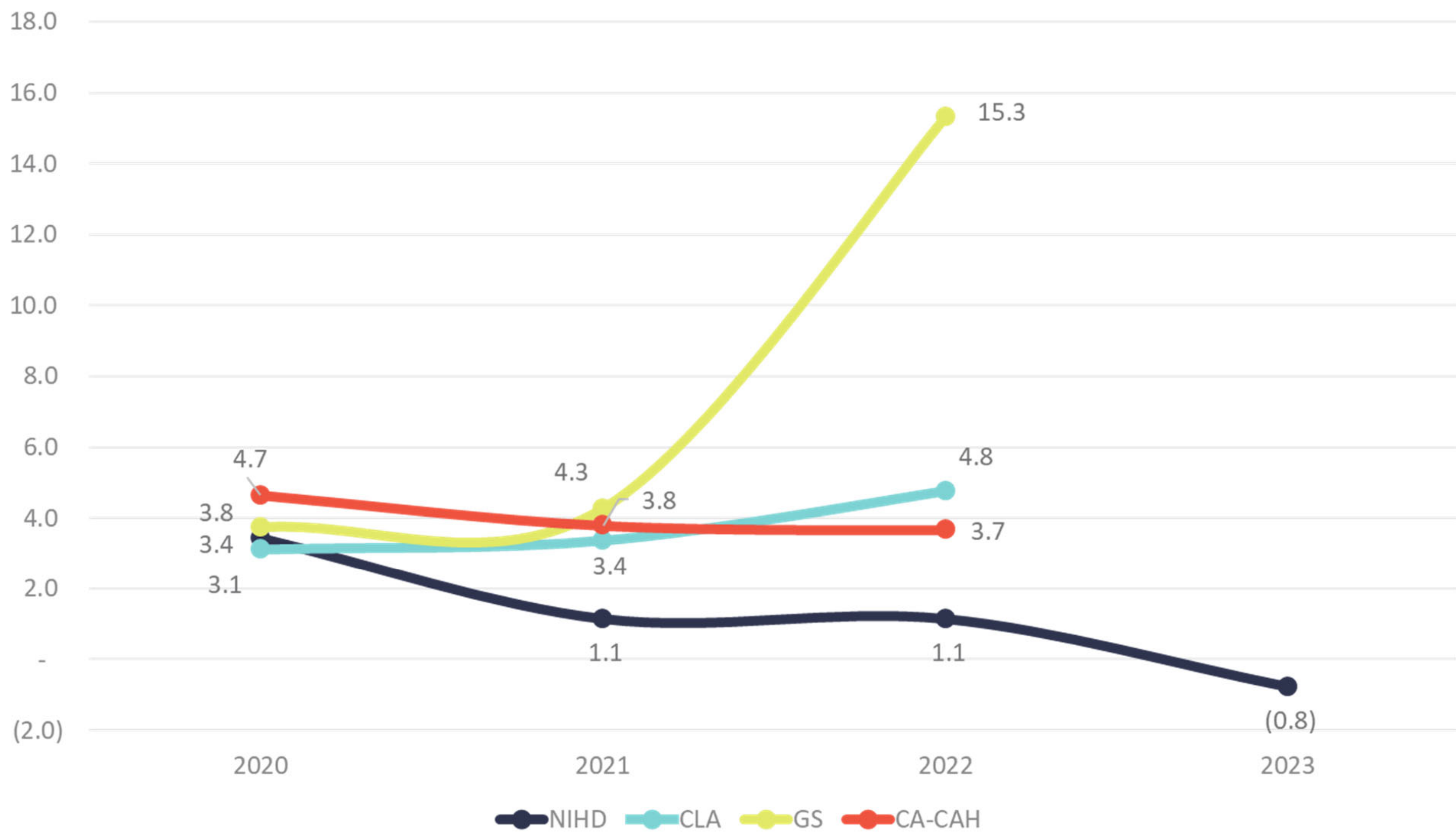
Financial Highlights

Days Cash on Hand



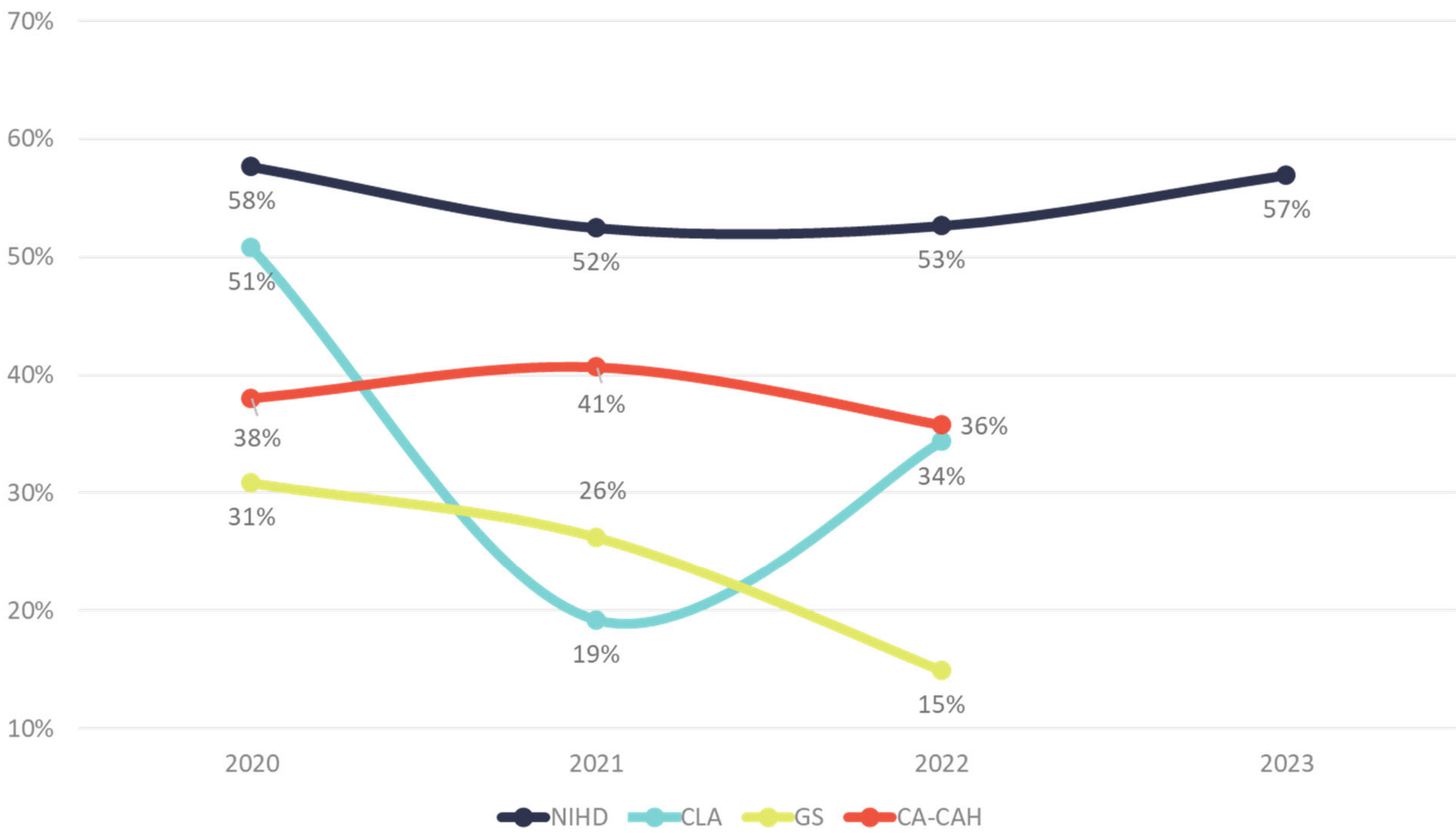
Financial Highlights

Debt Service Coverage



Financial Highlights

Debt to Capitalization



Required Communications

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Required Communications

Topic	Communication
Our responsibility under Generally Accepted Auditing Standards	• Express an opinion on the fair presentation of the financial statements in conformity with GAAP. Conducted our audit in conformity with GAAS and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States • Change in Accounting Principal: GASB 96 Subscription Based IT Agreements (SBITA) and GASB 94 Public-Private and Public-Public Partnerships and Availability Payment Arrangements • Plan and perform the audit to obtain reasonable, not absolute assurance that the financial statements are free of material misstatement • Evaluate internal control over financial reporting • Utilize a risk based audit approach • Communicate significant matters to appropriate parties
Planned Scope and Timing of the Audit	• Performed the audit according to the planned scope and timing previously communicated.
Other Information in Documents Containing the Audited Financial Statements	• Financial statements may only be used in their entirety • Our approval is required to use our audit report in a client prepared document • We have no responsibility to perform procedures beyond those related to the financial statements

Required Communications

Topic	Communication
Significant Accounting Policies	• Management is responsible for the accounting policies of the organization • Accounting policies are outlined in Note 1 to the consolidated financial statements • Change due to GASB 96 and GASB 94 (Note 1) • Accounting policies deemed appropriate • No unusual transactions occurred
Significant Accounting Estimates	• An area of focus under a risk based audit approach • Significant estimates include: allowance for bad debts, contractual allowances, and third-party payor settlements • Estimates determined by management based on their knowledge and experience • No management bias indicated • Estimates were deemed reasonable • Estimate uncertainty is disclosed in the financial statements
Significant Financial Statement Disclosures	No sensitive disclosures GASB 87 Leases - Note 8 GASB 96 SBITA – Note 8 Long-term liabilities – Note 7

Required Communications

Topic	Communication
Supplemental Information	• Schedule of Changes in the Net Pension Liability and Related Ratios – Pension Plan • Schedules of Contributions – Pension Plan • Schedule of Investment Returns – Pension Plan • Combining Statement of Net Position • Combining Statement of Revenues, Expenses, and Changes in Net Position • Combining Statement of Cash Flows • Statistical Information
Management Representation Letter	• Management will provide signed representation letters prior to finalization of the audit reports
Other	• No difficulties encountered in performing the audit • No issues discussed prior to retention as independent auditors • No disagreements with management regarding accounting, reporting, or other matters • No Consultations with other independent auditors • No other findings or issues were discussed with, or communicated to, management

Internal Control Matters

Topic	Communication
Purpose	• Express an opinion on the financial statements, not on the effectiveness of internal controls. • Our consideration of internal controls was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls.
Material Weakness	• Reasonable possibility that a material misstatement would not be prevented or detected and corrected on a timely basis.
Significant Deficiencies	• Less significant than a material weakness, yet important enough to merit the attention of governance.
Restricted Use	• This communication is intended solely for the information and use of management, the audit committee, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.
Results	• Four Material Weaknesses identified, Reconciliations, GASB 87, Prior Period Adjustment, Accreted Interest, and Inventory

Understanding Your Industry

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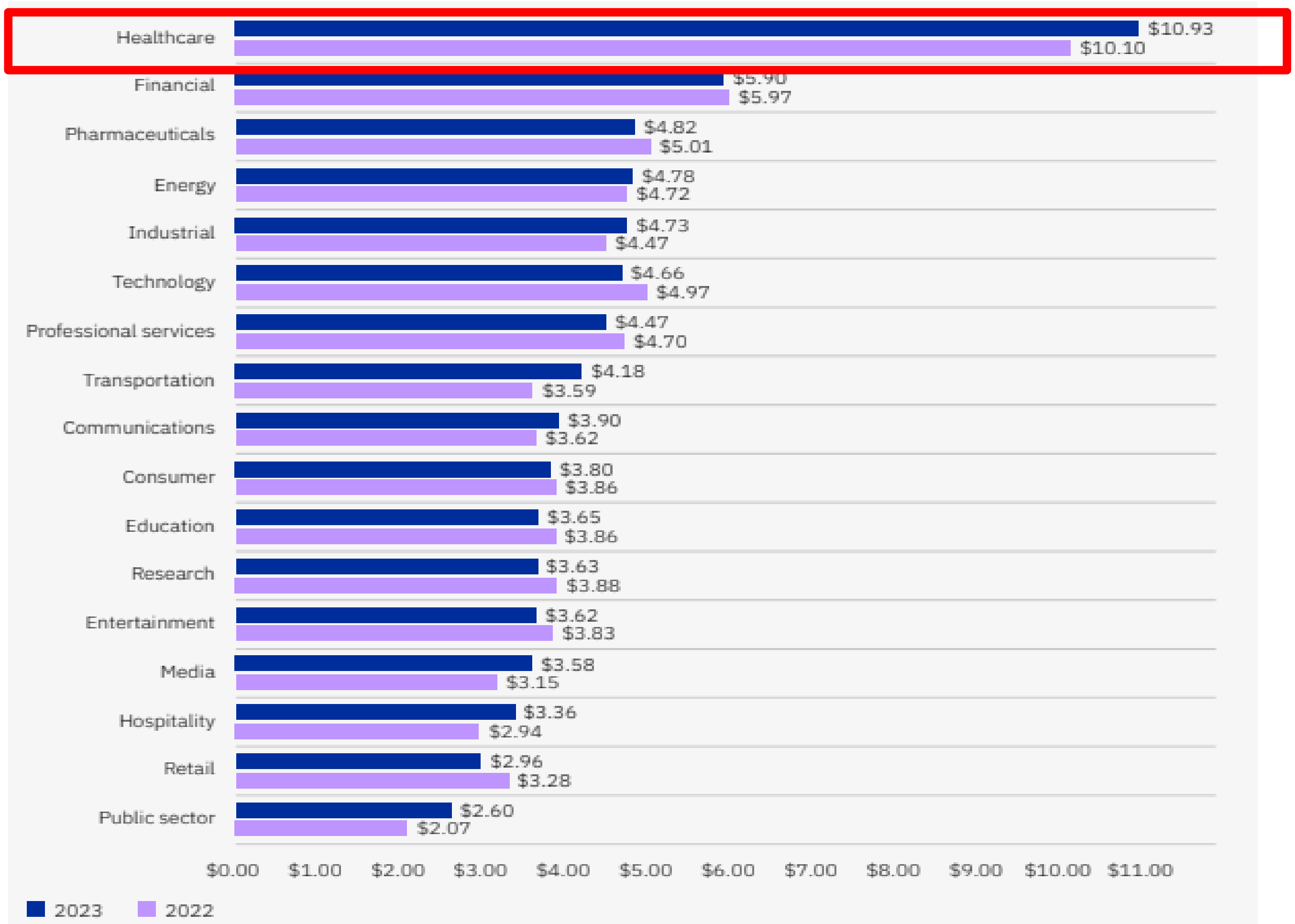
Healthcare Data Breaches*

Frequency	• Number one industry in terms of cybersecurity incidents and disclosure of non-public information and protected health information
Top Patterns	• System Intrusion, Basic Web Application Attacks and Miscellaneous Errors represent 68% of breaches
Threat Actors	• External (66%), Internal (35%), Multiple (2%) (breaches)
Actor Motives	• Financial (98%), Espionage (2%), Fun (1%), Ideology (1%) (breaches)
Data Compromised	• Personal (67%), Medical (54%), Credentials (36%), Other (17%) (breaches)
Top Controls	• Implement a Security Awareness and Training Program, Secure Configurations of Enterprise Assets and Software, Access Control Mgmt., and Annual Testing

* Verizon Data Breach Investigations Report



Source: IBM Security Cost of a Data Breach Report 2022

2022 – IBM Data Breach Study:

Days to Identify and Contain a Data Breach

Healthcare average is 280 days

- 207 days to identify a breach
- 73 days to contain the attack

Boy Scouts Motto: Be Prepared…

Prepare

Operate

Test

- Be Prepared
- Risk Assessment as part of daily business as usual
- Standards Based Operations and Exception Management
- Monitor
- **Practice**
  - Penetration testing and vulnerability assessment
  - Application testing
  - Office 365 (O365) Security Review
  - Tabletop exercises

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NORTHERN INYO HEALTHCARE DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

NORTHERN INYO HEALTHCARE DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023

INDEPENDENT AUDITORS' REPORT

Board of Directors
Northern Inyo Healthcare District
Bishop, California

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of the business-type activities and fiduciary activities of the Northern Inyo Healthcare District (District), as of and for the year then ended June 30, 2023, 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, except for the possible effects on the statements of income, retained earnings, and cash flows of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities the District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We did not observe the physical inventory (stated at $3,145,539) taken as of June 30, 2022, since that date was prior to our initial engagement as auditors for the District and the District's records do not permit adequate retroactive tests of inventory quantities. Consequently, we are unable to determine whether any adjustments were necessary in the statements of income, retained earnings, or cash flows.

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 *(Government Auditing Standards)*. 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.

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Adoption of New Accounting Standard

As of July 1, 2022 the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. The Effect of the implementation of this standard on the beginning net position is disclosed in Note 16 and the additional disclosures required by this standard are included in Notes 6 and 7.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining financial statements of the District and component units are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining financial statements of the District and component units are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the basic financial statements. The other information comprises the statistical information of the District but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Emphasis-of-a Matter Regarding a Correction of an Error

As discussed in Note 16 to the financial statements, certain errors resulting in understatement of amounts previously reported for capital assets, long term debt and lease liabilities as of June 30, 2022, were discovered by management of the District during the current year. Accordingly, and adjustment has been made to the net position as of June 30, 2022, to correct the error. Our opinion is not modified in respect to these matters.

Other Matter

The 2022 financial statements of Northern Inyo Healthcare District were audited by other auditors whose report dated April 28, 2023 expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 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 District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Roseville, California
REPORT DATE

NORTHERN INYO HEALTHCARE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	
CURRENT ASSETS	
Cash and Investments	$ 31,886,303
Receivables	
Patient, Net of Estimated Uncollectibles	14,844,628
Leases Receivable	68,610
Other Receivables	2,985,454
Inventory	5,159,472
Prepaid Expenses and Other Assets	1,793,629
Total Current Assets	56,738,096
NONCURRENT CASH AND INVESTMENTS	
Restricted for Specific Operating Purposes and Capital Improvements	1,466,355
Restricted by Trustee for Debt Reserve	642,948
Total Noncurrent Cash and Investments	2,109,303
CAPITAL ASSETS	
Capital Assets not Being Depreciated/Amortized	10,293,090
Capital Assets Being Depreciated/Amortized, Net	74,741,025
Total Capital Assets	85,034,115
Total Assets	143,881,514
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	15,684,846
Deferred Outflows Related to Refunding	435,242
Deferred Outflows Related to Acquisition	515,786
Total Deferred Outflows of Resources	16,635,874
Total Assets and Deferred Outflows of Resources	$ 160,517,388

See accompanying Notes to Financial Statements.

NORTHERN INYO HEALTHCARE DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2023

LIABILITIES

CURRENT LIABILITIES	
Current Maturities of Long-Term Debt	$ 4,476,169
Current Maturities Related to Leases	307,222
Current Maturities Related to SBITA's	1,258,306
Other Liabilities	169,683
Accounts Payable	
Trade	4,958,865
Estimated Third-Party Payor Settlements	429,830
Accrued Expenses	
Salaries and Wages	7,568,839
Interest and Sales Taxes	120,554
Self-Insurance Claims	749,280
Total Current Liabilities	20,038,748
LEASE LIABILITY, Less Current Maturities	175,426
SBITA LIABILITY, Less Current Maturities	7,373,118
LONG-TERM DEBT, Less Current Maturities	47,699,899
NET PENSION LIABILITY	47,257,663
Total Liabilities	122,544,854
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	1,873,995
Deferred Inflows Related to Lease Receivables	68,297
Total Deferred Inflows of Resources	1,942,292
NET POSITION	
Net Investment in Capital Assets	23,743,975
Restricted	
Programs	25,030
Capital Improvements	1,441,324
Unrestricted	10,819,913
Total Net Position	36,030,242
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 160,517,388

See accompanying Notes to Financial Statements.

NORTHERN INYO HEALTHCARE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

OPERATING REVENUES	
Net Patient Service Revenue	$ 89,597,852
Other Revenue	2,484,581
Total Operating Revenues	92,082,433
OPERATING EXPENSES	
Salaries and Wages	44,860,800
Employee Benefits	25,932,296
Professional Fees and Purchased Services	17,780,626
Supplies	9,702,680
Purchased Services	6,113,182
Depreciation and Amortization	5,211,224
Other	5,385,774
Total Operating Expenses	114,986,582
OPERATING LOSS	(22,904,149)
NONOPERATING REVENUES (EXPENSES)	
Property Tax for Operations	803,714
Property Tax for Debt Service	2,202,159
Investment Income	702,422
Interest Expenses	(2,434,150)
Noncapital Contributions and Grants	11,775,130
Loss on Divesture of Pioneer Home Health Care	(1,460,229)
Rental Income	88,548
Net Nonoperating Revenues (Expenses)	11,677,594
CHANGE IN NET POSITION	(11,226,555)
Net Position - Beginning of Year, As Previously Stated	47,572,751
Accretted Interest Adjustment	627,879
GASB 96 Adjustment	(886,203)
GASB 87 Adjustment	(57,630)
Net Position - Beginning of Year, As Restated	47,256,797
NET POSITION - END OF YEAR	$ 36,030,242

See accompanying Notes to Financial Statements.

NORTHERN INYO HEALTHCARE DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from and on Behalf of Patients	$ 95,746,303
Payments to Suppliers and Contractors	(38,571,169)
Payments to and on Behalf of Employees	(65,280,438)
Other Receipts and Payments, Net	(2,605,534)
Net Cash Provided (Used) by Operating Activities	(10,710,838)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Noncapital Contributions and Grants	11,775,130
Property Taxes Received	803,714
Reduction of CMS Advance	(1,955,975)
Provider Relief Funds Received	-
Proceeds from CHFFA Loans	-
Proceeds from Line of Credit	(500,000)
Other	-
Net Cash Provided (Used) by Noncapital Financing Activities	10,122,869
CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES	
Principal Payments on Long-Term Debt	(2,209,503)
Proceeds from the Issuance of Refunding Revenue Bonds	-
Payment to Defease Revenue Bonds	-
Interest Paid	(1,205,170)
Purchase and Construction of Capital Assets	(4,640,977)
Payments on Lease Liability	(351,329)
Payments on Subscription Liability	(1,254,933)
Property Taxes Received	2,202,159
Net Cash Provided (Used) by Capital and Capital Related Financing Activities	(7,459,753)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	702,422
Rental Income	94,444
Divesture of Pioneer Home Health Care	(1,191,202)
Net Cash Provided (Used) by Investing Activities	(394,336)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(8,442,058)
Cash and Cash Equivalents - Beginning of Year	42,437,664
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 33,995,606

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See accompanying Notes to Financial Statements.

NORTHERN INYO HEALTHCARE DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2023

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and Cash Equivalents in Current Assets	$ 31,886,303
Cash and Cash Equivalents in Noncurrent Cash and Investments	2,109,303
Total Cash and Cash Equivalents	$ 33,995,606
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Loss	$ (22,904,149)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation and Amortization	5,211,224
Pension Expense	2,646,850
Provision for Bad Debts	16,523,817
(Increase) Decrease in Assets:	
Patient Receivables	(9,737,284)
Other Receivables	153,296
Inventory	(2,013,933)
Prepaid Expenses	(848,097)
Increase (Decrease in Liabilities:	
Accounts Payable	(1,292,033)
Estimated Third-Party Payor Settlements	(638,082)
Accrued Expenses	2,017,870
Net Cash Provided (Used) by Operating Activities	$ (10,880,521)
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES	
Lease Assets Received in Exchange for Lease Liability	$ 216,634
Subscription Assets Received in Exchange for Subscription Liability	$ 51,948
Financed Purchase of Equipment	$ 111,000

See accompanying Notes to Financial Statements.

NORTHERN INYO HEALTHCARE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

ASSETS	
INVESTMENTS AT FAIR VALUE	
Cash and Cash Equivalents	$ 2,010,525
Mutual Funds	2,838,614
Fixed Dollar Account	4,474,938
Indexed Bond Fund	2,773,259
Total Assets	$ 12,097,336
NET POSITION	
Restricted for Pensions	$ 12,097,336
Total Net Position	$ 12,097,336

See accompanying Notes to Financial Statements.

NORTHERN INYO HEALTHCARE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – PENSION TRUST FUND
YEAR ENDED JUNE 30, 2023

ADDITIONS	
Contributions	
Employer	$ 7,403,934
INVESTMENT EARNINGS	
Interest, Dividends, and Other	817,781
Total Investment Earnings	817,781
Total Additions	8,221,715
DEDUCTIONS	
Benefits Paid to Participants or Beneficiaries	(2,603,583)
Administrative Expenses	(58,167)
Total Deductions	(2,661,750)
CHANGE IN NET POSITION	5,559,965
Net Position - Beginning of Year	6,537,371
NET POSITION - END OF YEAR	$ 12,097,336

See accompanying Notes to Financial Statements.

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Northern Inyo Healthcare District (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the District are described below.

Reporting Entity

The District was organized in 1946 under the terms of the Local Health Care District Law and is operated and governed by an elected board of directors. The District includes a 25-bed acute care facility that provides inpatient, outpatient, emergency care services, and a rural health clinic in Bishop, California, and it's surrounding area.

Blended Component Units

Northern Inyo Hospital Foundation, Inc. (the Foundation) is a legally separate 501(c)(3) tax-exempt nonprofit public benefit corporation. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the District. Although the District does not control the timing or amount of receipts from the Foundation, the majority of the resources, or income thereon that the Foundation holds and invests are restricted to the activities of the District by the Foundation's bylaws. The Foundation's board of directors may also restrict the use of such funds for capital asset replacement, expansion, or other specific purposes. The District shall appoint the board of directors for the Foundation per the Foundation's bylaws, and for this reason it is a blended component unit of the District. No separate financial report is prepared for the Foundation.

Northern Inyo Hospital Auxiliary, Inc. (the Auxiliary) is also a legally separate 501(c)(3) tax-exempt public benefit corporation. The Auxiliary's actions are subject to the approval of the District and for this reason it is a blended component unit of the District. The Auxillary's fiscal year end is May 31, 2023. No separate financial report is prepared for the Auxiliary.

Pioneer Home Health Care, Inc. (PHHC) is also a legally separate 501(c)(3) tax-exempt public benefit corporation. The District was the sole corporate owner of PHHC through May, 17, 2023 and for this reason it was presented as a blended component unit of the District through that date. PHHC's fiscal year ends December 31, 2023. No separate financial report is prepared for PHHC.

All intercompany balances and transactions, if any, have been eliminated.

Fiduciary Component Unit

Northern Inyo Local Hospital District Retirement Plan (the Plan) is a single employer defined benefit retirement plan organized under Internal Revenue Code (IRC) Section 415 for District employees who meet certain eligibility criteria. The Pension Trust Fund Plan is reported in the accompanying financial statements in separate statements of fiduciary net position and changes in fiduciary net position to emphasize that it is legally separate from the District. The Plan's fiscal year end is December 31, 2022. Separate financial statements for the fiduciary component unit are not available.

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned, and expenses are recorded when the liability is incurred.

Basis of Presentation

The statements of net position displays the District's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Net position is reported in the following categories/components:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward the most restrictive resources and then toward unrestricted resources.

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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding internally designated or restricted cash and investments. For purposes of the statement of cash flows, the District considers its investment in the Local Agency Investment Fund (LAIF) and all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding noncurrent cash and investments.

The District is authorized under California Government Code (CGC) to make direct investments in local agency bonds, notes, or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. government or its agencies; bankers' acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium-term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, and obligations with first-priority security; and collateralized mortgage obligations.

All investments are stated at fair value, except for guaranteed investment contracts, which are stated at amortized cost. Investment gain (loss) includes changes in fair value of investments, interest, and realized gains and losses.

Restricted Cash and Investments

Restricted cash consists of cash and investments held under indenture agreements or restricted for programs.

Patient Receivables

Patient receivables are uncollateralized customer and third-party payor obligations. The District does not charge interest on unpaid patient receivables. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

Patient accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability 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 doubtful accounts and provision for bad debts.

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the District records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The District has a discount policy established for residents of the District. Details of forgone charges related to discounts are discussed further in Note 5.

<u>**Inventories**</u>

Inventories are stated at the lower of cost, determined on the average cost method, or net realizable value.

<u>**Fair Value Measurement**</u>

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as significant unobservable inputs therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on techniques that maximize the use of relevant observable inputs and minimizes the use of unobservable inputs.

Assets or liabilities measured and reported at fair value are classified and disclosed in one of the three following categories:

Level 1 - Inputs to the valuation methodology are unadjusted quoted priced for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 - Inputs to the valuation methodology include:

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (Continued)

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs, other than quoted prices, those are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investment Income

Interest, dividends, gains, and losses, both realized and unrealized, on investments and deposits are included in nonoperating revenues when earned.

Capital Assets

Capital asset acquisitions in excess of $3,000 are capitalized and recorded at cost. Contributed capital assets are reported at their acquisition value at the date of donation. All capital assets other than land and construction in progress are depreciated using the straight-line method of depreciation using the following asset lives:

Land improvements	2 to 25 years
Buildings and improvements	2 to 25 years
Equipment	3 to 20 years

Accreted Interest

Interest expense on capital appreciation bonds is being accreted on the straight-line basis to maturity of the individual bonds, which approximates interest accreted on the effective interest method.

Bond Premiums

Bond premiums relating to the General Obligation Bonds are netted against the debt payable on the Statement of Net Position. Bond premiums are amortized over the period the related obligation is outstanding using the straight-line method, which approximates the effective interest method. The amortization is included in interest expense.

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The District employees earn paid-time off (PTO) at varying rates, depending on years of service. PTO accumulates up to a specific amount, as defined in the District's employee manual. Employees are paid for accumulated PTO if employment is terminated. The liability for compensated absences is included with accrued salaries and benefits in the accompanying financial statements.

Estimated Health Claims Payable

The District provides for self-insurance reserves for estimated incurred but not reported claims for its employee health plan. These reserves, which are included in current liabilities on the statement of net position, are estimated based upon historical submission and payment data, cost trends, utilization history, and other relevant factors. Adjustments to reserves are reflected in the operating results in the period in which the change in estimate is identified.

Unemployment Compensation

The District is a part of a pooled unemployment insurance group through California Association of Hospital and Healthcare Systems (CAHHS) for unemployment insurance and does not pay state unemployment tax.

Retirement Plan

For purposes 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 Northern Inyo County Local Hospital District Retirement Plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category It is the deferred charge on refunding reported in the statement of net position, the deferred amounts related to pensions, and the deferred amounts related to acquisitions. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pensions relates to the differences between expected and actual experience, changes in actuarial assumptions, contributions made after the measurement date, and the net difference between estimated and actual investment earnings. The deferred amounts relate to the acquisition of Pioneer Medical Associates.

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. It is the deferred amounts related to pensions for the differences between expected and actual experience and changes in actuarial assumptions.

Property Tax

Property taxes are levied by the County on the District's behalf and are intended to support operations and to service debt. The amount of property tax received is dependent upon the assessed real property valuations as determined by the County Assessor. Secured property taxes are levied July 1, and are due in two equal installments on November 1 and February 1 each year and are delinquent if not paid by December 10 and April 10. Secured property taxes become a lien on the property on January 1.

Operating Revenues and Expenses

The District's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues of the District result from exchange transactions associated with providing healthcare services, the District's principal activity, and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

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. Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered, and adjusted in future periods as final settlements are determined.

Charity Care

The District provides healthcare services to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Since the District does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing these services was $102,929 for the year ended June 30, 2023, calculated by multiplying the ratio of cost to gross charges for the District by the gross uncompensated charges associated with providing charity care to its patients.

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions

The District receives grants and contributions from governmental and private entities. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted for capital acquisitions are reported after nonoperating revenues and expenses.

Right-of-Use Lease Asset and Liability

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Subscription-Based Information Technology Arrangements (SBITA)

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements Effective in Current Fiscal Year

In March 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This standard provides accounting and financial reporting requirements for public-private and public-public partnership arrangements (PPPs) that either meet the definition of an SCA or are not within the scope of Statement 87, as amended. This standard also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which are arrangements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The District adopted this standard for fiscal year 2023 and the adoption of the standard had no impact on its financial statements.

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

Effective in Current Fiscal Year (Continued)

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. The District adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the earliest period presented.

Effective in Future Fiscal Years

The GASB has issued the following pronouncements that have effective dates which may impact future financial statement presentation. The District has not determined the effect of the following statements:

GASB Statement No. 100 - *Accounting Changes and Error Corrections*
GASB Statement No. 101 - *Compensated Absences*

NOTE 2 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. A summary of the payment arrangements with major third-party payors follows:

Medicare: Inpatient acute and outpatient services rendered to Medicare program beneficiaries are reimbursed primarily under a cost reimbursement methodology pursuant to the District's designation as a critical access hospital. Costs are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare Administrative Contractor (MAC). The District's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. Medicare cost reports have been audited by the fiscal intermediary through June 30, 2018.

Medi-Cal: Reimbursement for hospital inpatient services provided to Medi-Cal beneficiaries are based on a diagnosis-related group (DRG)-based methodology and uses the All-Patient Refined DRGs (APR- DRGs) algorithm. Medi-Cal cost reports have been audited through June 30, 2019. Outpatient services are paid at prospectively determined rates per procedure determined by the state of California.

Outpatient services delivered at the clinic are reimbursed using a prospectively determined payment system.

NOTE 2 NET PATIENT SERVICE REVENUE (CONTINUED)

The District has 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 and discounts from established charges.

Patient revenue from the Medicare and Medi-Cal programs accounted for approximately 34% and 5% of the District's net patient service revenue for the year ended June 30, 2023.

Laws and regulations governing the Medicare, Medi-Cal, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient service revenue for the year ended June 30, 2023 decreased by $2.1 million due to removal of allowances previously estimated that are no longer necessary as a result of final settlements, adjustments to amounts previously estimated and years that are no longer likely subject to audits, reviews, and investigations.

Medi-Cal Payments

California legislation (AB-915) provides for a Medi-Cal supplemental payment for Medi-Cal outpatient hospital services. As a result of this program, payments received were $3,088,318 in the year ended June 30, 2023.

The California Department of Healthcare Services (DHCS) implemented The Hospital Quality Assurance Fee (HQAF) program in 2010. The program provides funding for supplemental payments to California hospitals that serve Medi-Cal and uninsured patients. The District received $483,183 in the year ended June 30, 2023, under this program.

California legislation also provides for a Nondesignated Public Hospital Intergovernmental Transfer Program (IGT) for additional payments for outpatient managed care hospital services. As a result of this program, net payments recognized were $7,028,768 in the year ended June 30, 2023. Amounts due under this program total $1,819,425 as of June 30, 2023 and are reported as other receivables on the statement of net position.

The District records these amounts as other operating revenue, when the revenue is estimable and is reasonably assured of being collected, generally when payments are received or expected to be received.

NOTE 2 NET PATIENT SERVICE REVENUE (CONTINUED)

CMS Advanced Payment

The CMS Advanced Payment balance consists of advanced payments received from the Centers for Medicare and Medicaid Services (CMS), in order to increase cash flow for Medicare Part A providers who were impacted by the COVID-19 pandemic. The District received $14,594,154 in an advanced payment during April 2020, which will be recouped through the Medicare claims processed beginning 365 days after the date of issuance of the advanced payment. This recoupment process will continue until the balance of the advanced payment has been recouped, or for 29 months from the date that the advanced payment was issued, at which point any remaining unpaid balance is due. The advanced payment balance is non-interest bearing through the 29-month repayment period. The portion expected to be recouped in the next 12 months is included in current liabilities and the portion expected to be recouped in greater than 12 months is presented in long-term liabilities in the accompanying statements of net position. The outstanding balance at June 30, 2023, was $-0-.

NOTE 3 DEPOSITS AND INVESTMENTS

The carrying amounts of deposits and investments as of June 30 are as follows:

Carrying Amount	
Petty Cash	$ 2,100
Cash and Deposits	19,180,005
Investments	14,813,501
Total	$ 33,995,606

Deposits and investments are reported in the following statement of net position captions:

Cash and Investments	$ 31,886,303
Restricted for Specific Operating Purposes and Capital Improvements	1,466,355
Restricted for Debt Service Reserve	642,948
Total	$ 33,995,606

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the Entity's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfoliio*	Maximum Investment in One Issuer
Local Agency Bonds	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
U.S. Agency Securities	5 Years	None	None
Banker's Acceptances	180 Days	40%	30%
Commercial Paper	270 Days	25%	10%
Negotiable Certificates of Deposit	5 Years	30%	None
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20% of base value	None
Medium-Term Notes	5 Years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 Years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Dund (LAIF)	N/A	None	$75M Per Account
JPA Pools (Other Investment Pools)	N/A	None	None

* Excluding amounts held by bond trustee that are not subject to CGC restrictions

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Entity's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfoliio*	Maximum Investment in One Issuer
U.S. Treasury obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 Days	None	None
Commercial Paper	270 Days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 Years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	$75M per account

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuation is provided by the following table that shows the distribution of the District's investments by maturity at June 30, 2023:

			Investment Maturities (in Years)		
Investment Type	Carrying Amount	Rating	Less Than 1	1-5	6-10
Guaranteed Investment Contract	$ 575,000	Baa1	$ -	$ -	$ 575,000
Certificates of Deposits	2,767,653	P-1/Aa1	2,767,653	-	-
Mutual Funds	113,750	AAAm	113,750	-	-
Equitites	61,803	AAAm	61,803	-	-
Local Agency Investment Fund	11,295,295	Not Rated	11,295,295	-	-
Total	$ 14,813,501		$ 14,238,501	$ -	$ 575,000

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The CGC limits the minimum rating required for each investment type. The LAIF is not rated.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2023, $16,633,387 of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the treasurer of the state of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Fair Value Measurements

Assets measured at fair value on a recurring basis and the related fair value of these assets as of June 30 are as follows:

Investments by Fair Value	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
District Investments				
Certificates of Deposit	$ 2,767,653	$ 2,767,653	$ -	$ -
Mutual Funds	113,750	113,750	-	-
Equitites	61,803	61,803	-	-
Total District Investments Measured at Fair Value	2,943,206	$ 2,943,206	$ -	$ -
Investments not Measured at Fair Value or Subject to Fair Value Hierarchy				
Local Agency Investment Fund	11,295,295			
Guaranteed Investment Contract	575,000			
Total District Investments	$ 14,813,501			

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

The value of publicly-traded assets, which would be listed as Level 1, are based on unaffiliated industry sources believed to be reliable. Values for non-publicly traded assets, listed as Level 2, may be determined from other unaffiliated sources. Assets for which a current value is unavailable, which would be listed as Level 3, may be reflected at the last reported price or at par, using the best information available in the circumstances.

The District's investments in traded certificates of deposit and U.S. Government obligations, which are reported in short-term and long-term investments, are based on quoted market prices for identical investments in an inactive market or similar investments in markets that are either active or inactive. Guaranteed investment contracts are valued at cost.

Deposits and withdrawals in governmental investment pools, such as LAIF are made on the basis of $1 and not fair value. Accordingly, the District's proportionate share in these types of investments is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input

Employees' Retirement System

The District's governing body has the responsibility and authority to oversee the investment portfolio. Various professional investment managers are contracted to assist in managing the District's investments; all investment decisions are subject to California law and the investment policy established by the governing body. The District's investments are held by a trust company.

Pension Plan Investment Policy

The Plan's investment policy authorizes the Plan to invest in all investments allowed by state statue. These include deposits/investments in insured commercial banks, savings and loan institutions, interest-bearing obligations of the U.S. Treasury and U.S. agencies, interest-bearing bonds of the state of California or any county, township, or municipal corporation of the state of California, money market mutual funds whose investments consist of obligations of the U.S. Treasury or U.S. agencies, separate accounts managed by life insurance companies, mutual funds, and California Funds (created by the State Legislature under the control of the State Treasurer that maintains a $1 per share value, which is equal to the participant's fair value). During the year ended June 30, 2023, there were no changes to the investment policy.

Pension Plan Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized statistical rating organization. The Plan has and investment policy that limit investment choices by credit rating.

			Investment Maturities (in Years)		
Investment Type	Carrying Amount	Rating	Less Than 1	1-5	6-10
Mutual Funds	$ 2,838,614	AA+	$ 2,838,614	$ -	$ -
Fixed Dollar Account	4,474,938	AA+	4,474,938	-	-
Indexed Bond Fund	2,773,259	A	2,773,259	-	-
Total	$ 10,086,811		$ 10,086,811	$ -	$ -

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Pension Plan Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party (e.g., broker-dealer) to the transaction, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Plan's investment policies do not limit the exposure to custodial credit risk for investments.

Pension Plan Fair Value Measurements

The District's retirement system investments are stated at net asset value (NAV) and fair value. The fixed dollar fund is stated at NAV, which is determined based on the total value of all investments in its portfolio minus the value of liabilities. The index bond fund is stated at fair value and is considered a level 2 investment on the fair value hierarchy. The fixed dollar fund is stated at cost.

NOTE 4 PATIENT RECEIVABLES, NET

Patient receivables - net for the District consisted of the following at June 30:

Gross Accounts Receivable	$ 56,161,663
Less:	
Contractual Adjustments	(18,160,409)
Provision for Uncollectible Accounts	(23,156,626)
Patient Receivables, Net	$ 14,844,628

NOTE 5 NET PATIENT SERVICE REVENUE

Net patient service revenue for the District consisted of the following for the year ended June 30:

Gross Patient Service Revenue	$ 200,226,695
Less:	
Contractual Adjustments	(94,105,026)
Provision for Uncollectible Accounts	(16,523,817)
Net Patient Service Revenue	$ 89,597,852

NOTE 6 CAPITAL ASSETS

Capital assets additions, retirements, transfers and balances for the year ended June 30 are as follows:

	Balance June 30, 2022	Additions	Transfers and Retirements	Balance June 30, 2023
Capital Assets not Being Depreciated				
Land	$ 1,483,966	$ -	$ (130,000)	$ 1,353,966
Construction in Progress	4,692,529	4,246,595	-	8,939,124
Total Capital Assets not Being Depreciated	6,176,495	4,246,595	(130,000)	10,293,090
Capital Assets Being Depreciated				
Land Improvements	867,086	-	-	867,086
Buildings and Improvements	93,032,660	86,041	(782,407)	92,336,294
Equipment	37,596,320	443,438	(68,538)	37,971,220
Total Capital Assets Being Depreciated	131,496,066	529,479	(850,945)	131,174,600
Lease Assets Being Amortized				
Equipment	1,596,431	216,634	-	1,813,065
SBITAs	11,135,979	51,948	-	11,187,927
Total Lease Assets Being Amortized	12,732,410	268,582	-	13,000,992
Less Accumulated Depreciation for				
Land Improvements	773,069	9,940	-	783,009
Buildings and Improvements	28,558,663	2,526,965	(560,015)	30,525,613
Equipment	32,320,605	1,157,820	(68,538)	33,409,887
Total Accumulated Depreciation	61,652,337	3,694,725	(628,553)	64,718,509
Net Capital Assets Being Depreciated	69,843,729	(3,165,246)	(222,392)	66,456,091
Less Lease Asset Accumulated Amortization for				
Equipment	1,034,739	330,119	-	1,364,858
SBITAs	2,187,742	1,163,458	-	3,351,200
Total Accumulated Amortization	3,222,481	1,493,577	-	4,716,058
Net Lease Assets Being Amortized	9,509,929	(1,224,995)	-	8,284,934
Capital Assets, Net	$ 85,530,153	$ (143,646)	$ (352,392)	$ 85,034,115

Depreciation expense for the year ended June 30, 2023 was $4,030,472 and is reported with depreciation and amortization expense on the statement of revenues, expenses and changes in net position.

Construction in progress at June 30, 2023 represents the ICU Building Retrofit, Chiller/Condenser Replacement and Pharmacy Building Constructions. The estimated cost to complete this project is $2.5 million with construction commitments of $2.5 million as of June 30, 2023, which will be financed with District funds.

NOTE 7 LONG-TERM DEBT

Long-term debt consists of the following at June 30:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
General Obligation Bonds					
Direct Placement - 2016 General					
Obligation Refunding Bonds	$ 15,768,000	$ -	$ (445,000)	$ 15,323,000	$ 1,486,000
2009 General Obligation Bonds	7,309,947	-	(402,032)	6,907,915	329,855
Revenue Bonds					
Direct Placement - Refunding Revenue					
Bonds, Series 2021A	3,220,000	-	-	3,220,000	-
Direct Placement - Refunding					
Rev. Bonds, Series 2021B	8,625,000	-	(620,000)	8,005,000	1,335,000
Subtotal Bonds Payable	34,922,947	-	(1,467,032)	33,455,915	3,150,855
Bond premiums:					
2009 General Obligation Bonds	240,907	-	(37,644)	203,263	-
Total Bonds Payable	35,163,854	-	(1,504,676)	33,659,178	3,150,855
Accreted Interest - 2009 General					
Obligation Bonds	16,097,251	1,185,887	(742,968)	16,540,170	-
Financed Purchases - Direct Borrowings:					
Equipment Purchase	750,000	-	-	750,000	199,189
Alcon	-	111,000	(8,236)	102,764	23,967
7 Medical	147,220	-	(5,141)	142,079	120,281
Total Financed Purchase Obligations	897,220	111,000	(13,377)	994,843	343,437
Direct Borrowings:					
Pioneer Home Health Mortgage	256,068		(256,068)	-	-
Subtotal Long-Term Debt	52,414,393	1,296,887	(2,517,089)	51,194,191	3,494,292
Other Liabilities					
Direct Borrowings:					
Line of Credit	500,000	-	(500,000)	-	-
CHFFA Bridge Loan #1	497,000	-	-	497,000	497,000
CHFFA Bridge Loan #2	484,877	-	-	484,877	484,877
CMS Advance	1,955,975	-	(1,955,975)	-	-
Total Long-Term Debt	$ 55,852,245	$ 1,296,887	$ (4,973,064)	$ 52,176,068	$ 4,476,169

The terms and due dates of the District's general obligation bonds at June 30, 2023, are as follows:

General Obligation Bonds, 2009 Series

On April 21, 2009, the District issued $14,464,947 in General Obligation Bonds, 2005 Election, 2009 Series to finance the construction and equipping of an expansion and renovation of the Hospital. The 2009 Bonds consist of two types of bonds, Current Interest Bonds and Capital Appreciation Bonds, issued in the amounts of $6,320,000 and $8,144,947, respectively. The Current Interest Bonds maturing through November 1, 2019 have been fully paid. The Term Bond maturing November 1, 2038 was partially extinguished in 2016 using proceeds from the issuance of the 2016 General Obligation Refunding Bond.

NOTE 7 LONG-TERM DEBT (CONTINUED)

General Obligation Bonds, 2009 Series (continued)

Interest on the Capital Appreciation Bonds is accreted annually and paid at maturity. The Capital Appreciation Bonds mature annually commencing on November 1, 2020, through November 1, 2038, in amounts ranging from $1,020,000 to $3,420,000, including interest accreted through such maturity dates. The Capital Appreciation Bonds are not subject to redemption prior to their fixed maturity dates.

The District has pledged its tax revenue as security for the General Obligation Bonds, 2009 Series and these obligations contain a provision that in an event of default, the outstanding amounts become immediately due if the District is unable to make a payment.

The general obligation bonds are general obligations of the District. The District has the power and is obligated to cause to be levied and collected the annual ad valorem taxes for payment of the bonds and the interest thereon upon all property within the District and without limitation as to rate or amount.

Accreted interest is to be added to the Capital Appreciation Bonds in future years. Principal maturities, which commenced October 2021, and future accreted interest on the Capital Appreciation Bonds, are included in Accreted Interest Payable.

Direct Placements:

2016 General Obligation Refunding Bond

On May 12, 2016, the District issued $17,557,000 in a 2016 General Obligation Refunding Bond, to refinance the General Obligation Bonds, 2005 Series in whole and to pay the term portion of General Obligation Bonds, 2009.

Interest on the 2016 bond is payable semiannually on November 1 and May 1 at a rate of 3.450%. Mandatory sinking fund deposits to retire the bonds on their term maturity dates, ranging from $278,000 to $1,874,000, are due annually through December 2035.

The District has pledged its tax revenue as security for the 2016 General Obligation Refunding Bond and these obligations contain a provision that in an event of default, the outstanding amounts become immediately due if the District is unable to make a payment.

The general obligation bonds are general obligations of the District. The District has the power and is obligated to cause to be levied and collected the annual ad valorem taxes for payment of the bonds and the interest thereon upon all property within the District and without limitation as to rate or amount.

NOTE 7 LONG-TERM DEBT (CONTINUED)

Refunding Revenue Bonds, Series 2021A

On December 1, 2021, the District issued $3,220,000 in a Refunding Revenue Bond, Series 2021A, to provide funds to refund, on a current basis, the District's Revenue Bonds, Series 2010 and paying the costs of issuing the 2021A bonds.

Interest on the Refunding Revenue Bonds, Series 2021A is payable semiannually on December 1 and June 1 at a rate of 3.50%. Mandatory sinking fund deposits to retire the bonds on their term maturity dates, ranging from $380,000 to $$980,000, are due annually through December 2036.

The proceeds were used to refund on a current basis $4,170,000 of the outstanding Series 2010 bonds. The net proceeds of $4,209,137 (including $1,065,337 of existing 2010 debt service reserve funds and after payment of $76,200 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2010 Bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by $39,137. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunded debt, which had a shorter remaining life than the refunding debt. The advance refunding reduced its total debt service payments by $91,241 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $189,091. As a result, the Series 2010 bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The District has pledged its gross revenue as security for the Refunding Revenue Bonds, Series 2021A and these obligations contain a provision that in an event of default, the outstanding amounts become immediately due if the District is unable to make a payment. The District is required to maintain a long-term debt service coverage ratio at the end of each fiscal year that is not less than 1.25 to 1 (or 1.1 to 1, if the District has 75 or more days cash on hand) and provide various reporting under the agreement.

Taxable Refunding Revenue Bonds, Series 2021B

On December 1, 2021 the District issued $8,625,000 in Taxable Refunding Revenue Bonds, to refund, on an advanced basis, the District's Revenue Bonds, Series 2013 and paying the cost of issuing the 2021B Bonds.

Interest on Taxable Refunding Revenue Bonds, Series 2021B is payable semiannually on December 1 and June 1 at rates ranging from 2.93% to 3.200%. Mandatory sinking fund deposits to retire the bonds on their term maturity dates, ranging from $505,000 to $860,000, are due annually through December 2033.

NOTE 7 LONG-TERM DEBT (CONTINUED)

Refunding Revenue Bonds, Series 2021A (Continued)

The proceeds were used to advance refund $8,360,000 of the outstanding Series 2013 bonds. The net proceeds of $9,011,315 (including $587,785 of existing 2013 debt service reserve funds and after payment of $201,470 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2013 Bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by $555,251. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunded debt, which had a shorter remaining life than the refunding debt. The advance refunding reduced its total debt service payments by $189,723 and to obtain an economic loss (difference between the present values of the debt service payments on the old and new debt) of $154,639. As a result, the Series 2013 bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

Taxable Refunding Revenue Bonds, Series 2021B (Continued)

The District has pledged its gross revenue as security for the Refunding Revenue Bonds, Series 2021B and these obligations contain a provision that in an event of default, the outstanding amounts become immediately due if the District is unable to make a payment. The District is required to maintain a long-term debt service coverage ratio at the end of each fiscal year that is not less than 1.25 to 1 (or 1.1 to 1, if the District has 75 or more days cash on hand) and provide various reporting under the agreement.

Defeased Debt

At June 30, 2023, $11,225,000 of the Series 2021 defeased revenue bonds remain outstanding.

Direct borrowings:

Line of Credit

The District has a line of credit at one of the financial institutions where it holds deposits. As of the end of the fiscal year, the District has no draws on the line of credit. As of the end of the fiscal year, the unused line of credit was $3,500,000.

Financed Purchases

Finance obligations to Intuitive Surgical are due in total monthly installments of $29,815 in May 2020 through 2024, including interest at 3.500%.

Finance obligations to Ascension Capital for 7 Medical are due in total monthly installments of $5,447 in October 2021 through 2025, including interest at 2.500%.

Finance obligations are secured by equipment and contain provisions that in an event of default, the outstanding amounts become immediately due if the District is unable to make a payment.

NOTE 7 LONG-TERM DEBT (CONTINUED)

Purchase Agreement

Purchase agreement with Stryker Mako with an original principal amount of $750,000, with payments due in annual installments of $119,936 due March 2023 through 2029, including interest at 2.900%.

Mortgage Payable

Pioneer Home Health Care entered into a mortgage note in the amount of $280,000 for the purchase of a commercial office building. The note pays principal and interest monthly, at an interest rate of 5.0%. The note matures on September 1, 2023. As part of the divesture of Pioneer Home Health Care in May 2023, the mortgage is no longer a liability for the District.

Nondesignated Public Hospital Bridge Loan Program

In September 2021, the Governor signed into law the Nondesignated Public Hospital Bridge Loan Program (NDPH Program), which enables California Health Facilities Financing Authority (CHFFA) to issue up to a total of $40 million in working capital loans. The NDPH Program provides zero interest rate low-cost loans to eligible nondesignated public hospitals (as defined in paragraph (25) of subdivision (a) of Section 14105.98 of the Welfare and Institutions Code, excluding designated public hospitals) that are affected by financial delays associated with the transition from the Public Hospital Redesign and Incentives in Medi-Cal (PRIME) Program to the Quality Incentive Program (QIP). These loans are required to be paid back in two years. The loans issued by CHFFA are secured by a borrower's Medi-Cal reimbursements.

The District received $497,000 associated with this loan program's first funding round at 0% interest which will be repaid no later than 24 months from February 3, 2022. If total repayment of $497,000 is not received before or on the due date, CHFFA will intercept 20% of the District's Medi-Cal payments until the loan is satisfied.

The District received $484,877 associated with this loan program's second funding round at 0% interest which will be repaid no later than 24 months from May 3, 2022. If total repayment of $484,877 is not received before or on the due date, CHFFA will intercept 20% of the District's Medi-Cal payments until the loan is satisfied.

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

	General Obligation Bonds		Revenue Bonds		Direct Borrowings		Totals	
Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 1,815,855	$ 1,453,098	$ 1,335,000	$ 526,547	$ 1,325,314	$ 49,278	$ 4,476,169	$ 2,028,923
2025	1,162,909	1,281,468	690,000	326,140	142,130	19,546	1,995,039	1,627,154
2026	1,221,947	1,369,243	710,000	304,060	129,767	15,306	2,061,714	1,688,609
2027	1,331,891	1,473,387	735,000	281,340	134,037	11,036	2,200,928	1,765,763
2028	1,345,490	1,543,462	755,000	257,820	123,610	6,800	2,224,100	1,808,082
2029-2033	8,968,341	9,004,783	3,780,000	910,540	121,862	3,383	12,870,203	9,918,706
2034-2038	5,912,035	11,742,507	3,220,000	201,075	-	-	9,132,035	11,943,582
2039-2043	472,447	2,947,937	-	-	-	-	472,447	2,947,937
Subtotal	$ 22,230,915	$ 30,815,885	$ 11,225,000	$ 2,807,522	$ 1,976,720	$ 105,349	35,432,635	$ 33,728,756
					Premium on Bonds		203,263	
					Accreted Interest		16,540,170	
					Total		$ 52,176,068	

NOTE 7 LONG-TERM DEBT (CONTINUED)

Nondesignated Public Hospital Bridge Loan Program (Continued)

Under the terms of the revenue bonds and general obligation bonds agreements, the District is required to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use in the financial statements. The loan agreement also places limits on the incurrence of additional borrowings and requires that the District satisfy certain measures of financial performance.

NOTE 8 LEASES AND SBITAS

Lease obligations and receivables consist of the following for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Lease Liabilties	$ 617,343	$ 216,634	$ (351,329)	$ 482,648	$ 307,222
Lease Receiveables	$ -	$ 74,506	$ (5,896)	$ 68,610	$ 24,140

Total future minimum lease payments under lease agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 307,222	$ 17,039	$ 324,261
2025	42,864	10,388	53,252
2026	43,870	7,470	51,340
2027	46,990	4,351	51,341
2028	41,702	1,083	42,785
Total Minimum Lease Payments	$ 482,648	$ 40,331	$ 522,979

SBITA obligations consist of the following for the year ended June 30, 2023:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
SBITA Liabilties	$ 9,834,409	$ 51,948	$ (1,254,933)	$ 8,631,424	$ 1,258,306

Total future minimum payments under SBITA agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 1,258,306	$ 58,739	$ 1,317,045
2025	1,229,451	49,401	1,278,852
2026	1,236,129	40,047	1,276,176
2027	1,231,345	30,763	1,262,108
2028	1,227,865	21,683	1,249,548
Thereafter	2,448,328	1,648	2,449,976
Total Minimum Lease Payments	$ 8,631,424	$ 202,281	$ 8,833,705

NOTE 9 RETIREMENT PLANS

Defined Benefit Plan - Plan Description

The District sponsors a single-employer defined benefit pension plan for employees over age 21 with at least one year of service. The plan is governed by the District's board of directors, which may amend benefits and other plan provisions, and which is responsible for the management of plan assets. The primary factors affecting the benefits earned by participants in the pension plan are employees' years of service and compensation levels. A separate financial report is not prepared for the plan.

Benefits Provided

The District provides service retirement and pre-retirement death benefits to plan members, who must be District employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full- time employment. Members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. All members are eligible for pre-retirement death benefits after five years of service. The benefit vesting schedule is 50% vesting after five years, increasing 10% per year to 100% vested after 10 years of service. The Plan was closed to new entrants effective January 1, 2013.

Active participants automatically become 100% vested upon attainment of normal retirement age or if they become totally and permanently disabled.

The Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

Hire Date	Prior to January 1, 2013
Benefit Payments	Life Annuity or Lump Sum
Retirement Age	65-70
Monthly Benefits, as a % of Eligible Compensation	2.50%, Not Less Than $600
Required Employer Contribution Rates	55.0%
Required Employee Contribution Rates	3.5%

Employees covered at December 31, 2022, by the benefit terms for the Plan are as follows:

Inactive Employees or Beneficiaries Currently Receiving Benefits	12
Inactive Employees Entitled to but Not Yet Receiving Benefits	70
Active Employees	95
	177

Contributions

The employer contribution rates are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of January 1 by the Plan. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2023, the employer contribution was $7,403,943.

NOTE 9 RETIREMENT PLANS (CONTINUED)

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.33%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Concentration of Credit Risk

The Plan's policy does not limit the percentage of any asset in the Plan portfolio. The composition of plan assets consisted of the following at December 31, 2022:

Asset Allocation	Percent of Total Plan Assets
Cash and Cash Equivalents	16.6 %
Mutual Funds	23.5
Fixed Dollar Account	37.0
Indexed Bond Fund	22.9
Accrued Contributions	-
Total	100.0 %

Net Pension Liability

The District's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial as of December 31, 2022.

Actuarial Assumptions - The total pension liability in the January 1, 2022 actuarial valuation were determined using the following actuarial assumptions:

Valuation Date	January 1, 2022
Measurement Date	December 31, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	4.0 %
Projected salary increase	3.0 %
Investment Rate of Return	4.0 %

Mortality rates for pre-retirement were based on the RP-2014 scale adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2021. Mortality rates for post-retirement (Lump-Sum) were based date of participation (DOP). DOP before July 1, 2009 based on the 1984 Uninsured Pensioner Mortality Table (UP) set back four years. DOP on or after July 1, 2009 based on the RP-2000 Table for Males set back four years.

NOTE 9 RETIREMENT PLANS (CONTINUED)

Net Pension Liability (Continued)

The long-term expected rate of return on plan investments was determined using a building block method which best estimate ranges of expected future real rates of return (expected return, 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. The table below reflects geometric average real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Large Cap	65.00 %	4.60 %
Mid/Small Cap	-	5.20
International	30.00	5.80
Specialty/Alts	5.00	3.40
Total	100.00 %	

Discount rate – The discount rate used to measure the total pension liability was 4.00% for the plan. The project of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the District's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 RETIREMENT PLANS (CONTINUED)

Changes in the Net Pension Liability

The changes in the net pension liability for the plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability(Asset)
Balance at December 31, 2021	$ 54,488,111	$ 6,537,371	$ 47,950,740
Changes in the Year:			
Service Cost	1,376,714	-	1,376,714
Interest on Total Pension Liability	2,183,032	-	2,183,032
Differences between Expected and Actual Experience	3,910,725	-	3,910,725
Change of Assumptions	-	-	-
Contribution - Employer	-	7,403,934	(7,403,934)
Net Investment Income	-	817,781	(817,781)
Benefit Payments Including Refunds of Member Contributions	(2,603,583)	(2,603,583)	-
Administrative Expense	-	(58,167)	58,167
Net Changes	4,866,888	5,559,965	(693,077)
Balance at December 31, 2022	$ 59,354,999	$ 12,097,336	$ 47,257,663

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the District calculated using the discount rate of 4.00%, as well as what the District’s net pension liability 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% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
District Net Pension Liability	$ 56,589,962	$ 47,257,663	$ 39,632,884

NOTE 9 RETIREMENT PLANS (CONTINUED)

Pension Expenses And Deferred Outflows/Inflows Of Resources related to Pensions

For the fiscal year ending June 30, 2023, the District recognized pension expense of $14,314,865. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual Experience	$ 6,936,193	$ (643,986)
Changes of Assumptions	6,140,637	(170,656)
Net Differences Between Projected and Actual Earnings on Plan Investments		(1,059,353)
Contributions Made Subsequent to the Measurement Date	2,608,016	
Total	$ 15,684,846	$ (1,873,995)

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

Year Ending June 30,	Amount
2024	$ 4,065,053
2025	2,770,416
2026	2,098,513
2027	1,542,704
2028	662,289
Thereafter	63,860
Total	$ 11,202,835

Defined Contribution Plan – Plan Description

The District sponsors and contributes to the Northern Inyo County Local Hospital District 401(a) Retirement Plan (NICLHD), a defined contribution pension plan, for its employees. The plan covers its employees who have attained the age of 21 years and were not a participant in the District's defined benefit plan prior to January 1, 2013, and completed of one year of service. NICLHD is administered by the District.

Benefit terms, including contribution requirements, for NICLHD are established and may be amended by the District's board of directors. Beginning August 1, 2023 for each employee in the pension plan, the District is required to match up to 3.5% of contributions elected by employees who are allowed to contribute to the plan. Employees are not permitted to make contributions to the pension plan. The District does not contribute to this plan if an employee does not elect to contribute. For the year ended June 30, 2023, the District made employer contributions in the amount of $1,272,246.

NOTE 9 RETIREMENT PLANS (CONTINUED)

Each participant shall have a nonforfeitable and vested right to his or her account for each year of service completed while an employee of the employer, in accordance with the following schedule:

Years	Nonforfeitable Percentage
5	50.0 %
6	60.0 %
7	70.0 %
8	80.0 %
9	90.0 %
10 or more	100.0 %

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to medical malpractice; torts; theft of, damage to, and destruction of assets; errors and omissions; injuries of employees; and natural disasters.

The District's comprehensive general liability insurance covers losses of up to $20,000,000 per claim with $30,000,000 annual aggregate for occurrence basis during a policy year regardless of when the claim was filed (occurrence-based coverage).

The District's professional liability insurance covers losses up to $3,000,000 per claim with $3,000,000 annual aggregate for claims reported during a policy year (claims-made coverage). Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with the District.

Although there exists the possibility of claims arising from services provided to patients through June 30, 2023, which have not yet been asserted, the District is unable to determine the ultimate cost, if any, of such possible claims, and accordingly no provision has been made for them. Settled claims have not exceeded commercial coverage in any of the three preceding years.

The District is a participant in the Association of California Healthcare Districts' ALPHA Fund, which administers a self-insured workers' compensation plan for participating member hospitals and their employees. The District pays a premium to the ALPHA Fund; the premium is adjusted annually. If participation in the ALPHA Fund were terminated by the District, the District would be liable for its share of any additional premiums necessary for final disposition of all claims and losses covered by the ALPHA Fund.

NOTE 11 SELF-INSURED HEALTHCARE PLAN

The District has a self-funded health care plan that provides medical and dental benefits to employees and their dependents. Employees share in the cost of health benefits. Health care expense is based on actual claims paid, reinsurance premiums, administration fees, and unpaid claims at year-end. The District buys reinsurance to cover catastrophic individual claims over $215,000. The District records a liability for claims incurred, but not reported that is recorded in accrued payroll and related liabilities in the accompanying statements of net position.

Year	Beginning Liability	Current Year. Claims and Changes in Estimates	Claim Payments	Ending Liability
2022	$ (766,156)	$ (9,566,830)	$ 9,130,028	$ (1,202,957)
2023	(1,202,957)	(9,789,013)	10,242,689	(749,280)

NOTE 12 CONCENTRATION OF CREDIT RISK

The District grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at June 30 was as follows:

	2023
Medicare	25.00 %
MediCal	30.00
Other Third-Party Payors	35.00
Patients	10.00
Total	100.00 %

NOTE 13 CONTINGENCIES

Malpractice Insurance

The District has malpractice insurance coverage to provide protection for professional liability losses on claims- made basis subject to a limit of $6 million per claim and an annual aggregate limit of $20 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

NOTE 13 CONTINGENCIES (CONTINUED)

Litigation, Claims, and Disputes

The District is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs or operating activities, some of which could be material. In the opinion of management, the ultimate settlement of litigation, claims, and disputes will not be material to the financial position, operations, or cash flows of the District.

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Department of Health and Human Services (HHS) and the Medicare and Medi-Cal programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by healthcare providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient services.

Paycheck Protection Program Loan Review

Loans issued under the PPP were subject to good-faith certifications of the necessity of the loan request. Borrowers with loans issued under the program in excess of $2 million are subject to review by the SBA for compliance with the program requirements. If the SBA determines that a borrower lacked an adequate basis for the loan or did not meet the program requirements, the loan will not be eligible for loan forgiveness and the SBA will seek repayment of the outstanding PPP loan balance.

The District and PHHC applied for and received loan forgiveness from the SBA on its PPP loans in 2022. In accordance with PPP loan requirements, the District is required to maintain PPP loan files and certain underlying supporting documents for periods ranging from three to six years. The District is also required to permit access to such files upon request by the SBA. Accordingly, there is potential the District's PPP loan could be subject to further review by the SBA and that previously recognized forgiveness could be reversed based on the outcome of this review.

NOTE 14 CONDENSED COMBINING INFORMATION

Statement of net position as of June 30:

	Hospital	Foundation	Auxiliary	Pioneer Home Health Care	Total
Assets and Deferred Outflows of Resources					
Assets					
Current Assets	$ 56,488,112	$ 187,768	$ 62,216	$ -	$ 56,738,096
Capital Assets, Net	85,034,115	-	-	-	85,034,115
Other Assets	2,109,303	-	-	-	2,109,303
Total Assets	143,631,530	187,768	62,216	-	143,881,514
Deferred Outflows of Resources	16,635,874	-	-	-	16,635,874
Total Assets and Deferred Outflows of Resources	160,267,404	187,768	62,216	-	160,517,388
Liabilities, Deferred Inflows of Resources, and Net Position					
Liabilities					
Current Liabilities	20,038,685	63	-	-	20,038,748
Long-Term Liabilities	102,506,106	-	-	-	102,506,106
Total Liabilities	122,544,791	63	-	-	122,544,854
Deferred Inflows of Resources	1,942,292	-	-	-	1,942,292
Net Position					
Net Investment in Capital Assets	23,743,975	-	-	-	23,743,975
Restricted	1,466,354	-	-	-	1,466,354
Unrestricted	10,569,992	187,705	62,216	-	10,819,913
Total Net Position	35,780,321	187,705	62,216	-	36,030,242
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 160,267,404	$ 187,768	$ 62,216	$ -	$ 160,517,388

Operating results and changes in net position for the year ended June 30:

	Hospital	Foundation	Auxiliary	Pioneer Home Health Care	Total
OPERATING REVENUES					
Net Patient Service Revenue	$ 89,048,456	$ -	$ -	$ 549,396	$ 89,597,852
Other Operating Revenue	2,335,327	6,902	32,508	109,844	2,484,581
Total Operating Revenues	91,383,783	6,902	32,508	659,240	92,082,433
OPERATING EXPENSES					
Depreciation and Amortization	5,202,445	-	-	8,779	5,211,224
Other Operating Expenses	109,263,693	101,525	47,717	362,423	109,775,358
Total Operating Expenses	114,466,138	101,525	47,717	371,202	114,986,582
OPERATING LOSS	(23,082,355)	(94,623)	(15,209)	288,038	(22,904,149)
NET NONOPERATING REVENUES	12,767,045	27,837	-	(1,117,288)	11,677,594
Revenues in Excess of (Less Than) Expenses and Change in Net Position	(10,315,310)	(66,786)	(15,209)	(829,250)	(11,226,555)
Net Position - Beginning of Year, As Previously Stated	46,411,585	254,491	77,425	829,250	47,572,751
Accretted Interest Adjustment	627,879	-	-	-	627,879
GASB 96 Adjustment	(886,203)	-	-	-	(886,203)
GASB 87 Adjustment	(57,630)	-	-	-	(57,630)
Net Position - Beginning of Year, As Restated	46,095,631	254,491	77,425	829,250	47,256,797
NET POSITION - END OF YEAR	$ 35,780,321	$ 187,705	$ 62,216	$ -	$ 36,030,242

NOTE 14 CONDENSED COMBINING INFORMATION (CONTINUED)

Statement of Cash Flows as of June 30:

	Hospital	Foundation	Auxiliary	Pioneer Home Health Care	Total
Net Cash Provided (Used) by Operating Activities	$ (10,803,100)	$ (94,560)	$ (15,209)	$ 202,031	$ (10,710,838)
Net Cash Provided (Used) by Noncapital Financing Activities	9,754,040	20,591	-	348,238	10,122,869
Net Cash Provided (Used) by Capital and Capital Related Financing Activities	(7,492,425)	-	-	32,672	(7,459,753)
Net Cash Provided (Used) by Investing Activities	789,620	7,246	-	(1,191,202)	(394,336)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,751,865)	(66,723)	(15,209)	(608,261)	(8,442,058)
Cash and Cash Equivalents - Beginning of Year	41,497,487	254,491	77,425	608,261	42,437,664
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 33,745,622	$ 187,768	$ 62,216	$ -	$ 33,995,606

NOTE 15 RELATED PARTY TRANSACTIONS

In the ordinary course of business, the District has and expects to continue to have transactions with its employees and elected officials. In the opinion of management, such transactions were on substantially the same terms, including interest rates and collateral, as those prevailing at the time of comparable transactions with other persons and did not involve more than a normal risk of collectability or present any other unfavorable features to the District.

NOTE 16 PRIOR PERIOD ADJUSTMENTS

The District, for the year ended June 30, 2022 and periods prior, did not record two leases in accordance with the guidance under GASB 87.As a result the beginning lease asset and related liability accounts, along with equipment and the related long term debt have been restated to restated to reflect an decrease in the Districts net position of $57,630

The District, for the year ended June 30, 2022, recorded their accreted interest based on the date when the payments are due, rather than the Districts fiscal year end. As a result, the Districts beginning long term debt have been restated to reflect an increase in the Districts net position of $627,879.

As of July 1, 2022, the District adopted the GASB Statement No 96, *Subscription-Based Information Technology Arrangements* as noted I note 1 to the financial statements. As a result the Districts beginning SBITA asset and related liability accounts have been restated to reflect a decrease in the Districts net position of $886,203.

NOTE 16 PRIOR PERIOD ADJUSTMENTS (CONTINUED)

The changes in the District's statements of net position as of June 30, 2022 are presented in the following tables:

	As Previously Stated	Prior Period Adjustment	As Restated
ASSETS AND DEFERRED OUTLFOWS OF RESOURCES			
Current Assets	$ 68,918,718	$ -	$ 68,918,718
Noncurrent Assets	$ 2,551,712	-	$ 2,551,712
Capital Assets, Net	76,907,724	8,622,429	85,530,153
Deferred Outflows of Resources	20,339,740	-	20,339,740
Total Assets and Deferred Outflows of Resources	$ 168,717,894	$ 8,622,429	$ 177,340,323
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Current Liabilities	$ 18,270,027	$ 1,226,660	$ 19,496,687
Noncurrent Liabilities	100,868,263	7,711,723	108,579,986
Deferred Inflows of Resources	2,146,080	-	2,146,080
Net Position	47,572,751	(315,954)	47,256,797
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 168,857,121	$ 8,622,429	$ 177,479,550

NORTHERN INYO HEALTHCARE DISTRICT

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS – PENSION PLAN LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service Cost	$ 1,376,714	$ 1,706,921	$ 1,951,401	$ 1,781,772	$ 2,121,997	$ 2,281,116	$ 2,812,178	$ 2,219,985	$ 2,683,298
Interest on the Total Pension Liability	2,183,032	2,179,367	2,298,637	2,694,973	2,726,359	2,805,649	3,053,437	3,047,939	3,356,235
Differences Between Expected and Actual Experience	3,910,725	769,805	880,397	2,640,361	3,016,650	1,343,607	(3,295,677)	1,385,608	108,261
Changes in Assumptions	-	96,057	1,737,567	6,850,017	(84,200)	(185,137)	(417,283)	12,966,856	(1,841,294)
Benefit Payments	(2,603,583)	(6,023,511)	(13,117,516)	(8,053,422)	(8,082,821)	(5,554,354)	(7,575,753)	(8,213,871)	(9,321,220)
Net Change in Total Pension Liability	4,866,888	(1,271,361)	(6,249,514)	5,913,701	(302,015)	690,881	(5,423,098)	11,406,517	(5,014,720)
Total Pension Liability - Beginning	54,488,111	55,759,472	62,008,986	56,095,285	56,397,300	56,575,151	61,998,249	50,591,732	55,606,452
Total Pension Liability - Ending (a)	$ 59,354,999	$ 54,488,111	$ 55,759,472	$ 62,008,986	$ 56,095,285	$ 57,266,032	$ 56,575,151	$ 61,998,249	$ 50,591,732
Plan Fiduciary Net Position									
Contributions - Employer	$ 7,403,934	$ 347,300	$ 3,000,000	$ 5,242,000	$ 6,300,000	$ 5,340,000	$ 5,340,000	$ 3,900,000	$ 4,320,000
Net Investment Income (Loss)	817,781	2,082,706	(746,702)	1,893,587	(116,063)	(292,381)	(126,769)	880,376	1,223,136
Benefit Payments	(2,603,583)	(6,023,511)	(13,117,516)	(8,053,422)	(8,082,821)	(5,554,354)	(7,575,753)	(8,213,871)	(9,321,220)
Administrative Expense	(58,167)	(57,983)	(54,472)	(58,625)	(64,562)	(88,502)	(55,640)	(51,336)	-
Net Change in Plan Fiduciary Net Position	5,559,965	(3,651,488)	(10,918,690)	(976,460)	(1,963,446)	(595,237)	(2,418,162)	(3,484,831)	(3,778,084)
Plan Fiduciary Net Position - Beginning	6,537,371	10,188,859	21,107,549	22,084,009	24,047,455	26,087,619	28,505,781	31,990,612	35,768,696
Plan Fiduciary Net Position - Ending (b)	12,097,336	6,537,371	10,188,859	21,107,549	22,084,009	25,492,382	26,087,619	28,505,781	31,990,612
Net Pension Liability - Ending (a)-(b)	$ 47,257,663	$ 47,950,740	$ 45,570,613	$ 40,901,437	$ 34,011,276	$ 31,773,650	$ 30,487,532	$ 33,492,468	$ 18,601,120
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability									
Covered Payroll	$ 8,609,073	$ 9,243,630	$ 9,302,388	$ 10,780,522	$ 11,537,345	$ 12,968,106	$ 13,529,712	$ 15,892,425	$ 17,664,833
Net Pension Liability as Percentage of Covered Payroll	548.93 %	518.74 %	489.88 %	379.40 %	294.79 %	245.01 %	225.34 %	210.74 %	105.30 %
Measurement Date	December 30, 2022	December 30, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014

Notes to Schedule:

* - Fiscal year 2015 was the 1st year of implementation; therefore only nine years are shown. Will have 10 years presented by 2024.

NORTHERN INYO HEALTHCARE DISTRICT
SCHEDULES OF CONTRIBUTIONS – PENSION PLAN
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	$ 4,960,082	$ 9,056,000	$ 7,752,000	$ 6,072,000	$ 5,484,000	$ 4,716,000	$ 5,340,000	$ 3,900,000	$ 4,320,000
Contributions in Relation to the Actuarially Determined Contributions	5,973,722	5,599,234	3,000,000	5,500,000	6,060,000	5,340,000	5,340,000	3,900,000	4,320,000
Contribution Deficiency (Excess)	$ (1,013,640)	$ 3,456,766	$ 4,752,000	$ 572,000	$ (576,000)	$ (624,000)	$ -	$ -	$ -
Covered Payroll	$ 8,609,073	$ 9,243,630	$ 9,302,388	$ 10,780,522	$ 11,537,345	$ 12,968,106	$ 13,529,712	$ 15,892,425	$ 17,664,833
Contributions as a Percentage of Covered Payroll	69.39 %	60.57 %	32.25 %	51.02 %	52.53 %	41.18 %	39.47 %	24.54 %	24.46 %

Notes to Schedule	
Valuation Date:	January 1, 2023
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization method	Level Percent of Payroll
Remaining Amortization Period	15 Years
Asset Valuation Method	Market value
Inflation	2.40%
Salary Increases	3%, Including Inflation
Investment Rate of Return	4.00%
Retirement Age	65, or 70

* - Fiscal year 2015 was the 1st year of implementation; therefore only nine years are shown. Will have 10 years presented by 2024.

NORTHERN INYO HEALTHCARE DISTRICT
SCHEDULE OF INVESTMENT RETURNS – PENSION PLAN
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.33 %	36.17 %	(4.36)%	8.74 %	(0.47)%	(1.16)%	(0.48)%	3.11 %	3.86 %

* - Fiscal year 2015 was the 1st year of implementation; therefore only nine years are shown. Will have 10 years presented by 2024.

NORTHERN INYO HEALTHCARE DISTRICT
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	Hospital	Foundation	Auxiliary	Pioneer Home Health Care	Total
Assets and Deferred Outflows of Resources					
Current Assets					
Cash and Investments	$ 31,636,319	$ 187,768	$ 62,216	$ -	$ 31,886,303
Receivables					
Patient, Net of Estimated Uncollectibles	14,844,628	-	-	-	14,844,628
Leases Receivable	68,610				68,610
Other Receivables	2,985,454	-	-	-	2,985,454
Inventory	5,159,472	-	-	-	5,159,472
Prepaid Expenses and Other Assets	1,793,629	-	-	-	1,793,629
Total Current Assets	56,488,112	187,768	62,216	-	56,738,096
Noncurrent Cash and Investments					
Restricted for Specific Operating Purposes and Capital Improvements	1,466,355	-	-	-	1,466,355
Restricted by Trustee for Debt Reserve	642,948	-	-	-	642,948
Total Noncurrent Cash and Investments	2,109,303	-	-	-	2,109,303
Capital Assets					
Capital Assets not Being Depreciated/Amortized	10,293,090	-	-	-	10,293,090
Capital Assets Being Depreciated/Amortized, Net	74,741,025	-	-	-	74,741,025
Total Capital Assets	85,034,115	-	-	-	85,034,115
Total Assets	143,631,530	187,768	62,216	-	143,881,514
Deferred Outflows of Resources					
Deferred Outflows Related to Pensions	15,684,846	-	-	-	15,684,846
Deferred Outflows Related to Refunding	435,242	-	-	-	435,242
Deferred Outflows Related to Acquisition	515,786	-	-	-	515,786
Total Deferred Outflows of Resources	16,635,874	-	-	-	16,635,874
Total Assets and Deferred Outflows of Resources	$ 160,267,404	$ 187,768	$ 62,216	$ -	$ 160,517,388

NORTHERN INYO HEALTHCARE DISTRICT
COMBINING STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2023

	Hospital	Foundation	Foundation	Pioneer Home Health Care	Total
Liabilities, Deferred Inflows of Resources, and Net Position					
Current Liabilities					
Current Maturities of Long-Term Debt	$ 4,476,169	$ -	$ -	$ -	$ 4,476,169
Current Maturities Related to Leases	307,222				307,222
Current Maturities Related to SBITA's	1,258,306				1,258,306
Other Liabilities	169,683	-	-	-	169,683
Accounts Payable					
Trade	4,958,802	63	-	-	4,958,865
Estimated Third-Party Payor Settlements	429,830	-	-	-	429,830
Accrued Expenses					
Salaries and Wages	7,568,839	-	-	-	7,568,839
Interest and Sales Taxes	120,554	-	-	-	120,554
Self-Insurance Claims	749,280	-	-	-	749,280
Total Current Liabilities	20,038,685	63	-	-	20,038,748
Lease Liability, Less Current Maturities	175,426				175,426
SBITA Liability, Less Current Maturities	7,373,118				7,373,118
Long-Term Debt, Less Current Maturities	47,699,899	-	-	-	47,699,899
Net Pension Liability	47,257,663	-	-	-	47,257,663
Total Liabilities	122,544,791	63	-	-	122,544,854
Deferred Inflows of Resources					
Deferred Inflows Related to Pensions	1,873,995	-	-	-	1,873,995
Deferred Inflows Related to Lease Receivables	68,297	-	-	-	68,297
Total Deferred Inflows of Resources	1,942,292	-	-	-	1,942,292
Net Position					
Net Investment in Capital Assets	23,743,975	-	-	-	23,743,975

NORTHERN INYO HEALTHCARE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

	Hospital	Foundation	Auxiliary	Pioneer Home Health Care	Total
Operating Revenues					
Net Patient Service Revenue	$ 89,048,456	$ -	$ -	$ 549,396	$ 89,597,852
Other Revenue	2,335,327	6,902	32,508	109,844	2,484,581
Total Operating Revenues	91,383,783	6,902	32,508	659,240	92,082,433
Operating Expenses					
Salaries and Wages	44,620,347	-	-	240,453	44,860,800
Employee Benefits	25,880,256	-	-	52,040	25,932,296
Professional Fees and Purchased Services	17,771,723	1,295	-	7,608	17,780,626
Supplies	9,696,663	-	-	6,017	9,702,680
Purchased Services	6,110,897	-	-	2,285	6,113,182
Depreciation and Amortization	5,202,445	-	-	8,779	5,211,224
Other	5,183,807	100,230	47,717	54,020	5,385,774
Total Operating Expenses	114,466,138	101,525	47,717	371,202	114,986,582
OPERATING LOSS	(23,082,355)	(94,623)	(15,209)	288,038	(22,904,149)
Nonoperating Revenues (Expenses)					
Property Tax for Operations	803,714	-	-	-	803,714
Property Tax for Debt Service	2,202,159	-	-	-	2,202,159
Investment Income	695,176	7,246	-	-	702,422
Interest Expense	(2,428,853)	-	-	(5,297)	(2,434,150)
Noncapital Contributions and Grants	11,406,301	20,591	-	348,238	11,775,130
Loss on Divesture of Pioneer Home Health Care	-	-	-	(1,460,229)	(1,460,229)
Rental Income	88,548	-	-	-	88,548
Net Nonoperating Revenues	12,767,045	27,837	-	(1,117,288)	11,677,594
CHANGE IN NET POSITION	(10,315,310)	(66,786)	(15,209)	(829,250)	(11,226,555)
Net Position - Beginning of Year, As Previously Stated	46,411,585	254,491	77,425	829,250	47,572,751
Accretted Interest Adjustment	627,879	-	-	-	627,879
GASB 96 Adjustment	(886,203)	-	-	-	(886,203)
GASB 87 Adjustment	(57,630)	-	-	-	(57,630)
Net Position - Beginning of Year, As Restated	46,095,631	254,491	77,425	829,250	47,256,797

NORTHERN INYO HEALTHCARE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023

NORTHERN INYO HEALTHCARE DISTRICT
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

	Hospital	Foundation	Auxiliary	Pioneer Home Health Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from and on Behalf of Patients	$ 95,203,334	$ -	$ -	$ 542,969	$ 95,746,303
Payments to Suppliers and Contractors	(38,432,056)	(101,462)	(47,717)	10,066	(38,571,169)
Payments to and on Behalf of Employees	(64,873,610)	-	-	(406,828)	(65,280,438)
Other Receipts and Payments, Net	(2,700,768)	6,902	32,508	55,824	(2,605,534)
Net Cash Provided (Used) by Operating Activities	(10,803,100)	(94,560)	(15,209)	202,031	(10,710,838)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Noncapital Contributions and Grants	11,406,301	20,591	-	348,238	11,775,130
Property Taxes Received	803,714		-	-	803,714
Reduction of CMS Advance	(1,955,975)		-	-	(1,955,975)
Provider Relief Funds Received	-	-	-	-	-
Proceeds from CHFFA Loans	-	-	-	-	-
Payments on Line of Credit	(500,000)	-	-	-	(500,000)
Other	-	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	9,754,040	20,591	-	348,238	10,122,869
CASH FLOWS FROM CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES					
Principal Payments on Long-Term Debt	(2,223,377)	-	-	13,874	(2,209,503)
Proceeds from the Issuance of Refunding Revenue Bonds	-	-	-	-	-
Payment to Defease Revenue Bonds	-	-	-	-	-
Interest Paid	(1,199,873)	-	-	(5,297)	(1,205,170)
Purchase and Construction of Capital Assets	(4,665,072)	-	-	24,095	(4,640,977)
Payments on Lease Liability	(351,329)	-	-	-	(351,329)
Payments on Subscription Liability	(1,254,933)	-	-	-	(1,254,933)
Property Taxes Received	2,202,159	-	-	-	2,202,159
Net Cash Provided (Used) by Capital and Capital Related Financing Activities	(7,492,425)	-	-	32,672	(7,459,753)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment Income	695,176	7,246	-	-	702,422
Rental Income	94,444	-	-	-	94,444
Divesture of Pioneer Home Health Care	-	-	-	(1,191,202)	(1,191,202)
Net Cash Provided (Used) by Investing Activities	789,620	7,246	-	(1,191,202)	(394,336)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,751,865)	(66,723)	(15,209)	(608,261)	(8,442,058)
Cash and Cash Equivalents - Beginning of Year	41,497,487	254,491	77,425	608,261	42,437,664

NORTHERN INYO HEALTHCARE DISTRICT
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2023

	Hospital	Foundation	Auxiliary	Pioneer Home Health Care	Total
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION					
Cash and Investments in Current Assets	$ 31,636,319	$ 187,768	$ 62,216	$ -	$ 31,886,303
Cash and Investments in Noncurrent					
Cash and Investments	2,109,303	-	-	-	2,109,303
Total Cash and Cash Equivalents	$ 33,745,622	$ 187,768	$ 62,216	$ -	$ 33,995,606
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Loss	$ (23,082,355)	$ (94,623)	$ (15,209)	$ 288,038	$ (22,904,149)
Adjustments to Reconcile Operating income to Net Cash Provided (Used) by Operating Activities					
Depreciation and Amortization	5,202,445	-	-	8,779	5,211,224
Pension Expense	2,646,850	-	-	-	2,646,850
Provision for Bad Debts	16,523,817	-	-	-	16,523,817
(Increase) Decrease in Assets:					
Patient Receivables	(9,730,857)	-	-	(6,427)	(9,737,284)
Other Receivables	153,296	-	-	-	153,296
Inventory	(2,013,933)	-	-	-	(2,013,933)
Prepaid Expenses	(851,623)	-	-	3,526	(848,097)
Increase (Decrease in Liabilities:					
Accounts Payable	(1,292,096)	63	-	-	(1,292,033)
Estimated Third-Party Payor Settlements	(638,082)	-	-	-	(638,082)
Accrued Expenses	2,109,755	-	-	(91,885)	2,017,870
Other Liabilites	169,683	-			
Net Cash Provided (Used) by Operating Activities	$ (10,803,100)	$ (94,560)	$ (15,209)	$ 202,031	$ (10,710,838)
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND CAPITAL RELATED FINANCING ACTIVITIES					
Lease Assets Received in Exchange for Lease Liability	$ 216,634	$ -	$ -	$ -	$ 216,634
Subscription Assets Received in Exchange for Subscription Liability	$ 51,948	$ -	$ -	$ -	$ 51,948

NORTHERN INYO HEALTHCARE DISTRICT
STATISTICAL INFORMATION
LAST SEVEN YEARS

	2023	2022	2021	2020	2019	2018	2017
Bed Complement							
Medical/Surgical	11	11	11	11	11	11	11
Prenatal/Obstetrics	6	6	6	6	6	6	6
Pediatric	4	4	4	4	4	4	4
Intensive Care	4	4	4	4	4	4	4
Total Licensed Bed Capacity	25	25	25	25	25	25	25
Utilization							
License Beds	25	25	25	25	25	25	25
Patient Days	2,458	2,646	2,931	2,968	3,257	3,474	3,777
Discharges	1,019	993	1,050	1,104	1,037	1,106	1,136
Occupancy Percentage	27%	29%	32%	33%	36%	38%	41%
Average Stay (Days)	2	3	3	3	3	3	3
Emergency Room Visits	9,866	8,730	7,066	8,262	9,153	8,798	8,734
Outpatient Visits	43,678	44,067	48,938	40,472	38,960	38,651	38,454
Medical Staff							
Active	50	49	50	54	50	53	44
Consulting	26	21	25	19	17	17	30
Honorary	2	2	2	11	11	11	10
AHP	16	16	18	18	12	10	8
Other - Telemedicine	38	32	30	33	27	-	-
Total Practitioners	132	120	125	135	117	91	92
Employees							
Full-Time	329	350	370	361	362	330	396
Part-Time and Per Diem	112	104	113	124	131	126	98
Total Employees	441	454	483	485	493	456	494
Full-Time Equivalents	384	348	349	374	375	393	321

NORTHERN INYO HEALTHCARE DISTRICT
STATISTICAL INFORMATION (CONTINUED)
LAST SEVEN YEARS

Bond Debt Service Cover (Thousands)	2023	2022	2021	2020	2019	2018	2017
Excess (Deficit) of Revenue Over Expenses	$ (11,227)	$ (842)	$ 8,650	$ (2,641)	$ 1,725	$ 1,696	$ 1,086
Add:							
Depreciation Expense	5,211	4,161	4,170	4,302	4,267	4,457	5,167
Interest Expense	2,434	2,616	3,890	2,377	2,912	2,893	3,299
Available to meet Debt Service	$ (3,582)	$ 5,935	$ 16,710	$ 4,038	$ 8,904	$ 9,046	$ 9,552
Actual Debt Service (Principal and Interest):							
2009 General Obligation Bonds	$ 1,145	$ 1,100	$ 1,020	$ 860	$ 1,364	$ 955	$ 625
2016 General Obligation Bonds	981	1,317	865	1,242	1,178	1,179	1,182
2010 Revenue Bonds	-	1,209	1,204	1,179	765	769	764
2013 Revenue Bonds	-	765	769	762	864	814	860
2021 A Refunding Revenue Bonds	113	48	-	-	-	-	-
2021 B Refunding Revenue Bonds	864	84	-	-	-	-	-
Financed Purchases	20	394	382	-	-	-	-
Totals	$ 3,123	$ 4,917	$ 4,240	$ 4,043	$ 4,171	$ 3,717	$ 3,431
Historical Debt Service Coverage Ratio	(1.15)	1.21	3.94	1.00	2.13	2.43	2.78

Details regarding the District's outstanding debt can be found in the notes to the financial statements. General obligation bonds are secured by ad valorem taxes on all property within the District subject to taxation by the District. Revenue bonds are secured by a pledge of revenue set forth under the indenture. The coverage calculations presented in this schedule differ from those required by the 2021A and 2021B bond indentures.