Basic Financial Statements and Supplementary Information
June 30, 2022

Northern Inyo Healthcare District

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
Northern Inyo Healthcare District
Bishop, California

Report on the Audit of the Financial Statements

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities the District, as of June 30, 2022, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(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.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2023 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.

Eide Bailly LLP

Sacramento, California
April 28, 2023

Current Assets	
Cash and cash equivalents	$ 39,885,950
Receivables	
Patient, net of estimated uncollectibles	21,802,947
Other receivables	3,138,750
Inventory	3,145,539
Prepaid expenses and other assets	945,532
Total current assets	68,918,718
Noncurrent Cash and Investments	
Restricted for specific operating purposes and capital improvements	1,953,496
Restricted by trustee for debt reserve	598,216
Total noncurrent cash and investments	2,551,712
Capital Assets	
Capital assets not being depreciated	6,176,495
Capital assets being depreciated, net	70,731,229
Total capital assets	76,907,724
Total assets	148,378,154
Deferred Outflows of Resources	
Deferred outflows related to pensions	19,296,858
Deferred outflows related to refunding	504,172
Deferred outflows related to acquisition	538,710
Total deferred outflows of resources	20,339,740
Total assets and deferred outflows of resources	$ 168,717,894

Current Liabilities	
Notes payable	$ 500,000
Current maturities of long-term debt	1,992,146
Current maturities of CMS advance	2,095,202
Accounts payable	
Trade	6,168,833
Estimated third-party payor settlements	1,067,912
Accrued expenses	
Salaries and wages	4,253,699
Interest and sales taxes	108,094
Self-insurance claims	1,202,957
Unearned revenue	881,184
Total current liabilities	18,270,027
Long-Term Debt, Less Current Maturities	52,917,523
Net Pension Liability	47,950,740
Total liabilties	118,999,063
Deferred Inflows of Resources	
Deferred inflows related to pensions	2,146,080
Net Position	
Net investment in capital assets	24,022,813
Restricted	
Programs	105,460
Capital Improvements	1,848,036
Unrestricted	21,596,442
Total net position	47,572,751
Total liabilities, deferred inflows of resources, and net position	$ 168,717,894

Operating Revenues	
Net patient service revenue	$ 92,008,470
Other revenue	6,811,185
Total operating revenues	98,819,655
Operating Expenses	
Salaries and wages	42,542,168
Employee benefits	24,257,917
Professional fees and purchased services	15,791,529
Supplies	12,676,432
Purchased services	4,886,029
Depreciation and amortization	4,160,976
Other	8,916,502
Total operating expenses	113,231,553
Operating Loss	(14,411,898)
Nonoperating Revenues (Expenses)	
Property tax for operations	830,305
Property tax for debt service	2,369,523
Investment income	146,779
Interest expense	(2,615,776)
Noncapital contributions and grants	551,080
Provider relief funds	3,065,371
Paycheck protection program loan forgiveness	9,218,579
Gain on disposal of capital assets	1,735
Rental income	1,826
Net nonoperating revenues	13,569,422
Change in Net Position	(842,476)
Net Position, Beginning of Year	48,415,227
Net Position, End of Year	$ 47,572,751

Operating Activities	
Receipts from and on behalf of patients	$ 86,006,869
Payments to suppliers and contractors	(39,218,829)
Payments to and on behalf employees	(65,572,931)
Other receipts and payments, net	13,574,597
Net Cash used for Operating Activities	(5,210,294)
Noncapital Financing Activities	
Noncapital contributions and grants	639,687
Property taxes received	830,305
Reduction of CMS advance	(11,733,984)
Provider relief funds received	3,065,371
Proceeds from CHFFA loans	981,877
Proceeds from line of credit	500,000
Other	56,419
Net Cash used for Noncapital Financing Activities	(5,660,325)
Capital and Capital Related Financing Activities	
Principal payments on long-term debt	(2,564,629)
Proceeds from the issuance of refunding revenue bonds	11,845,000
Payment to defease revenue bonds	(12,530,000)
Interest paid	(2,634,420)
Purchase and construction of capital assets	(3,735,161)
Cash paid on note payable for acquisition of PMA capital assets	(917,488)
Property taxes received	2,369,523
Net Cash used for Capital and Capital Related Financing Activities	(8,167,175)
Investing Activites	
Investment income	146,779
Net Cash from Investing Activities	146,779
Net Change in Cash and Cash Equivalents	(18,891,015)
Cash and Cash Equivalents, Beginning of Year	61,328,677
Cash and Cash Equivalents, End of Year	$ 42,437,662

Reconciliation of Cash and Cash Equivalents to the Statements of Net Position	
Cash and cash equivalents in current assets	$ 39,885,950
Cash and cash equivalents in noncurrent cash and investments	2,551,712
Total cash and cash equivalents	$ 42,437,662
Reconciliation of Operating Loss to Net Cash used for Operating Activities	
Operating loss	$ (14,411,898)
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation and amortization	4,160,976
Pension expense	1,499,947
Provision for bad debts	12,629,745
Changes in assets and liabilities	
Patient receivables	(19,955,995)
Other receivables	6,764,887
Inventory	229,307
Prepaid expenses	456,216
Accounts payable	1,929,339
Estimated third-party payor settlements	1,323,174
Accrued expenses	164,008
Net Cash used for Operating Activities	$ (5,210,294)
Supplemental Disclosure of Noncash Capital and Capital Related Financing Activities:	
Paycheck Protection Program Loan Forgiveness	$ 9,218,579
Amortization of PMA excess acquisition	$ 34,387
Purchase of Equipment on Account	$ 750,000

Assets		
Investments at fair value		
Cash and cash equivelents	$	46,140
Fixed dollar account		3,597,144
Indexed bond fund		2,894,087
Total assets	$	6,537,371
Net Position		
Restricted for		
Pensions	$	6,537,371
Total liabilities and net position	$	6,537,371

Additions	
Contributions	
Employer	$ 347,300
Investment earnings	
Interest, dividends, and other	2,082,706
Total investment earnings	2,082,706
Total additions	2,430,006
Deductions	
Benefits paid to participants or beneficiaries	(6,023,511)
Administrative expenses	(57,983)
Total deductions	(6,081,494)
Change in Net Position	(3,651,488)
Net Position, Beginning of Year	10,188,859
Net Position, End of Year	$ 6,537,371

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 ends is May 31, 2022. 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 is the sole corporate owner of PHHC and for this reason it is a blended component unit of the District. PHHC's fiscal year ends December 31, 2021. 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, 2021. Separate financial statements for the fiduciary component unit are not available.

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.

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 cash and investments held under indenture agreements or restricted for programs. Northern Inyo Healthcare District

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.

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.

Inventories

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

Fair Value Measurement

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:

- 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 orother 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 acquisiton 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	2-25 years
Buildings and improvements	2-25 years
Equipment	3-20 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.

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 categoryIt 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, contribitions 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.

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.

Unearned Revenue

Unearned revenue arise when resources are unearned by the District and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized.

Unearned revenue consists of receipts of federal awards, including unexpended American Resucu Plan (ARP) Rural Distribution payments, and other grants for which the earnings process was not yet completed at June 30, 2022 because the eligibility requirements were not yet met.

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 $340,000 for the year ended June 30, 2022, 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.

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.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

Effective in Current Fiscal Year

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after June 15, 2021. The District has determined the statement did not have an impact on the financial statements.

GASB Statement No. 89 – In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The Statement is effective for reporting periods beginning after December 15, 2020. The District has determined the statement did not have an impact on the financial statements.

GASB Statement No. 92 – In January 2020, the GASB issued Statement No. 92, *Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practices issues that have been identified during implementation and application of certain GASB Statements. The Statement is effective for reporting periods beginning after June 15, 2021. The District has determined the statement did not have an impact on the financial statements.

GASB Statement No. 93 – In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an IBOR. The Statement is effective for reporting periods beginning after June 15, 2021. The District has determined the statement did not have an impact on the financial statements.

GASB Statement No. 97 – In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.* The objective of this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Statement is effective for reporting periods beginning after June 15, 2021. The District has determined the statement did not have an impact on the financial statements.

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. 91 - *Conduit Debt Obligations*
GASB Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements*
GASB Statement No. 99 - *Omnibus 2022*
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.

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 36% and 10% of the District's net patient service revenue for the year ended June 30, 2022.

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, 2022 increased/decreased $43,000 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 $1,376,622 in the year ended June 30, 2022.

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 $973,436 in the year ended June 30, 2022, 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 $1,542,364 in the year ended June 30, 2022. Amounts due under this program total $1,542,364 as of June 30, 2022 and are reported as other receeivables 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.

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, 2022, was $2,095,202.

Note 3 - Deposits and Investments

The carrying amounts of deposits and investments as of June 30, 2022 are as follows:

Carrying Amount	
Petty cash	$ 2,556
Cash and deposits	11,922,570
Investments	30,512,536
Total	$ 42,437,662

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

Cash and investments	$ 39,885,950
Restricted for nurses scholarships and debt service	1,953,496
Restricted for debt service reserve	598,216
	$ 42,437,662

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 portfolio: *	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 fund (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.

Authorized investment type	Maximum maturity:	Maximum percentage of portfolio:	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, 2022:

			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	2,274,314	P-1/Aa1	2,274,314	-	-
Mutual Funds	192,544	AAAm	192,544	-	-
Money Market Mutual Funds	23,216	AAAm	23,216	-	-
Local Agency Investment Fund	27,447,462	Not Rated	27,447,462	-	-
Total	$ 30,512,536		$ 29,937,536	$ -	$ 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.

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, 2022, $10,500,416 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, 2022, are as follows:

Investments by fair value	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
District Investments				
Certificates of Deposit	$ 2,274,314	$ -	$ 2,274,314	$ -
Mutual Funds	192,544	192,544	-	-
Money Market Mutual Funds	23,216	23,216	-	-
Total District Investments Measured at Fair Value	2,490,074	$ 215,760	$ 2,274,314	$ -
Investments not measured at fair value or subject to fair value hierarchy				
Local Agency Investment Fund	27,447,462			
Guaranteed Investment Contract	575,000			
Total District Investments	$ 30,512,536			

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, 2022, 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
Indexed bond fund	$ 2,894,087	AA+	$ 2,894,087	$ -	$ -
Fixed dollar account	3,597,144	AA+	3,597,144	-	-
Money Market Mutual Funds	46,410	A	46,410	-	-
Total	$ 6,537,641		$ 6,537,641	$ -	$ -

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, 2022:

Gross accounts receivable	$ 52,635,311
Less:	
Contractual adjustments	(17,750,622)
Provision for uncollectible accounts	(13,081,742)
Patient receivables, net	$ 21,802,947

Note 5 - Net Patient Service Revenue

Net patient service revenue for the District consisted of the following for the year ended June 30, 2022:

Gross patient service revenue	$ 183,270,425
Less:	
Contractual adjustments	(78,632,210)
Provision for uncollectible accounts	(12,629,745)
Net patient service revenue	$ 92,008,470

Note 6 - Capital Assets

Capital assets additions, retirements, transfers and balances for the year ended June 30, 2022, are as follows:

Depreciation expense for the year ended June 30, 2022 was $4,126,589 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, 2022, represents the ICU Building Retrofit. The estimated cost to complete this project is $1.164 million with construction commitments of $1.164 million as of June 30, 2022, which will be financed with District funds.

Note 7 - Long-Term Debt

Long-term debt consists of the following at June 30, 2022:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
General Obligation Bonds					
Direct Placement - 2016 General Obligation Refunding Bonds	$ 16,118,000	$ -	$ (350,000)	$ 15,768,000	$ 445,000
2009 General Obligation Bonds	7,726,947	-	(417,000)	7,309,947	402,000
Revenue Bonds					
Revenue Bonds, 2010 Series	5,060,000	-	(5,060,000)	-	-
Revenue Bonds, 2013 Series	8,730,000	-	(8,730,000)	-	-
Direct Placement - Refunding Revenue Bonds, Series 2021A	-	3,220,000	-	3,220,000	-
Direct Placement - Refunding Revenue Bonds, Series 2021B	-	8,625,000	-	8,625,000	620,000
Subtotal Bonds Payable	37,634,947	11,845,000	(14,557,000)	34,922,947	1,467,000
Bond premiums:					
2009 General Obligation Bonds	278,552	-	(37,645)	240,907	-
2013 Revenue Bonds	101,016	-	(101,016)	-	-
Total Bonds Payable	38,014,515	11,845,000	(14,695,661)	35,163,854	1,467,000
Accreted Interest - 2009 General Obligation Bonds	16,213,171	511,959	-	16,725,130	-
Financed purchases - Direct borrowings:					
Equipment purchase	-	750,000	-	750,000	98,170
Intuitive Surgical	1,180,122	-	(333,036)	885,520	360,031
7 Medical	208,057	-	(60,837)	147,220	61,590
Total Capital Lease Obligations	1,388,179	750,000	(393,873)	1,782,740	519,791
Direct borrowings:					
Pioneer Home Health Mortgage	261,164	-	(5,064)	256,068	5,355
Subtotal long-term debt	55,877,029	13,106,959	(15,094,598)	53,927,792	1,992,146
Other Liabilities					
Direct borrowings:					
Line of credit	-	500,000	-	500,000	500,000
CHFFA bridge loan #1	-	497,000	-	497,000	-
CHFFA bridge loan #2	-	484,877	-	484,877	-
Notes payable - PMA Acquisition	917,488	-	(917,488)	-	-
Paycheck Protection Payment Loan - District	8,927,628	-	(8,927,628)	-	-
Paycheck Protection Payment Loan - PHHC	290,951	-	(290,951)	-	-
CMS Advance	13,689,959	-	(11,594,757)	2,095,202	2,095,202
Total long-term debt	$ 79,703,055	$ 14,588,836	$ (36,825,422)	$ 57,504,871	$ 4,587,348

The terms and due dates of the District's general obligation bonds at June 30, 2022, 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.

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.

Revenue Bonds, 2010 Series

On April 14, 2010, the District issued $11,600,000 in Revenue Bonds, 2010 Series to finance the replacement hospital, finance the bond reserve account, and pay certain costs of issuance related to the 2010 Bonds.

Interest on the 2010 Bonds is payable semiannually on June 1 and December 1 at rates ranging from 5.000% to 6.375%. Mandatory sinking fund deposits to retire the bonds on their term maturity dates, ranging from $510,000 to $1,145,000, are due annually through December 2025. The 2010 Bonds maturing on December 1, 2021, may be called by the District beginning December 1, 2016.

On December 1, 2021 the Revenue Bonds, 2010 Series were refunded through the issuance of the Refunding Revenue Bonds, Series 2021A.

Revenue Bonds, 2013 Series

On January 17, 2013, the District issued $11,335,000 in Revenue Bonds, 2013 Series to finance the replacement hospital, finance the bond reserve account, and pay certain costs of issuance related to the 2013 Bonds.

Interest on the 2013 Bonds is payable semi-annually on June 1 and December 1 at rates ranging from 3.875% to 5.000%. Mandatory sinking fund deposits to retire the bonds on their term maturity dates, ranging from$295,000 to $1,805,000, are due annually through December 2029.

On December 1, 2021 the Revenue Bonds, 2010 Series were refunded through the issuance of the Refunding Revenue Bonds, Series 2021B.

<u>Direct placements:</u>

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.

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 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.

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.

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, 2022, $8,360,000 of the Series 2013 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 drawn down an amount of $500,000 which is due to be paid back on April 23, 2023. As of the end of the fiscal year, the unused line of credit was $3,000,000.

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.

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.

Nondesignated Public Hosipital 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:

Years Ending June 30,	General Obligation Bonds Principal	General Obligation Bonds Interest	Revenue Bonds Principal	Revenue Bonds Interest	Direct Borrowings Principal	Direct Borrowings Interest	Totals Principal	Totals Interest
2023	$ 847,000	$ 1,279,287	$ 620,000	$ 356,331	$ 3,120,348	$ 63,287	$ 4,587,348	$ 1,698,905
2024	1,054,855	1,201,283	665,000	352,757	1,923,050	41,247	3,642,905	1,595,287
2025	1,106,909	1,294,595	670,000	336,860	125,628	16,097	1,902,537	1,647,552
2026	1,171,947	1,383,336	690,000	315,100	106,968	12,969	1,968,915	1,711,405
2027	1,232,981	1,488,253	710,000	292,700	110,072	9,864	2,053,053	1,790,817
2028-2032	7,712,035	8,694,257	3,905,000	1,101,980	229,821	10,053	11,846,856	9,806,290
2033-2037	9,015,597	11,125,367	4,585,000	408,126	-	-	13,600,597	11,533,493
2038-2042	936,623	5,628,705	-	-	-	-	936,623	5,628,705
Sub-Totals	$23,077,947	$32,095,083	$11,845,000	$ 3,163,853	$ 5,615,887	$ 153,517	40,538,834	$35,412,453
						Premium on Bonds	240,907	
						Accreted Interest	16,725,130	
						Total	$57,504,871	

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.

Paycheck Protection Program Note Payable

In May 2020, the District and PHHC were granted a $8,927,628 and $290,951 loan, respectively, under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. Each loan is uncollateralized and is fully guaranteed by the Federal government. The District and PHHC were eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The District and PHHC applied for and received notification from the SBA that the PPP loans have been fully forgiven. As such, there is no payable balance as of June 30, 2022 and the District and PHHC have recorded $8,927,628 and $290,951 respectively, to recognize forgiveness income for the year ended June 30, 2022.

Note 8 - 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, 2022, 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	19.0%

Employees covered at December 31, 2021, by the benefit terms for the Plan are as follows:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	72
Active employees	104
Total	180

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, 2022, the employer contribution was $347,300.

Rate of Return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 36.17%. 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, 2021:

Asset Allocation	Percent of Total Plan Assets
Fixed dollar account	55.0%
Indexed bond fund	44.3%
Trust fund account	0.7%
Accrued contributions	0.0%
Total	100%

Net Pension Liability

The District’s net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial as of December 31, 2021.

Actuarial Assumptions - The total pension liability in the January 1, 2021 actuarial valuation were determined using the following actuarial assumptions:

Valuation Date	January 1, 2021
Measurement Date	December 31, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	4.00%
Projected salary increase	3.00%
Investment Rate of Return	4.00%

Mortality rates for pre-retirement were based on the Pri-2012 Private Retirement Plans Mortality Tables Report, using the Employee Amount-Weighted Mortality with Generational Projection from 2012 Base Year, and using Scale MP-2021. Mortality rates for post-retirement (Annuity) were based on the Pri-2012 Private Retirement Plans Mortality Tables Report, using the Retiree/Contingent-Survivor Amount-Weighted Mortality with Generational Projection from 2012 Base Year, and using Scale MP-2020. 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 4 years. DOP on or after July 1, 2009 based on the RP-2000 Table for Males set back 4 years.

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
Cash	0.16%	-0.93%
U.S. Fixed Income	92.08%	0.20%
U.S. Government Bonds	0.32%	-0.31%
U.S. Credit Bonds	1.78%	0.90%
U.S. Mortgages	2.14%	0.32%
U.S. Municipal Bonds	0.40%	0.19%
U.S. Bank/Leverage Loans	2.10%	2.31%
U.S. High Yield Bonds	0.47%	3.17%
Private Equity	0.47%	9.12%
Hedge Funds - Multi-Strategy	0.08%	2.87%
Total	100%	

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.

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, 2020	$ 55,759,472	$ 10,188,859	$ 45,570,613
Changes in the year:			
Service Cost	1,706,921	-	1,706,921
Interest on Total Pension Liability	2,179,367	-	2,179,367
Differences between Expected and Actual Experience	769,805	-	769,805
Change of assumptions	96,057	-	96,057
Contribution - Employer	-	347,300	(347,300)
Net investment income	-	2,082,706	(2,082,706)
Benefit payments including refunds of member contributions	(6,023,511)	(6,023,511)	-
Administrative Expense	-	(57,983)	57,983
Net changes	(1,271,361)	(3,651,488)	2,380,127
Balance at December 31, 2021	$ 54,488,111	$ 6,537,371	$ 47,950,740

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	$ 56,588,099	$ 47,950,740	$ 40,875,750

Pension expenses and deferred outflows/inflows of resources related to pensions

For the fiscal year ending June 30, 2022, the District recognized pension expense of $7,099,181. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,402,895	$ (1,022,799)
Changes of assumptions	8,642,029	(436,505)
Net differences between projected and actual earnings on plan investments	-	(686,776)
Contribututions made subsequent to the measurement date	5,251,934	-
Total	$ 19,296,858	$ (2,146,080)

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	
2023	$ 3,150,523
2024	3,071,214
2025	1,776,577
2026	1,539,201
2027	1,635,180
Thereafter	726,149
Total	$ 11,898,844

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. For each employee in the pension plan, the District is required to contribute 7 percent as a percent of annual salary, exclusive of overtime pay, to an individual employee account. Employees are not permitted to make contributions to the pension plan. For the year ended June 30, 2022, the District made employer contributions in the amount of $347,300.

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 9 - 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 $5,000,000 per claim with $5,000,000 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, 2022, 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 10 - 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 covercatastrophic individual claims over $200,000. 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
2021	$ 2,336,797	$ 7,819,797	$ (9,390,438)	$ 766,156
2022	766,156	6,548,576	(6,111,775)	1,202,957

Note 11 - 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, 2022 was as follows:

	2022
Medicare	29%
MediCal	28%
Other third-party payors	36%
Patients	7%
	100%

Note 12 - 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 $10 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.

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 13 - Provider Relief Funds

The District received amounts from the U.S. Department of Health and Human Services (HHS) through the Provider Relief Fund and American Rescue Plan Rural Distribution (PRF) program during the year ended June 30, 2022, totaling $3,404,243. The funds are subject to terms and conditions imposed by HHS. Among the terms and conditions is a provision that payments will only be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare-related expenses or lost revenues that are attributable to coronavirus. Recipients may not use the payments to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse. HHS currently has deadlines for incurring eligible expenses and lost revenues, varying based on the date the Hospital received the funds. Unspent funds will be expected to be repaid.

These funds are considered subsidies and recorded as a liability when received, and are recognized as revenues in the accompanying statements of revenues, expenses, and changes in net position as all terms and conditions are considered met. As these funds are considered subsidies, they are considered nonoperating activities. The terms and conditions are subject to significant interpretation, changes, and future clarification, the most recent of which have been considered through the date that the financial statements were issued. In addition, this program may be subject to oversight, monitoring, and audit. Failure by a provider that received a payment from the Provider Relief Fund to comply with any term or condition can subject the provider to recoupment of some or all of the payment. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

As of June 30, 2022, the District incurred eligible expenses including lost revenues and, therefore, recognized nonoperating revenues totaling $3,065,371 during the year ended June 30, 2022 on the statements of revenues, expenses, and changes in net position. As of June 30, 2022, the District had a liability of $338,872, which was included in unearned revenue on the accompanying statement of net position.

Note 14 - Condensed Combining Information

The following summarizes combining information for the District, Foundation, Auxillary (May 31, 2022), and PHHC (December 31, 2021), which have been presented as a blended component units, as of and for the year ended June 30, 2022.

Statement of net position as of June 30, 2022:

	Hospital	Foundation	Auxillary	Pioneer Home Health Care	Total
Assets and deferred outflows of resources					
Assets					
Current assets	$ 67,727,590	$ 254,491	$ 77,425	$ 859,212	$ 68,918,718
Capital assets, net	76,546,553	-	-	361,171	76,907,724
Other assets	2,551,712	-	-	-	2,551,712
Total assets	146,825,855	254,491	77,425	1,220,383	148,378,154
Deferred outflows of resources	20,339,740	-	-	-	20,339,740
Total assets and deferred outflows of resources	$ 167,165,595	$ 254,491	$ 77,425	$ 1,220,383	$ 168,717,894
Liabilities, deferred inflows of resources, and net position					
Liabilities					
Current liabilities	$ 18,129,608	$ -	$ -	$ 140,419	$ 18,270,027
Long-term liabilities	100,478,322	-	-	250,714	100,729,036
Total liabilities	118,607,930	-	-	391,133	118,999,063
Deferred inflows of resources	2,146,080	-	-	-	2,146,080
Net position					
Net investment in capital assets	23,917,711	-	-	105,102	24,022,813
Restricted	1,953,496	-	-	-	1,953,496
Unrestricted	20,540,378	254,491	77,425	724,148	21,596,442
Total net position	46,411,585	254,491	77,425	829,250	47,572,751
Total liabilities, deferred inflows of resources, and net position	$ 167,165,595	$ 254,491	$ 77,425	$ 1,220,383	$ 168,717,894

Operating results and changes in net position for the year ended June 30, 2022:

	Hospital	Foundation	Auxillary	Pioneer Home Health Care	Total
Operating revenues					
Net patient service revenue	$ 90,624,896	$ -	$ -	$ 1,383,574	$ 92,008,470
Other operating revenue	6,787,133	-	22,577	1,475	6,811,185
Total operating revenues	97,412,029	-	22,577	1,385,049	98,819,655
Operating expenses					
Depreciation and amortization	4,134,640	-	-	26,336	4,160,976
Other operating expenses	107,568,997	76,042	25,000	1,400,538	109,070,577
Total operating expenses	111,703,637	76,042	25,000	1,426,874	113,231,553
Operating loss	(14,291,608)	(76,042)	(2,423)	(41,825)	(14,411,898)
Net nonoperating revenues	13,279,695	11,723	-	278,004	13,569,422
Revenues in excess of (less than) expenses and change in net postion	(1,011,913)	(64,319)	(2,423)	236,179	(842,476)
Net position, beginning of year	47,423,498	318,810	79,848	593,071	48,415,227
Net position, end of year	$ 46,411,585	$ 254,491	$ 77,425	$ 829,250	$ 47,572,751

Cash flows for the year ended June 30, 2022:

	Hospital	Foundation	Auxillary	Pioneer Home Health Care	Total
Net cash from (used for) operating activities	$ (5,134,986)	$ (76,042)	$ (2,423)	$ 3,157	$ (5,210,294)
Net cash from (used for) noncapital financing activities	(5,625,704)	11,723	-	(46,344)	(5,660,325)
Net cash from used for capital and capital related financing activities	(8,149,133)	-	-	(18,042)	(8,167,175)
Net cash from investing activities	146,779	-	-	-	146,779
Net change in cash and cash equivalents	(18,763,044)	(64,319)	(2,423)	(61,229)	(18,891,015)
Cash and cash equivalents, beginning of year	60,260,529	318,810	79,848	669,490	61,328,677
Cash and cash equivalents, end of year	$ 41,497,485	$ 254,491	$ 77,425	$ 608,261	$ 42,437,662

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 collectibility or present any other unfavorable features to the District.

Required Supplementary Information
June 30, 2022

Northern Inyo Healthcare District

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service Cost	$ 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	2,179,367	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	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	(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	(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	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)	$ 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	$ 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	2,082,706	(746,702)	1,893,587	(116,063)	(292,381)	(126,769)	880,376	1,223,136
Benefit payments	(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	(57,983)	(54,472)	(58,625)	(64,562)	(88,502)	(55,640)	(51,336)	-
Net change in plan fiduciary net position	(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	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)	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)	$ 47,950,740	$ 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	12.00%	18.27%	34.04%	39.37%	44.52%	46.11%	45.98%	63.23%
Covered payroll	$ 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	518.74%	489.88%	379.40%	294.79%	245.01%	225.34%	210.74%	105.30%
Measurement date	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 eight years are shown. Will have 10 years presented by 2024.

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 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	5,599,234	3,000,000	5,500,000	6,060,000	5,340,000	5,340,000	3,900,000	4,320,000
Contribution deficiency (excess)	$ 3,456,766	$ 4,752,000	$ 572,000	$ (576,000)	$ (624,000)	$ -	$ -	$ -
Covered payroll	$ 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	60.57%	32.25%	51.02%	52.53%	41.18%	39.47%	24.54%	24.46%

Notes to Schedule

Valuation date: January 1, 2022

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	2.50%
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 eight years are shown. Will have 10 years presented by 2024.

	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	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 eight years are shown. Will have 10 years presented by 2024.

Supplementary Information
June 30, 2022

Northern Inyo Healthcare District

	Hospital	Foundation	Auxillary	Pioneer Home Health Care	Total
Assets and Deferred Outflows of Resources					
Current Assets					
Cash and cash equivalents	$ 38,945,773	$ 254,491	$ 77,425	$ 608,261	$ 39,885,950
Receivables					
Patient, net of estimated uncollectibles	21,555,522	-	-	247,425	21,802,947
Other receivables	3,138,750	-	-	-	3,138,750
Inventory	3,145,539	-	-	-	3,145,539
Prepaid expenses and other assets	942,006	-	-	3,526	945,532
Total current assets	67,727,590	254,491	77,425	859,212	68,918,718
Noncurrent Cash and Investments					
Restricted for specific operating purposes and capital improvements	1,953,496	-	-	-	1,953,496
Restricted by trustee for debt reserve	598,216	-	-	-	598,216
Total noncurrent cash and investments	2,551,712	-	-	-	2,551,712
Capital Assets					
Capital assets not being depreciated	6,046,495	-	-	130,000	6,176,495
Capital assets being depreciated, net	70,500,058	-	-	231,171	70,731,229
Total capital assets	76,546,553	-	-	361,171	76,907,724
Total assets	146,825,855	254,491	77,425	1,220,383	148,378,154
Deferred Outflows of Resources					
Deferred outflows related to pensions	19,296,858	-	-	-	19,296,858
Deferred outflows related to refunding	504,172	-	-	-	504,172
Deferred outflows related to acquisition	538,710	-	-	-	538,710
Total deferred outflows of resources	20,339,740	-	-	-	20,339,740
Total assets and deferred outflows of resources	$ 167,165,595	$ 254,491	$ 77,425	$ 1,220,383	$ 168,717,894

	Hospital	Foundation	Auxillary	Pioneer Home Health Care	Total
Liabilities, Deferred Inflows of Resources, and Net Position					
Current Liabilities					
Notes payable	$ 500,000	$ -	$ -	$ -	$ 500,000
Current maturities of long-term debt	1,986,791	-	-	5,355	1,992,146
Current maturities of CMS advance	2,095,202	-	-	-	2,095,202
Accounts payable					
Trade	6,168,833	-	-	-	6,168,833
Estimated third-party payor settlements	1,067,912	-	-	-	1,067,912
Accrued expenses					
Salaries and wages	4,135,019	-	-	118,680	4,253,699
Interest and sales taxes	108,094	-	-	-	108,094
Self-insurance claims	1,202,957	-	-	-	1,202,957
Unearned revenue	864,800	-	-	16,384	881,184
Total current liabilities	18,129,608	-	-	140,419	18,270,027
Long-Term Debt, Less Current Maturities	52,666,809	-	-	250,714	52,917,523
Net Pension Liability	47,950,740	-	-	-	47,950,740
Total liabilties	118,607,930	-	-	391,133	118,999,063
Deferred Inflows of Resources					
Deferred inflows related to pensions	2,146,080	-	-	-	2,146,080
Net Position					
Net investment in capital assets	23,917,711	-	-	105,102	24,022,813
Restricted:					
Programs	105,460	-	-	-	105,460
Capital Improvements	1,848,036	-	-	-	1,848,036
Unrestricted	20,540,378	254,491	77,425	724,148	21,596,442
Total net position	46,411,585	254,491	77,425	829,250	47,572,751
Total liabilities, deferred inflows of resources, and net position	$ 167,165,595	$ 254,491	$ 77,425	$ 1,220,383	$ 168,717,894

	Hospital	Foundation	Auxillary	Pioneer Home Health Care	Total
Operating Revenues					
Net patient service revenue	$ 90,624,896	$ -	$ -	$ 1,383,574	$ 92,008,470
Other revenue	6,787,133	-	22,577	1,475	6,811,185
Total operating revenues	97,412,029	-	22,577	1,385,049	98,819,655
Operating Expenses					
Salaries and wages	41,649,506	-	-	892,662	42,542,168
Employee benefits	24,009,110	-	-	248,807	24,257,917
Professional fees and purchased services	15,791,426	103	-	-	15,791,529
Supplies	12,662,491	104	-	13,837	12,676,432
Purchased services	4,851,617	-	-	34,412	4,886,029
Depreciation and amortization	4,134,640	-	-	26,336	4,160,976
Other	8,604,847	75,835	25,000	210,820	8,916,502
Total operating expenses	111,703,637	76,042	25,000	1,426,874	113,231,553
Operating Loss	(14,291,608)	(76,042)	(2,423)	(41,825)	(14,411,898)
Nonoperating Revenues (Expenses)					
Property tax for operations	830,305	-	-	-	830,305
Property tax for debt service	2,369,523	-	-	-	2,369,523
Investment income	146,779	-	-	-	146,779
Interest expense	(2,602,829)	-	-	(12,947)	(2,615,776)
Noncapital contributions and grants	539,357	11,723	-	-	551,080
Provider relief funds	3,065,371	-	-	-	3,065,371
Paycheck protection program loan forgiveness	8,927,628	-	-	290,951	9,218,579
Gain on disposal of capital assets	1,735	-	-	-	1,735
Rental income	1,826	-	-	-	1,826
Net nonoperating revenues	13,279,695	11,723	-	278,004	13,569,422
Change in Net Position	(1,011,913)	(64,319)	(2,423)	236,179	(842,476)
Net Position, Beginning of Year	47,423,498	318,810	79,848	593,071	48,415,227
Net Position, End of Year	$ 46,411,585	$ 254,491	$ 77,425	$ 829,250	$ 47,572,751

	Hospital	Foundation	Auxillary	Pioneer Home Health Care	Total
Operating Activities					
Receipts from and on behalf of patients	$ 84,593,894	$ -	$ -	$ 1,412,975	$ 86,006,869
Payments to suppliers and contractors	(38,876,109)	(76,042)	(25,000)	(241,678)	(39,218,829)
Payments to and on behalf employees	(64,404,791)	-	-	(1,168,140)	(65,572,931)
Other receipts and payments, net	13,552,020	-	22,577	-	13,574,597
Net Cash from (used for) Operating Activities	(5,134,986)	(76,042)	(2,423)	3,157	(5,210,294)
Noncapital Financing Activities					
Noncapital contributions and grants	674,308	11,723	-	(46,344)	639,687
Property taxes received	830,305	-	-	-	830,305
Reduction of CMS advance	(11,733,984)	-	-	-	(11,733,984)
Provider relief funds received	3,065,371	-	-	-	3,065,371
Proceeds from CHFFA loans	981,877	-	-	-	981,877
Proceeds from line of credit	500,000	-	-	-	500,000
Other	56,419	-	-	-	56,419
Net Cash from (used for) Noncapital Financing Activities	(5,625,704)	11,723	-	(46,344)	(5,660,325)
Capital and Capital Related Financing Activities					
Principal payments on long-term debt	(2,559,534)	-	-	(5,095)	(2,564,629)
Proceeds from the issuance of refunding revenue bonds	11,845,000	-	-	-	11,845,000
Payment to defease revenue bonds	(12,530,000)	-	-	-	(12,530,000)
Interest paid	(2,621,473)	-	-	(12,947)	(2,634,420)
Purchase and construction of capital assets	(3,735,161)	-	-	-	(3,735,161)
Cash paid on note payable for acquisition of PMA capital assets	(917,488)	-	-	-	(917,488)
Property taxes received	2,369,523	-	-	-	2,369,523
Net Cash used for Capital and Capital Related Financing Activities	(8,149,133)	-	-	(18,042)	(8,167,175)
Investing Activites					
Investment income	146,779	-	-	-	146,779
Net Cash from Investing Activities	146,779	-	-	-	146,779
Net Change in Cash and Cash Equivalents	(18,763,044)	(64,319)	(2,423)	(61,229)	(18,891,015)
Cash and Cash Equivalents, Beginning of Year	60,260,529	318,810	79,848	669,490	61,328,677
Cash and Cash Equivalents, End of Year	$ 41,497,485	$ 254,491	$ 77,425	$ 608,261	$ 42,437,662

	Hospital	Foundation	Auxillary	Pioneer Home Health Care	Total
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position					
Cash and cash equivalents in current assets	$ 38,945,773	$ 254,491	$ 77,425	$ 608,261	$ 39,885,950
Cash and cash equivalents in noncurrent cash and investments	2,551,712	-	-	-	2,551,712
Total cash and cash equivalents	$ 41,497,485	$ 254,491	$ 77,425	$ 608,261	$ 42,437,662
Reconciliation of Operating Loss to Net Cash from (used for) Operating Activities					
Operating loss	$ (14,291,608)	$ (76,042)	$ (2,423)	$ (41,825)	$ (14,411,898)
Adjustments to reconcile operating income loss to net cash from (used for) operating activities					
Depreciation on capital assets	4,134,640	-	-	26,336	4,160,976
Pension expense	1,499,947	-	-	-	1,499,947
Provision for bad debts	12,618,420	-	-	11,325	12,629,745
Changes in assets and liabilities					
Patient receivables	(19,972,596)	-	-	16,601	(19,955,995)
Other receivables	6,764,887	-	-	-	6,764,887
Inventory	229,307	-	-	-	229,307
Prepaid expenses	436,560	-	-	19,656	456,216
Accounts payable	1,931,604	-	-	(2,265)	1,929,339
Estimated third-party payor settlements	1,323,174	-	-	-	1,323,174
Accrued expenses	190,679	-	-	(26,671)	164,008
Net Cash from (used for) Operating Activities	$ (5,134,986)	$ (76,042)	$ (2,423)	$ 3,157	$ (5,210,294)
Supplemental Disclosure of Noncash Capital and Capital Related Financing Activities:					
Paycheck Protection Program Loan Forgiveness	$ 8,927,628	$ -	$ -	$ 290,951	$ 9,218,579
Amortization of PMA excess acquisition	$ 34,387	$ -	$ -	$ -	$ 34,387
Purchase of financed equipment	$ 750,000	$ -	$ -	$ -	$ 750,000

Statistical Section
June 30, 2022

Northern Inyo Healthcare District

	2022	2021	2020	2019	2018	2017
Bed Complement						
Medical/surgical	11	11	11	11	11	11
Prenatal/obstetrics	6	6	6	6	6	6
Pediatric	4	4	4	4	4	4
Intensive care	4	4	4	4	4	4
Total licensed bed capacity	14	14	14	14	14	14

Utilization	2022	2021	2020	2019	2018	2017
License beds	25	25	25	25	25	25
Patient days	2,646	2,931	2,968	3,257	3,474	3,777
Discharges	993	1,050	1,104	1,037	1,106	1,136
Occupancy percentage	29%	32%	33%	36%	38%	41%
Average stay (days)	3	3	3	3	3	3
Emergency room visits	8,730	7,066	8,262	9,153	8,798	8,764
Outpatient visits	44,067	48,938	40,472	38,960	38,651	38,454

Medical Staff	2022	2021	2020	2019	2018	2017
Active	49	50	54	50	53	44
Consulting	21	25	19	17	17	30
Honorary	2	2	11	11	11	10
AHP	16	18	18	12	10	8
Other - Telemedicine	32	30	33	27	-	-
Total practitioners	120	125	135	117	91	92

Employees	2022	2021	2020	2019	2018	2017
Full-time	350	370	361	362	330	296
Part-time and per diem	104	113	124	131	126	98
Total employees	454	483	485	493	456	394
Full-time equivalents	348	349	374	375	393	321

Bond Debt Service Coverage
(In Thousands)

	2022	2021	2020	2019	2018	2017
Excess (deficit) of revenue over expenses	$ (842)	$ 8,650	$ (2,641)	$ 1,725	$ 1,696	$ 1,086
Add:						
Depreciation expense	4,161	4,170	4,302	4,267	4,457	5,167
Interest expense	2,616	3,890	2,377	2,912	2,893	3,299
Available to meet debt service	$ 5,935	$ 16,710	$ 4,038	$ 8,904	$ 9,046	$ 9,552
Actual debt service (principal and interest):						
2009 General obligation bonds	$ 1,100	$ 1,020	$ 860	$ 1,364	$ 955	$ 625
2016 General obligation bonds	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	48	-	-	-	-	-
2021 B Refunding revenue bonds	84	-	-	-	-	-
Financed purchases	394	382	-	-	-	-
Totals	$ 4,917	$ 4,240	$ 4,043	$ 4,171	$ 3,717	$ 3,431
Historical debt service coverage ratio	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.