

# Northern Inyo Healthcare District

Financial Statements and Supplementary  
Information

Year Ended June 30, 2020

**Northern Inyo Healthcare District**  
**Financial Statements and Supplementary Information**  
Year Ended June 30, 2020

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit and aggregate remaining fund information of the Northern Inyo Healthcare District (District), as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit and aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 16 to the financial statements, the District recorded prior period adjustments for the correction of errors. Our opinions are not modified with respect to this matter.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the schedules of changes in the net pension liability and related ratios, schedules of pension contributions, and schedules of investment returns, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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 management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining statement of net position of the District and component units, combining statement of revenues, expenses and changes in net position of the District and component units, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statement of net position of the District and component units and combining statement of revenues, expenses and changes in net position of the District and component units are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the combining statement of net position of the District and component units and combining statement of revenues, expenses and changes in net position of the District and component units are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2021, 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Sacramento, California  
July 16, 2021

# Northern Inyo Healthcare District

## Statement of Net Position

June 30, 2020

<i>Assets and Deferred Outflows of Resources</i>	Hospital	Pioneer Medical Associates (12/31/2019)
Current assets:		
Cash and investments	\$ 57,722,773	\$ 214,659
Receivables:		
Patient accounts - Net	16,121,755	-
Other	939,552	-
Estimated third-party payor settlements	229,131	-
Inventories	2,651,452	-
Prepaid expenses and other	1,591,843	-
<b>Total current assets</b>	<b>79,256,506</b>	<b>214,659</b>
Noncurrent assets:		
Restricted cash and investments	4,582,513	-
Investment in Pioneer Medical Associates	430,946	-
Capital assets:		
Nondepreciable capital assets	3,796,374	353,413
Depreciable capital assets - Net	72,079,822	192,975
<b>Total noncurrent assets</b>	<b>80,889,655</b>	<b>546,388</b>
<b>Total assets</b>	<b>160,146,161</b>	<b>761,047</b>
Deferred outflows of resources - Related to pensions	21,955,960	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 182,102,121</b>	<b>\$ 761,047</b>

See accompanying notes to financial statements.

# Northern Inyo Healthcare District

## Statement of Net Position (Continued)

June 30, 2020

<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	Hospital	Pioneer Medical Associates (12/31/2019)
<b>Current liabilities:</b>		
Accrued payroll and related liabilities	\$ 7,995,462	\$ -
Accounts payable	3,627,887	-
Accrued interest	134,001	-
Capital lease obligations - Current portion	376,934	-
Bonds and notes payable - Current portion	1,916,847	-
CMS advance - Current portion	1,824,269	-
Unearned revenue	7,074,415	-
<b>Total current liabilities</b>	<b>22,949,815</b>	<b>-</b>
<b>Noncurrent liabilities:</b>		
Bonds and notes payable - Net of current portion	52,679,187	-
Paycheck Protection Program loan	8,927,628	-
Capital lease obligations - Net of current portion	1,393,067	-
CMS advance - Net of current portion	12,769,885	-
Net pension liability	40,821,869	-
<b>Total noncurrent liabilities</b>	<b>116,591,636</b>	<b>-</b>
<b>Total liabilities</b>	<b>139,541,451</b>	<b>-</b>
<b>Deferred inflows of resources - Pensions</b>	<b>2,790,962</b>	<b>-</b>
<b>Net position:</b>		
Net investment in capital assets	22,524,316	-
Restricted for programs	1,568,358	345,500
Unrestricted	15,677,034	415,547
<b>Total net position</b>	<b>39,769,708</b>	<b>761,047</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 182,102,121</b>	<b>\$ 761,047</b>

# Northern Inyo Healthcare District

## Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2020

	Hospital	Pioneer Medical Associates (12/31/2019)
<b>Revenue:</b>		
Net patient service revenue	\$ 81,822,003	\$ -
Other operating revenue	10,469,085	192,769
<b>Total revenue</b>	<b>92,291,088</b>	<b>192,769</b>
<b>Operating expenses:</b>		
Salaries and wages	34,660,138	-
Employee benefits	22,935,115	-
Professional fees	14,592,157	2,890
Supplies	9,296,085	-
Purchased services	4,404,861	-
Depreciation	4,301,994	14,564
Medical office building, net	771,490	-
Other operating expenses	4,743,855	38,061
<b>Total operating expenses</b>	<b>95,705,695</b>	<b>55,515</b>
<b>Income (loss) from operations</b>	<b>(3,414,607)</b>	<b>137,254</b>
<b>Nonoperating revenue (expenses):</b>		
Tax revenue for operations	625,869	-
Tax revenue for debt services	1,746,739	-
Interest income	598,967	42
Interest expense	(2,376,612)	-
Noncapital grants and contributions	215,342	-
Loss on sale of asset	(36,388)	-
<b>Total nonoperating revenue</b>	<b>773,917</b>	<b>42</b>
<b>Contributions:</b>		
Distributions to PMA investors	-	(100,000)
<b>Change in net position</b>	<b>(2,640,690)</b>	<b>37,296</b>
Net position at beginning of year - As originally stated	41,264,297	697,256
Restatement	1,146,101	26,495
Net position at beginning of year - As restated	42,410,398	723,751
<b>Net position at end of year</b>	<b>\$ 39,769,708</b>	<b>\$ 761,047</b>

See accompanying notes to financial statements.



# Northern Inyo Healthcare District

## Statement of Cash Flows

Year Ended June 30, 2020

	Hospital	Pioneer Medical Associates (12/31/2019)
Cash flows from operating activities:		
Receipts from and on behalf of patients	\$ 83,734,116	\$ -
Receipts from other operating revenue	10,072,464	192,769
Payments to employees	(56,659,998)	-
Payments to suppliers, contractors, and others	(34,530,385)	(40,951)
Medical office building, net	(771,490)	-
Net cash provided by operating activities	1,844,707	151,818
Cash flows from noncapital financing activities:		
District property tax revenue for operations	625,869	-
Noncapital grants received	7,267,489	-
Proceeds from Paycheck Protection Program loan	8,927,628	-
Proceeds from CMS advance	14,594,154	-
Net cash provided by noncapital financing activities	31,415,140	-
Cash flows from capital and related financing activities:		
District tax revenue for debt services	1,746,739	-
Principal paid on long-term debt	(2,293,438)	-
Principal paid on capital lease obligations	(392,774)	-
Interest paid on debt	(1,563,805)	-
Acquisition of capital assets	(2,535,298)	-
Net cash used in capital and related financing activities	(5,038,576)	-

# Northern Inyo Healthcare District

## Statement of Cash Flows (Continued)

Year Ended June 30, 2020

	Hospital	Pioneer Medical Associates (12/31/2019)
Cash flows from investing activities:		
Interest received	\$ 535,999	\$ 40
Loss on sale of investments	(1,975,557)	-
Partnership contributions (distributions)	133,052	(100,000)
Net cash used in investing activities	(1,306,506)	(99,960)
Change in cash and cash equivalents	26,914,765	51,858
Cash and cash equivalents at beginning of year	30,053,497	162,801
Cash and cash equivalents at end of year	\$ 56,968,262	\$ 214,659
<b>Reconciliation of cash and cash equivalents to the statements of net position:</b>		
Cash and investments (including restricted cash and investments)	\$ 62,305,286	\$ 214,659
Less: Investments		
Fidelity mutual funds	292,841	-
Certificates of deposit	2,030,028	-
Guaranteed investment contracts	575,000	-
Money market mutual funds	2,439,155	-
Total cash and cash equivalents	\$ 56,968,262	\$ 214,659

# Northern Inyo Healthcare District

## Statement of Cash Flows (Continued)

Year Ended June 30, 2020

	Hospital	Pioneer Medical Associates (12/31/2019)
Reconciliation of income (loss) from operations to net cash provided by operating activities:		
Income (loss) from operations	\$ (3,414,607)	\$ 137,254
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:		
Depreciation	4,301,994	14,564
Provision for bad debt	18,398,111	-
Pension expense	1,228,963	-
Changes in assets and liabilities:		
Receivables:		
Patient accounts - Net	(16,012,004)	-
Other - Government agency	(396,621)	-
Inventories	(220,111)	-
Prepaid expenses and other	(102,022)	-
Accounts payable	(1,170,819)	-
Accrued payroll and related liabilities	(293,708)	-
Estimated third-party payor settlements	(474,469)	-
<b>Total adjustments</b>	<b>5,259,314</b>	<b>14,564</b>
<b>Net cash provided by operating activities</b>	<b>\$ 1,844,707</b>	<b>\$ 151,818</b>

# Northern Inyo Healthcare District

## Statement of Fiduciary Net Position of Pension Trust Fund - Plan

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<i>December 31,</i>	2019
<b><i>Assets</i></b>	
<hr/>	
Assets:	
Fixed dollar account	\$ 8,710,715
Indexed bond fund	11,993,105
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TOTAL ASSETS	\$ 20,703,820
<hr/>	
<b><i>Net Position</i></b>	
<hr/>	
Net position restricted for pension benefits	\$ 20,703,820
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TOTAL NET POSITION	\$ 20,703,820
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# Northern Inyo Healthcare District

## Statement of Changes in Fiduciary Net Position of Pension Trust Fund - Plan

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<i>Year Ended December 31,</i>	2019
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Additions:	
Employer contributions	\$ 5,242,000
Investment income (loss):	
Experience adjustment	492,973
Interest	1,400,614
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Total additions	7,135,587
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Deductions:	
Benefits paid	8,053,422
Expenses and related charges	58,625
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Total deductions	8,112,047
Change in net position	(976,460)
Net position restricted for pension benefits at beginning of year - As originally stated	22,084,009
Restatement	(403,729)
Net position restricted for pension benefits at beginning of year - As restated	21,680,280
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Net position restricted for pension benefits at end of year	\$ 20,703,820

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# Northern Inyo Healthcare District

## Statement of Fiduciary Net Position of Pension Trust Fund - PEPRRA Plan

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<i>December 31,</i>	2019
<b><i>Assets</i></b>	
<hr/>	
Assets:	
Cash	\$ 130,977
<hr/>	
TOTAL ASSETS	\$ 130,977
<hr/>	
<b><i>Net Position</i></b>	
<hr/>	
Net position restricted for pension benefits	\$ 130,977
<hr/>	
TOTAL NET POSITION	\$ 130,977
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# Northern Inyo Healthcare District

## Statement of Changes in Fiduciary Net Position of Pension Trust Fund - PEPRA Plan

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<i>Year Ended December 31,</i>	2019
Additions:	
Employee contributions	\$ 15,221
Employer contributions	32,987
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Total additions	48,208
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Change in net position	48,208
Net position restricted for pension benefits at beginning of year	82,769
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Net position restricted for pension benefits at end of year	\$ 130,977

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# Northern Inyo Healthcare District

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Reporting Entity

Northern Inyo Healthcare District (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 its surrounding area.

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. No separate financial report is prepared for the Auxiliary.

Pioneer Home Health Care, Inc. (PHH) is also a legally separate 501(c)(3) tax-exempt public benefit corporation. The District is the sole corporate owner of PHH and for this reason it is a blended component unit of the District. No separate financial report is prepared for PHH.

Northern Inyo Local Hospital District Retirement Plan (the "Pension Trust Fund - Plan") is a retirement plan organized under Internal Revenue Code (IRC) Section 401(a) 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. Separate financial statements for the component unit are not available.

Northern Inyo Local Hospital District PEPRA Retirement Plan (the "Pension Trust Fund - PEPRA Plan") is a retirement plan organized under IRC section 401(a) for a District employee who meets certain eligibility criteria. The Pension Trust Fund - PEPRA Plan is reported in separate statements of in the accompanying financial statements fiduciary net position and changes in fiduciary net position to emphasize that it is legally separate from the District. Separate financial statements for the component unit are not available.



# Northern Inyo Healthcare District

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Discretely Presented Component Unit**

Pioneer Medical Associates (PMA) is a partnership established by a group of physicians and practitioners in 1986 within the District campus at 152 Pioneer Lane. In an effort to support the continued recruitment for physicians and services, it has been the practice of the District to work with the PMA partners when appropriate and directed by the Board of Directors to purchase practices of individuals or groups who are leaving the area or retiring. The District currently owns a 66.67% interest in the partnership through acquisitions. PMA is reported in a separate column in the accompanying financial statements to emphasize that it is legally separate from the District. Separate financial statements for the component unit are not available.

#### **Basis of Presentation**

The financial statements of the District and its discretely presented component units have been prepared in accordance with the accounting principles generally accepted in the United States (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) using the economic resources measurement focus.

#### **Use of Estimates in Preparation of Financial Statements**

The preparation of the accompanying financial statements in conformity with GAAP requires management to make certain estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

The District considers significant accounting estimates to be those that require significant judgments and includes the valuation of accounts receivable, including contractual allowances and provision for uncollectible accounts, estimated third-party payor settlements, and an estimate for claims incurred, but not reported under a self-funded health insurance plan and certain amounts recognized under grant programs.

#### **Cash and Cash Equivalents**

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.

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Cash and Cash Equivalents** (Continued)

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.

#### **Patient Receivables and Credit Policy**

Patient receivables are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from local residents, most of whom are insured under third-party payor agreements. The District bills third-party payors on the patients' behalf, or if a patient is uninsured, the patient is billed directly. Once claims are settled with the primary payor, any secondary insurance is billed, and patients are billed for copay and deductible amounts that are the patient's responsibility. Payments on patient receivables are applied to the specific claim identified on the remittance advice or statement. The District does not have a policy to charge interest on past due accounts.

The carrying amounts of patient receivables are reduced by allowances that reflect management's estimate of the amounts that will not be collected. Management provides for contractual adjustments under terms of third-party reimbursement agreements through a reduction of gross revenue and a credit to patient receivables. In addition, management provides for probable uncollectible amounts, primarily for uninsured patients and amounts patients are personally responsible for, through a reduction of gross revenue and a credit to the allowance for uncollectible accounts based on its assessment of historical collection experience and the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for uncollectible accounts and a credit to patient receivables.

Patient receivables are recorded in the accompanying statements of net position net of contractual adjustments and an 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 6.

#### **Investment in PMA**

Investment in a partnership is carried at the District's equity in the partnership's net assets. The partnership was organized to provide for the construction and use of a medical office building.

#### **Inventories**

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

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Noncurrent Cash and Investments**

Noncurrent cash and investments include assets held under indenture agreements.

#### **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 or other means.

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

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

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

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Capital Assets and Depreciation

Capital assets are recorded at cost if purchased or acquisition value at date received if contributed. The District capitalizes assets using the criteria established by the Office of Statewide Health Planning and Development (OSHPD):

Land, land improvements, buildings, and fixed equipment	\$3,000
Major movable equipment	3,000

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method.

Estimated useful lives range from 2 to 25 years for land improvements, buildings and improvements, leasehold improvements, and fixed equipment and from 3 to 20 years for equipment.

#### 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.

#### Compensated Absences

The District accrues all leave time for employees as paid time-off (PTO) in the financial statements. In addition, employees hired prior to January 1, 2003, might have accumulated additional sick leave for major medical health problems. Usage of the additional sick leave must be approved by management.

The total potential liability of the District's accumulated sick leave for major medical was approximately \$140,000 for the year ended June 30, 2020. Such benefits do not vest; therefore, no liability has been accrued.

#### Retirement Plan

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the pension net position of the District Retirement Plan ("the Plan") and Northern Inyo Healthcare District PEPRA Retirement Plan (the "PEPRA Plan") and additions to/deductions from the plans' pension net position have been determined on the same basis as they are reported by the Plan and PEPRA 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.

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **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 for which the earnings process was not yet completed at June 30, 2020 because the eligibility requirements were not yet met.

#### **Net Position**

Net position of the District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted, including amounts restricted for debt service and restricted for hospital programs. Unrestricted is the remaining net position that does not meet the definitions above.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first.

#### **Net Patient Service Revenue**

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 are adjusted in future periods as final settlements are determined.

#### **Charity Care**

The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The District maintains records to identify the amount of charges forgone for services and supplies furnished under the charity care policy. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

#### **Operating Revenue and Expenses**

The District's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with providing health care services. Nonexchange revenue, including taxes, investment gain, grants, contributions received for purposes other than capital asset acquisition, and certain other revenue, is reported as nonoperating revenue.

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Operating Revenue and Expenses** (Continued)

Operating expenses are all expenses incurred to provide health care services, other than financing costs.

#### **District Property Tax Revenue**

The District has the authority to impose taxes on property within the boundaries of the health care district. Taxes are received from Inyo County (the "County"), which bills and collects the taxes for the District. Secured property taxes attach as an enforceable lien on property as of January 1 with a levy date on July 1, and are payable in two installments on November 1 and February 1.

#### **Grants and Contributions**

The District receives grants as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or capital purposes. Amounts that are unrestricted or are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue (expenses).

#### **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. Balances overpaid were \$19,962 in 2020.

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The District has one item that qualifies for reporting in this category. The District reports deferred outflows of resources related to pensions for its proportionate share of collective deferred outflows of resources related to pensions and District contributions to pension plans subsequent to the measurement date of the collective net pension liability.

In addition to liabilities, the statement of net position reports a separate section of deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has one item that qualifies for reporting in this category.

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Deferred Outflows/Inflows of Resources** (Continued)

The District reports deferred inflows of resources related to pensions for its proportionate share of collective deferred inflows of resources related to pensions.

#### **Stewardship, Compliance, and Accountability**

The District board did not adopt an annual budget in a public meeting on or before September 1 for the fiscal year ended June 30, 2020, in accordance with California State Health and Safety Code Section 32139.

### **Note 2: Reimbursement Arrangements With Third-Party Payors**

The District has agreements with third-party payors that provide for reimbursement to the District at amounts that vary from its established rates. A summary of the basis of reimbursement with major third-party payors follows:

#### **Hospital**

*Medicare* – The Medicare program has designated the District as a critical access hospital (CAH) for Medicare reimbursement purposes. Under this designation, District inpatient, outpatient, and swing bed services rendered to Medicare program beneficiaries are paid based on a cost-reimbursement methodology, with the exception of certain lab and mammography services, which are reimbursed based on fee schedules.

*Medi-Cal* – Under CAH designation, the District inpatient and swing bed services rendered to Medi-Cal program beneficiaries were paid on a cost-based reimbursement methodology through June 30, 2015. As of July 1, 2015, the State of California established rates are based on the most recently audited cost report for the District. There are no settlements for cost based methods after June 30, 2015. The reimbursement for outpatient services is based on a fee schedule. Starting in 2014, the State of California expanded the provision of coverage to managed care organization in rural California. The District applied for and received supplemental reimbursements for its inpatient and outpatient services during 2020. The supplemental reimbursements are based on a cost based reimbursement method. This method does not guarantee that all cost are recovered after the Federal match and administrative fees are paid.

#### **Physician and Professional Services in Rural Health Clinics**

Certain physician and professional services rendered to Medicare and Medi-Cal beneficiaries qualify for reimbursement as Medicare-approved rural health clinic services. Qualifying services are reimbursed based on a cost-reimbursement methodology.

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### **Note 2: Reimbursement Arrangements With Third-Party Payors** (Continued)

#### **Hospital Based and Free Standing Physicians and Professional Services**

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 discounts from established charges and prospectively determined daily rates.

#### **Accounting for Contractual Arrangements**

The District is reimbursed for certain cost-reimbursable items at an interim rate, with final settlements determined after an audit or review of the District's related annual cost reports by the Medicare Administration Contractor. Estimated provisions to approximate the final expected settlements are included in the accompanying statements of net position as due to third-party reimbursement provisions. The cost reports for the District have been final settled through June 30, 2016.

#### **Other Governmental Program Revenue**

Supplemental and incentive payments from other governmental programs are netted within net patient service revenue in the statement of revenues, expenses, and changes in net position as a component of contractual adjustments. These amounts include Assembly Bill No. 915 (AB915) incentive income, California Hospital Quality Assurance Fee (HQAF) program, and other supplemental income from Anthem and California Health and Wellness (CHW).

#### **Compliance**

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, particularly those relating to 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. Violation of these laws and regulations could result in the imposition of fines and penalties, as well as repayments of previously billed and collected revenue from patient services.

CMS uses recovery audit contractors (RACs) to search for potentially inaccurate Medicare payments that might have been made to health care providers and that were not detected through existing CMS program integrity efforts. Once the RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. As of June 30, 2020, the District has not been notified by the RAC of any potential significant reimbursement adjustments.



# Northern Inyo Healthcare District

## Notes to Financial Statements

### Note 3: Cash and Cash Equivalents and Investments

#### Investments

The table below identifies the investment types that are authorized for the District by the CGC. The table also identifies certain provisions of the CGC 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 CGC.

<u>Authorized investment type:</u>	<u>Maximum maturity:</u>	<u>Maximum percentage of portfolio:*</u>	<u>Maximum investment in one issuer:</u>
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
LAIF	N/A	None	None
JPA pools (other investment pools)	N/A	None	None

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

*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.

# Northern Inyo Healthcare District

## Notes to Financial Statements

### Note 3: Cash and Cash Equivalents and Investments (Continued)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity at June 30, 2020:

	Amount	Remaining Maturity (in Years)		
		0-1	1-5	5-10
Investments:				
LAIF	\$ 23,241,610	\$ 23,241,610	\$ -	\$ -
Money market mutual funds	2,439,155	2,439,155	-	-
Certificates of deposit	2,030,028	503,650	1,526,378	-
Guaranteed investment contracts	575,000	-	-	575,000
Fidelity mutual fund	292,841	292,841	-	-
Totals	\$ 28,578,634	\$ 26,477,256	\$ 1,526,378	\$ 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.

*Concentration of Credit Risk* - No investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) represented 5% or more of the total District's total investments at June 30, 2020.

*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 CGC does 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 CGC 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. 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 District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2020, the net carrying amount of deposits was \$33,670,469, and the bank balance was \$32,309,253. Of the bank balance, \$750,000 was covered by federal deposit insurance, and \$31,559,253 was collateralized (i.e., collateralized with securities held by the pledging financial institutions of at least 110% of the District's cash deposits, in accordance with the CGC).

# Northern Inyo Healthcare District

## Notes to Financial Statements

### Note 3: Cash and Cash Equivalents and Investments (Continued)

*Investment in State Investment Pool* - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the CGC 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

Following is a description of the valuation methodologies used for assets measured at fair value.

Guaranteed investment contracts are valued at cost.

Certificates of deposit (CDs) are level 2 investments on the fair value hierarchy and mutual funds are level 1.

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the District's assets at fair value at June 30, 2020:

	Fair Value Measurements Using			Total Assets at Fair Value
	Level 1	Level 2	Level 3	
<b>Assets:</b>				
Money market mutual funds	\$ 2,439,155	\$ -	\$ -	\$ 2,439,155
Fidelity mutual fund	292,841	-	-	292,841
CDs	-	2,030,028	-	2,030,028
Fair value	2,731,996	2,030,028	-	4,762,024
Investments not subject to fair value measurement or measured at cost:				
LAIF				23,241,610
Guaranteed investment contracts				575,000
Total investments				\$ 28,578,634

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### **Note 3: Cash and Cash Equivalents and Investments** (Continued)

*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 - Pension Trust Fund - Plan**

The Plan's investment policy authorizes the Plan to invest in all investments allowed by state statute. 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, 2020, there were no changes to the investment policy.

#### **Pension Plan Investment Policy - Pension Trust Fund - PEPR Plan**

The PEPR Plan's investment policy authorizes the Plan to invest in all investments allowed by state statute. 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, 2020, there were no changes to the investment policy.

#### **Credit Risk - Pension Trust Fund - Plan and PEPR Plan**

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 and PEPR Plan have investment policies that limit investment choices by credit rating.

#### **Custodial Credit Risk - Pension Trust Fund - Plan and PEPR Plan**

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 and PEPR 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 and PEPR Plans' investment policies do not limit the exposure to custodial credit risk for investments.

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.

# Northern Inyo Healthcare District

## Notes to Financial Statements

### Note 3: Cash and Cash Equivalents and Investments (Continued)

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.

Following is a summary of the Plan's investments at December 31:

	2019
Fixed dollar fund	\$ 8,710,715
Indexed bond fund	11,993,105
<b>Totals</b>	<b>\$ 20,703,820</b>

Following is a summary of the PEPPRA Plan's investments at December 31:

	2019
Cash	\$ 130,977
<b>Totals</b>	<b>\$ 130,977</b>

Restricted cash and investments consisted of the following at June 30:

	2020
Restricted cash and investments:	
Building and improvement fund	\$ 1,397,732
Nursing scholarship fund	170,626
Debt service reserve funds held with fiscal agent	3,014,155
<b>Total restricted cash and investments</b>	<b>\$ 4,582,513</b>

### Note 4: Patient Receivables - Net

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

	2020
Gross accounts receivable	\$ 42,711,368
Less:	
Contractual adjustments	18,987,999
Allowance for uncollectible accounts	7,601,614
<b>Patient receivables - Net</b>	<b>\$ 16,121,755</b>

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### Note 4: Patient Receivables - Net (Continued)

The District gross days in accounts receivable was 98.05 at June 30, 2020.

### Note 5: Net Patient Service Revenue

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

	2020
Gross patient service revenue:	
Inpatient services	\$ 42,561,188
Outpatient services	116,443,226
Totals	159,004,414
Less:	
Contractual adjustments	60,012,184
Provision for uncollectible accounts	17,170,227
<b>Net patient service revenue</b>	<b>\$ 81,822,003</b>

The following table reflects the percentage of gross patient service revenue by payor source for the year ended June 30:

	2020
Medicare	43 %
Medi-Cal	20 %
Other third-party payors	35 %
Patients	2 %
<b>Total</b>	<b>100 %</b>

### Note 6: Charity Care

The District provides health care services and other financial support through various programs that are designed, in part, to enhance the health of the community, including the health of low-income patients. Consistent with the mission of the District, care is provided to patients regardless of their ability to pay, including providing services to those persons who cannot afford health insurance because of inadequate resources.

# Northern Inyo Healthcare District

## Notes to Financial Statements

### Note 6: Charity Care (Continued)

Patients who meet certain criteria for charity care, generally based on federal poverty guidelines, are provided care based on criteria defined in the District's charity care policy. The District maintains records to identify and monitor the level of charity care it provides. The amount of charges foregone for services and supplies furnished under the District's charity care policy aggregated approximately \$375,000 for the year ended June 30, 2020. The estimated cost of providing care to patients under the District's charity care policy aggregated approximately \$227,000 in 2020. The cost was calculated by multiplying the ratio of cost to gross charges for the District times the gross uncompensated charges associated with providing charity care.

### Note 7: Capital Assets

The District's capital assets activity consisted of the following:

	Balance July 1, 2019	Additions	Transfers	Deletions	Balance June 30, 2020
<b>Nondepreciable capital assets:</b>					
Land	\$ 865,330	\$ -	\$ -	\$ -	\$ 865,330
Construction in progress	818,411	2,112,633	-	-	2,931,044
<b>Total nondepreciable capital assets</b>	<b>1,683,741</b>	<b>2,112,633</b>	<b>-</b>	<b>-</b>	<b>3,796,374</b>
<b>Depreciable capital assets:</b>					
Land improvements	867,086	-	-	-	867,086
Buildings	89,147,070	-	(3,539)	-	89,143,531
Equipment	35,988,063	422,665	3,539	(476,552)	35,937,715
<b>Total depreciable capital assets</b>	<b>126,002,219</b>	<b>422,665</b>	<b>-</b>	<b>(476,552)</b>	<b>125,948,332</b>
<b>Less - Accumulated depreciation:</b>					
Land improvements	691,088	30,375	-	-	721,463
Buildings	20,767,998	2,404,420	-	-	23,172,418
Equipment	28,547,594	1,867,199	-	(440,164)	29,974,629
<b>Total accumulated depreciation</b>	<b>50,006,680</b>	<b>4,301,994</b>	<b>-</b>	<b>(440,164)</b>	<b>53,868,510</b>
<b>Net depreciable capital assets</b>	<b>75,995,539</b>	<b>(3,879,329)</b>	<b>-</b>	<b>(36,388)</b>	<b>72,079,822</b>
<b>Totals</b>	<b>\$ 77,679,280</b>	<b>\$ (1,766,696)</b>	<b>\$ -</b>	<b>\$ (36,388)</b>	<b>\$ 75,876,196</b>

At June 30, 2020, construction in progress consisted of pharmacy clean room, major equipment, lab software, and a building retrofit.

# Northern Inyo Healthcare District

## Notes to Financial Statements

### Note 7: Capital Assets (Continued)

PMA's capital assets activity consisted of the following:

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Nondepreciable capital assets - Land	\$ 352,694	\$ 719	\$ -	\$ 353,413
Depreciable capital assets - Buildings	1,076,193	-	(717)	1,075,476
Less - Accumulated depreciation	867,937	14,564	-	882,501
Net depreciable capital assets	208,256	(14,564)	(717)	192,975
Totals	\$ 560,950	\$ (13,845)	\$ (717)	\$ 546,388



# Northern Inyo Healthcare District

## Notes to Financial Statements

### Note 8: Long-Term Debt and Capital Lease Obligations

Long-term debt and capital lease obligations activity consisted of the following:

	July 1, 2019	Additions	Reductions	June 30, 2020	Amounts due within 1 year
<b>Bonds - Direct placements:</b>					
2016 General Obligation Refunding Bond	\$ 16,710,000	\$ -	\$ (293,000)	\$ 16,417,000	\$ 299,000
General Obligation Bonds, 2009 Series:					
Current Interest Bonds	865,000	-	(865,000)	-	-
Capital Appreciation Bonds	8,144,947	-	-	8,144,947	418,000
Revenue Bonds, 2010 Series	6,680,000	-	(785,000)	5,895,000	835,000
Revenue Bonds, 2013 Series	9,440,000	-	(350,000)	9,090,000	360,000
<b>Subtotal bonds payable</b>	<b>41,839,947</b>	<b>-</b>	<b>(2,293,000)</b>	<b>39,546,947</b>	<b>1,912,000</b>
<b>Bond premiums:</b>					
General Obligation Bonds:					
2009 Series	353,842	-	(37,645)	316,197	-
Revenue Bonds, 2013 Series	127,953	-	(15,053)	112,900	-
<b>Total bonds payable</b>	<b>42,321,742</b>	<b>-</b>	<b>(2,345,698)</b>	<b>39,976,044</b>	<b>1,912,000</b>
<b>Accreted Interest - General Obligation Bonds, 2009 Series</b>	<b>13,520,264</b>	<b>833,716</b>	<b>-</b>	<b>14,353,980</b>	<b>-</b>
<b>Capital lease obligations - Direct borrowings:</b>					
Orchard Software	82,293	-	(70,360)	11,933	11,933
Intuitive Surgical	1,755,218	-	(264,543)	1,490,675	310,553
7 Medical	325,264	-	(57,871)	267,393	54,448
<b>Total capital lease obligations</b>	<b>2,162,775</b>	<b>-</b>	<b>(392,774)</b>	<b>1,770,001</b>	<b>376,934</b>
<b>Direct borrowings:</b>					
PPP loan	-	8,927,628	-	8,927,628	-
PHH mortgage	266,448	-	(438)	266,010	4,847
CMS advance	-	14,594,154	-	14,594,154	1,824,269
<b>Totals</b>	<b>\$ 58,271,229</b>	<b>\$ 24,355,498</b>	<b>\$ (2,738,910)</b>	<b>\$ 79,887,817</b>	<b>\$ 4,118,050</b>

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### **Note 8: Long-Term Debt and Capital Lease Obligations** (Continued)

#### **Long-Term Debt**

##### **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.

Principal on the Current Interest Bonds is payable annually on November 1. Current Interest Bonds mature annually commencing on November 1, 2012, through November 1, 2019, in amounts ranging from \$60,000 to \$865,000, as well as a bond maturing on November 1, 2038, for \$3,150,000. 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 Current Interest Bonds maturing on November 1, 2038, may be called by the District beginning November 1, 2017. The Capital Appreciation Bonds are not subject to redemption prior to their fixed maturity dates. The Current Interest Bond debt was partially extinguished in 2016 using proceeds from the issuance of the 2016 General Obligation Refunding Bond.

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.

##### **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.

The District has pledged its gross revenue as security for the Revenue Bonds, 2010 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 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.

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### **Note 8: Long-Term Debt and Capital Lease Obligations** (Continued)

#### **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.

The 2013 Bonds maturing on December 1, 2027, may be called, without premium, by the District on December 1, 2013, through December 1, 2015.

The District has pledged its gross revenue as security for the Revenue Bonds, 2013 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 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.

#### **Direct placements:**

#### **2016 General Obligation Refunding Bond**

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

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

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

#### **Direct borrowings:**

#### **Capital Lease Obligations**

Lease obligations to Orchard Software are due in total monthly installments of \$5,989 in October 2018 through 2021, including interest at 3.000%.

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### **Note 8: Long-Term Debt and Capital Lease Obligations** (Continued)

Lease obligations to Intuitive Surgical are due in total monthly installments of \$24,344 in March 2019 through 2024, including interest at 3.500%.

Lease obligations to Ascension Capital for 7 Medical are due in total monthly installments of \$5,447 in October 2018 through 2025, including interest at 2.500%.

Capital lease 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.

#### **Paycheck Protection Program loan**

The District was granted a \$8,927,628 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The District is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The District has recorded a note payable and will record the forgiveness upon being legally released from the loan obligation by the SBA. No forgiveness income has been recorded for the year ended June 30, 2020. The District applied for forgiveness of the PPP loan in March 2021 and is awaiting SBA approval. The District will be required to repay any remaining balance, plus interest accrued at 1 percent due at the maturity date of April 30, 2022. The terms of the loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The loan may be accelerated upon the occurrence of an event of default.

#### **CMS Advance**

The CMS advance liability consists of advanced payments received from the Centers for Medicare & 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 outstanding balance at June 30, 2020, was \$14,594,154.

#### **Advanced Refunding**

The District issued \$17,557,000 in General Obligation Refunding Bonds ("2016 GOR Bond") with interest rates of 3.45% in November 2016. The proceeds were used to advance refund and considered defeased \$3,150,000 of outstanding General Obligation Bonds Election of 2005, Series 2009 ("2009 GO Bond"), which had interest rates of 5.75% and General Obligation Bonds Election of 2005, Series 2005 ("2005 GO Bond"), which had varying interest rates of 6.00% to 4.25%. Net proceeds of \$17,281,182 were derived from the issuance of the 2016 GOR bonds at par, including a \$9,103 premium, and after payment of \$275,818 in underwriting fees.

# Northern Inyo Healthcare District

## Notes to Financial Statements

### Note 8: Long-Term Debt and Capital Lease Obligations (Continued)

Of the net proceeds, \$17,281,182 was deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the 2005 GO Bond and 2009 GO Bond, and \$276,071 was used for issuance and other costs. As a result, the 2005 GO Bond and 2009 GO Bonds are considered defeased, and the liability for those bonds has been removed from the statements of net position. At June 30, 2020, the outstanding balance of the 2009 GO Bond was \$22,991,176, including accreted interest.

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

Years Ending June 30,	General obligation bonds		Revenue bonds		Direct borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 717,000	\$ 1,176,340	\$ 1,195,000	\$ 745,913	\$ 1,829,116	\$ 13,190
2022	767,307	1,245,938	1,260,000	680,019	19,270,249	12,942
2023	847,032	1,291,969	1,330,000	608,569	2,437,714	12,682
2024	1,054,855	1,210,614	1,405,000	531,203	250,713	9,332
2025	1,106,909	1,294,596	1,480,000	449,306	-	-
2026-2030	6,642,764	7,869,445	8,315,000	1,001,947	-	-
2031-2035	9,682,353	10,027,885	-	-	-	-
2036-2040	3,743,727	10,422,678	-	-	-	-
<b>Totals</b>	<b>\$ 24,561,947</b>	<b>\$ 34,539,465</b>	<b>\$ 14,985,000</b>	<b>\$ 4,016,957</b>	<b>\$ 23,787,792</b>	<b>\$ 48,146</b>

Years Ending June 30,	Direct borrowings:	Capital Leases
		Principal and Interest Payments
2021		\$ 430,191
2022		423,140
2023		423,140
2024		572,624
2025		55,137
	Less: Amounts attributable to interest	(134,231)
<b>Total</b>		<b>\$ 1,770,001</b>

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### **Note 8: Long-Term Debt and Capital Lease Obligations** (Continued)

#### **Pledged Revenue**

The District has pledged future revenue to repay \$11,600,000 million in District revenue bonds issued in March 2010. Proceeds from the bonds are to provide a portion of the funding for its replacement hospital project. The bonds are payable solely from revenues through 2025. The total principal and interest remaining to be paid on the bonds is \$7,084,856. Revenue for the current year and principal and interest paid were \$92,291,088 and \$1,177,888, respectively.

The District has pledged future revenue to repay \$11,335,000 in District revenue bonds issued in January 2013. Proceeds from the bonds are to provide a portion of the funding for its remodeling, expansion, improvement, and equipping of the facility. The bonds are payable solely from revenues through 2029. The total principal and interest remaining to be paid on the bonds is \$12,682,481. Revenue for the current year and principal and interest paid were \$92,291,088 and \$765,381, respectively.

### **Note 9: Retirement Plans**

#### **Defined Benefit Plan - The 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.

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### Note 9: Retirement Plans (Continued)

The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

Hire date	Prior to January 1, 2013
Benefit Payments	Life Annuity
Retirement Age	65-70
Monthly benefits, as a % of eligible compensation	2.50%, not less than \$600
Required employer contribution rates	22.1% of applicable payroll

Employees covered at December 31, 2019, by the benefit terms for the Plan are as follows:

Inactive employees or beneficiaries currently receiving benefits	74
Active employees	142
<hr/>	
Total	216
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### Change in Assumptions

The following changes in assumptions from the December 31, 2018, valuation to the December 31, 2019, valuation took place. The discount rate decreased from 5% to 4% to reflect a decrease in anticipated future investment returns. The salary scale assumption decreased from 4% to 3%. The form of payment assumption was changed from 60% lump sum/40% annuity to 50% lump sum/50% annuity, based on retiree elections.

The mortality assumption for valuing annuity liabilities has been updated to incorporate the MP-2019 projection scale which was published by the Society of Actuaries in October 2019, which is applied as a generational projection to the RP-2014 Mortality Table started from a base year of 2006, and replaces the MP-2018 projection scale that was reflected in the December 31, 2018 valuation. These assumption changes increased the present value of accumulated plan benefits by \$7,316,149.

### 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 years ended June 30, 2020 and 2019, the employer contribution was \$5,500,000 and \$4,257,000, respectively.

### Net Pension Liability

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of December 31, 2019, using an annual actuarial valuation as of December 31, 2019.

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### Note 9: Retirement Plans (Continued)

The total pension liability in the December 31, 2019, actuarial valuations were determined using the following actuarial assumptions:

Valuation date (actuarial valuation date)	December 31, 2019
Measurement date (net pension liability measured)	December 31, 2019
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: Pre-retirement	RP-2014 Healthy Mortality w/generational projection from 2006, base year using scale MP-2019.
Mortality: Post-retirement (annuity elected)	RP-2014 Healthy Mortality w/generational projection from 2006, base year using scale MP-2019.
Mortality: Post-retirement (lump sum elected)	Based on date of participation DOP before 7/1/2009: 1984 UP, Mortality table set back four years. DOP on/after 7/1/2009: RP-2000. Table for males set back four years.

### Investment Valuations

Investments with a maturity of less than one year when purchased, nonnegotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. All other investments in the Plan are stated at fair value and are recorded as of the trade date. The Plan categorizes the fair value measurements within the fair value hierarchy established by GAAP.

### 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 June 30, 2020:

Asset Allocation	Percent of Total Plan Assets
Fixed dollar account	37.8 %
Indexed bond fund	49.7 %
Accrued contributions	12.5 %
Total	100.0 %



# Northern Inyo Healthcare District

## Notes to Financial Statements

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### Note 9: Retirement Plans (Continued)

#### Investment Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on Plan investments, net of investment expense, was 8.74%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested

The table below reflects the long-term expected 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 rates of return are net of administrative expenses.

<i>Asset Class</i>	Asset Allocation	Long-Term Expected Real Rate of Return
Cash	0.41 %	2.25 %
U.S. fixed income	59.34 %	3.54 %
U.S. governmental bonds	5.69 %	3.05 %
U.S. credit bonds	9.96 %	4.16 %
U.S. mortgages	6.91 %	3.62 %
U.S. bank/leveraged loans	11.99 %	4.93 %
U.S. high yield bonds	2.44 %	5.20 %
Private equity	2.85 %	12.12 %
Hedge funds - Multi-strategy	0.41 %	5.64 %
Total	100.00 %	

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# Northern Inyo Healthcare District

## Notes to Financial Statements

### Note 9: Retirement Plans (Continued)

#### Changes in the Net Pension Liability

The changes in the net pension liability of the Plan, measured at December 31, 2019, are as follows for the year ended June 30, 2020:

Increase (decrease)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
June 30, 2019	\$ 56,095,285	\$ 22,084,009	\$ 34,011,276
Changes for the year:			
Service cost	1,781,772	-	1,781,772
Interest on total pension liability	2,694,973	-	2,694,973
Differences between actual and expected experience	2,640,361	-	2,640,361
Changes in assumptions	6,850,017	-	6,850,017
Benefit payments	(8,053,422)	(8,053,422)	-
Contributions - Employer	-	5,242,000	(5,242,000)
Net investment income	-	1,893,587	(1,893,587)
Administrative expense	-	(58,625)	58,625
June 30, 2020	\$ 62,008,986	\$ 21,107,549	\$ 40,901,437

The following presents the net pension liability of the District's Plan, calculated using the discount rate, as well as what the District's net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

	<u>2020</u>
1% decrease	3.00%
Net pension liability	\$49,598,179
Current discount rate	4.00%
Net pension liability	\$40,901,437
1% increase	5.00%
Net pension liability	\$33,692,797

The District recognized pension expense of \$3,185,248 and \$5,222,823 in 2020 and 2019, respectively.

# Northern Inyo Healthcare District

## Notes to Financial Statements

### Note 9: Retirement Plans (Continued)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Pension contributions made subsequent to the measurement date	\$ -	\$ 3,000,000
Differences between expected and actual experience	(1,780,425)	6,149,594
Changes in assumptions	(1,009,581)	11,787,760
Net differences between projected and actual earnings on plan investments	-	1,010,286
<b>Totals</b>	<b>\$ (2,790,006)</b>	<b>\$ 21,947,640</b>

Contributions made after the measurement date in the amount of \$3,000,000 are included in the balance of deferred outflows of resources and will be recognized in pension expense during the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

#### *Years Ending June 30,*

2021	\$	3,297,384
2022		2,998,286
2023		2,699,904
2024		2,620,595
2025		1,325,959
Thereafter		3,215,506
<b>Total</b>	<b>\$</b>	<b>16,157,634</b>

### Defined Benefit Plan - The PEPRA Plan

#### Plan Description

The District sponsors a defined benefit pension plan (the "PEPRA Plan"), a single-employer defined benefit plan for the former Chief Executive Officer (CEO). The PEPRA Plan is governed by the 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 PEPRA Plan.

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### Note 9: Retirement Plans (Continued)

#### Benefits Provided

The District provides service retirement and pre-retirement death benefits to plan members, who must be District employee holding the position of Chief Executive Officer 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 62 with statutorily reduced benefits. All members are eligible for early retirement benefits at age 52 with at least 5 years of credited services with reduced benefits. The benefit vesting schedule is 100% vesting after five years of credited service, or upon total and permanent disability. The plan is closed to new entrants.

The PEPRA Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

Hire date	Beginning January 1, 2016
Benefit Payments	Life Annuity
Retirement Age	62 or 5th anniversary of participant
Monthly benefits, as a % of eligible compensation	2% of Average Annual Compensation multiplied by years of Credited Service
Required employee contribution rates	11.75% of applicable payroll
Required employer contribution rates	11.52% of applicable payroll

Employees covered at December 31, 2019, by the benefit terms for the PEPRA Plan are as follows:

Inactive employees or beneficiaries currently receiving benefits	-
Active employees	1
<hr/>	
Total	1
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#### 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 PEPRA Plan are determined annually on an actuarial basis as of January 1 by the PEPRA 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.

The District's net pension liability for the PEPRA Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the PEPRA Plan is measured as of June 30, 2020, using an annual actuarial valuation as of January 1, 2020, rolled forward to June 30, 2020, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the next page.

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### Note 9: Retirement Plans (Continued)

The total pension liabilities in the January 1, 2020, actuarial valuations were determined using the following actuarial assumptions:

Valuation date (actuarial valuation date)	December 31, 2019
Measurement date (net pension liability measured)	December 31, 2019
Actuarial cost method	Entry-Age Normal Cost Method
Actuarial assumptions	
Discount rate	N/A
Inflation	N/A
Payroll growth	N/A
Investment rate of return	N/A
Mortality: Pre-retirement	N/A
Mortality: Post-retirement (annuity elected)	N/A

The table below reflects the long-term expected 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 rates of return are net of administrative expenses.

<i>Asset Class</i>	Target Asset Allocation	Long-Term Expected Real Rate of Return
U.S. fixed income	60.00 %	4.23 %
Global equity	40.00 %	7.90 %
Total	100.00 %	

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# Northern Inyo Healthcare District

## Notes to Financial Statements

### Note 9: Retirement Plans (Continued)

#### Changes in the net pension liability

The changes in the net pension liability of the PEPR Plan measured as of December 31, 2019, are as follows for the year ended June 30, 2020:

	Increase (decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
<i>June 30, 2019</i>	\$ 105,044	\$ 87,279	\$ 17,765
Changes for the year:			
Service cost incurred	28,238	-	28,238
Interest on total pension liability	6,664	-	6,664
Differences between expected and actual experience	(78,051)	-	(78,051)
Contributions - Employee	-	18,209	(18,209)
Contributions - Employer	-	35,975	(35,975)
Current-year net changes	(43,149)	54,184	(97,333)
<i>June 30, 2020</i>	\$ 61,895	\$ 141,463	\$ (79,568)

The following presents the net pension liability of the District's PEPR Plan, calculated using the discount rate, as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

1% decrease	4.00%
Net pension liability (asset)	\$(79,568)
Current discount rate	5.00%
Net pension liability (asset)	\$(79,568)
1% increase	6.00%
Net pension liability (asset)	\$(79,568)

# Northern Inyo Healthcare District

## Notes to Financial Statements

### Note 9: Retirement Plans (Continued)

The District recognized pension income of \$64,434 in 2020. At December 31, 2019, the members are active; however, the PEPRA Plan no longer has active members. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between actual and expected experience	\$ (285)	\$ 59
Changes in assumptions	(671)	-
Net differences between projected and actual earning on plan investments	-	8,261
<b>Totals</b>	<b>\$ (956)</b>	<b>\$ 8,320</b>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<i>Years Ending June 30,</i>	Increase (Decrease) in Pension Expense
2021	\$ 2,628
2022	2,400
2023	1,827
2024	1,054
2025	(88)
Thereafter	(457)
<b>Total</b>	<b>\$ 7,364</b>

The deferred outflows of resources, deferred inflows of resources, and net pension liability of the Plan and PEPRA Plan are presented in the statement of net position at June 30, 2020, as follows:

	Deferred outflows of resources	Deferred inflows of resources	Net pension liability (asset)
Plan	\$ 21,947,640	\$ 2,790,006	\$ 40,901,437
PEPRA Plan	8,320	956	(79,568)
<b>Totals</b>	<b>\$ 21,955,960</b>	<b>\$ 2,790,962</b>	<b>\$ 40,821,869</b>

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### Note 9: Retirement Plans (Continued)

#### Defined Contribution Plan

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% 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, 2020, the District made employer contributions in the amount of \$789,151.

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 %

Contributions payable to NICLHD by the District were \$1,142,614 during the year ended June 30, 2020.

Nonvested District contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses.

### Note 10: Risk Management

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

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



# Northern Inyo Healthcare District

## Notes to Financial Statements

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### Note 10: Risk Management (Continued)

Although there exists the possibility of claims arising from services provided to patients through June 30, 2020, which have not yet been asserted, the District is unable to determine the ultimate cost, if any, of such possible claims, and accordingly no provision has been made for them. Settled claims have not exceeded commercial coverage in any of the three preceding years.

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

### Note 11: Self-Funded Insurance

The District has a self-funded health care plan that provides medical and dental benefits to employees and their dependents. Employees share in the cost of health benefits. Health care expense is based on actual claims paid, reinsurance premiums, administration fees, and unpaid claims at year-end. The District buys reinsurance to cover catastrophic individual claims over \$150,000. 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.

The self-funded health care plan liability consisted of the following:

<i>June 30,</i>	2020	2019
Opening balance	\$ 2,986,779	\$ 1,731,859
Additions - Claims reported	9,244,001	4,952,268
Reductions - Claims paid	(9,893,983)	(3,697,348)
Ending balance	\$ 2,336,797	\$ 2,986,779

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### Note 12: Concentration of Credit Risk

The District grants credit without collateral to patients.

Patient receivables consist of amounts due from patients, their insurers, or governmental agencies (primarily Medicare and Medi-Cal) for health care provided to the patients. The majority of the District's patients are from Bishop, California, and the surrounding area.

The mix of receivables from patients and third-party payors was as follows at June 30:

	2020
Medicare	28 %
Medi-cal, including CMSP	25 %
Other third-party payors	29 %
Patients	18 %
<hr/>	
Total	100 %

### Note 13: Commitments and Contingencies

#### Litigation

The District may from time to time be involved in litigation and regulatory investigations that arise in the normal course of doing business. After consultation with legal counsel, management estimates that matters, if applicable, existing as of June 30, 2020 will be resolved without material adverse effect on the District's future financial position, results from operations, or cash flows.

#### 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 program requirements, the loan will not be eligible for loan forgiveness and the SBA will seek repayment of the outstanding PPP loan balance. As such, the potential exists that the District may be deemed ineligible for loan forgiveness and be required to repay the loan.

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### **Note 14: Provider Relief Funds**

The District received \$6,720,771 of Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Funds administered by the Department of Health and Human Services (HHS). 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 a deadline to incur eligible expenses of June 30, 2021. 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 statement 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 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, 2020, the District had a liability of \$6,720,771, which was included in unearned revenue on the accompanying statement of net position.

# Northern Inyo Healthcare District

## Notes to Financial Statements

### Note 15: Condensed Financial Information for Component Units

Following is condensed financial information for blended component units of the District:

#### Condensed Statement of Net Position - Blended Component Units

	Foundation (6/30/2020)	Auxiliary (5/31/2020)	Pioneer Home Health (12/31/2019)
<i>Assets:</i>			
Current assets	\$ 319,264	\$ 114,442	\$ 447,629
Noncurrent assets	-	-	413,843
<b>Total assets</b>	<b>\$ 319,264</b>	<b>\$ 114,442</b>	<b>\$ 861,472</b>
<i>Liabilities:</i>			
Current liabilities	\$ -	\$ -	\$ 214,007
Noncurrent liabilities	-	-	261,163
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>475,170</b>
<i>Net position</i>	<b>319,264</b>	<b>114,442</b>	<b>386,302</b>
<b>Total liabilities and net position</b>	<b>\$ 319,264</b>	<b>\$ 114,442</b>	<b>\$ 861,472</b>

# Northern Inyo Healthcare District

## Notes to Financial Statements

### Note 15: Condensed Financial Information for Component Units (Continued)

#### Condensed statement of revenues, expenses, and changes in net position - Blended component units

<i>Years Ended</i>	Foundation (6/30/2020)	Auxiliary (5/31/2020)	Pioneer Home Health (12/31/2019)
Operating revenue	\$ -	\$ (8,486)	\$ 1,293,258
Operating expenses	54,712	-	1,342,049
Loss from operations	(54,712)	(8,486)	(48,791)
Nonoperating revenue (expense)	16,127	50,757	(13,508)
Decrease in net position	(38,585)	42,271	(62,299)
Net position - Beginning of year	357,849	72,171	448,601
Net position - End of year	\$ 319,264	\$ 114,442	\$ 386,302

#### Condensed Statement of Cash Flows - Blended Component Units

<i>Years Ended</i>	Foundation (6/30/2020)	Auxiliary (5/31/2020)	Pioneer Home Health (12/31/2019)
Cash flows from operating activities	\$ (54,712)	\$ (8,486)	\$ 20,663
Cash flows from noncapital financing activities	16,127	50,757	47
Cash flows from capital and related financing activities	-	-	(13,993)
Change in cash and cash equivalents	(38,585)	42,271	6,717
Cash and cash equivalents - Beginning of year	-	-	-
Cash and cash equivalents - End of year	\$ (38,585)	\$ 42,271	\$ 6,717

# Northern Inyo Healthcare District

## Notes to Financial Statements

### Note 16: Restatement

The District identified the following retrospective adjustments and corrections of errors necessary for the financial statements to be presented in accordance with GAAP.

Beginning net position was restated as follows for the year ended June 30, 2020 (December 31, 2019 for PMA and Pension Trust Fund - Plan):

	District	PMA	Pension Trust Fund - Plan
Net position at beginning of year - As originally stated	\$ 41,264,297	\$ 697,256	\$ 22,084,009
Restatements:			
Adjustment to remove the balance of goodwill in PMA	(581,219)	-	-
Adjustment resulting from revision to pension plan actuarial valuation	2,098,937	-	(403,729)
Adjustment to agree net position to revenue and expenses	-	26,495	-
Adjustment to reduce the opening balance of prepaid expenses related to the PHH purchase contribution	300,000	-	-
Adjustment to correct accounts payable and related activity	(671,617)	-	-
Total restatements	1,146,101	26,495	(403,729)
Net position at beginning of year - As restated	\$ 42,410,398	\$ 723,751	\$ 21,680,280

### Note 17: 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.

### Note 18: Subsequent Events

#### *Purchase of Pioneer Medical Associates*

On January 27, 2021, the District purchased the remaining partnership interests (33.47%) in Pioneer Medical Associates, (a discretely presented component unit), consisting primarily of real property and related improvements, in the amount of \$1,017,488. At the date of escrow closing, the District deposited \$100,000 into an escrow account. The remaining balance will be paid in two equal installments, with the first installment due on July 1, 2021 and the second installment due on January 1, 2022.

# Northern Inyo Healthcare District

## Notes to Financial Statements

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### **Note 18: Subsequent Events** (Continued)

#### *Line of Credit*

On April 23, 2021, the District entered into a line of credit agreement with Oak Valley Community Bank (LOC). The LOC provides for borrowings through April 23, 2023 (the Maturity Date). Borrowings will bear interest at the bank's index rate, currently at 0.100% per annum plus 1.00%. The maximum amount that may be outstanding under the Loan Agreement is \$3,500,000. The LOC is secured primarily through a deposit account with Oak Valley Community Bank.

## **Required Supplementary Information**

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# Northern Inyo Healthcare District

## Schedule of Changes in the Net Pension Liability and Related Ratios - Plan

Last Ten Fiscal Years (If Available)

<b>Total Pension Liability</b>	2020	2019	2018	2017	2016
Service cost incurred	\$ 1,781,772	\$ 2,121,997	\$ 2,281,116	\$ 2,812,178	\$ 2,219,985
Interest in total pension liability	2,694,973	2,726,359	2,805,649	3,053,437	3,047,939
Difference between actual and expected experience	2,640,361	3,016,650	1,343,607	(3,295,677)	1,385,608
Change in assumption	6,850,017	(84,200)	(185,137)	(417,283)	12,966,856
Benefit payments	(8,053,422)	(8,082,821)	(5,554,354)	(7,575,753)	(8,213,871)
<b>Net change in total pension liability</b>	<b>5,913,701</b>	<b>(302,015)</b>	<b>690,881</b>	<b>(5,423,098)</b>	<b>11,406,517</b>
<b>Total pension liability - Beginning</b>	<b>56,095,285</b>	<b>56,397,300</b>	<b>56,575,151</b>	<b>61,998,249</b>	<b>50,591,732</b>
<b>Total pension liability - Ending (a)</b>	<b>62,008,986</b>	<b>56,095,285</b>	<b>57,266,032</b>	<b>56,575,151</b>	<b>61,998,249</b>
<b>Plan fiduciary net position:</b>					
Contribution - Employer	5,242,000	6,300,000	5,340,000	5,340,000	3,900,000
Net investment income (loss)	1,893,587	(116,063)	(292,381)	(126,769)	880,376
Administrative expense	(58,625)	(64,562)	(88,502)	(55,640)	(51,336)
Benefit payments	(8,053,422)	(8,082,821)	(5,554,354)	(7,575,753)	(8,213,871)
<b>Net change in plan fiduciary net position</b>	<b>(976,460)</b>	<b>(1,963,446)</b>	<b>(595,237)</b>	<b>(2,418,162)</b>	<b>(3,484,831)</b>
<b>Plan fiduciary net position - Beginning</b>	<b>22,084,009</b>	<b>24,047,455</b>	<b>26,087,619</b>	<b>28,505,781</b>	<b>31,990,612</b>
<b>Plan fiduciary net position - Ending (b)</b>	<b>21,107,549</b>	<b>22,084,009</b>	<b>25,492,382</b>	<b>26,087,619</b>	<b>28,505,781</b>
<b>Net pension liability - Ending (a)-(b)</b>	<b>\$ 40,901,437</b>	<b>\$ 34,011,276</b>	<b>31,773,650</b>	<b>30,487,532</b>	<b>33,492,468</b>
Plan fiduciary net position as a percentage of the total pension liability	34.04 %	39.37 %	44.52 %	46.11 %	45.98 %
Covered payroll	\$ 10,780,522	\$ 11,537,345	\$ 12,968,106	\$ 13,529,712	\$ 15,892,425
Net pension liability as percentage of covered payroll	379.40 %	294.79 %	245.01 %	225.34 %	210.74 %

**Northern Inyo Healthcare District**  
**Schedule of Changes in the Net Pension Liability and Related Ratios - Plan**  
(Continued)  
Last Ten Fiscal Years (If Available)

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**Notes to Schedule:**

**Note 1:**

Changes in assumptions: In 2020, amounts reported as changes in assumptions resulted primarily from adjustments to expected form of, discount rate, payment election, and mortality assumptions.

**Note 2:**

The beginning balance of total pension liability for 2019 was restated by \$868,732 because the actuarial valuation at that date was revised.

# Northern Inyo Healthcare District

## Schedule of Contributions and Related Ratios - Plan

Last Ten Fiscal Years (If Available)

SCHEDULE OF CONTRIBUTIONS	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 6,072,000	\$ 5,484,000	\$ 4,716,000	\$ 5,340,000	\$ 3,900,000
Contributions in relation to the actuarially determined contributions	5,500,000	6,060,000	5,340,000	5,340,000	3,900,000
Contribution excess	\$ 572,000	\$ (576,000)	\$ (624,000)	\$ -	\$ -
Covered payroll	\$ 11,537,345	\$ 12,968,106	\$ 13,529,712	\$ 15,892,425	17,664,833
Contributions as a percentage of covered employee payroll	47.67 %	46.73 %	39.47 %	33.60 %	22.08 %

**Notes to Schedule:**

Valuation date: January 1, 2019

Methods and assumptions used to determine contribution rates:

Single-employer plan	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16 years
Asset valuation method	Market value
Inflation	2.3%
Salary increases	3%, including inflation
Investment rate of return	4.00%
Retirement age	65, or 70 *
Mortality: Pre-retirement	**
Mortality: Postretirement (annuity elected)	***
Mortality: Postretirement (lump sum elected)	****

\*\* RP-2014 Healthy Mortality w/generational projection from 2006, Base Year using Scale MP-2017.

\*\*\* RP-2014 Healthy Mortality w/generational projection from 2006, Base Year using Scale MP-2017.

\*\*\*\* DOP before 7/1/2009: 1984 UP, Mortality Table set back four years. DOP On/After 7/1/2009: RP-2000 Table for Males set back four years.

# Northern Inyo Healthcare District

## Schedule of Investment Returns - Plan

Last Ten Fiscal Years (If Available)

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### SCHEDULE OF INVESTMENT RETURNS

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	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	6.39 %	2.96 %	(1.16)%	(0.48)%	3.11 %

# Northern Inyo Healthcare District

## Schedule of Changes in the Net Pension Liability and Related Ratios - PEPRA Plan

Last Ten Fiscal Years (If Available)

<b>Total Pension Liability</b>	2020	2019
Service cost incurred	\$ 28,238	\$ 27,705
Interest in total pension liability	6,664	5,017
Difference between actual and expected	(78,051)	71
Change in assumption	-	(382)
<b>Net change in total pension liability</b>	<b>(43,149)</b>	<b>32,411</b>
<b>Total pension liability - Beginning</b>	<b>105,044</b>	<b>72,633</b>
<b>Total pension liability - Ending (a)</b>	<b>61,895</b>	<b>105,044</b>
<b>Plan fiduciary net position:</b>		
Contribution - Employer	35,975	9,583
Contribution - Employee	18,209	9,584
<b>Net change in plan fiduciary net position</b>	<b>54,184</b>	<b>19,167</b>
<b>Plan fiduciary net position - Beginning</b>	<b>87,279</b>	<b>68,112</b>
<b>Plan fiduciary net position - Ending (b)</b>	<b>141,463</b>	<b>87,279</b>
<b>Net pension liability - Ending (a)-(b)</b>	<b>\$ (79,568)</b>	<b>\$ 17,765</b>
Plan fiduciary net position as a percentage of the total pension liability	228.55 %	83.09 %
Covered payroll	\$ 124,180	\$ 121,388
Net pension liability as percentage of covered payroll	(64.07)%	14.63 %

# Northern Inyo Healthcare District

## Schedule of Contributions and Related Ratios - PEPRA Plan

Last Ten Fiscal Years (If Available)

SCHEDULE OF CONTRIBUTIONS	2020	2019
Actuarially determined contribution	\$ 13,662	\$ 14,089
Contributions in relation to the actuarially determined contributions	13,662	14,089
Contribution deficiency	\$ -	\$ -
Covered payroll	\$ 124,180	\$ 121,388
Contributions as a percentage of covered payroll	11.00 %	- %

### Notes to Schedule

Valuation date: January 1, 2019

Methods and assumptions used to determine contribution rates:

Single-employer plan	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16 years
Asset valuation method	Market value
Inflation	2.5%
Salary increases	3%, including inflation
Investment rate of return	4.00%
Retirement age	65
Mortality: Pre-retirement	**
Mortality: Postretirement (annuity elected)	***

\*\* RP-2014 Healthy Mortality w/generational projection from 2006, Base Year using Scale MP-2017.

\*\*\* RP-2014 Healthy Mortality w/generational projection from 2006, Base Year using Scale MP-2017.

# Northern Inyo Healthcare District

## Schedule of Investment Returns - PEPR Plan

Last Ten Fiscal Years (If Available)

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Schedule of investment returns	2020	2019
Annual money-weighted rate of return, net of investment expense	0%	0%

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## **Supplementary Information**

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# Northern Inyo Healthcare District

## Combining Statement of Net Position of the District and Component Units

June 30, 2020 (Auxiliary May 31, 2020) (Pioneer Home Health December 31, 2019)

<i>Assets and Deferred Outflows of Resources</i>	Hospital	Foundation	Auxiliary	Pioneer Home Health	Eliminations	Total
Current assets:						
Cash and investments	\$ 57,231,579	\$ 319,264	\$ 114,442	\$ 57,488	\$ -	\$ 57,722,773
Receivables:						
Patient accounts - Net	15,837,454	-	-	284,301	-	16,121,755
Other	939,552	-	-	-	-	939,552
Estimated third-party payor settlements	229,131	-	-	-	-	229,131
Inventories	2,651,452	-	-	-	-	2,651,452
Prepaid expenses and other	1,486,003	-	-	105,840	-	1,591,843
<b>Total current assets</b>	<b>78,375,171</b>	<b>319,264</b>	<b>114,442</b>	<b>447,629</b>	<b>-</b>	<b>79,256,506</b>
Noncurrent assets:						
Noncurrent cash and investments	4,582,513	-	-	-	-	4,582,513
Investment in PMA	430,946	-	-	-	-	430,946
Goodwill in PMA	-	-	-	-	-	-
Capital assets:						
Nondepreciable capital assets	3,666,374	-	-	130,000	-	3,796,374
Depreciable capital assets - Net	71,795,979	-	-	283,843	-	72,079,822
<b>Total noncurrent assets</b>	<b>80,475,812</b>	<b>-</b>	<b>-</b>	<b>413,843</b>	<b>-</b>	<b>80,889,655</b>
<b>Total assets</b>	<b>158,850,983</b>	<b>319,264</b>	<b>114,442</b>	<b>861,472</b>	<b>-</b>	<b>160,146,161</b>
Deferred outflows of resources - Pensions	21,955,960	-	-	-	-	21,955,960
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 180,806,943</b>	<b>\$ 319,264</b>	<b>\$ 114,442</b>	<b>\$ 861,472</b>	<b>\$ -</b>	<b>\$ 182,102,121</b>

# Northern Inyo Healthcare District

## Combining Statement of Net Position of the District and Component Units (Continued)

June 30, 2020 (Auxiliary May 31, 2020, Pioneer Home Health December 31, 2019)

<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	Hospital	Foundation	Auxiliary	Pioneer Home Health	Eliminations	Total
Current liabilities:						
Current maturities of long-term liabilities:						
Bonds and notes payable - Current portion	\$ 1,912,000	\$ -	\$ -	\$ 4,847	\$ -	\$ 1,916,847
Capital lease obligation - Current portion	376,934	-	-	-	-	376,934
CMS advance - Current portion	1,824,269	-	-	-	-	1,824,269
Accounts payable	3,584,944	-	-	42,943	-	3,627,887
Accrued interest and sales tax	134,001	-	-	-	-	134,001
Accrued payroll and related liabilities	7,829,245	-	-	166,217	-	7,995,462
Unearned revenue	7,074,415	-	-	-	-	7,074,415
<b>Total current liabilities</b>	<b>22,735,808</b>	<b>-</b>	<b>-</b>	<b>214,007</b>	<b>-</b>	<b>22,949,815</b>
Noncurrent liabilities:						
Bonds and notes payable	52,418,024	-	-	261,163	-	52,679,187
Paycheck Protection Program loan	8,927,628	-	-	-	-	8,927,628
Capital lease obligation	1,393,067	-	-	-	-	1,393,067
CMS advance	12,769,885	-	-	-	-	12,769,885
Net pension liability	40,821,869	-	-	-	-	40,821,869
<b>Total noncurrent liabilities</b>	<b>116,330,473</b>	<b>-</b>	<b>-</b>	<b>261,163</b>	<b>-</b>	<b>116,591,636</b>
<b>Total liabilities</b>	<b>139,066,281</b>	<b>-</b>	<b>-</b>	<b>475,170</b>	<b>-</b>	<b>139,541,451</b>
Deferred inflows of resources	2,790,962	-	-	-	-	2,790,962
Net position:						
Net investment in capital assets	22,524,316	-	-	-	-	22,524,316
Restricted for programs	1,568,358	-	-	-	-	1,568,358
Unrestricted	14,857,026	319,264	114,442	386,302	-	15,677,034
<b>Total net position</b>	<b>38,949,700</b>	<b>319,264</b>	<b>114,442</b>	<b>386,302</b>	<b>-</b>	<b>39,769,708</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 180,806,943</b>	<b>\$ 319,264</b>	<b>\$ 114,442</b>	<b>\$ 861,472</b>	<b>\$ -</b>	<b>\$182,102,121</b>

# Northern Inyo Healthcare District

## Combining Statement of Revenues, Expenses, and Changes in Net Position of the District and Component Units

For the year ended June 30, 2020 (Auxiliary May 31, 2020, Pioneer Home Health December 31, 2019)

	Hospital	Foundation	Auxiliary	Pioneer Home Health	Eliminations	Total
<b>Revenue:</b>						
Net patient service revenue	\$ 80,528,774	\$ -	\$ -	\$ 1,293,229	\$ -	\$ 81,822,003
Other operating revenue	10,477,542	-	(8,486)	29	-	10,469,085
<b>Total revenue</b>	<b>91,006,316</b>	<b>-</b>	<b>(8,486)</b>	<b>1,293,258</b>	<b>-</b>	<b>92,291,088</b>
<b>Operating expenses:</b>						
Salaries and wages	33,411,326	-	-	1,248,812	-	34,660,138
Employee benefits	22,672,713	-	-	262,402	-	22,935,115
Professional fees	14,588,961	3,196	-	-	-	14,592,157
Supplies	9,280,842	551	-	14,692	-	9,296,085
Purchased services	4,364,939	-	-	39,922	-	4,404,861
Depreciation	4,275,658	-	-	26,336	-	4,301,994
Medical office building, net	771,490	-	-	-	-	771,490
Other operating expenses	4,943,005	50,965	-	(250,115)	-	4,743,855
<b>Total operating expenses</b>	<b>94,308,934</b>	<b>54,712</b>	<b>-</b>	<b>1,342,049</b>	<b>-</b>	<b>95,705,695</b>
Loss from operations	(3,302,618)	(54,712)	(8,486)	(48,791)	-	(3,414,607)
<b>Nonoperating revenue (expense):</b>						
Tax revenue for operations	625,869	-	-	-	-	625,869
Tax revenue for debt service	1,746,739	-	-	-	-	1,746,739
Interest income	598,967	-	-	-	-	598,967
Interest expense	(2,363,057)	-	-	(13,555)	-	(2,376,612)
Loss on sale of asset	(36,388)	-	-	-	-	(36,388)
Noncapital grants and contributions	199,215	16,127	-	-	-	215,342
Net contribution from Pioneer Home Health	(50,804)	-	50,757	47	-	-
<b>Total nonoperating revenue (expense)</b>	<b>\$ 720,541</b>	<b>\$ 16,127</b>	<b>\$ 50,757</b>	<b>\$ (13,508)</b>	<b>\$ -</b>	<b>\$ 773,917</b>
Change in net position - Carry forward	(2,582,077)	(38,585)	42,271	(62,299)	-	(2,640,690)

# Northern Inyo Healthcare District

## Combining Statement of Revenues, Expenses, and Changes in Net Position of the District and Component Units (Continued)

For the year ended June 30, 2020 (Auxiliary May 31, 2020, Pioneer Home Health December 31, 2019)

	Hospital	Foundation	Auxiliary	Pioneer Home Health	Eliminations	Total
Change in net position - Carry forward	\$ (2,582,077)	\$ (38,585)	\$ 42,271	\$ (62,299)	\$ -	\$ (2,640,690)
Increase (decrease) in net position	(2,582,077)	(38,585)	42,271	(62,299)	-	(2,640,690)
Net position at beginning of year - As originally stated	40,685,676	357,849	72,171	448,601	(300,000)	41,264,297
Restatement	846,101	-	-	-	300,000	1,146,101
Net position at beginning of year - As restated	41,531,777	357,849	72,171	448,601	-	42,410,398
Net position at end of year	\$ 38,949,700	\$ 319,264	\$ 114,442	\$ 386,302	\$ -	\$ 39,769,708

# Northern Inyo Healthcare District

## Statistical Information

Year Ended June 30, 2020

<b>Bed Complement</b>	2020	2019	2018	2017	2016
Medical/surgical	11	11	11	11	11
Prenatal/obstetrics	6	6	6	6	6
Pediatric	4	4	4	4	4
Intensive care	4	4	4	4	4
<b>Total licensed bed capacity</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>

<b>Utilization</b>	2020	2019	2018	2017	2016
License beds	25	25	25	25	25
Patient days	2,968	3,257	3,474	3,777	3,804
Discharges	1,104	1,037	1,106	1,136	1,069
Occupancy	33 %	36 %	38 %	41 %	42 %
Average stay (days)	2.7	3.1	3.1	3.3	3.3
Emergency room visits	8,262	9,153	8,798	8,764	7,948
Outpatient visits	40,472	38,960	38,651	38,454	37,684

<b>Medical Staff</b>	2020	2019	2018	2017	2016
Active	54	50	53	44	36
Consulting	19	17	17	30	30
Honorary	11	11	11	10	9
AHP	18	12	10	8	8
Other - Telemedicine	33	27	-	-	-
<b>Total practitioners</b>	<b>135</b>	<b>117</b>	<b>91</b>	<b>92</b>	<b>83</b>

<b>Employees</b>	2020	2019	2018	2017	2016
Full-time	361	362	330	296	290
Part-time and per diem	124	131	126	98	105
<b>Total employees</b>	<b>485</b>	<b>493</b>	<b>456</b>	<b>394</b>	<b>395</b>
<b>Full-time equivalents</b>	<b>373.57</b>	<b>375.30</b>	<b>392.89</b>	<b>347.29</b>	<b>321.37</b>

# Northern Inyo Healthcare District

## Statistical Information (Continued)

Year Ended June 30, 2020

<b>Bond Debt Service Coverage (In Thousands)</b>	2020	2019	2018	2017	2016
Excess (deficit) of revenue over expenses	\$ (2,641)	\$ 1,725	\$ 1,696	\$ 1,086	\$ 1,100
Add:					
Depreciation and amortization expenses	4,302	4,267	4,457	5,167	4,956
Interest expense	2,377	2,912	2,893	3,299	3,530
<b>Available to meet debt service</b>	<b>\$ 4,038</b>	<b>\$ 8,904</b>	<b>\$ 9,046</b>	<b>\$ 9,552</b>	<b>\$ 9,586</b>
Actual debt service:					
2005 General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ 899
2009 General obligation bonds	860	1,364	955	625	487
2010 Revenue bonds	1,242	1,178	1,179	1,182	1,178
2013 Revenue bonds	1,179	765	769	764	788
2016 Revenue bonds	762	864	814	860	-
<b>Totals</b>	<b>\$ 4,043</b>	<b>\$ 4,171</b>	<b>\$ 3,717</b>	<b>\$ 3,431</b>	<b>\$ 3,352</b>
Historical debt service coverage ratio	1.00	2.13	2.43	2.78	2.86

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 2010 and 2013 bond indentures.